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NATIONAL INVESTMENT BANK

IN ITS FIRST YEAR

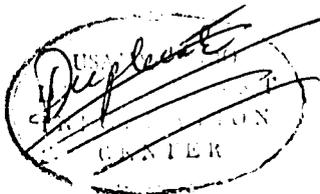
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NATIONAL INVESTMENT BANK IN ITS FIRST YEAR

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THE NATIONAL INVESTMENT BANK

IN ITS FIRST YEAR 1980/81

PREAMBLE :

One of the fundamental necessities to breakthrough the stage of economic and social development take off and achieve its objectives, is the eradication and elimination of financial obstacles that obstruct project execution, accomplish fiscal control, promote the public capital coefficient, starting with checking leakage of resources allocated for investment towards financing the current deficit of the government budget by establishing an economic organ with an independent entity at the top of financial responsibility, entrusted with financing investment projects included in the plan and field follow-up of their execution not in the sense of controlling their execution but to make sure that public funds are spent for the specified purposes. Hence the Investment Bank was an economic must authorized by the Law to control the sound direction of 25% of total income of Egypt's population and use same in financing investment projects included in the national economic and social development plan according to modern banking techniques, with flexibility that is not bound by budget annuality. This increased the power of its grant and its creative interaction that materialized in its jurisdictions to provide additional investments and down-payments for projects in advanced stages of execution and participation to joint ventures, besides following the principle of carrying forward the surplus of the Bank's budget for the year that ended to the following year.

The first year 1980/81 that elapsed since the establishment of the National Investment Bank witnessed exertion of all its efforts to eradicate all that obstructed the execution of plan projects whether in financing or implementing problems as contained in this report presented by the Vice President of the Bank and the Managing Director to the Board of Directors whereby he reviewed the accomplishments and achievements of the Bank, and how the Bank restored to each of the development sectors its real ability to provide all what is required according to plan targets and to promote the standard of the Egyptian individual to prosperity sought by Egypt to her population especially after her sufferings were eased, thanks to the sagacity of the leadership and its immaculate vision in materializing peace as a corner stone to prop nationalism and to awaken the creative Egyptian authenticity.

Dr Saad El Din El Hanafi
Vice Chairman & Managing
Director

THE NATIONAL INVESTMENT BANK

IN ITS FIRST YEAR

CHAPTER ONE
-----Historical Synopsis :

The take off to achieve the targets of the civilization strategy which became recently more important under the peace march, necessitates that the society should strive with all its endowments and abilities to attain the decent level which is the objective of economic and social development plans. This necessitates break through the problems and definition of their actual size, because the realisation of these situations is a must to formulate plans and programs that include radical solutions to treat accumulations for the purpose of reconstructing the productive ability of the society and supporting the props of economic development and promoting it, to enable the Egyptian economy to advance on the right path in an actual and organized manner.

Due to the fact that the needs of the Egyptian economy for investments necessary to finance development plans and programs which the State aims to achieve, require that allocation of more than one-quarter of the national income, the Government recognized the necessity to direct these available financial resources - domestic and foreign - to such investments that yield the maximum economic yield to the society, as well as following-up achievements of those investments, eradicating the bottlenecks which impede their prompt execution and efficient utilization, through plans designed on scientific basis in their national framework based on sectorial programs and plans according to financial and temporal programs including the real solution

to the economic and social problems and the perfect definition of development possibilities and requirements in all sectors. 7

The implementation of such plans and programs requires in the first place supporting the infrastructure and constructing the productive ability of the society in addition to attracting the financial resources available both domestic and foreign, so that the rates of implementing such programs might not decline as a result of lacking money and the continuity of implementation is ensured without being tied to budget annuality. In order to achieve the said targets, two factors are necessary : First the necessity to mobilize external resources which is backed by Egyptian foreign policy to attract foreign funds from governments, international companies and individuals, especially subsequent to the achievement of peace and providing tranquility for the settlement of these funds; and Second Caution in directing these resources to where they yield the maximum economic return to the society, together with following up evaluation of their implementations and elimination of any bottlenecks that impede their investment and play their role in raising the standard of living for all the people.

In view of the foregoing it is important to mobilize national resources and savings as well as foreign aids and loans, and organize their utilization to finance investments as required and timely. This requires the establishment of rules and controls to ensure commitment to the contents of the decided investment program within the effective executive capabilities to ensure the regularity of financial spending, completion of existing projects and embarking on the execution of the new projects according to national

priorities.

Undoubtedly, the establishment of an organ or an organization or a bank at the national level to finance investment and follow it up financially and physically, would provide the required prerequisites to organize this investment flow to guarantee the continued execution without any financial obstacles to every project included in the plan, and satisfy all its requirements until it reaches the production stage in the shortest possible time without being tied to the budget annuality, because the State believes that the necessity to take measures to correct the economic path in the spheres of development is an economic imperative represented in the establishment of a National investment bank as a centre for top financial and physical responsibility to ensure the proper utilization of 25 % of the Egyptian people's total income in the struggle for development and reap its fruits according to the desired national targets.

The volume of investments included in the Government's program in the 1981/82 plan, and that included in the five year plan 1982/83-1986/87, is much larger than what was earmarked in previous years, so that the controls included in the plan and the budget in the past are no longer valid to guarantee the execution of development programs and their regular finance in a way that ensures pushing the projects forward to production limits at the targeted rates.

EXECUTION OF INVESTMENT PROGRAMS IN THEIR VARIOUS STAGES:

The execution of investment programs and accomplishment of their purposes require the support and follow up

of the system of financing investments so that it would mobilize national savings, and link the use of foreign aid and loans to plan projects as required and timely, through rules and controls that ensure commitment to projects included in investment programs according to the national priorities defined by the plan. Consequently, the conception arose to establish a national investment bank, which was not a new or an incidental conception, but went through several primary executive stages through the establishment of institutions and funds in the past with the aim of pooling the society's savings to achieve the national goals. However, they used part of such savings to meet the deficit in current revenues thus distorting the volume of investments directed to projects, and deviated away from the investment plan targets - although these institutions were reorganized through the following stages :

THE FIRST STAGE:

Establishment of the Permanent Council for National Production Development by Law N° 213 for 1952 to decide execution of economic projects that develop national production in the fields of economic and social development, supervise its execution and formulate programs organizing this target. It formulated the draft of Five-Year Program with an extraordinary budget called the "Production Budget" in addition to the State budget as from 1953/54. This attempt was not enough to separate investment operations from current operations, which led to thinking of another method to ensure the achievement of investment finance targets.

THE SECOND STAGE :

The stage started with the 1960/61 budget when chapter three of the ordinary budget was incorporated into the extraordinary production budget which was transformed to an ordinary budget. These became two budgets, one for investment operations and the other for current operations.

THE THIRD STAGE : The First Investment Fund

In August 1966 Law N° 45 was promulgated establishing an investment fund to which surplus of business revenues accrue, provided that such resources are used to finance investment expenditure. The fund mixed between two objectives with different natures; an investment objective that is logically consistent with what the fund is indicative of and a reserve objective to help the Treasury in financing the current deficit of the services and business budgets.

THE FOURTH STAGE : Investment Fund of Deposits and Social Insurance and Pension Funds.

Law N° 53 for 1973 organizing preparation of the State budget provided for the elimination and liquidation of the first investment fund and, establishing the Fund of Deposits and Insurances Investment to pool savings from saving vessels and direct them through defined financing channels to public investments, apart from current expenditure requirements to avoid mixing between them and public debt obligation requirements.

Presidential Decree N° 1743 for 1974 established the statutes of the Investment Funds of Deposits and Insurance Funds - Article 4 of this decree provided the Fund's

Board of Directors (which had the authoritative supervision all over the Fund's affairs.) with whatever it deemed necessary to achieve the purpose for which the Fund was established, especially drawing the general policy for investing its funds.

It was supposed that the board of directors approves and directs Fund resources to investment, however, due to the fact that no sessions were convened, the State budget and finance sector in the Ministry of Finance continued, through submission to the Minister of Finance, to transfer Fund resources to finance both investment and current uses.

- Although these problems could have been avoided if the Fund board of directors was formed, yet the law establishing the Fund did not correspond with the requirements of quick development as the legislator intended that it should have a say in assessing projects presented for finance. This contradicts the plan law due to the fact that national priorities are based not only on the financial measures but also in the first place on social, economic and political measures which are basically the concern of the Ministry of Planning to ensure the principle of complementarity and comprehensiveness.
- Actually the establishment of the Fund of Deposits and Insurances Investment did not result in new organization of the method of investment expenditures in as much as it was not seriously considered. Its board of directors convened only once and took some general recommendations. Moreover, its executive, administrative and financial regulations were not approved.

- The increased interpenetration and entanglement of government indebtedness and economic sectors' indebtedness made it more dangerous, as they included government indebtedness to the Central Bank resulting from current operations, especially after replacing the cancelled general organizations with respect to their loans and obligations, thus inflating the volume of government indebtedness. The purpose for establishing the Fund of Deposits and Insurances Investment was to create a vessel of real savings with the aim of directing them to investments. However, the actual practice of the activity of the Fund of Deposits and Insurances Investment revealed several breaches the most important of which was the leakage of capital resources, which were considered as real savings, to finance the current deficit of the services and business budgets, a matter which contradicts the principles of public finance. Perhaps the most dangerous breach was merging the Fund's budget in the State's budget which stripped the Fund of its entity, and it became just a department of the Ministry of Finance.

No doubt this situation deprived the Fund of its actual existence as a project that pools saving resources to finance plan investments, ensure their execution as projected and organize the needed capital flow. Thus the Fund became just an accounting entity for the purpose of using real savings in any current or investment uses that the budget requires.

ESTABLISHMENT OF THE NATIONAL INVESTMENT BANK

GOVERNMENT DECISION TO ESTABLISH

A NATIONAL INVESTMENT BANK

In order to avoid the shortcoming of the past with respect to utilization of investment resources, it became essential to entrust these responsibilities to an organ capable of organizing finance paths in the best possible way, granting it financial, administrative and technical independence and providing it with the authorities necessary to carry out its jurisdictions which enable it to attain the State's objective from establishing it.

In order to carry out its responsibilities, the organ should be in the form of a bank functioning within the framework of sound banking rules and basis. Technically, the bank should function in its capacity as a borrower with respect to public resources and compulsory savings it obtains, and as a lender in the field of financing economic units within the framework of the State's general plan in the light of economic feasibility study of projects and other banking considerations, in addition to monitoring projects financially and physically, to ensure preventing any extravagance and guarantee spending public funds according to the defined purposes.

Due to the foregoing the concept of establishing a national investment bank emanated from the philosophy of linking the slogan to the necessity of keeping pace with reality by adjusting the economic path regarding the flow of public funds to economic and social development projects through controlling its direction towards better investment to promote a better public capital coefficient,

to achieve national development targets and to support the abilities of the Egyptian economy emanating from the correct revolution that concentrates on the Egyptian individual as the pivot of existence and progress in our contemporary world, so that when peace appears prosperity would become a fact not just a hope or a slogan that charms the masses, but, although we are actually on its threshold, we should hasten to complete its materialization into noticeable reality, therefore

The Government found out that the radical treatment to all problems of local and foreign financing development plan projects and so that public sector companies do not resort to borrowing from commercial banks, is to establish an investment bank to avoid the stopping of their projects or awaiting approval of their subsequent balance sheets, entering the Egyptian economy into the stage of self dependence, aiming to untie the chains of development by a stubborn breaking through all impediments to development and liberating it from ideological and organizational restrictions by condensing the firm mobilization of national savings and foreign resources in order to raise the rate of economic growth, restore equilibrium to the balance of payments, promote the capital market in a framework of monetary stability, magnify the productive capacity and raise its abilities at rates that check inflation and support international confidence in the Egyptian economy.

NATURE AND PURPOSE OF THE NATIONAL
INVESTMENT BANK :

The question arises about the nature of the Bank in practising its activity, and whether the National Investment Bank is a (bank) in the real sense, or an economic organ that uses in carrying out its economic responsibility the pure banking technique. Indeed, the law establishing the Bank did not include an explicit provision that would answer this question as it gave the Bank both banking and economic functions.

Among the functions of the Bank as stipulated by the provisions of this Law, is to finance all projects included in the State's general plan; to lend bodies executing investment plan projects. It provided, however, for another function in article two thereby ; the Bank is authorized to monitor the implementation of such projects in addition to their evaluation and participation in the capital of any project it desires.

Some of those provisions confirm the banking capacity of the National Investment Bank as the function of financing and lending is a pure known banking activity. The Bank's economic function is also confirmed regarding the definition of its target and the method of achieving it. It is taken for granted that the project evaluation, follow-up of execution and participation in equity are operations with a pure economic character.

Hence, it is investigated here which of the two characteristics dominates the Bank's activity: is it the banking concept or the economic concept? especially that the first

imposes some obligations and at the same time confers some rights.

But the much deeper look into matters and in confirmation of the previously explained broad targets, it is ascertained that the Investment Bank is an economic organ... considering the form, we find that the banking concept of the Investment Bank was far from the legislator's imagination when drafting the law of the Bank; although article one of this legislation provided for the establishment of a bank under the name "National Investment Bank" he did not mean it exactly, as establishment of a bank; according to article one of Law No.22 of 1975, it necessitates that such bank should be in the form of shareholding companies, which the National Investment Bank does not hold

In fact the legislator specified the purpose of the Bank by two objectives, the first is to finance all projects included in the plan, and the second is to monitor the implementation of such projects. The first target, i.e. financing, is a basic function of banks, while monitoring implementation is an activity of economic systems, besides, the legislator connected the preparation of the financing program with the program of project execution; he also made the Bank responsible for participation in preparing project feasibility studies.

This means that finance and the financing plan are mainly subject to project execution the extent of which would be known from monitoring provided for by the law of the Bank as one of its essential targets.

Hence it could be stated that the economic style of the activity of the National Investment Bank is more apparent than the banking style. In fact the latter serves the former, especially that the Bank is not profit making and it entrusts to the banking system, under the supervision of the Central Bank, the banking operations pertaining to achievement of its purpose by virtue of article two of the law establishing it.

For this purpose law N° 119 of 1980 was promulgated with respect to establishment of the National Investment Bank providing that it starts activity as from the date of coming into force of the 1980/81 plan. The main purpose of the Bank is to finance all projects included in the State's general plan for economic and social development, through participations in capitals of those projects or by providing them with loans or other methods, as well as monitoring their implementation; through the following procedures :

- Specify rules and conditions of financing according to the quality and nature of the project and in the light of its economic and social return.
- Prepare the financing program to execute the projects included in the plan which are only allowed to be financed and within the credits allocated to them according to the plan, including available foreign loans.
- ensure local and foreign finance necessary to implement every project during the years of implementation according to the plan.

- permission to withdraw from funds deposited with it or in its accounts according to the provisions of this law to ensure organization of investment expenditure flow according to progress achieved in the implementation of projects during the years of their implementation.
- effective monitoring of investments - both field and office, at project level to ensure spending on investment expenditure items allocated thereto according to approved studies and on defined purposes. In this respect it may resort to implementation systems and local government systems.
- utilize funds of savings channels in investment purposes other than depreciation, through allocating the sources of such funds to finance plan projects.
- participate in mobilizing more local savings and foreign capital necessary to finance the local and foreign components for projects included in the plan.
- provide services and participate in preparing feasibility studies for projects. In this respect it may resort to experts and specialized expertise houses.
- study, finance and monitor development projects at localities level within the framework of approved regional plans.
- manage its funds and portfolio, organize the processes of issuing shares in projects with Bank participation as well as bonds and marketing thereof.
- The legislator was keen to make such method available to the national Investment Bank in the frame of granting it a legal entity with a special nature and an independent

personality that necessitates a pause to analyse it and explain its concepts and elements of its being substantive.

LEGAL ENTITY OF THE BANK AND INDEPENDENCE GUARANTEES

Law N° 119 of 1980 establishing the Bank provided in its first article that the National Investment Bank shall have a legal identity. Therefore it has its own entity, which it practices without being subsidiary to any other administrative agency. The law emphasized this identity in more than one of its provisions. It provided in article seven that the Bank shall have its autonomous budget as one of the entity requirements which is composed of several sources to be dealt with later. It also provided that the Bank shall have its own accounts where its local and foreign resources are deposited, take procedures of carrying forward its budget's surplus from year to year in order to spare the Bank any pressures or face halting disbursements, so that the flow of finance necessary to implement the social and economic development plan projects continues without being restricted by budget annuality.

As regards independence guarantees to the Bank, the law emphasized being keen on ensuring that the Bank is far from any influences. Its seventeenth article stipulated that the Minister of Planning shall submit to the People's Assembly a report on the Bank's operations during the outgoing year accompanied by the Board of Directors annual report after its approval by the Cabinet.

Thus control of the Bank is confined and defined in the control of the People's Assembly with no subordination or control to any agency. This is a sufficient guarantee for non-influencing its activity and emphasizing its self-efficiency.

As a matter of fact the law in this respect took advantage of the experience of the Fund for Investment of Deposits and Insurances, which its tying to the Ministry of Finance made ^{it} just one of the accounts of the State Budget without efficiency in the field of financing the plan's investments.

To emphasize the provision of all guarantees for the Bank's independence and enjoying being an independent entity, the law stipulated in the thirteenth article that the Bank's Board of Directors is the supreme authority that supervises its affairs, handles its matters, and lays down the general policy it shall pursue. The Bank may adopt such decisions as it deems necessary towards achieving the targets for which it was established within the framework of the national plan.

BASIC FEATURES OF THE NATIONAL INVESTMENT BANK ACTIVITIES:

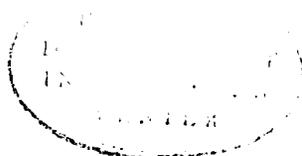
This system is considered a special kind of bank - it is not an institution that undertakes executive or pure banking business. In fact it is a continuation and completion to the operation of planning for national development and achieving its targets either with respect to profounding studies necessary for drawing finance programs or to ensuring the continuity of its finance and monitoring its implementation materially and financially. On the other hand the Bank does not carry out executive business and is not entitled to contact the

contractors and suppliers responsible for implementation, leaving this to the ministries and executing agencies.

BANK JURISDICTIONS DO NOT CONTRADICT THAT OF THE MINISTRIES OF THE ECONOMIC GROUP:

Establishment of the Bank will not result in any touch or contradiction with any existing agencies. As regards external facilities and loans, the Bank is not entitled to conclude protocols with foreign countries. This matter is left to the ministry of Economy for it has the experience and connections in this venue. Yet, its rôle is defined in participation in indicating the type of loans required and relating them to plan projects and keep the regular accounts through which the benefiting projects are defined, and ensure that the utilization of loans is according to development plans.

- The establishment of the Bank does not impinge on the role of the Ministry of Finance or limits it, as its rôle is vital in balancing the State Budget. Since the procedures of adjusting the economic path necessitates reducing the Budget's deficit, the rôle of the Ministry of Finance is of extreme importance. It necessitates not only the quantitative balance between revenues and public expenditure but also the volume of this expenditure in all its fields including chapter three of the budget with respect to its allocations and its coincidence with the limits put by the Cabinet as well as the governing factors established by the Ministries of Finance, Economy and Planning and also the international institutions, the volume of internal and external borrowing, interest rates, etc.,



The special nature of this Bank deems it necessary that it functions in collaboration with other systems. It is connected with ministries of the economic group through functional organizational and organic relations, as it is considered a vital tissue in the body of the Egyptian economy to be connected with the banking system either the Central Bank or the other commercial banks to coordinate between them with respect to cash flows allocated to finance investments.

BANK FLEXIBILITY IN PROVIDING FINANCE TO PROJECTS IN
ADVANCED STAGES OF IMPLEMENTATION:

As the law of the Bank provides for allocating credits to it in the State Budget in addition to its sources of funds from traditional savings channels, yet it is to be observed that the volume of investments in future will exceed the proceeds of the said traditional savings channels (insurance and pensions funds, etc.), meanwhile we expect an increase in government savings due to larger revenues of the State from pioneer sectors it owns (especially oil and the Suez Canal). Consequently, it deemed necessary to grant the Investment Bank some flexibility that allows it to exceed the volume of defined savings through additional finance from the resources of the State budget, in order to enable it to increase the volume of investments without generating inflationary pressures. In addition, these additional allocations do not represent public expenditure that leads to creating deficit or surplus in it, but represents deposits held with the National Investment Bank.

BANK METHODS IN FIELD MONITORING

As the National Investment Bank aims at ensuring the finance necessary to every project, organizing the flow of investment expenditure according to the progress achieved in project implementation without being restricted to annuity of the budget which makes them avoid losses that accompany time delay in implementation, it also aims at monitoring expenditure, field and office, at project level, so that spending on the projects capital expenditure items is effected according to the approved study and within the limits of their allocations and in the purposes defined, to ensure that the funds of savings channels are used in investment, not consumption.

STATUTES OF THE BANK

To complete the legal form of the Bank a statutes was set up to be the working method adopted in operating its functions.

The important articles included in the statutes are:

- The authorized capital of the Bank was fixed at one hundred million Egyptian pounds divided into one million shares, the nominal value of each share is one hundred pounds, subscribed in full by the State. Twenty five million pounds or one quarter of the value of each share was paid upon subscription.
- The remainder shall be paid in instalments in the light of the Bank's requirements, by a decision of its Board of Directors and according to allocations in the State budget.

The capital may be increased in the light of increased activities and burdens of the Bank.

- The provision of Bank capital shall be fixed by a decision from its Board of Directors, it may also set aside a ration of the net annual profits to increase the provision.

FINANCIAL RESOURCES OF THE BANK:

The special resources of the Bank were defined according to the provision of article four of the law establishing it as follows :

- a- Appropriations allocated for it in the State Budget.
- b- Revenues resulting from the Bank's exercise of its activity.
- c- Sale proceeds of shares owned by the Bank in projects in which it participates.
- d- Wills and local and foreign grants accepted by the Bank's Board of Directors.
- e- Loans concluded by the Bank.
- f- Proceeds of bonds floated by the Bank in local and foreign currency.
- Article five is directed to agencies where generated funds are considered by the law as financial resources that should be deposited to its account. This article provided that the following investment resources should be deposited or included in the Bank's accounts:
 - a- Loans available for the projects including allocation in the State budget from savings channels and different financing institutions and organizations, development bonds and technical provisions generated with the Insurance and Pensions Authority

and the Social Insurances Authority, provided that they do not contradict with social insurance laws in force.

- b- Amounts made available in the State budget, budgets of general authorities and economic authorities, and local government for public and joint investments with the national and foreign private sectors.
- c- Loans and grants earmarked to investments and concluded with other countries and international and regional organizations and institutions.
- d- Surplus of self-finance at public sector units after considering the burdens of financing their investment projects included in the plan, and the necessary operating capital.
- e- Surpluses of cash quotas and quotas of central and local services for workers according to what the general plan of the State decides in this respect.

The law establishing the Bank in its third article regulated its relation with the banking system by allowing the Bank to carry out banking operations pertaining to achievement of its purposes. The Bank may assign to the banking system under the supervision of the Central Bank to conduct such business, including borrowing, lending, participation and issuance of letters of guarantee, and all other financial mediation operations necessary in medium- and long-term financial operations as well as servicing finance loans,

CONTROLS OF BANK COMMITMENT TO ITS MARCH:

It was self-evident that National Investment Bank suitabilities are accompanied by specific controls as it is considered an

economic entity that represents top responsibility for the good command and utilization of public funds. This prompted the legislator in the law establishing the Bank to determine controls to which the Bank is committed in order to keep it on its road without deviations. These controls are:

FIRST: Article 17 of the law establishing the Bank provided that the Minister of Planning in his capacity as chairman of the Bank's Board of Directors shall submit to the People's Assembly an annual report on the Bank's activities during the outgoing year, accompanied by the annual report of the Board of Directors after being approved by the Cabinet, within three months from the date on which the financial year ends.

SECOND: In the manner of forming its Board of Directors, as the law necessitated in article 12 that each of the ministries of Planning, Finance, Economy and Social Insurances, as well as the General Authority for Investment of Arab and Foreign funds, shall have a representative in the Board in order to balance and coordinate the relation between the Bank and these bodies, because participation of their representatives in discussion of the Board of Directors, besides making them responsible for decisions adopted by the Bank's Board of Directors, would oblige them to respect these decisions.

THIRD: The provision of article 21 of the law establishing the Bank that necessitates the appointment of two auditors - their remunerations shall be determined by the Central Bank - to audit the Bank's accounts. The Investment Bank has to

put at their disposal all documents, books and data that are deemed necessary for the performance of auditing. The appointment of the auditors and determination of their remunerations by the Central Bank but born by the Investment Bank, are meant to ensure complete neutrality that commits the Investment Bank to follow the sound accounting rules and prevent any inclination.

FOURTH: As the Investment Bank finances public investments included in the plan and consequently its deals in public funds, it was necessary that the Central Auditing Agency audits the Bank's accounts annually. This was explicitly stipulated in article 20 of the law establishing it.

A copy of the draft statutes of the Bank approved by the Board of Directors on 19.9.1981 pending its promulgation, is attached to the report.

JURISDICTIONS OF THE BANK'S BOARD OF DIRECTORS:

As regards the jurisdictions of the Bank's Board of Directors, the law gave the Board in article 13, being the supreme authority that controls the Bank's affairs, all the powers to adopt such decisions that direct its march, dispose of its matters, and draw its general policy. The same article 13 stated the following jurisdictions of the Board of Directors in order to stress on them and to demonstrate their being outstanding rather than to enumerate them :

- approve concluding loans and issuing bonds, and determine the dates, terms and conditions for their amortization or continuity,
- Set a special system for accepting non-interest deposits from others,

- approve participation in the various projects and in the capital of economic organizations, public, joint and private sector companies, or extend loans thereto.
- Propose the formation of provisions and allocations to meet extraordinary burdens.
- Fix creditor and debtor interest rates within the framework of the general policy set by the Central Bank.
- Establish branches or offices or agencies.
- Appoint members of the Boards of joint companies who represent the Bank in these companies according to the rules set by the Bank's Board of Directors.
- Issue regulations organizing economic, financial, accounting and administrative matters by following administration methods as applicable to banking activity without being restricted by the systems provided for in laws and regulations in force in the government and the public sector.
- Approve the organizational structure of the Bank, set up the regulation relating to personnel systems, their salaries, wages, remunerations, privileges and allowances, without being restricted by laws of government and public sector employees. The regulation is issued by a Presidential Decree.
- Approve the Bank's planning budget and the closing accounts of the Bank.
- Consider periodical follow up reports on the Bank's operations and activity.

JURISDICTION OF THE CHAIRMAN OF THE BANK'S BOARD OF DIRECTORS:

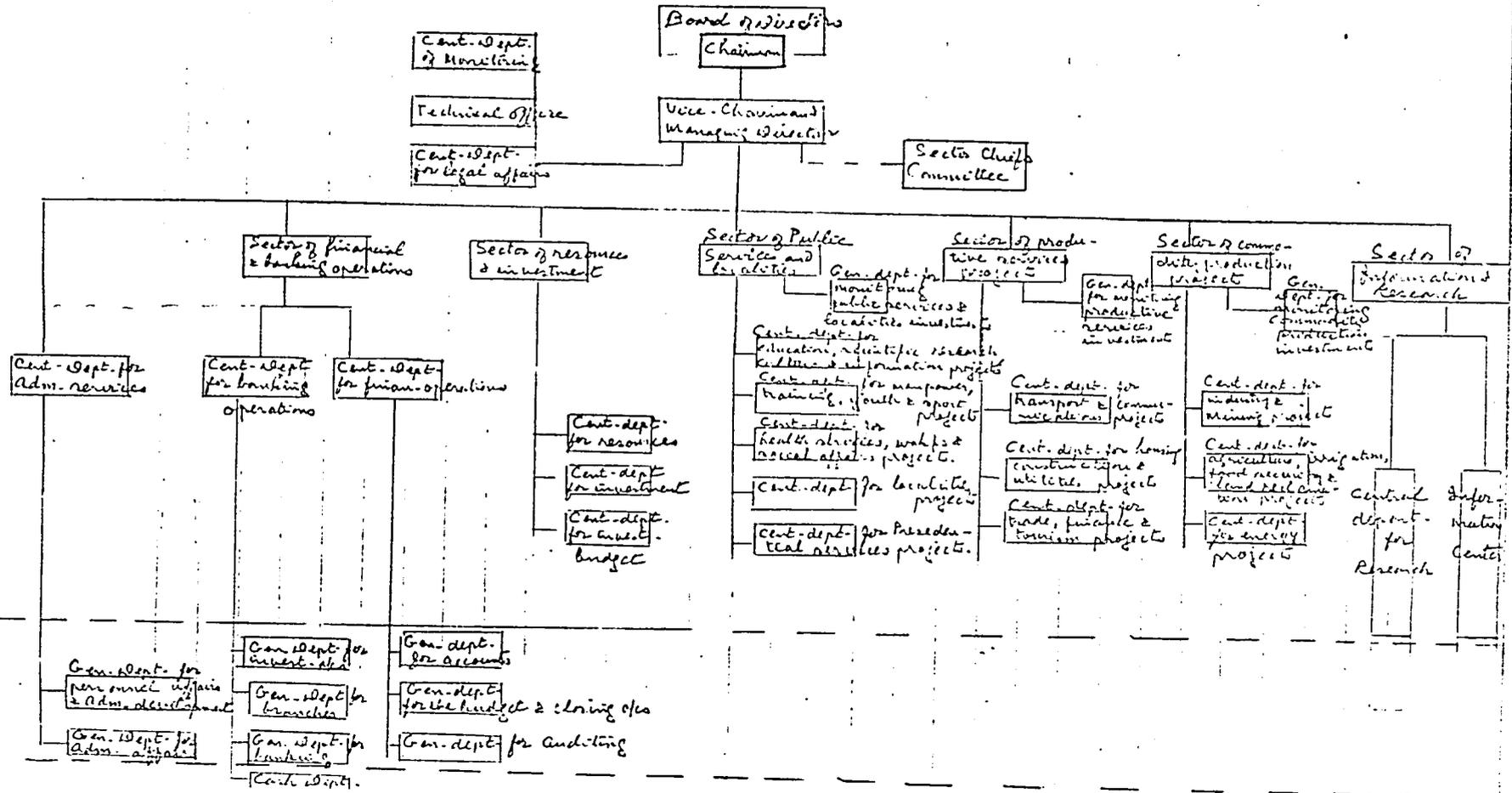
Considering that the Minister of Planning is the Chairman of the Bank's Board of Directors and responsible for the Bank before the People's Assembly, the law authorized him the following suitabilities :

- The Minister of Planning is the Chairman of the Board of Directors (art.12)
- The Minister of Planning convokes the Board of Directors (art.14).
- Decisions of the Board of Directors shall be issued by the majority of attending members. In the case of equal votes, the chairman shall have the casting vote (art.14)
- The Board of Directors should convene under the chairmanship of the Vice-Chairman and managing Director, the Board's decisions shall be notified within one week from the date they are issued to the Minister of Planning for approval. In case he does not object such decisions within one week from the date they are received by him, ^{they} shall be considered as approved (art.15)
- Appointment of the Vice Chairman of the Board as well as fixing his salary shall be issued by a decision of the Prime Minister at the proposal of the Chairman.
- Appoint heads of technical sectors and posts of high administration.
- Approve regulations organizing economic, financial, accounting and administrative matters after being approved by the Board of Directors.

JURISDICTION OF THE VICE-CHAIRMAN OF THE BANK'S BOARD OF DIRECTORS AND MANAGING DIRECTOR :

He supervises all technical and administrative activities

The National Investment Bank
The Organizational Structure



In the Bank, directs its operations, coordinates business between its sectors in the light of the general targets, policies and rules established by the Board of Directors, such as for example :

- Execution of the Bank's general policy as approved by the Board of Directors, and he shall :
- Propose or adjust the Bank's by-laws, as well as the technical and administrative policies and systems, and submit same to the Board of Directors for approval.
- Exercise jurisdictions authorized to him in the regulation of Bank employees system in addition to representing the Bank in its relations with others.
- Submit periodical reports on Bank performance and implementations to the Board of Directors.
- Prepare the annual report of the Bank and submit it to the Board of Directors.

In general he is responsible for the Bank's management and disposing of its matters in all its aspects. He is the Board of Directors member who is next to the Minister of Planning in responsibility, besides that he presides Board of Directors sessions in cases other than those presided by the Minister of Planning, by virtue of article 15 of the law establishing the Bank.

THE PRESENT ORGANIZATIONAL STRUCTURE OF THE BANK:

Realization of the legal identity made the Bank start from the very beginning to practise its activity by wide strides aiming, in the first place, at financing plan projects easily far from routine complications in order to reach the stage of early production. The present organizational situation

in the National Investment Bank in general is the following:

- The Bank's Board of Directors was already formed
- The Vice-Chairman of the Bank's Board of Directors was already appointed.

Appointment, delegation and secondment of a number of responsible persons in the high management, from employees in other levels, was effected as follows :

<u>FIRST : HIGH MANAGEMENT</u>	<u>No. of Employees</u>
1- Chief Sector	9
2- Legal Advisor	5
3- Chief Central Department	11
4- General Manager	13
<u>SECOND: EXPERTS</u>	
1- First Expert	17
2- Second Expert	27
<u>THIRD : RESEARCH WORKERS AND ADMINISTRATORS</u>	
1- Research Worker	65
2- Administrator	30
<u>FOURTH : Clerks, Professionals and Servicemen</u>	
1- Clerks	40
2- Professionals	30
3- Servicemen	43
	290

Thereby the number of employees at present amounts to 290 employees, to whom the regulation of employees system in the general investment authority, approved by decision N° 154 for 1980 of the Deputy Prime Minister For Economic and Financial matters, and Minister of Economy, is applied.

Therefore, details of the present organizational structure of the Bank, are as follows :

- Board of Directors
- Vice Chairman of the Board of Directors, with the following directly subordinated to him :
 - The Central Monitoring Department.
 - The Central Department for legal matters.
 - The Technical Office.
- Information and Research Sector, including
 - Information Center
- The Sector of Commodity Production Projects, including
 - The Central Department for Industry and Mining Projects.
 - The Central Department for Agriculture, irrigation, food security, and land reclamation projects.
 - The Central Department for energy projects..
- The Sector of Productive Services Projects, including :
 - The Central Department for transport and communications projects.
 - The Central Department for housing, construction and utilities projects.
 - The Central Department for trade, finance and tourism projects.
- The Sector of Public Services and localities, including :
 - The Central Department for education, scientific research, Culture, and information projects.
 - The Central Department for localities projects.
 - The Central Department for health services, wakfs and social affairs projects.
 - The Central Department for Presidential Services Projects.
 - The General Department for Manpower, Training, Youth

and sport projects.

- SOURCES OF FUNDS SECTOR, INCLUDING :

- The Central Department for Local Resources.
- The Central Department For Foreign Resources.
- The Central Department for the Investments Budget

- THE SECTOR OF FINANCE, INVESTMENT AND BANKING MATTERS,

INCLUDING :

- The Central Department For Finance.
- Accounts General Department
- Auditing General Department
- The Central Department For Banking Operations.

- THE SECRETARIAT SECTOR :

EXPLANATION OF THE EXISTING JURISDICTIONS OF THE BANK'S
SECTORS AND DEPARTMENTS:

- Units subordinate to Vice-Chairman of the Board:

- THE CENTRAL MONITORING DEPARTMENT : is concerned with designing an integrated system for monitoring Bank activities, assessment of performance and valuating Bank's achievement of its objectives. Monitoring depends on two basic parts :

1- Financial monitoring that measures the progress in implementing the investments of each project compared with the projected.

2- Material monitoring that measures the progress in construction and actual implementation of the project compared with the approved program.

- THE CENTRAL DEPARTMENT FOR LEGAL MATTERS: is concerned with presenting legal consultation to the Bank's President and sectors, as well as verifying and drafting contracts, and

considering the agreements and alike.

- THE TECHNICAL OFFICE: is concerned with the preparation of the material and memos requested by the Vice-Chairman of the Board, arrange for the Board's meetings, notify the resolutions and decisions to the concerned bodies and monitoring their execution.

- THE COMMITTEE OF CHIEF SECTORS: is concerned with coordination between the Bank's various sectors, giving the Vice-Chairman of the Bank's Board of Directors the opinion on matters concerning the general policy and broad strategy of the Bank. It is responsible for studying the subjects prepared for submission to the Board of Directors for consideration, representing points of view of the various sectors in the Bank.

- THE INFORMATION SECTOR: Collects data related to aspects of the investment business and projects financed by the Bank. It also assists in providing the necessary information for research and studies in the Bank, besides classification and analysis of collected data to draw the important indicators. Therefore, it is responsible for filing, renewal and recalling data by the means and ways suitable to the requirements of work in the Bank.

This sector is responsible for observing integrated data about economic developments in Egypt and abroad, as well as all information about the economic and social development plan, and economic, financial and monetary policies.

COMMODITY PRODUCTION SECTOR
PRODUCTIVE SERVICES SECTOR
PUBLIC AND LOCAL SERVICES SECTOR

These sectors participate in feasibility study of projects proposed to be included in the development plan in

cooperation with counterpart sectors in the Ministry of Planning, revise projects included in the plan and presented to the Bank for finance, as well as analyzing studies accompanying them and the implementation and financing programs of each project, in addition to revising the situation of investment projects under implementation, and suggest the ways and methods to accelerate their implementation and bring them within productive operation. These sectors are responsible for material and financial implementation of projects, take the procedures of implementing financial programs, permit disbursement out of the available finance to these projects according to rates of progress in actual implementation and according to the extent of assurance with respect to the sound state of projects for which finance is requested as well as the accuracy of the accompanying financial estimates.

THE SOURCES OF FUNDS SECTOR : is concerned with observing, monitoring and development of Bank resources. In case of insufficient resources to finance estimated uses, the task of the sector is to seek alternative sources to develop the Bank's resources. In the case of surplus in the resources, the sector is responsible for seeking fields to invest these funds in a way remunerative to the Bank. In addition, the sector assess the local resources which the Bank expects to receive, distributed by source, and collecting them on their regular dates. This sector is also concerned with coordinating the use of foreign loans and facilities to finance the foreign component of investment projects.

The Sector of Finance, Accounts and Banking Matters: undertakes operations of financing investment projects according to the

priorities and requirements revealed by investigation of various project sectors, draws financial programs in the light of the investment requirements of the plan projects, Besides, the sector studies the spheres of investment outside the plan and suggests the ways of investing the surplus of Bank funds without contradicting the approved finance programs. The sector also carries out all the works of financial accounts to register the Bank's operations, prepare the budget and supervise its implementation, and prepare the closing accounts of the Bank.

THE GENERAL SECRETARIAT OF THE BANK :

It is concerned with providing the general services necessary to guarantee the good conduct of work in all Bank activities, and provide the material facilities necessary for good performance. Its jurisdictions are concentrated in the following :

- Provides the Bank's needs of various requirements, preserves them, and regulates their disposal and use.
- Carries out the works of public relations and advertisement with respect to the Bank's activities.
- Organizes personnel matters, executes the regulation of the personnel system in the Bank, and carries out training activities and employees services and care.
- Supervises the activities of the Central secretariat, archives, and outgoing and incoming correspondence.
- Preserves the Bank's premises, and the maintenance of its installations.
- Organizes security and complaints procedures in the Bank.

It is noteworthy that the Bank has entrusted to an invest-

ment Bank to draw a model to the Bank's organizational structure, so that the Bank can play its role in the service of the national economy and finance the development plan projects. The consultative office effected the administrative studies by conducting the necessary studies and analyses. The office presented a scheme that was submitted to the Board of directors of the Bank in its session of 19.9.1981. The Board issued a decision approving it. The basic features of this structure are as follows :

THE ORGANIZATIONAL STRUCTURE

The organizational structure included, on the basis of the provisions of the law establishing the Bank, the following organizations, sectors and departments:

- " The Board of Directors.
- " Chairman of the Board of Directors.
- " Vice-Chairman of the Board of Directors and Managing Director... supervises the Bank's technical and executive systems.. The following systems and sectors are subordinated to the Vice-Chairman of the Board of Directors:
 - The Central Department for Monitoring
 - The Central Department for Legal Matters
 - The Technical Office.
 - The Committee of Sector Chiefs.
- = Information and Research Sector - includes :
 - Information Center
 - The Central Department for Research.
- = Sector of Commodity Production Projects - includes :
 - The Central Department for Industry and Mining projects.

- The Central Department for Agriculture, Irrigation, Food Security and Land Reclamation Projects.
- The Central Department for Energy Projects
- The General Department for Monitoring Commodity Production Investments.

= Sector of Productive Services Projects - includes :

- The Central Department for Transport and Communications Projects.
- The Central Department for Housing, Construction and Utilities Projects.
- The Central Department for Trade, Finance and Tourism Projects.
- The General Department for Monitoring Productive Services Investments.

= Sector of Public Services and Localities Projects - includes :

- The Central Department for Education, Scientific Research, Culture and Information Projects.
- The Central Department for Health Services, Wakfs and Social Affairs projects.
- The Central Department for Localities Projects.
- The Central Department for Presidential Services Projects.
- The Central Department for Manpower, Training, Youth and Sport Projects.
- The General Department for Monitoring Public Services and localities investments.

= Sources of Funds and Investment Sector - includes :

- The Central Department for Resources
- The Central Department for Investment
- The Central Department for the Investment Budget

= The Central Financial Operations Sector - includes :

- The Central Department for Financial Operations
- The General Department for Accounts.
- The General Department for the Budget and Closing Accounts.
- The General Department for Banking Operations.

The General Department for Investment Accounts

The General Department for Branches

The General Department for Banking Activities

The Cash Department

= The Central Department for Administrative Services - includes

- The General Department for Personnel Matters and Administrative Development.
- The General Department for Administrative Matters
- Security Department

3- THE GENERAL FRAMEWORK OF JURISDICTIONS IN THE ORGANISATIONAL STRUCTURE -

3/1 The Vice Chairman of the Bank's Board of Directors and Managing Director.

He is the top of the Bank's technical and administrative system, and chief of its executive department. He is concerned with supervising all the Bank/s technical and administrative activities, directing its operations and coordinating business between its sectors in the light of the general objectives of the Bank as well as the policies and rules defined by the Board of Directors. Specifically he is concerned with the following :

- Implement the Bank's general policy as approved by the Board of Directors.
- Implement the decisions of the Bank's Board of Directors.
- Conduct the jurisdictions approved by the Board of Directors or delegated to him by the Chairman of the Board of Directors.
- Propose the Bank's by-laws and amend and submit them to the Board of Directors for approval.
- Preside Board of Directors sessions in the absence of the Chairman.
- Preside the Committee of Sector Chiefs.
- Conduct jurisdictions authorized to him in the regulation of the Bank's personnel system.
- Represent the Bank in its relations with others and before the law.
- Submit periodical reports on the Bank's performance and implementations to the Board of Directors.
- Propose the Annual Report of the Bank

3/2 UNITS SUBORDINATE TO THE VICE-CHAIRMAN OF THE BOARD:

* THE CENTRAL DEPARTMENT FOR MONITORING:

It is concerned with designing an integrated system to monitor activities, assess performance, and estimate the extent of achieving its targets. The Central department coordinates and directs monitoring departments in three project sectors and plan their operations. Monitoring in the Bank concentrates on two main sections:

- FINANCIAL MONITORING, which measures the extent of progress of investment expenditure in the projects, compared with the approved time schedule, and the extent of commitment to the estimated cost and the project's investment plan
- MATERIAL MONITORING, which measures the progress in construction and actual project implementation, compared with the approved implementation program.

Within this framework, the central department for monitoring is responsible for the processing of a complete picture of the situation of national investment and its details at the level of the main sectors of the national economy, as well as its classification by implementing agencies

* THE CENTRAL DEPARTMENT FOR LEGAL MATTERS:

The Department is concerned with providing legal consultations to the Bank's presidency and sectors, revising and drafting contracts, giving the opinion about agreements and alike; it is also concerned with legitimation and investigation procedures, and propose regulations and legal systems appropriate to the Bank's activities and the conditions of its development

* THE TECHNICAL OFFICE:

The office is concerned with preparing the material and memos requested by the Vice-Chairman of the Board of Directors, prepare the meetings of the Sector Chiefs Committee, and of the Board of Directors, and coordinate the memos, studies and agendas.

It is also concerned with the works of the technical secretariat to the Sector Chiefs Committee and the Board of Directors. It shall record deliberations, draft the minutes of meetings, notify the recommendations and decisions to the concerned bodies and monitor their executions.

* THE SECTOR CHIEFS COMMITTEE:

Its meetings are held under the presidency of the Vice-Chairman of the Board of Directors. It is a consultative committee concerned with coordinating between the various sectors in the Bank, and give opinion to the Vice-Chairman of the Bank in matters of the general policy and broad strategy of the Bank.

The Committee is responsible for studying the matters prepared for submission to the Board of Directors for opinion, representing the views of the various sectors in the Bank. The Committee may be invited to attend Board of Directors meetings, committee members other than those who are Board members are not entitled to participate in deliberations or voting.

The Committee is also concerned with studying all matters referred to it by the Board Vice-Chairman, or studying subjects requested by the Chairman or the Board.

The Bank's draft budget and investment budget, in particular, are submitted to the committee for discussion before pre-

senting them to the Board of Directors.

3/3 INFORMATION AND RESEARCH SECTOR:

This sector represents an important support in the proposed organizational structure, as it prepares researches and studies, produces information and statistical indicators that help the Bank in drawing its policies, preparing the plans and investment and financial programs, and define the criteria and rules that regulate its various transactions.

The sector is composed of an information center (a central department) and the Central Department for researchs.

* THE INFORMATION CENTER:

The Center is concerned with designing and operating a complementary information center that supplies the Bank's presidency and its various sectors with information required for planning purposes, drawing programs, directing operations, monitoring and performance evaluation. The Center collects all data pertaining to the aspects of investment work and projects financed by the Bank. The Center classifies and analyses the collected data and derives the important indicators. It also helps in providing information necessary to researches and studies in the Bank. The Center shall be responsible for filing, renewal and recovers such information by the means and methods appropriate to work requirements in the Bank.

The Center's operations include the following :

- Preparation of complementary information about economic conditions in Egypt and abroad,
- Preparation of complementary information about the economic and social development plan as well as economic, financial

and monetary policies.

- Preparation of suitable information about implementing agencies, either ministries or public sector companies or governorates.
- Preparation of complementary information about investment and financing operations of the Bank and other financial and banking activities.
- Preparation of periodical reports on the Bank's activities.
- Participation in preparing statistical reports for submission to the Board of Directors.
- Organization of circulating and exchanging information between the sectors of the Bank
- Organization of circulating and exchanging information between the sectors of the Bank.
- Organization of circulating and exchanging information between the sectors of the Bank.
- Organization of operations of filing and referring^{ing} information.

* THE CENTRAL DEPARTMENT FOR RESEARCH:

It is concerned with conducting researches and studies necessary to help in working out Bank plans and programs, and directing its operations. The Central department for research carries out these studies itself or through external experts, and specialized consultative houses and offices. The important types of researches and studies may be concentrated in the following:

- Participation in technical and economic feasibility studies for projects the finance of which is requested.
- Study of general economic conditions and analysis of developments of the general economic performance in the State.
- Study world economic variables and analysis of their reflections and effects on the Egyptian economy.

- Study general economic phenomena such as inflation, external borrowing, developments of Egypt's foreign trade, and balance of payments, and analysis of the effects of such phenomena on investment operations.
- Study and analysis of the public sector's productivity, seeking the means of increasing its productive capacity, and improvement of the rates of return in a way that allows increasing the surplus available for self-finance.
- Study and analysis of investment activities, definition of its hindrances, and deduction of the means to help in raising the efficiency of investment operations.
- Study and analysis of the method of working out the economic and social development plan, and proposition of entrances to promote planning operations as a means to rationalize investment.
- Study and analysis of the local and international money market, proposition of entrances and ways of developing local savings, and improvement of borrowing transactions from outside world.
- Study of interest rates structure for the various types of credit, and proposition of an interest rates structure for Bank operations.
- Help the various sectors in the Bank with respect to their need of specialized researches or studies.

3/4 SECTOR OF COMMODITY PRODUCTION PROJECTS

3/5 SECTOR OF PRODUCTIVE SERVICES PROJECTS

3/6 SECTOR OF PUBLIC SERVICES AND LOCALITIES PROJECTS

These three project sectors are concerned, each within its jurisdiction, with the following basic commissions:

- Participate with counterpart departments or sectors in the Ministry of Planning when studying the feasibility of projects which are proposed to be included in the plan, in order to assess their material and social return, estimate their investment costs over implementation years, and recommend the possibility of including them in the plan.
- Cooperate with Ministry of Planning systems in defining the criteria of accepting projects for inclusion in the economic and social development plan
- Design the structure of feasibility study, and define its elements that should be committed to, when presented with projects for which financing is required from the National Investment Bank.
- Revise projects included in the plan that apply to the Bank for financing and revision of the accompanying studies and their implementation and financing programs.
- study the structure of investments required for projects from its various sources (local, self finance, foreign loans and facilities), and recommend financing from the Bank within appropriate limits.
- Monitor material implementation and investment expenditure for projects, and take measures of amending finance programs, permit disbursements according to rates of progress in actual implementation.
- Resort to specialized experts to evaluate large investment projects.
- Evaluate the general/situation of investment activity in the State.
- Revise the position of investment projects under implementation and propose the ways and means for accelerating their

implementation and bringing them into productive operation.

The real commission of the three project sectors is the complete study of investment projects, either new or expansion or renovation or substitution from the point of view of the money owner who is keen about the most possible efficient and guaranteed use of his funds. The philosophy of the National Investment Bank is concentrated in promoting the logic of Egyptian administration with respect to obtaining investments from the State. The Egyptian administration used to demand investment allocations and receive them from the Ministry of Finance as an imperative measure self-imposed by the State. Once these allocations are received, the department becomes free in using them the way it likes, even it spends them on current rather than investment operations - thus to ensure the soundness of the projects for which financing is required, the accuracy of accompanying studies and financial estimates, the seriousness of implementation programs presented to the Bank become vital commissions that should be effected at the utmost possible efficiency to guarantee Bank funds on one hand, and soundness of the following procedures taken by the Bank on the other.

3/7 SOURCES OF FUNDS AND INVESTMENT SECTOR:

This sector is concerned in general with observing, monitoring and developing Bank resources on one hand, and coordinates their use in financing investment projects according to the priorities and requirements revealed by studies of the project sectors on the other. The sector then illustrates the Bank's investment budget. In the case where resources

are less than estimated uses, the sector seeks alternative sources, and develops Bank resources. When resources exceed uses, the Bank, as well, seeks fields for investing these funds economically and safely.

The jurisdictions of the sector crystallize in the following :

- Estimate expected local resources distributed by source.
- Monitor collection of local resources, and organize the relations with sources of finance stipulated in the law, to ensure collection in regular dates that secure scheduling of financial inflows.
- Seek new sources of local resources, and coordinate with the banking system and Central Bank to develop new savings channels.
- Study the financial positions of public sector companies to ensure the soundness of estimating the surplus allocated to self financing of investments.
- Coordinate the use of foreign loans and facilities in financing the foreign component for investment projects, and propose the suitable amendments upon concluding loans and facilities agreements.
- Work out a detailed financing programme in the light of the investment requirements of the projects included in the plan, and define the appropriate sources of finance.
- Prepare the final financing programme for each investment project, including investment allocations, their sources

and the timing of using them.

- Manage the portfolio in the light of studying the positions of the money market in Egypt.
- Study the projects, to the establishment of which the Bank is proposed to contribute, and propose the Bank's share in the capital.
- Monitor the positions and affairs of companies to which capital the Bank contributes, and representing it in their boards of directors.
- Carry out the studies necessary for issuing bonds, undertake the procedures of issue or supervise same if effected through the banking system.
- Study the fields of investment outside the plan, and propose the ways of investing the Bank's surplus funds without contradicting the approved financing programs.
- Work out the Bank's investment budget in order to coordinate resources and uses, and propose the ways of meeting the deficit or investing the surpluses.
- Monitor the implementation of the investment budget and propose the appropriate adjustments according to the rates of actual implementation.

3/8 SECTOR OF FINANCIAL AND BANKING OPERATIONS:

* THE CENTRAL DEPARTMENT FOR FINANCIAL OPERATIONS:

It is concerned with all financial and accounting activities and procedures to control and register Bank operations, and reveal the actual positions of the Bank and its clients. Its

jurisdictions are as follows :

- Carry out all works of financial accounts to register Bank operations.
- Execute financial control and internal auditing
- Prepare the budget and supervise its implementation
- Prepare the Bank's closing accounts.

* THE CENTRAL DEPARTMENT FOR BANKING OPERATIONS: (*)

It is concerned with organizing Bank relations with the Banking system and the Central Bank in particular. Its jurisdictions are :

- Keep the accounts of investment projects and follow up their financial positions.
- Keep the accounts of Banks and correspondents.
- Manage the Bank's treasury.
- Carry out banking operations, such as issuing letters of guarantee or opening documentary credits, and implement the procedures of issuing bonds and public subscriptions.

3/9 THE CENTRAL DEPARTMENT FOR ADMINISTRATIVE SERVICES:

It is concerned with providing the general services necessary to ensure the good conduct of business in all Bank activities, and providing material facilities necessary to good performance. Its jurisdictions are as follows :

- Provide Bank needs of the different requirements, preserve them, and organize distributing and using them.
- Carry out public relations business and information about the activities of the Bank.
- Organize personnel affairs and execute the regulation of

(*) This Central Department shall be established when the Bank starts practising banking operations by itself. Before that the central department for financial operations undertakes its jurisdictions with respect to investment projects accounts, banks accounts and the treasury.

the Bank's employees system, and carry out training business, employees services and taking care of them.

- Supervise works of the central secretariat, archives and inward and outward correspondence.
- Preserve the Bank's premises and maintain its installations periodically.
- Organize security and complaints procedures in the Bank.

THE ACCOUNTING SYSTEM
OF THE NATIONAL INVESTMENT BANK

The Bank started its operations in financing projects of the economic and social plan as from the financial year 1980/81. Practising business in the Bank revealed the necessity to register the Bank's operations according to the bases and rules of financial accounting and the continuity to keep the current accounts by implementing agency, till the stages of working out the accounting system that achieves the Bank's purposes are completed.

The Bank took into consideration the importance attached to its operations being clearly expressed by the accounts, within the framework of the continuity of the financial business, and the necessity of the flow of finance to projects in order to ensure the continuity of implementation according to worked out programs together with connecting the financial transactions relating to investment, that were effected within a pure government framework, to operations that started with the financial year 1980/81 under the law of the National

Investment Bank. Thus it was possible to limit the local loans presented by the Government systems that conducted financial mediation to finance plan projects before establishment of the Bank and the counterpart obligations and registering them in the books (opening entries), in implementation of the provisions of the law establishing the Bank, and emphasizing continuity of the plan. New transactions were sorted out according to the standard division of the State's capital budget to ensure the responsibility of disbursed funds to those authorized to disburse as well as defining the responsibility to recover invested funds.

The new accounting system of the Bank was worked out with the help of an Egyptian house of expertise, and will be applied by all its dimensions as from 1981/82.

The new accounting system defined the sequence of Bank transactions as follows :

- 1- Total costs shall be registered for each approved project in the general plan for economic and social development, and its implementation decided at investment components level, as well as the sources of financing the project according to studies completed and approved by the Ministry of Planning. This registration shall be on the basis of financial statistics for monitoring purposes. The document of entry in these registers shall be data for the general plan approved by the Ministry of Planning. Periodical monitoring data shall be registered at the same level upon disbursing each financing instalment till the project is completed.

- 2- Total financing that has to be provided from the National Investment Bank over the necessary period to implement the project, shall be registered on the basis of an accounting entry that defines the volume of commitments. An investment account for plan projects shall be opened and be met by a cash allocations account for plan projects.
- 3- The amounts collected from finance agencies shall be registered. Sorting out and classification shall be effected according to the standard division of the budgetary revenues.
- 4- When instalments are paid to agencies entrusted with the projects, the countervalue of the instalment shall be deducted from "cash allocations for plan projects" account.
- 5- According to its nature, the disbursed instalment shall be settled either through the account of the agency entrusted with the project as a recoverable loan, or through the investment account as contribution to the project, as the case may be, against deduction of the counterpart from the account of investments of plan projects.

According to the above-mentioned the Bank's overall basic accounts that reveal its operations and financial position are:

- Plan projects investment account,
- Cash allocations for plan projects account,

The balance of these two vis a vis accounts represent the overall commitment on a certain date, which should be provided by the Investment Bank according to the implementation programme at the level of every project.

- ACCOUNT OF THE IMPLEMENTING AGENCY - LOAN:

The balance of this account represents claims on the agencies against the funds previously provided to implement projects, and was decided to be considered loans that should be repaid together with interest due according to the established interest rates and according to the type and nature of the project. Thus it could be possible to prepare loan servicing schedule for monitoring .

- INVESTMENTS ACCOUNT - CONTRIBUTION:

The balance of this account represents the approved Bank contributions to capitals of projects.

This is in addition to the traditional routine accounts whether relating to cash movement or banks or debtor and creditor personal accounts, as well as Bank assets and liabilities accounts such as assets, provisions and allocations that could be sorted out and classified according to the standard division of the budget's uses and revenues and economic organs which commensurate with sorting out and classification of the unified accounting system.

Regard is given in general to sorting out projects accounts and the related accounts of the implementing agencies by sector, then the ministry of the supervising agency leading to the implementing agency. Consequently, the division of projects is on the functional, administrative and geographic basis.

By completion of implementation according to the system, the accounts, registers and financial positions are given, which are considered the complete picture about plan achievements and the concentrated efforts exerted in all money and economic sectors to achieve its targets.

The Bank's Board of Directors discussed the main objectives of the accounting system in its sixth session on 19.9.1981, and was approved. In its essence, it includes the main features of the present system of the Bank.

THE IMPORTANT DECISIONS ADOPTED BY THE BOARD OF DIRECTORS
OF THE NATIONAL INVESTMENT BANK.

- Formation of a committee to liquidate the financial position of the Fund for Investment of Deposits and Insurances, and to exercise its activities.
- Continuation of the Bank to implement the commitments previously decided by the Fund for Investments of Deposits and Insurances, particularly with respect to Suez Cement Co. and Development and Investment Co. which the Credit Foncier Egyptien is establishing.
- Fixing the capital of the National Investment Bank at LE100m owned by the State, and charging the Vice-Chairman and Managing Director to contact the Ministries of Planning and Finance to provide this amount quickly.
- Bank contribution to capital of the National Development Bank to the extent of LE 8 m., of which 25% or LE 2 m to be paid promptly, provided that the National Investment Bank is represented in its -Board of Directors.
- Government contribution to capital of local development banks is restricted to the National Investment Bank rather than public sector companies, in order to create development systems in localities to be one of the tools of implementing the plan in the governorates.
- Proposition that the Bank floats bonds to the equivalent of LE 400 m in local and foreign currencies.

- Cover the shortage in contribution to the capital of the National Development Bank in US dollars to the extent of U.S.\$ 1250000 with the contribution of the National Investment Bank to the Capital, aiming at assisting the National Development Bank.

- Every governorate is allowed to withdraw from the Central Bank to the debit of the account of the National Investment Bank, within the limits of investments included in the plan. The governors shall be immediately notified of the approved funds.

CHAPTER TWO
IMPLEMENTATION AND MONITORING OF THE
INVESTMENT PLAN FOR 1980/81.

INTRODUCTION:

Emanating from the clarity of vision ahead of the Egyptian people, its insistence to fight all challenges, its breaking through of all obstacles that stand in the way of its life, in order to accelerate development rates, and support the props of taking off economic and social growth, the government worked out a programme on scientific basis to mobilize national savings and external resources received in the form of aids and loans to organize directing them, their good utilization and monitoring, to ensure the flow of finance from resources channels to the areas of utilization, finance investments in

necessary amounts and appropriate timing to ensure the regular spending for completing current, substitution and new projects according to national priorities, considering the actual limits and capabilities, and implementation possibilities - along with this, the method of financing and monitoring investments through the public controls attached to the plan and budget laws, is considered an appropriate method.

Those responsible for the implementation of projects should believe that squander is a kind of obliquity and waste of the people's wealth which fuels the development battle. They should not only be attentive in implementation under the pressure of responsibility, but ^{should} also ^{have an} opened attention to life.

ESTABLISHMENT OF THE NATIONAL INVESTMENT BANK:

For this purpose law no.119 for 1980 was promulgated establishing the National Investment Bank, a system that shall have a legal identity, financially, administratively and technically independent so as to avoid the obstacles that faced the Fund for Investment of Deposits and Insurances, the most salient of which is the leakage of capital resources emanating from real savings to finance the current deficit in the services and business budgets. Through polarizing available financial resources, the Board aims at building the society's productive capacity so that growth rates would not retreat as a result of lack or shortage in financing projects during implementation stages, and guarantee spending on the items of investment expenditure at project level to ensure the continuity of implementation according to worked out programs, designed targets and approved studies without being restricted by budget annuality.

The Bank practised its activities as from the first of July 1980, and issued the rules of implementing the investment budget on the basis of opening an account for every project alone, to secure the soundness and quick inflow of investment finance necessary for each project and monitoring spending on it.

The Bank also issued a manual containing names of administrative system units, local governments, servicing and economic organizations and economic units, as well as their code numbers. The manual was distributed to all ministries to notify each unit of its number as a preliminary step towards using the computer in the Bank's information center.

It was decided that the Bank shall not finance any of projects implementation stages unless the implementation of the previous stage is ensured according to monitoring reports.

The Bank allowed frequently exceeding the approved finance according to implementation necessities with respect to certain strategic and important projects, within the framework of approved total costs considering the general instructions of the investment budget for 1980/81. According to provisions of the law establishing the Bank, it carried out effective monitoring operations of investments, office and field, for some projects to secure spending an investment expenditure items for which it is allocated according to approved studies and on defined purposes, with the help of implementation systems and local government systems.

In order to facilitate providing plan financing and avoiding delay in implementing projects, during its first year of

activity, the Bank allowed the entities to spend on account of their investment projects allocations for 1980/81 to the extent equivalent to their self finance and finance available through credit facilities and foreign loans in addition to spending quarterly from the investments approved in the plan.

The Bank manages at present its funds and portfolio, organizes and studies the operations of issuing the bonds and shares in projects where it participates in their establishment.

The Bank's start to exercise its Activities:

- The National Investment Bank exercised its activities as from the first of July 1980, which is the date of applying the 1980/81 plan. It issued circular No.1 with respect to the rules of implementing the investment budget of that year, to entities of the administrative system and local government, servicing organizations, economic organizations and economic units, so that these entities present to the Investment Bank their financing programs including distribution of uses and resources of the entity's investment budget by project on four quarterly periods, indicating the time programme for the investments of each project, the counterpart sources of finance, the finance required from the National Investment Bank for each quarterly period, in order to work out the required financing programme that commensurates more practically with implementation requirements, so as to open an account for each project alone to secure the soundness and the quick inflow of investment finance necessary to every project and at the same time the continuity of spending on it.

The National Investment Bank assigned to the Central Bank

carrying out the banking operations relating to investments, either by itself or through one of its branches or correspondents in regions where projects are situated.

- The National Investment Bank notified the Central Bank to provide the agencies with the required cheque-books of the National Investment Bank, to use them in financing their investments included in the 1980/81 plan. The agencies have to apply to the Central Bank in this respect.

- The National Investment Bank - upon revising implementation programs of the units - prepares their financing plan and credits the amount of payments due according to finance plans to the accounts of these units which should deposit the amount of self finance^{and} other investment finance resources in the same account with the Bank.

- EXECUTIVE DECISIONS ISSUED BY THE BANK

As some agencies were unable to prepare the above-mentioned executive programs, and in order to avoid delay in implementing the plan, the National Investment Bank issued the following important decisions :

= In August 1980 it was decided to allow all agencies to spend on account of allocations for their investment projects for 1980/81 to the extent of 25 % of the allocated finance to be provided by the Bank, increased to 50 % at the beginning of the second quarter.

= The National Investment Bank, being keen to ensure the implementation of material programs of the development plan projects and achieve their targets, the above-mentioned 50 % was increased to 75% at the beginning

(61-A)

of the year's third quarter then to 100% at the end of March 1981, with respect to the administrative system and servicing and economic organizations.

As regards the economic units, they were provided with the necessary finance in the light of the financing and implementing programs presented by them and approved by the Bank according to applications presented by them and according to implementation rates.

The Bank deposited the approved supply of local currency and the counterpart of foreign exchange of local cover, with the Central Bank to enable the agencies to withdraw therefrom according to their actual requirements and to secure the flow of necessary finance on dates appropriate for implementation. The necessary instructions were also given to the concerned agencies to facilitate withdrawing from the approved credit facilities as a source of finance.

Accordingly the Bank emphasized its response to provide all necessary financing needs to implement plan projects according to progress in implementation stages.

The National Investment Bank shall make available to agencies the unspent investments approved in the 1980/81 plan, in addition to the amounts approved to them in the 1981/82 plan, in coincidence with the provisions of the law establishing it and law No.60 for 1980, with respect to the investment budget for 1981/82.

MONITORING THE INVESTMENT BUDGET

according to budget classification

One of the important purposes of the National Investment Bank is to finance all projects included in the State's general economic and social development plan according to the law of its establishment.

The total investment budget for the year 1980/81, the execution of which is entrusted to the Investment Bank in its first year amounted to LE 3,200,000 m distributed among government organs, general organizations and economic units according to investment budget classification as follows :

	(LE million)	
A-- <u>SERVICES BUDGET</u>		
- Administrative Organ	424.1	
- Local Governments	259.4	
- Servicing organizations	<u>384.1</u>	1076.6
B-- <u>ECONOMIC ORGANIZATIONS AND UNITS</u>		
- Economic Organizations	1091.3	
- Economic Units	<u>1006.1</u>	2097.4
Undistributed		<u>35.0</u>
TOTAL PLAN INVESTMENTS		<u><u>3200.0</u></u> =====

Data relating to monitoring the implementation of projects included in the 1980/81 plan which was carried out by the Bank on the national level, reveals that total executed investments amounted to LE 2,625.0 m representing 82.1 % of the plan's total investments.

Following is a statement of investments approved in the

1980/81 plan compared with execution therefrom up to the end of the year, distributed according to investment budget classification :

STATEMENT OF
INVESTMENTS APPROVED IN THE 1980/81 PLAN,
EXECUTION THEREFROM AND EXECUTION RATIO
DISTRIBUTED ACCORDING TO INVESTMENT BUDGET
CLASSIFICATION

***** (LE Million)

<u>BUDGET CLASSIFICATION</u>	<u>APPROVED IN</u> <u>THE PLAN</u>	<u>EXECUTED</u>	<u>PERCENTAGE</u>
A - <u>SERVICES BUDGET</u>			
Administration Organs	424.1	301.0	71.0
Local Governments	259.4	242.2	93.4
Servicing Organizations	384.1	295.9	77.0
B - <u>Business Budget</u>			
Economic Organizations	1091.3	947.0	86.8
Economic Units	1006.1	839.4	83.4
Undistributed	<u>35.0</u>	-	-
TOTAL	3200.0	2625.5	82.1

INVESTMENTS BY MONETARY COMPONENT

The 1980/81 plan approved investments amounting to LE 3,200.- m of which LE 2,625.5 m or 82.1 % was executed.

Following is a statement showing distribution of the approved investments and execution therefrom by monetary components :

<u>STATEMENT</u>	<u>INVESTMENTS OF THE 1980/81</u>		<u>PERCENTAGE</u>	<u>RELATIVE</u>
	<u>APPROVED</u>	<u>EXECUTED</u>	<u>TO APPROVED</u>	<u>IMPORTANCE</u>
				<u>OF EXECU.</u>
<u>DOMESTIC</u>	<u>1530.9</u>	<u>1406.3</u>	<u>91.9</u>	<u>53.6</u>

(LE million)

<u>STATEMENT</u> (cont'd)	<u>INVESTMENTS OF THE 1980/81</u>		<u>PERCENTAGE</u>	<u>RELATIVE</u>
	<u>APPROVED</u>	<u>EXECUTED</u>	<u>TO APPROVED</u>	<u>IMPORTANCE</u> <u>OF EXECUTED</u>
<u>FOREIGN</u>				
Cash	490.7	418.7	85.3	15.9
Facilities	<u>1178.4</u>	<u>800.5</u>	<u>67.9</u>	<u>30.5</u>
TOTAL	3200.0	2625.5	82.1	100.0

The following appears from the statement:

The 1980/81 plan approved domestic financing of investments to LE 1530.9 m or 47.8 % of total approved investments, of which LE 1406.3 m or 91.9 % of approved domestic investments was executed, representing 53.6 % of total investments executed during the year. This high rate of execution reflects the easy flow of local cash necessary to finance plan projects through the National Investment Bank.

As regards foreign financing of free currencies the 1980/81 plan approved LE 490.7 m of which LE 418.7 m or 85.3 % was executed, representing 15.9 % of total executed investments during the year. The low rate of executing this factor of financing is due to the difficulty of providing the foreign currencies through banks despite the availability of the domestic counterpart provided by the National Investment Bank.

With respect to facilities approved in the plan, they amounted to LE 1178.4 m, of which LE 800.5 m or 67.9 % was executed, representing 30.5% of total executed investments. It is noteworthy to mention that the effect of the reduction in utilized facilities was reflected in a decline in the general rate of executing total investments. The decline in the rate of utilizing facilities is attributed to the long time exhausted by the procedures of calling for adjudications in international markets, as well as contracts for supplying

the equipments.

Table No.1 indicates distribution of approved and executed investments by their monetary components on executing bodies.

INVESTMENTS ACCORDING TO SOURCES OF FINANCING:

The plan included the distribution of its investments at the level of the following sources of financing :

Financing from the National Investment Bank	LE 1626.0 m
Financing from Credit facilities	1178.4
Self Financing	342.9
Financing from other Sources	52.7
(Borrowing of companies from holding organizations and the banking sector)	

TOTAL LE 3200.0
=====

FINANCING FROM THE NATIONAL INVESTMENT BANK

The volume of investments the finance of which was entrusted to the National Investment Bank during 1980/81 amounted to LE 1626.0 m or 50.8 % of total national investments. The Bank made finance of such investments available to executing bodies which drew LE 1371.8 m or 84.4 %.

CREDIT FACILITIES:

The volume of credit facilities approved in the 1980/81 investment plan amounted to LE 1178.4 m. According to monitoring carried out by the National Investment Bank together with the different executing bodies at projects level, the volume of utilized facilities is estimated at LE 800.5 m or 67.9 % of the total approved in the plan. The decline in this rate of utilization is attributed to the long time exhausted by the procedures of calling for adjudications in international markets, as well as contracts for supplying the equipments.

SELF FINANCING:

The national plan included also among the sources of financing its investments an amount of LE 342.9 m to be self financed from finance available to executing bodies. The National Investment Bank always encourages executing bodies to utilize approved self finance quota side by side with other elements of finance, as it is considered one of the main components of finance that the Bank is careful to make it available to the project.

The amount utilized by executing bodies out of their self finance amounted to LE 316.3 m or 92.2 % .

COMPANY BORROWINGS:

The amount expected to be financed from other sources (through company borrowing from Suez Canal and Petroleum Authorities as well as from commercial banks) is LE 52.7 m, the volume executed amounted to LE 136.9 m or 259.8 %.

The following statement indicates the volume of approved investments in the 1980/81 plan, amounts executed therefrom, and execution ratios by different sources of finance.

(Table No.2)

STATEMENT OF
INVESTMENTS APPROVED IN THE 1980/81 PLAN
COMPARED WITH EXECUTED THEREFROM AND
EXECUTION RATIOS DISTRIBUTED BY SOURCES
OF FINANCE.

SOURCES OF FINANCE	APPROVED IN THE PLAN	UTILIZED	RATIO %
Finance from Investment Bank	1626.0	1371.8	84.4
Finance from Credit Facilities	1178.4	800.5	67.9
Self Financing	342.9	316.3	92.2
Finance from other sources	52.7	136.9	259.8
TOTAL	3200.0	2625.5	82.1

(LE million)

FOLLOW-UP OF RESOURCES AND UTILIZATIONS OF THE
NATIONAL INVESTMENT BANK FOR THE YEAR 1980/81.

FIRST: RESOURCES:

Resources of the Bank to finance development plan investments are defined by borrowing various sources of finance, especially from the different savings vessels and the banking system, in addition to allocations from the State's current budget surplus, together with loan instalments and interests collected during the year, as well as other sources of finance, in order to ensure domestic and foreign finance to all projects of the development plan and to meet their financial requirements according to their time schedules during the fiscal year either through borrowing by making available finance necessary for their original approved investments, as well as more finance according to their progress in execution, and supplying them with downpayments, beside direct Bank participation in joint projects or lending public sector companies for contribution to capitals of these projects.

Bank resources in the 1980/81 investment budget is estimated at LE 2069,3 m in addition to financing through credit facilities and self-financing, the achieved thereof up to the end of the year amounted to LE 2085.2 m, with an increase of LE 15,9 % over estimates, and at a rate of execution of 100,8 %.

The following indicates estimates of resources and achievements thereof during year 1980/81 .

FOLLOW-UP OF NATIONAL INVESTMENT BANK
RESOURCES FOR YEAR 1980/81

LE million

STATEMENT	ESTIMATED FOR 1980/81	ACHIEVED	ACHIEVED TO PROJECTED	RELATIVE IMPORTANCE %
<u>FIRST: BORROWING FROM ORGANIZATIONS AND SAVINGS VESSELS:</u>				
INSURANCE AND PENSIONS ORGANIZATION	267.9	245.0	91.5	11.7
SOCIAL INSURANCE ORGANIZATION	343.5	327.0	95.2	15.7
TOTAL	611.4	572.0	93.6	27.4
<u>FROM INDIVIDUAL VOLUNTARY SAVINGS:</u>				
POST OFFICE SAVINGS FUND	27.6	21.6	78.3	1.0
PROCEEDS OF INVESTMENT CERTIFICATES	135.0	228.8	169.5	11.0
TOTAL	162.6	250.4	154.0	12.0
<u>FROM COMPANY SAVINGS :</u>				
<u>- PROCEEDS OF THE 5% FOR THE PURCHASE OF GOVT BONDS</u>				
(TRANSFERRED TO FINANCE PART OF THE INVESTMENTS OF THE STATE'S ADMINIS- TRATIVE ORGANS)	31.7	6.2) 17.5)	74.8	1.1
<u>SURPLUS OF COMPANIES'</u>				
<u>SELF FINANCING</u>	15.3	0.8	5.2	0.1
TOTAL	47.0	24.5	52.1	1.2

RESOURCES OF THE NATIONAL INVESTMENT BANK FOR 1980/81
CONT'D

LE
MILLION

STATEMENT (cont's)	ESTIMATED FOR 1980.81	ACHIEVED	ACHIEVED TO PROJECTED	RELATIVE IMPORTANCE %
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FROM THE BANKING ORGAN

- DEVELOPMENT BONDS	280.9	280.0	100.0	13.4
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CONCESSIONARY LOANS:

- FOR ECONOMIC HOUSING	-	75.0		3.6
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- FOR LAND RECLAMATION	-	85.0		4.1
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- LOANS FROM OTHER SOURCES	102.0	-		
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TOTAL	382.0	440.0	115.2	21.1
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- PROCEEDS OF EMPLOYEES

SERVICES QUOTAS	-	11.9	-	0.6
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- PROCEEDS OF EMPLOYEES CASH

QUOTAS SURPLUS	-	17.5	-	0.8
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TOTAL	-	29.4		1.4
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TOTAL BANK BORROWING DURING

1980/81	1203.0	1316.3	109.4	63.1
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SECOND: BANK SELF RESOURCES
(CURRENT & CAPITAL)

COLLECTED LOAN INSTALMENTS

- FROM THE TREASURY	177.0	177.4	100.2	8.2
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- FROM ECONOMIC ORGANIZATIONS AND ECONOMIC HOUSING	160.6	115.4	71.8	5.5
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TOTAL	337.6	292.8	86.7	14.0
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RESOURCES OF THE NATIONAL INVESTMENT

BANK FOR 1980/81 (cont'd)

STATEMENT			LE MILLION	
	ESTIMATED FOR 1980.81	ACHIEVED	ACHIEVED TO PROJEC- TED %	RELATIVE IMPORTANCE %
<u>COLLECTED INTERESTS</u>				
FROM MINISTRY OF FINANCE	211.7	211.6	100.0	10.2
FROM ECONOMIC ORGANIZATIONS AND ECONOMIC HOUSING	66.6	36.2	54.4	1.7
TOTAL	278.3	247.8	89.0	11.9
<u>SURPLUS OF THE STATE'S</u>				
CURRENT BUDGET	218.2	218.2	100.0	10.5
SALE OF PART OF PUBLIC SECTOR COMPANIES' SHARES.	32.0	-		
SHARE IN PROFITS OF JOINT VENTURES	0.2	-		
PROCEEDS OF THE 1/4 % FOR PROJECT FEASIBILITY STUDIES	-	0.1		
SUNDRY CREDIT BALANCES	-	100.0		0.5
TOTAL	250.4	228.3	91.2	11.0
TOTAL SECOND: SELF RESOURCES	886.3	768.9	88.8	36.9
TOTAL BANK RESOURCES FOR 1980/81	2069.3	2085.2	100.8	100.0

DETAILS OF BANK FINANCE RESOURCES FOR 1980/81- BORROWING FROM SUNDRY SAVINGS SOURCES

Follow-up of achieved Bank resources revealed that loans from finance organizations, savings vessels, development bonds, concessionary loans allocated to the Bank for economic housing, land reclamation and new communities - presented by the banking system - totalled LE 1316.3 m or 109.4 % thus exceeding total loans estimates in the investment budget amounting to LE 1203.0m, according to achievement from the following sources :

- LOANS FROM THE TWO SOCIAL INSURANCE ORGANIZATIONS

Total loans obtained by the Bank from the funds of the two social insurance organizations amounted to LE 572.1 m representing 27.4 % of total Bank achieved resources and 93.6 % of estimated in the investment budget - Social Insurances Organization accounted for LE 327.0 m or 95.2% of estimates and Insurance and Pensions Organization for LE 245.0 m or 91.5 %.

- BORROWING FROM INDIVIDUALS VOLUNTARY SAVINGS(POST OFFICE - INVESTMENT CERTIFICATES)

This borrowing is represented in proceeds of the National Bank investment certificates and individuals' savings in the Post Office Savings Fund. The Bank obtained from both sources in 1980/81 the sum of LE 250.4 m or 154 % of their estimates in the investment budget, and 12 % of the Bank's total resources. The increase in the rate of achievement from this vessel is due to a rise in proceeds of investment certificates because of the improvement in the interest rate and their other advantages. Such proceeds during the year amounted to LE 228.8 m or 169.5 % of their estimates in the budget amounting to LE 135.0 m.

- PROCEEDS OF THE 5 % FOR THE PURCHASE OF GOVERNMENT BONDS

Proceeds of the ratio allocated for the purchase of government bonds were estimated in the budget at LE 31.7 m.

The actual proceeds amounted to LE 23.7 m or 74.8 % of the estimates. Out of these proceeds LE 17.5 m - transferred from the Ministry of Finance - was allocated to finance part of the State's Administrative Organs, and the remainder amounting to LE 6.2 m is considered as a loan from the Ministry of Finance to the Bank, of which LE 1.0m belongs to liquidation of the position of the cancelled Deposits and Insurance Investment Fund.

- SURPLUS OF COMPANIES' SELF FINANCE

Proceeds of this source amounted to LE 0.8 m or 5.2 % of the amount of LE 15.3 m estimated in the budget. This decline may be attributed to the decline in its present interest rate (3.5%). This necessitates encouraging public sector companies with provisions exceeding their financial requirements to transfer this surplus to the account of the Investment Bank according to provisions of the law to enable the Bank meet its obligations. It would be beneficial in this respect to adjust its interest rate and structure thereof to commensurate with recent interest rates of other savings vessels.

- BORROWING FROM THE BANKING ORGAN:

- DEVELOPMENT BONDS:

This source was estimated in the budget at LE 280.0 m which the Bank obtained at the end of June 1981, to the equivalent of the proceeds of the US\$ 400 m which all the banks operating in Egypt are committed to deposit with the Central Bank within the limits of 15 % of their total deposits.

CONCESSIONARY LOANS FOR ECONOMIC HOUSING AND LAND RECLAMATION:

The 1980/81 plan aimed at self-financing of economic housing projects in the governorates from the proceeds of cement and iron price differences. As such proceeds were not achieved due to unification of the prices of such materials the Bank was obliged, so as to participate in solving the housing problem, to provide the necessary finance to execute these projects. It was decided to finance them - through the Bank - by concessionary loans at an interest rate of 3 % provided that the State bears interest rate differences. Accordingly the National Investment Bank obtained during 1980/81 from the banking organs a loan amounting to LE 75.0 m for this purpose.

It also obtained another loan amounting to LE85.0 m to provide the necessary finance for land reclamation companies to execute land reclamation projects which the private sector slackened to reclaim.

EMPLOYEES QUOTAS:

Although the law establishing the Bank (art.50) includes employees quotas as well as central and local services quotas as a finance resource, yet the investment budget for 1980/81 did not include an estimate of these resources. The Bank obtained from this resource during 1980/81 an amount of LE29.4 m representing 1.4 % of total Bank resources.

BANK SELF RESOURCES 'CURRENT AND CAPITAL'

Self resources of the National Investment Bank are represented in instalments and interests collected on balances of loans previously borrowed by entities from the cancelled Deposits and Insurance Investment Fund, the rights and obligations of which

were transferred to the National Investment Bank by virtue of the law of its establishment. These instalments and interests collected during 1980/81 amounted to LE 540.6 m or 87.8 % of what was estimated in the Bank's budget for the same year amounting to LE 615.9 m or 25.9 % of total Bank resources.

As regards instalments collected during the year they amounted to LE 292.8 m or 86.7 % of what was estimated in the budget amounting to LE 337.6 m - of which LE 177.4 m from the Ministry of Finance - paid on behalf of the Services Budget systems - LE 115.4 m from economic organizations.

Creditor interests (collected) amount to LE 247.8 m or 89 % of the estimated figure of LE 278.3 m, the major part of which was collected from the Ministry of Finance and the remainder from the economic organizations and units and economic housing.

UNACHIEVED CAPITAL RESOURCES:

PROCEEDS OF SALE OF SOME PUBLIC SECTOR COMPANIES' SHARES:

Although LE 32.0 m were approved as capital resources for the Bank during 1980/81 representing proceeds of sale of some public sector companies' shares, yet nothing was achieved from this source due to non-issuance of the decisions that allow the sale of companies' shares and the ownership of the capitals of these companies were not yet transferred to the Bank.

SURPLUS OF THE STATE'S CURRENT BUDGET:

The Bank was allocated LE 218.2 m of the State budget's credits for 1980/81, representing the surplus of the current budget. The Bank obtained it completely.

LOANS FROM OTHER SOURCES.

The Bank's investment budget included its obligation to provide LE 102.0 m on the basis of other loans to meet the financial burdens of the Bank. However, the flow of some financing resources to the Bank from unexpected sources or an increase in its other receipts has fulfilled all financing requirements to all bodies in addition to responding to applications present from some bodies for more financing in the case of pushing the project to advanced stages of execution.

SECOND: UTILIZATIONSFINANCE FROM THE NATIONAL INVESTMENT BANK AND ACTUALDISBURSEMENTS:

The National Investment Bank finance commitments according to State budget estimates during 1980/81 amounted to LE 1626.0 m to finance investment projects in addition to LE 50m allocated for down payments and LE 75.0 m for its participations in joint ventures included in the Bank's budget as capital transfers.

This is in addition to what was entrusted to the Bank for execution of soft loans necessitated by finance conditions as the State budget had included allocation of investments amounting to LE 61.7 m for economic housing projects to be self financed from governorate resources through differences of cement sale prices. However, governorate resources were not achieved due to the unification of cement sale prices, and thus the State provided soft loans from the banking organs and undertook to bear the difference of interest rates, in order to execute economic housing projects the investments of which were raised during the year by about LE 38.0 m to be financed consecutively according to actual execution requirements during

the year. Thus their total investment estimates increased to LE 99.7 m as they are considered pressing projects with strategic weight.

Land reclamation projects were also allotted soft loans amounting to LE 150.9 m, of which LE 85.0 m to be lent by the National Investment Bank to public sector companies specialized in land reclamation activity, and the remainder amounting to LE 65.0 m to agricultural credit and development banks to finance land reclamation projects carried out by cooperative societies and individuals.

Therefore the burden of finance commitment to be provided by the National Investment Bank in the 1980/81 plan and budget with respect to all investment projects and capital utilizations amounted to LE 1751.0 m.

DRAWING FROM BANK FINANCE

The amount drawn from the finance committed by the Bank and allocated for investment projects in the 1980/81 plan stood at LE 1297.7 m or 79.8 % of the LE 1626.0 m to be financed by the Bank.

Drawing for economic housing projects in the governorates amounted to LE 74.1 m as it was established in the 1980/81 that such projects shall be self-financed. However, due to the fact that this source was not achieved, the Bank provided the necessary finance by soft loans from the banking organs.

Thus total utilized of National Investment Bank finance for investment projects included in the 1980/81 economic and social development plan amounted to LE 1371.8 m or 84.4 % of the total allotted to them totalling LE 1626.0 m.

Downpayments in the investments budget amounted to LE 50m to be provided by the Bank for projects which are in need of downpayments to finance investments not met by material execution during the same year. In this respect the Bank financed entities with downpayments totalling LE 718 m or 143.6 % of what was earmarked in the budget. This ratio reflects the extent of Bank flexibility and its response to demands of entities.

As regards the Bank's role with respect to loans provided by the State for horizontal expansion in the field of the green revolution, the State allocated a loan amounting to LE 85 m from the banking organ and entrusted the Bank with making it available to land reclamation companies at reduced interest rate and the difference will be borne by the State. Disbursements from those loans during 1980/81 amounted to LE 52.2 m or 61.4 % of the amount allocated.

With respect to Bank participation in joint ventures it was decided that such participation in investment projects would be in the range of LE 75.0 m, however, it only participated by LE 4.8 m representing the amount of the Bank's share in the capital of the National Development Bank and the Commercial Marine Bank in Alexandria. The decline in the rate of this participation in joint ventures is attributed to non-completion of feasibility studies for projects in which the Bank determined to participate. It is expected that Bank participation in joint ventures in 1981/82 after their feasibility is proved. This would be however, through participation with commercial banks and financial institutions to cover 50% of the capitals of national development banks and national youths companies - in addition to negotiating with the management of Maadi Development and Construction Co. regarding an investment project to exploit 40 feddans of its lands looking over Nile Corniche at Maadi. in constructing a tourist city including medium and luxurious levels of housing activity, as well as administrative housing and a commercial quarter, in addition to hotel, medical treatment and entertainment activities and other services. The facts about this project reflect an integration with nature of the district as it is adjacent to the armed forces hospital in Maadi. The capital of the project is estimated at LE 200 m.

Hence, total investment utilizations of the Bank amounted to LE 1500.6 m or 85.7 % of the estimated Bank finance during 1980/81 amounting to LE 1751 m.

Current Bank utilizations amounted to LE 282.9 m, representing amounts settled by the Bank with respect to interest due on loans, the burden of their obligation was transferred to the Bank as it replaced the Deposits and Insurance Investment Fund by virtue of the law.

Adding the burden of current utilizations to investment utilizations, total Bank utilizations in 1980/81 amount to LE 1783.5 m or 86.3 % of the projected utilization of LE 2067.1 m.

Details of the above mentioned are indicated in the following:

MONITORING NATIONAL INVESTMENT BANK
UTILIZATIONS DURING 1980/81

(LE million)

DESCRIPTION	ESTIMATED FOR 1980/81	DRAWN FROM THE BANK	RATIO OF DRAWN TO ESTIMATED %
<u>FIRST : CAPITAL UTILIZATIONS</u>			
A - Lending to Plan Projects			
- Administrative System of the State	325.5	242.7	74.6
- Local Governments	133.5	131.6	98.6
- Servicing Authorities	243.6	192.7	79.1
TOTAL <u>SERVICES BUDGET</u>	702.6	567.0	80.7
- Economic Authorities	460.2	411.1	89.3
- Economic Units	428.2	319.6	74.6
- Unallocated Investments	35.0	-	-
TOTAL	1626.0	1297.7	79.8
- Economic Housing (*)	-	74.1	-
TOTAL INVESTMENTS	1626.0	1371.8	84.4

(*) It was decided in the 1980/81 plan that the economic housing projects shall be self financed. As this sources was not achieved, the Bank provided the necessary finance from loans at reduced interest rate from the banking system.

DESCRIPTION (cont'd)	ESTIMATED FOR 1980/81	DRAWN FROM THE BANK	RATIO OF DRAWN TO ESTIMATED %
B- DOWNPAYMENTS	50.0	71.8	143.6
C- LAND RECLAMATION PROJECTS AND NEW COMMUNITIES	-	52.2	-
D- PARTICIPATION IN JOINT VENTURES	75.0	4.8	6.4
<u>TOTAL CAPITAL UTILIZATIONS</u>	<u>1751.0</u>	<u>1500.6</u>	<u>85.7</u>
<u>SECOND : CURRENT UTILIZATIONS</u>			
- Interest Paid	315.3	282.1	89.5
- Current expenses	0.8	0.8	100.0
<u>TOTAL CURRENT UTILIZATIONS</u>	<u>316.1</u>	<u>282.9</u>	<u>89.5</u>
<u>TOTAL BANK UTILIZATIONS</u>	<u>2067.1</u>	<u>1783.5</u>	<u>86.3</u>

DOWN PAYMENTS

Down payments are necessary in the stages of financing projects of the General Economic and Social Development plan: Providing them in due course to the program of executing the project has an effective effect in facilitating contracting with respect to new development projects aiming at a quick start in execution and fulfillment of obligations towards suppliers, especially for projects committed with international organizations.

The National Investment Bank budget for 1980/81 included LE 50 m to finance down payments during the year according to the following distribution:

<u>SECTORS</u>	<u>DOWN PAYMENT (LE 000's)</u>
- Industry, mining and military Production	16,800

<u>SECTORS</u> (cont'd)		<u>DOWN PAYMENT (LE000's)</u>
	B F	16,800
- Electricity and Energy		1,800
- Transport and Communications		19,000
- Tourism and Aviation		2,600
- Housing, Utilities and Construction		7,800
- Supply and Trade		2,000
	TOTAL	50,000

Thus, the National Investment Bank was able to finance the approved down payments and respond to additional payments according to urgent needs of strategic projects. Utilized down payments amounted to LE 71.8 m with an increase of LE 21.8 m or 43.6 % over allocations for this purpose in the budget. This increase was directed to commodity production sectors, Cairo Airport projects, as well as education, scientific research, culture, information and health services projects.

Monitoring during the year revealed that some entities did not utilize in full their allocated down payments. The Bank, due to its flexibility, responded to requirements of entities for down payments, of which, for instance, ^{are} amounts allocated for cement industry expansion in the National Company for Cement production, Aameria Cement project, N°2 passengers station project in Cairo Airport and reinforcement of radio and television broadcasting. Following is a detailed description of distribution of allocated down payments during 1980/81 by executing entity compared with actual utilization.

MONITORING DOWN PAYMENTS EXECUTION
BY BENEFICIARY DURING 1980/81

SECTORS	(LE 000's)		
	ALLOCATED DURING THE YEAR	EXECUTED	RATE OF EXECU- tion %
Industry and Mining	13,000	8,738	67.2
Military Production	3,800	2,928	77.1
Electricity and Energy	1,800	259	14.4
Transport and Communications	19,000	17,977	94.6
Supply and Trade	2,000	164	8.2
Housing Utilities and Construction	7,800	30,597	392.3
Education and Research	-	550	-
Health and Social Services	-	295	-
Culture and Information	-	3,988	-
Tourism and Aviation	2,600	6,300	242.3
TOTAL	50,000	71,796	143.6
	=====	=====	=====

BANK PARTICIPATION IN JOINT VENTURES

The National Investment Bank participation in joint ventures amounted to LE 4.8 m representing the Bank's share in the capital of the National Development Bank and the Commercial and Marine Bank in Alexandria, in addition to participations - under consideration - in some investment projects and the Bank's readiness to participate with commercial banks and financial institutions in covering 50% in capitals of regional development banks in accordance with the previous approval of the Deputy Prime Minister for economic and financial affairs.

An example of such participations is the study and appraisal of a proposal for Bank participation with Maadi Development and Construction Co. to establish a joint-stock investment company with a capital of LE 25 m equally between them to

carry out the following activities:

- Tourist, hotel and entertainment activity on the land façade looking over the Nile.
- Treatment activity for convalescence, physiotherapy and a home for the old aged, at a high level that complements with the treatment activity existing in the region (Armed Forces Hospital).
- Housing activity of the luxurious, medium distinctive and administrative types.
- Services activity, i.e. schools, commercial markets and places of worship, as well as entertainment services such as parks and lakes.

SOFT LOANS:

In addition to the State's provision of loans through the National Investment Bank to finance plan projects, there are concessional loans provided by the State to accelerate the execution of important projects with strategic weight, through borrowing from the banking organs at the current rate of interest and lend such amounts to executing entities at a reduced rate, bearing the difference between both rates.

Monitoring the soft loans situation during 1980/81 reveals that the National Investment Bank provided housing loans to governorates amounting to LE 99.7 m, of which LE 74.1 m to finance economic housing projects that were to be self financed from the proceeds of cement sale prices differences but not achieved as a result of unifying the prices of that commodity.

In order to invade the desert and according to the State's policy to support and raise the agricultural sector, especially land reclamation projects, LE 150 m was allocated of which

LE 65 m to support the private and cooperative sector, for lending through the agricultural credit bank, and LE 85 m, for lending through the National Investment Bank to public sector companies working in this activity.

The reclamation companies presented economic feasibility studies for the reclamation of areas allocated to them totalling 89,200 feddans mostly concentrated in west of Nubariya and Salhya regions. The National Investment Bank provided the necessary finance to the project and utilizations thereof, up to 30.6.1981, amount^{ing} to LE 52.2 m or 61.4 % of the approved 85 LE. m.

FLEXIBILITY OF THE NATIONAL INVESTMENT BANK IN FINANCE METHODS:

The legislator was careful in the Investment Bank law to enable the Bank to finance the investment plan projects with the suitable amount at the suitable time to raise the rates of execution so that finance would not be an obstacle at any of the project implementation stages. Therefore, the Bank practised a flexible method with respect to projects that had achieved a great deal in execution and was near to the production stage.

The flexibility methods practised by the Bank are defined in the following forms:

- Investment increases
- Soft Loans
- Down Payments
- Transfer of credits surplus to the subsequent budget.

All of this is according to the principle of being untied by the annual budget. The following indicates each of these methods :

INVESTMENT INCREASES:

The Bank did not tie itself by the volume of credits decided in the budget for investment projects, but was allowed to provide an investment increase to the project if it exhausted the decided credit before the end of the year and more finance is needed during the year to continue its execution as long as it is supported by monitoring, but without exceeding the overall volume of plan investments which was emphasized in the investment budget by allowing larger credits to quick execution projects from the overall economies provided that it does not result in an additional financial burden on the budget.

SOFT LOANS:

On the other hand the Investment Bank considered finance response to projects that enjoy top priority in the plan, especially those meeting the urgent need of the masses either in the field of food security or land reclamation or housing. With respect to investments allocated in the 1980/81 plan for ambitious projects in the activity of land reclamation and made available to the private sector that hesitated to undertake at the aimed volume, the State did not stand hands tied, but invited public sector companies, which are considered pioneer of the development march, to breakthrough the field of land reclamation and charging them with an additional burden.. The role of the Investment Bank in this respect was to provide them with necessary finance in the form of soft loans provided that the State bears the interest rate difference and that reclamation companies offer these ^unds, after reclamation and planting, for sale to individuals and cooperative societies. The proceeds of their sale accrues to the State in order to begin a new investment cycle in the same field. During 1980/81

the Bank obtained a loan of LE 75 m from the Central Bank to finance housing and a loan of LE 85 m to provide the necessary finance for the execution of land reclamation projects that the private sector slackened to reclaim.

DOWN PAYMENTS:

With respect to projects that lack cash liquidity to start or complete projects contained in the plan, the Bank included in its budget a total credit of LE 50 m to meet down payments required for such projects to enable them to continue execution stages.

TRANSFER OF CREDITS SURPLUS TO THE NEXT BUDGET :

One of the flexibility methods followed by the Bank in financing projects is retaining in its budget the credits surplus that was not disbursed during 1980/81 to be transferred to the 1981/82 budget to ensure the flow and continuity of finance without confiscating its credit surplus as was previously followed. This was explicitly provided for in the Bank's law and budget.

This indicates the extent of flexibility that characterises the Investment Bank finance methods which increased the speed of executing investment projects and the rise in its rates under the principle of being untied by the annual budget.

INVESTMENT INCREASES :

Based on the foregoing and attention paid by the Bank to utilize the available flexibility to push projects included in the 1980/81 plan and those advanced in execution or near the production stage, total investments and down payments the Bank approved to provide to all entities amounted to about LE 200 m, distributed as follows :

LE 172.6 m Investment increases and unallocated investments

LE 5.5 m Investment increases transferred from credit facilities to local or foreign cash.

LE 21.8 Down payments.

This increase was financed from funds allocated for investments of slow projects to make such funds available to projects that went a long way in execution either in the same sector or in other sectors, or transferring part of some projects financing from local to foreign currency or vice versa... aiming at the principle of flexibility in execution and speed implementation... Following are some details of such transfers:

DETAILS OF INVESTMENT INCREASES DEDUCTED FROM OVERALL ECONOMIES AND UNALLOCATED UTILIZATIONS:

During 1980/81 the Bank approved investment increases for development projects, in addition to budget allocations, amounting to LE 172.6 m financed from overall economies of the investment budget and unallocated investments. The beneficiaries by main sectors, economic activities and projects are given hereafter :

AGRICULTURE AND IRRIGATION SECTOR: Approvals for this sector amounted to LE 26.9 m (a project for the production of 75 m eggs and improvement of animal production progenies) and construction, agricultural development and soil improvement projects.

INDUSTRY AND MINERAL WEALTH SECTOR: Approvals for this sector amounted to LE 11.2 m, of which LE 9.2 m for food industries projects, especially oils and artificial cleansings companies and sugar companies and LE 1.8 m for spinning and weaving industries.

HOUSING, UTILITIES AND CONSTRUCTION SECTOR: Investment

increases from overall economies and unallocated investments for this sector amounted to LE 26.1 m, of which LE 17.9 m for water and sanitation projects and LE 8.2 m for construction projects and cement companies.

TRADE, FINANCE AND SUPPLY SECTOR : Investment increases for the sector amounted to LE 19.7 m, of which LE 14 m for the Investment and Free Zones General Authority, LE 3.4 m for the Taxes Administration to purchase a building, and LE 1.5 m for the Egyptian Tourism and Hotels general Company (EGOT)

TRANSPORT AND COMMUNICATIONS SECTOR: This sector obtained LE 6.1 m, of which LE 4.7 m for projects of the National Railroads Authority, LE 0.7 m for Passengers Transport Authority, Alexandria, and LE 0.6 m for the Transport Projects Planning General Authority.

ELECTRICITY AND ENERGY SECTOR : The volume of approvals for this sector amounted to LE 4 m for rural electrification projects to complete extending networks to the various villages of the Egyptian country.

LOCAL GOVERNMENTS AND ECONOMIC HOUSING : Investment increases for local governments projects in governorates amounted to LE 32.9 m to finance economic housing projects and improvement of electricity networks, roads and building bridges, of which LE 17.6 m for Cairo Governorate, LE 7.4 m for Alexandria governorate, apart from LE 38 m being investment increases to finance economic housing projects in the governorates through concessional loans.

SERVICES AND POPULAR DEVELOPMENT SECTOR : Total investment increases for the sectors of services, social activities,

education, health, justice, security, defense, etc.. amounted to LE 45.7 m, of which LE 16.9 m for universities and scientific research, LE 5 m for air forces, LE 0.5 m for the supreme Council for Culture and its affiliates, LE 6 m for popular development, LE 10 m for Nasser Institute for Research and Therapy, and LE 5.5 m for defence and security.

INVESTMENT INCREASES FINANCED BY TRANSFER FROM CREDIT FACILITIES TO LOCAL OR FOREIGN CURRENCY:

These transfers from credit facilities to local or foreign currency represent an additional burden the Bank has to provide. Such increases amounted to LE 5.5 m, of which LE 3.7 m for culture and information authorities, LE 1.1 m for Beni Suef, Gharbia and Minia Governorates, LE 0.4 m for village construction and development system, and LE 0.3 m for Suez Canal University.

INVESTMENT INCREASES FINANCED BY CREDIT FACILITIES

Investment increases financed by credit facilities amounted to LE 63 m distributed as follows :

LE 28 m for the purchase of passenger transport units in Cairo and Alexandria, and for roads, bridges, constructions and pavement projects.

LE 15.7 m for contracting companies

LE 8.3 m for universities

LE 4.0 m for customs administration

LE 3.7 m for rural electrification Authority

LE 1.5 m for Civil Aviation

LE 1.2 m for The Ministry of Irrigation

LE 0.4 m for El Seouf Spinning and Weaving Co.

LE 0.2 m for Government printing-press.

SELF FINANCED INVESTMENT INCREASES: In addition to Bank's

provision of the necessary finance for plan investments approved in 1980/81, the Bank approved investment increases for projects of some entities to push development and increase production and the national income. Such improvements totalled LE 76.6 m to be self financed. Distribution of these increases by main beneficiary sectors and projects is as follows :

- LE 19.5 m for the Authority for development of newly populated communities and cement companies.
- LE 17.9 m for the Central Bank and other Commercial Banks.
- LE 12.5 m for Metallic Industries Projects and military production industries.
- LE 12.1 m for wire and wireless communications projects, land and maritime transport companies, roads and bridges.
- LE 7.0 m for foreign and internal trade and supply companies.
- LE 4.9 m for museums and antiquities projects.
- LE 2.0 m for insurance companies and authorities, and Nasser Social Bank.
- LE 9.7 m for sundry projects.

In the light of these investments increases it appears that self finance that should be disclosed and directed to investment with some public sector units, either authorities or companies, is really more than disclosed by planning budgets of these units.

It is noteworthy that disclosing self finance directed to investment less than that available with these entities, creates additional financing burdens on the Bank, that should be procured from other sources to meet financing plan investments and other investment increases. Due to the importance of this

aspect, the Law establishing the Bank provided for inclusion of public sector units self finance surplus in the resources of the National Investment Bank.

MONITORING AS AN OBJECTIVE OF THE
NATIONAL INVESTMENT BANK

Law N° 119 for 1980 establishing the Bank emphasized in its second article the effective monitoring of investment - field and office - at each project level, as well as development projects follow up at local level within the framework of approved regional plans, in order to ensure spending on items of investment expenditure allocated thereto according to the approved study and on the specified purposes. In this respect the Bank may resort to execution and local government systems.

To achieve one of the Bank's main objectives - field monitoring of execution of plan projects - groups of technicians and specialists made field visits to sites of execution in the various areas. These visits are not considered inspection, but to study financing problems and help to eliminate the obstacles and execution hindrances, and ensure that finance programs commensurate with material execution programs with the aim of execution progress and speed implementation. We give hereafter examples of these field visits to some projects.

LAND RECLAMATION PROJECTS

FIRST : THE ARAB CONTRACTORS CO.

A - AL SALHYA PROJECT :

The National Investment Bank financed during 1980/81 the Arab Contractors Co. with soft loans amounting to LE 37.6 m at

3.5% rate of interest and three years grace period to reclaim and plan an area of 23,000 feddans in Al Salhya region.

Field monitoring of this project revealed that work is carried out in the total area with respect to infrastructure works that are advancing apparently, in addition to the existence of areas planted with pivotal spray irrigation in ten pivots representing 2000 feddans planted with green fodder, peanut and other field crops as first plant to improve the soil.

WEST OF NUBARYA PROJECT

A group of 5 land reclamation companies started operation in West of Nubarya region to reclaim areas totalling 37,000 feddans. The National Investment Bank contracted to finance, as a first stage, the reclamation of 22,800 feddans. These projects are underwork.

These companies operate in this region according to allocating these areas to them by the Ministry of Construction and Ministry of State for Land Reclamation - they are planted by the system of spray irrigation and pivotal spray, to economize irrigation water and benefit from the subsoil rich with nourishing elements in the soil without carrying out levelling and preparing the ground for cultivation.

NEW MEET ABUL KOM PROJECT

The project at the reclamation and plantation of 22,000 feddans in new Meet Abul Kom region in Sinai Peninsula. The project is carried out equally by the Arab Contractors Co. and the Mortgage Co.

Work started with the reclamation and plantation of an area estimated at about 2,000 feddans cultivated with green fodder, peanut, melon and other field crops. The other areas are under work.

YOUTH MUDIRIA PROJECT IN ISMAILIA GOVERNORATE :

The project aims at the reclamation and plantation of 28,000 feddans. Work is carried out substantially in this region either with respect to infrastructure or reclamation operations:

ZAGAZIG UNIVERSITY :

A field visit was effected to execution sites relating to construction works of projects for the establishment and completion of colleges and the various university buildings, such as amphitheatres, laboratories, extension of electricity networks, walls, swimming pool and other sporting establishments, student housing cities, university hospital and student treatment units, etc...

- Contracts and operation orders issued to the Contractors during 1979, 1980/81 and 1981/82 were reviewed and counted out, and amounted to 59 operation orders valued at LE 20.6 m.
- Total finance available from the National Investment Bank to Zagazig university during 1980/81 and 1981/82 amounted to LE 9240 thousand, of which :
 - LE 5890 thousand during 1980/81 wholly utilized representing 100 % of investment credit to the university financed from the Investment Bank.
 - LE 3350 thousand during two months from the beginning of 1981/82 or 73 % of the credit financed from the Investment Bank for the same year amounting to LE 4600 thousand. This is considered an example of Bank flexibility in providing necessary financing for entities to execute their projects according to their time and execution programs without adherence to distributing finance all year round.

- Accruments due to contractors issued against previous operation orders according to the file of each operation were counted out and revised. They amounted to LE 2718.4 thousand, the immediate disbursement of which by the Investment Bank was approved, and the rest appropriated in the 1981/82 plan amounting to LE 1.5 m will be made available in instalments.

ARMED FORCES HOSPITAL PROJECT IN ALEXANDRIA

Field monitoring by the Bank revealed that concrete works and buildings of all hospital floors (ground and six floors) were completed. The implementation was effected by the Arab Contractors Co. which was entrusted with construction and architectural works almost two years ago valued at LE 3 m.

Final finishing works in the hospital are connected with the installation of apparatuses and equipment and carrying out related connections by specialized companies.

The matter needs definition of technical specifications of preparations and furniture works by the medical services department of the armed forces - in order to send them to the Ministry of Economy and Economic Cooperation to provide the best soft loans.

AAMERIA CEMENT PROJECT :

A field unit was effected to Aamerya cement project the execution of which is carried out by Alexandria Cement Co. for the production of one million tons of cement. The Bank financed this project by a down payment of LE 9.3 m (foreign currency) disbursed on 16.6.1981. The remainder required by the Company amounting to another LE 9.3 m will be disbursed from the 1981/82 credits.

VISITING SOME GOVERNORATES:

Field visits were effected to work sites of projects in Minia, Assiut, and Damietta governorates to recognize financing problems and execution hindrances, in order to solve them financially and technically, especially with regard to strategic problems pertaining to food security projects and utilities projects such as potable water and roads.

In Cairo Governorate economic housing projects in Berka and Mataria regions were visited.

MONITORING EXECUTION OF CREDITFACILITIES IN THE 1980/81 PLAN

The 1980/81 plan approved investments amounting to LE 1178.4 m to be financed by credit facilities through loans, grants and suppliers' credits.

Monitoring indicated that execution from such facilities amounted to LE 800.5 m or 68 % of the total approved in the plan.

According to data presented by executing bodies about monitoring of executing facilities during 1980/81 the following appeared :

- Some entities exceeded the credits approved to them in the plan, namely :

MINISTRY OF PETROLEUM :

Approved in the plan amounted to LE 29.8 m, while it executed LE 49 m to finance research and oil exploration expenditure, and financing the project of connecting natural gas to houses.

MINISTRY OF FINANCE:

Approved in the plan amounted to LE 2 m, while it executed LE 2.7 m utilized by Customs adm. to purchase a computer for

work promotion, from French loans.

PASSENGERS TRANSPORT AUTHORITY IN ALEXANDRIA:

Approved in the plan amounted to LE 2.7 m, while it executed LE 3.5 m to strengthen Ramleh Tramway network and bus lines.

MINISTRY OF TRANSPORT

Approved in the plan amounted to LE 138 m, while it executed LE 150.3 m to finance underground metro project, promote the railways Authority and support intra-region transport lines.

Some entities executed high rates of approved credits, viz :

MINISTRY OF IRRIGATION	94 %
MINISTRY OF MILITARY PRODUCTION	98.8 %
AL AZHAR & AL AZHAR UNIVERSITY	80 %
MINISTRY OF CIVIL AVIATION	79 %
MINISTRY OF INDUSTRY	70 %

The rate of utilizing approved facilities is less than 60 % for some entities, of which :

MINISTRY OF AGRICULTURE	29 %
MINISTRY OF LAND RECLAMATION	49%
MINISTRY OF COMMUNICATIONS	53 %
MIN OF MARITIME TRANSPORT	58 %
MIN OF SUPPLY	15 %
MIN OF TOURISM	116 %
MIN OF ECONOMY	29 %
MIN OF HOUSING	56 %
MIN OF EDUCATION	22 %
MIN OF HIGH ^{ER} EDUCATION	35 %
MIN OF HEALTH	51 %
MIN OF LOCAL GOVERNMENTS	30 %

- In addition to the time spent by adjudication procedures and supply and shipment contracts, which might be an important reason for the decline in the rate of facilities utilization, the decline in this rate is attributed to non-acquaintance of the responsible persons in some entities with procedures and the way of benefiting from such facilities. Those procedures are summarized as follows :

- Demand an allocation of an amount of available foreign loans and grants to finance the projects of these entities.
- Contact foreign suppliers and obtain easy terms to supply the equipment (suppliers' facilities)
- Quick definition of specifications and conditions of international adjudications.
- In order to push the utilization of facilities approved in the plan, it is necessary to put control that ensure conformity between drawing from these loans, time programs and executive ability of projects for coordination between them and local finance. Among the main elements of this conformity could be enabling the National Investment Bank to undertake its responsibility in guaranteeing foreign finance according to provisions of the law of the establishment and ensuring that benefiting from facilities shall accompany local financing of projects.

SELF FINANCING:

- The volume of self financing approved in the 1980/81 plan amounts to LE 342.9 m or 10.7 % of total approved plan investments amounting to LE 3200 m.
- The total amount executed through self financing stood at

LE 316.3 m or 92.2 % of total approved self finance. Distribution of approved and utilized self finance by sectors :

S E C T O R	(LE 000's)		
	APPROVED	UTILIZED	%
Agriculture and irrigation	17350	87 5	50.2
Industry & Mining	58065	65804	113.3
Electricity & Energy	58090	57072	98.2
Transport & Communications	86016	94145	104.3
Trade , Finance & Tourism	24501	38329	156.4
Housing & Construction	31752	43937	138.4
Education, Scientific Research and Labour Force	326	314	96.3
Health & Social Services	3243	2888	89.0
Culture, Information & Youth	-	3850	-
Security & Justice	900	1200	133.3
Presidential Services	63	63	100.3
Local Governments	61700	-	-
TOTAL	342906	316307	92.2

This statement indicates the following :

- Sectors realized utilization of self financing exceeding 100 %, i.e, industry & mining - transport and communications - trade, finance & tourism - housing & construction - security & justice.
- The decline of self-financing utilization ratio in the agriculture and irrigation sector to 50%. As regards local government projects, i.e., economic housing projects in the governorates, it was aimed to be self financed from the proceeds of housing funds, among the resources of which were differences

between the sale price of imported cement and that of local cement, however, due to unification of cement sale price, self financing was not achieved to these projects and the National Investment Bank provided them with finance through soft loans.

CHAPTER THREE
THE SECTORIAL LEVEL OF MONITORING
EXECUTION OF THE 1980/81 PLAN PROJECTS

AGRICULTURE, IRRIGATION AND FOOD
SECURITY SECTOR

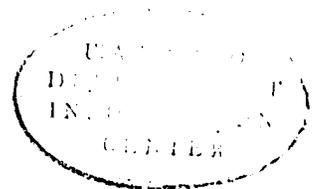
The agriculture absorbed and will still absorb every sincere effort, by the State or individuals, that participate in the fields of agricultural development to achieve food security which was given top priority in the development strategy . Development in the agriculture sector includes vertical development by increasing yield per feddan, and horizontal by reclaiming more land, especially when development is accompanied by scientific progress, aiming at increasing agricultural production and fulfilment of the food needs by the masses, particularly after the increase in population at rates that were not matched by growth rates in the agricultural production.

Therefore, the 1980/81 plan gave careful attention to the agriculture sector to enable it to achieve its targets, as the investments ... it allowed amounted to LE 320950 thousand distributed as follows:

AGRICULTURE & FOOD SECURITY	LE 62250 thousand
LAND RECLAMATION	LE 86600 thousand
IRRIGATION	LE 172100 "
TOTAL	LE 320950 thousand

FIRST : AGRICULTURE & FOOD SECURITY

The ministry of Agriculture and Food Security 1980/81 plan investments amount to LE 62250 thousand distributed according to budget classification between local and foreign currency as follows :



	<u>TOTAL</u>	<u>LOCAL</u>	<u>FOREIGN</u>	<u>CASH</u>	<u>FACILITIES</u>
ADMINISTRATIVE ORGAN	13310	11760	1550	250	1300
Servicing Authorities	11228	10328	900	750	150
ECONOMIC AUTHORITIES	1370	1250	100	100	-
ECONOMIC UNITS	36342	27064	9278	3630	5648
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	62250	50422	11828	4730	7098

These investments were distributed by type of finance as follows :

	<u>TOTAL</u>	<u>FACILITIES</u>	<u>self FINANCE</u>	<u>INVESTMENT BANK FINANCE</u>
ADMINISTRATIVE SYSTEM	13310	1300	-	12010
SERVICING ORGANIZATIONS	11228	150	378	10700
ECONOMIC ORGANIZATIONS	1370	-	71.1	1298.9
ECONOMIC UNITS	36342	5648	2094	28600
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	62250	7098	2543.1	32608.9

- During execution of the 1980/81 plan it was necessary to direct more investments to execute vital projects in the field of food security to which the plan responded, thanks to its flexibility, by additional investments financed by the Investment Bank as follows :

PROJECT TO ESTABLISH STATIONS TO PRODUCE 6% MILLION EGGS ANNUALLY:

No investments were included in the 1980/81 plan for this project. The Ministerial Committee for Food Security, however, approved in November 1980 of its execution with total costs estimated at LE 7625 thousand. The Investment Bank financed the project to the extent of LE 4875 in foreign free currency and LE 2750 thousand in domestic currency.

SUPPORT OF ANIMAL PRODUCTION AND IMPROVEMENT OF EGYPTIAN
PROGENIES IN GOVERNORATES:

The project aims at improving the progenies of Egyptian cows by importing highly efficient progenies. Ismailia Governorate contracted during April 1981 to buy 500 calves brown Swiss and selected male livestock from Austria valued at 8,347,660 Austrian Schilling equivalent to LE 400 thousand. The Investment Bank response to finance the project was prompt.

EXECUTED INVESTMENTS

Total executed investments for agricultural and food security projects from sources approved in the plan during 1980/81 and according to available data, amounted to LE 43239 thousand or 69,5 % of total approved investments.

The following table indicates distribution of executed investments according to sources of finance :

EXECUTED INVESTMENTS COMPARED WITH
APPROVED IN THE PLAN & SOURCES OF FINANCE

AUTHORITIES	DESCRIP- TION	FINANCE				TOTAL	(LE 000's)
		CASH	SELF	FACILI- TIES	oth- ers		
1) Administrative System	PLAN	12010	-	1300	-	13310	
	FOLLOW-UP	10088	-	1100	-	11188	
	%	84	-	84.6		84.1	
2) Servicing Organizations	PLAN	10700	378	150	-	11228	
	FOLLOZ UP	7105	339	95	-	7539	
	%	66,4	89.7	63.3		67.1	

(LE 000's)

AUTHORITIES (cont'd)	DESCRIPTION	FINANCE				TOTAL
		CASH	SELF	FACILITIES	OTHERS	
3) Economic Organizations	) PLAN	1298,9	71.1	-	-	1370
	) Follow up	256.4	71.1			327.5
	) %	19,7	100	-	-	23.9
4) Economic Units	) PLAN	28600	2094	5648	-	3634,2
	) FOLLOW UP	21628	1705,5	851	-	24184,5
	) %	75,6	81,4	15,1	-	66,5
T O T A L	) PLAN	52608,9	2543,1	7098	-	52250
	) FOLLOZ UP	39077,0	2116,0	2046	-	43239
	) %	74,3	83,2	28,8	-	69,5

The above table indicates a decline in the rate of executing investments of economic organization (23,9 %), while it rose to 66,5 % for economic units, 67,1 % for servicing organizations and 84,1 % for the administrative system. The general rate of excecuting total investments amounted to 69,5 %,

Distribution of the same executed investments according to type of finance is given hereunder

DESCRIPTION	(LE 000's)				
	TOTAL	LOCAL	FOREIGN	CASH	FACILITIES
Administrative system	11188	5464	5724	4624	1100
Servicing Organizations	7539	6876,9	662,1	567,1	95
Economic Organizations	327,5	327,5	-	-	-
Economic Units	24184,5	20653,5	3531	2680	851
TOTAL EXECUTED	43239	33321,9	9917,1	7871,1	2046
APPROVED INVESTMENTS	62250	50422	11828	4730	7098
RATIO OF EXECUTED TO APPROVED	69,5	66,1	84	78,7	28,8

The above table indicates a decline in the rate of executing facilities as it stood at 28.8 %. This is attributed to non-utilization of LE 1000 thousand out of the facilities granted to the general meat company due to lack of credit line thereupon the loan can be utilized, as well as to utilization by Nubarya company for seed production of only LE 851 thousand of an approved facility to it amounting to LE 3948 thousand.

SECOND : MINISTRY OF LAND RECLAMATION

Investments of the Ministry of Land Reclamation included in the 1980/81 investment budget are estimated at LE 86600 thousand distributed according to monetary component and investment budget classification as follows :

	(LE ppp's)				
	TOTAL	LOCAL	FOREIGN	CASH	FACILITIES
Administrative system	30083	15459	14588	7398	7190
Servicing Organizations	-	-	-	-	-
Economic Units	39600	15997	23603	5500	18103
Economic Organisations	16917	15505	1412	772	640
	<u>86600</u>	<u>46997</u>	<u>39603</u>	<u>13670</u>	<u>25933</u>

Finance of amounts included in the investment budget according to sources of finance is effected as follows :

	(LE 000's)			
	TOTAL	BANK FINANCE	SELF	FACILITIES
ADMINISTRATIVE SYSTEM	30083	22893	-	7190
SERVICING ORGANIZATIONS	-	-	-	-
ECONOMIC UNITS	39600	17735	3762	18103
ECONOMIC ORGANIZATIONS	16917	14277	2000	640
T O T A L	<u>86600</u>	<u>54905</u>	<u>5762</u>	<u>25933</u>

It was necessary during execution of the 1980/81 to direct

additional investments to some vital projects undertaken by the General Organization for Construction and agricultural development, amounting to LE 3 m and the Bank financed them timely.

FOLLOW UP OF EXECUTED INVESTMENTS

The following is a description of the volume of approved investments in the 1980/81 plan for the Ministry of Land Reclamation compared with the volume of investments executed thereof distributed by sources of their finance.

COMPARISON OF EXECUTED INVESTMENTS AND APPROVED IN THE PLAN AND SOURCES OF FINANCE

AUTHORITIES	DESCRIP- TION	F I N A N C E				TOTAL
		BANK	SELF	FACILI- TIES	OTHERS	
1) ADMINISTRATIVE SYSTEM	PLAN	22893	-	7190	-	30083
	FOLLOW UP	9908	-	7190	-	17098
	%	43,3	-	100	-	56,8
2) SERVICING ORG.	-	-	-	-	-	-
3) ECONOMIC ORGANIZATIONS	PLAN	14277	2000	640	-	16917
	FOLLOW UP	16413	-	640	-	17053
	%	115	-	100	-	100,8
4) ECONOMIC UNITS	PLAN	17735	3762	18103	-	39600
	FOLLOW UP	12934	3282	5004	-	21120
	%	72,9	87,2	27,6	-	53,6
5) T O T A L	PLAN	54905	5762	25933	-	86600
	FOLLOW UP	39255	3282	13834	-	55371
	%	71,5	56	49,5	-	63,9

It is noteworthy that the rate of executing investments of the administrative system declined to 43,3 % while that of economic

units and economic organizations rose to 72.9 % and 115 %, respectively. The rate of executing the overall investments of the Ministry of Land Reclamation amounted to 63.9 %.

The following table indicates the volume of executed investments and the rates of execution distributed by type of finance as follows :

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>LOCAL</u>	<u>FOREIGN</u>	<u>CASH</u>	<u>FACILI- TIES</u>
ADMINISTRATIVE SYSTEM	17098	9908	7190	-	7190
SERVICING ORGANIZATIONS	-	-	-	-	-
ECONOMIC ORGANIZATIONS	17053	16413	640	-	640
ECONOMIC UNITS	<u>21220</u>	<u>14517</u>	<u>6703</u>	<u>1699</u>	<u>5004</u>
TOTAL EXECUTED INVEST- MENTS	55371	4083	14533	1699	1 834
INVESTMENTS APPROVED IN THE PLAN	86600	46997	39603	13670	25933
RATIO OF EXECUTED TO APPROVED	63.9 %	86.9%	36.7%	12.4%	495%

The above indicates that the rate of executing investments of the Ministry of Land Reclamation in the 1980/81 plan amounted to 63.9% and the rate of executing investments in local currency to 86.9% and in foreign component to 36.7%.

THIRD : MINISTRY OF IRRIGATION

- Investments of the Ministry of Irrigation in the 1980/81 plan totalled LE 172100 thousand, distributed according to local and foreign cash component as follows :

LOCAL LE 102600 thousand
FOREIGN LE 69500 thousand of which LE 17100 thous
free currency and LE 52400 thous
Facilities,

The following table indicates the volume of implemented

investments approved to the Ministry of Irrigation compared with the approved in the 1980/81 plan distributed by sources of their finance.

AUTHORITIES	DESCRIP- TION	BANK	SELF	(LE 000's)	
				FACILI- TIES	others TOTAL
1) Administrative system	PLAN	50722	5938	13640	- 70300
	FOLLOW UP	38120	-	10871	- 48001
	%	75,1	-	79,6	- 69,6
2) Servicing Organizations	PLAN	59318	782	31200	- 91300
	FOLLOW UP	41115	782	30742	- 72639
	%				
3) Economic Organizations	PLAN	-	-	-	- -
	FOLLOW UP	-	-	-	- -
	%	-	-	-	- -
4) Economic Units	PLAN	615	2325	7560	- 10500
	FOLLOW UP	481,3	2525	7560	- 10566,3
	%	78,2	108,6	100	- 100,6
5) TOTAL	PLAN	110655	9045	52400	- 172100
	FOLLOW UP	79716,3	3307	49173	-132196,3
	%	72	36,5	93,8	- 76,8

These investments were distributed according to sources

of finance as follows :

INVESTMENT BANK	LE 110655 Thousand representing 64,3 %
SELF FINANCE	LE 9045 Thousand representing 5,3 %
FACILITIES	LE 52400 Thousand representing 30,4 %
TOTAL	LE 172100 Thousand representing 100 %

Executed investments of the Ministry of Irrigation totalled LE 132196,3 thousand or 76,8 % of total investments included in the plan.

The following table indicates implemented investments distributed by type of finance, compared with total investments included in the plan.

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>LOCAL</u>	<u>FOREIGN</u>	<u>CASH</u>	<u>FACILI-</u> <u>TIES</u>
ADMINISTRATIVE SYSTEM	48991	25712	23279	12408	10871
SERVICING ORGANIZATIONS	72639	41165	31474	732	30742
ECONOMIC UNITS	10566,3	2656,3	7910	350	7560
TOTAL EXECUTED INVEST- MENTS	132196,3	69533,3	62663	13490	49173
TOTAL INVESTMENT APPROVED IN THE PLAN	172100	102600	69500	17100	52400
RATIO OF EXECUTED TO APPROVED	76,8%	67,7%	90,2%	78,9%	93,8%

INDUSTRY AND MINERAL WEALTH SECTOR

INTRODUCTION

The ambitious development of Egypt's economy depends in the first place on the industrialization capacity in the country which is considered among the first sectors that are capable of expanding the production base through its prompt response to the development of science and technology of the eras.

The importance of industry is due to the entanglements that connect the industry sector with most other sectors through providing them with their important requirements such as fertilizers and pesticides for agriculture; reinforcing steel bars, pipes, brick and glass for housing and construction; motorcars and buses for transport and communications ; tools and workshop machines for education ; sugar, oils, soap, textiles, garments and other essential goods necessary to achieve food and garment security for the masses. The industry sector also uses the production of many other sectors as inputs such as agricultural raw materials, petroleum, electricity and others.

It also plays an effective role in making exports dominate imports and breaking through the field of competition in world markets.

Therefore, the State pays attention to the industry sectors by modernizing its capacities through substitution and innovation projects with concentrating on fields of its harmony with the modern scientific development techniques to increase the effectiveness of its role as pioneer of industrial development.

The following is a detailed discussion with respects to follow up execution of the 1980/81 of the Ministry of Industry, regarding

sources of available finance and disbursements up to the end of June 1981, at the level of finance available from the National Investment Bank, self finance and foreign exchange facilities.

1- Approved Investments and Sources of Finance (Ministry of Industry):

The 1980/81 plan reflected the importance of the role of industry in developing the Egyptian society by allocating to it investments amounting to LE 413900 thousand of which LE 179100 thousand local currency, LE 73400 thousand foreign currency and LE 161400 thousand facilities.

Sources of financing 1980/81 investments were defined so that the National Investment Bank finances the major part thereof. Bank commitments amount to LE 207831 thousand representing 50.2% of total investments finance, while self financed amounts to LE 44669 thousand or 10.8 % and financed through facilities to LE 161400 thousand or 39%.

The following table indicates distribution of approved investments and sources of their finance according to classification of the State budget.

DESCRIPTION	Approved Investments			Approved Sources of Finance					TOTAL
	Total	Local	Foreign	Cash	Foreign Com- ponent Facilities	Bank Finance	Self Fin.	faci- lities	
Adm. System	7180	2720	4460	1520	2940	4240	-	2940	7180
Servicing Organization	5180	2490	1690	990	1700	3480	-	1700	5180
Economic Org.	68766	30051	38715	11145	27570	41196	-	27570	65766
Econ. Units	332774	143839	188935	59745	129190	158915	44669	129190	332774
TOTAL	413900	179100	234800	73400	161400	207831	44669	161400	413900
Relative Importance	100	43.3	56.7	17.7	39	50.2	10.8	39	100

Out of the approved investments LE 106440 thousand or 25.7% of the total plan of the Ministry of Industry was allocated for food security projects (food industries and fertilizers) and LE 95147 thousand or 23 % for garment security projects in accordance with the priorities defined by the State to food and garment security projects.

2- EXECUTED INVESTMENTS AND SOURCES OF THEIR FINANCE:

Data obtained from executing authorities indicated that investments executed during 1980/81 totalled LE 356840 thousand of which LE 172919 thousand local currency, LE 70414 thousand foreign currency and LE 113507 thousand in foreign currency.

The following shows executed investments according to their cash components, compared with approved investments.

	LE 000's				
	<u>Total</u>	<u>Local</u>	<u>Foreign</u>	<u>Cash</u>	<u>Facilities</u>
Approved Investments	413900	179100	234800	73400	161400
Executed Investments	356842	172921	183921	70414	113507
Execution Ratio	86.2	96.5	78.3	95.9	70.3

The above data indicates that the overall execution ratio amounted to 86.5 %. This is due to the slow execution in foreign currency, especially in facilities which execution ratio amounted to 70.3 %.

The following shows execution of Ministry of Industry investments by different sources of finance :

LE 162598 thousand - Investment Bank finance

LE 45551 thousand - Self Finance

LE 113507 thousand - Facilities

LE 35186 thousand - Other sources

LE 356842 thousand.

We review hereafter details of executed sources of finance for industry during the year :

A) INVESTMENT BANK FINANCE

Follow up of finance disbursed through the Investment Bank to authorities subsidiary to the Ministry of Industry during the period from 1.7.1980 to 30.6.1981, indicates that disbursements totalled LE 164242 thousand or 79% of the Bank's total approved commitments amounting to LE 207831 thousand representing 50.2% of total approved investments. The following shows finance disbursed through the Bank during the follow up period, compared with approved and available finance during the same period according to classifications of the State Budget : (LE 000's)

DESCRIPTION	APPROVED IN THE PLAN	AVAILABLE	DISBURSED	RATIO OF DIS- BURSED TO	
				APPROVED	AVAILABLE
Adm System	4240	4090	1861	43.9	45.5
Servicing Orga- nizations	3480	2745	1048	30.1	38.2
Economic Organi- zations	41196	39130	30336	75.6	77.4
Economic Units	158915	130997	130997 (1)	82.4	100
TOTAL	207831	176962		79.0	92.8

(1) Includes LE 1644 thousand disbursed from the Bank to some companies but not utilized due to slow investment executions.

It appears from the table :

1- With respect to the administrative system, the ratio of disbursed finance during 1980/81 to approved in the plan amounted to 43.9% and to available finance during the same period to about 45.5 %, which is considered a low ratio, especially that the ad-

ministrative system includes vocational training centers that play a vital role in the preparation of technicians and professionals needed by development plan projects. This is attributed to non-completion of buildings, construction works and utilities related to some training centers according to programs because contractors were behind schedule with these works.

2- With respect to servicing organizations, the ratio of utilized finance during the year to approved finance in the plan amounted to 30.1% and to available finance to 38.2 % which is a small ratio, especially that they include the Egyptian general authority for geological survey and mining projects which undertakes geological research and mining discovery in Sinai Peninsula and other regions rich with natural wealth, the quick exploration and discovery of which, help to promote resources necessary for pushing economic development.

3- As regards economic organizations, the ratio of utilized finance during the year to approved finance amounts to 73.6 % and to available finance to 77.4 %. The decline in the ratio of utilized finance is due to the small executed investments in Al Wadi Al Gadid (Abou Tartour) phosphate project and its complementary projects which is still in its first execution stages.

4- As regards follow up of economic units' executed investments, they attain the largest share of approved finance in the plan as they were allotted about 76.5% of total finance approved for the Ministry of Industry. The Bank provided these units with LE 130997 thousands representing amounts

disbursed through the Bank - because disbursements to economic units are defined according to their demands and in the light of actual execution. It is noteworthy that disbursements through the National Investment Bank include LE 8641 thousand provided by the Bank in the form of additional finance of which LE 5226 thousand was disbursed to sugar projects, as sugar is considered one of the essential goods that contributes in the achievement of food security, in order to accelerate the implementation of civil and construction works, and prepare the site to receive equipment and machinery contracted through loans and grants available from international authorities, governments and organizations.

The amount of LE 2415 thousand was also disbursed to oil and soap companies to accelerate the completion of some important projects and advance the dates of their starting production as they provide a number of essential goods such as edible oil, washing and toilet soap, artificial cleansing and fodder.

The amount of LE 1000 thousand was also disbursed to Misr Rayon Company, to provide necessary raw materials for operating the polyester factory which shares in providing the people's requirements of dress.

On the other hand, the results of actual follow up revealed that a number of economic units did not utilize the full finance made available by the Bank due to slack material execution of their projects, such as Edfina Co. which disbursed LE 2597 thousand through the Bank, while actual utilization amounted LE 1364 thousand Misr/Chibin el Kom Spinning and Weaving Co. also disbursed LE 6033.7 thousand, while actual utilization

in investment finance amounted to LE 5741 thousand.

DOWN PAYMENTS:

In addition to amounts provided by the Bank to finance material investments achieved during 1980/81, the Bank also provided LE 8737.6 thousand in foreign currency for down payments settled during the year and not met by material investment achieved during the same year. The amount made available by the Bank was fully disbursed for projects contracted during 1980/81 while their equipment arrive during the coming years.

The following table indicates the projects for which down payments were disbursed during 1980/81:

PROJECT	INVESTMENT COSTS		PRODUCTIVE CAPACITY Tons	LE 000's
	TOTAL	FOREIGN		DOWN PAYMENT
- Substitution and innovation of factories, Sté Egyptienne de Sucr. et Raffineries		Energy preservation and idle capacities operation	150,000	2763
- Zink & Alluminium Rolling The General Metals Co	30438	22618	150,000	1463
- Oil Hydrogenation Unit - Alexandria Oils and Soap Co.	9300	5247	30,000	394
- Washing Soap Line Misr Oils Co.	2200	1700	6,000	210
- Toilet Soap Line Cairo Oils Co.	2000	1500	6,000	210
B- <u>SELF FINANCE</u>				

Although approved self finance for economic units of the Ministry of Industry amounts to LE 44669 thousand, yet finance through this source amounted to LE 45551 thousand during the period from 1.7.1980 to 30.6.1981 or 102 % of approved in the plan, with an increase of LE 882 thousand made available during

the year with units from their self finance sources, such as Delta Industrial Co. and El Nasr Television Co.

3- FACILITIES :

It is one of the main sources of finance as the Ministry of Interior and its subsidiaries were allocated LE 161400 thousand in the 1980/81 plan, of which LE 113507 thousand or 70.3 % was utilized during the year.

The following shows approved and executed facilities distributed by executing bodies according to the State budget classifications.

EXECUTING BODY	LE 000's		
	Approved	Executed	Execution Ratio
Administrative System	2940	-	-
Servicing Organizations	1700	-	-
Economic Organizations	27570	3977	14.4
Economic Units	129190	109530	84.8
TOTAL	161400	113507	70.3

It appears from the above table that :

The administrative system, represented in the Productive efficiency and

- 1- Vocational Training Adm. and the Nuclear Material Authority, did not utilize any facilities, due to the utilization of loans available from the International Bank for Reconstruction and Development which were allocated to substitution and innovation of the equipments of vocational training centers in the Productive Efficiency Administration. This is attributed to delay in examining the adjudications presented to utilize the loan.

As regards the Nuclear Materials Authority contacts are still carried out to obtain facilities from foreign authorities.

2- The servicing organizations did not utilize any amount of their approved facilities due to the delay in the procedures of contracting allocated loans from the U.S.A.

3- Out of the approved amounts to economic organizations totalling LE 275 0 thousand in 1980/81 :

- LE 25800 thousand were for projects the execution of which was entrusted to the General Authority for executing industrial and mining societies, however, only LE 3463 thousand or 13.4% were utilized. This delay in executing approved facilities is due to the impossibility of reaching an agreement with Japan and the World Bank to finance Dekhela port project for which LE 5500 thousand was approved, and the impossibility to obtain facilities to finance Abu Tartour Phosphate projects for which LE 16423 thousand was approved.
- LE 1370 thousand for research and technical studies centres, the execution of which is under the supervision of the general industrialisation Authority. Nothing was utilized due to the delay in adjudication procedures with respect to loans available from the European Common Market to finance the tenth of Ramadan training centre.
- The General Authority for Government printing press was allocated LE 400 thousand, while utilizations amounted to LE 509 thousand due to arrival of equipments contracted during the follow up period.
- LE 129190 thousand was approved for economic units during

1980/81 - utilizations amounted to LE 109530 thousand or 84.8% of the approved total. This ratio of facilities utilization is considered high due to arrival of some projects equipments during 1980/81 from facilities a large proportion of which was contracted in previous years with governments and international authorities and organizations. The important projects are :

- Requalification of Misr Spinning and Weaving Co. at Mehalla al Kobra, which is financed from loans available from the USA. During 1980/81, LE 10285 thousand was approved for the project as facilities, however, utilizations amounted to LE 17456 thousand or 169.7 % of the total approved, due to arrival of machinery during the same years.
- Requalification of Misr Fine Spinning and Weaving at Kafr El Dawar. The project is financed from the World Bank. Amounts approved during 1980/81 stood at LE 8.8 m as facilities, of which LE 10.3 m or 117% was executed.

3- EQUIPMENT TO INCREASE CASTOR TEXTILES PRODUCTION

Approved during 1980/81 amounted to LE 1000 thousand, however, machinery and equipments arrived in full during 1980/81 valued at LE 3780 thousand at an execution rate of 378 %.

4- REQUALIFICATION OF THE SUGAR COMPANY FACTORIES:

Finance of this Project's machinery and equipments is effected from loans and grants available from the U.S.A. and Japan. Utilization amounted to LE 5225 thousand during 1980/81, while approved during the same year amounted to LE 2610 thous., i.e. with a rate of execution of 200.2 %.

5- PHOSPHORIC ACID AND TRIPLE PHOSPHATE FERTILIZER PROJECT :

Machinery valued at LE 7.9 m arrived, while approved

amounted to only LE 0.7 m.

6 - SUBSTITUTION AND INNOVATION OF KEMA CO :

Utilized facilities during 1980/81 were financed from loans available from the U.S.A. The value of machinery and equipments supplied through facilities during 1980/81 amounted to LE 5725 thous. while approved stood at LE1000 thousand.

MINISTRY OF MILITARY PRODUCTION :

- Investments approved to subsidiaries of the Ministry of Military Production in 1980/81 totalled LE 50000 thous., of which LE 21000 thous. in local currency, LE 25000 thous. in foreign currency (cash) and LE 4000 thous. facilities.

Sources to finance these investments were defined as follows:

LE 32604 thous. commitments of the National Investment Bank

LE 13396 thous. self finance

LE 4000 thous. Facilities.

Distribution of approved investments and sources of their finance according to classification of the State budget, is given hereafter :

DESCRIPTION	Approved Investments			FOREIGN COMPONENT			APPROVED SOURCES OF FINANCE			
	TOTAL	LOCAL	FOREIGN	CASH	FACILITIES		BANK FIN.	SELF FIN.	FACILITIES	TOTAL
ADMINISTRATIVE SYSTEM	20	20	-	-	-	20	-	-	-	20
ECONOMIC UNITS	49980	20980	29000	25000	4000	32584	13396	4000		49980
TOTAL	50000	21000	29000	25000	4000	32604	13396	4000		50000
RELATIVE IMPORTANCE %	100	42	56	50	8	65.2	26.8	8		100

It appears from the above table that National Investment Bank

commitments to finance approved investments represent 65.2% or the bulk, while self finance represents 26.8% and financed through facilities represents 8%, as the nature of companies subsidiary to Min. of Military Production necessitates financing most of their investments in cash either local currency or free foreign currency.

INVESTMENTS EXECUTED DURING 1980/81

Preliminary data indicated that investments executed during 1980/81 through Ministry subsidiaries amounted to LE 48224 thous., of which LE 23096 thous. local currency, LE 21173 thous. foreign currency and LE 3955 thous. facilities.

Executed investments compared with approved investments according to their money components are given hereunder

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>LOCAL</u>	<u>FOREIGN</u>	(LE 000's)	
				<u>CASH</u>	<u>FACILITIES</u>
Approved Investments	50,000	21,000	29,000	25,000	4,000
Executed Investments	48,224	23,096	25,128	21,173	3,955
Execution Ratio	96.4	110	86.6	84.7	98.9

The above table indicates that the ratio of total executed investments to approved amounted to 96.4 %. This ratio is almost similar to the investment framework defined to the Ministry's projects, however, the ratio of execution in local currency exceeded the approved by about 10%, while the ratio of execution in foreign currency (cash) was some 15.3 % below the approved. This is attributed to completion of buildings and construction works, and procurement of some machinery, tools and instruments from the local market.

As regards approved facilities, execution data indicated they were utilized almost in full.

- EXECUTED INVESTMENTS ACCORDING TO SOURCES OF THEIR FINANCE

Follow up data revealed that total finance disbursed for executed investments during 1980/81 amounted to LE 48224 thous. of the total allocated thereto amounting to LE 50 ,, , with an execution ratio estimated at about 96.4 %.

- NATIONAL INVESTMENT BANK FINANCE

National Investment Bank Commitments to finance the 1980/81 investments of the Min. of Military Production projects, were defined at LE 32604 thous. or 65.2% of total approved investments.

Follow up of finance disbursed through the Bank to the Ministry's subsidiaries during the period from 1.7.1980 to 30.6.1981, revealed that total disbursements amounted to LE 24016 thous. or 73.7 % of total Bank commitments.

The following shows finance disbursed through the National Investment Bank during the follow up period compared with approved and available finance during the same period :

DESCRIPTION	APPROVED IN THE PLAN	AVAIL- ABLE	DISBURSED	RATIO OF DISBURSED TO	
				APPROVED	AVAILABLE
ADMINISTRATIVE SYSTEM	20	20	-	-	-
ECONOMIC UNITS	32584	24016	24016	73.7	100
TOTAL	32604	24036	24016	73.7	99.9

It appears from the above:

- Bank finance made available to economic units amounted to 73.7 % of total approved finance, representing actual disbursement out of Bank finance as disbursements are effected according to actual needs following the progress in execution stages.

The more important companies the completed disbursement

of all or most of available finance :

- Abu Zaabal Co. for Engineering Industries, with disbursements totalling LE 3670 thous. or 88 % of the approved total to complete the project of workshop machinery necessary for technical schools, maintenance workshops and others.

- Helwan Foundries Co.

Disbursements amounted to LE 235,000 representing all approved to it, to finance substitution and innovation of the company in order to eliminate bottlenecks and increase production of needed cast iron, iron and steel industry and other industries.

- Abu Zaabal Co. for Specialized Chemicals

Disbursement for the Investment Bank amounted to LE 6609 thous. according to its requirements and actual execution in projects entrusted to it. This amount represents 97.1% of total approved to the company in the plan.

DOWN PAYMENTS

In addition to the amounts disbursed from the National Investment Bank to finance material investments executed during 1980/81 - an amount of LE 2928 thous. was disbursed in foreign currency for down payments settled during the year and were not met by material investment achieved during the year. Shubra engineering industries company accounted for LE 940 thous. and Abu Zaabal engineering industries company for LE 1928 thous.

SELF FINANCE

Approved self finance estimated in 1980/81 to economic units subsidiary to Min. of Military Production amounted to LE13396

thous. while financed during the same year through this source amounted to LE 20253 thous. or 151.2 % of the approved, i.e. with an increase of LE 6857 thous., presented to Abu Zaabal company for specialized chemicals, Abu Zaabal company for engineering industries and Helwan company for metal appliances. This was effected within approvals obtained by these companies from the Bank during the year.

FACILITIES :

Investments financed through facilities in the 1980/81 plan for the Ministry's companies amounted to LE 4000 thous., of which LE 3955 thous. or 98.9 % was utilized due to arrival of machinery and equipments contracted with foreign bodies during the year. The facilities were limited in facilities utilized in Maasara company for engineering industries and Abu Zaabal company for specialized chemicals.

ENERGY SECTOR:

I N T R O D U C T I O N :

Energy in its various types and sources is considered the main stanchion for the exploitation of the country's resources and wealth, as well as the main source for the progress of all industries, so that the rates of energy consumption became a true measure for the progress of people nowadays.

The nations exert every effort to develop energy resources and diversify its sources either from underground or its other natural alternatives, rationalize its utilization due to its powerful effect in raising production rates and increasing foreign exchange resources to improve the balance of payments.

During the few past years Egypt turned from an oil importing country to an exporting country thus leading to an improvement

in the balance of payments. The State gave careful attention to concentrate exploration efforts on one hand, and rationalization of domestic oil consumption on the other, to provide the country's increasing needs and achieve the largest possible surplus for export.

The 1980/81 plan was eager to allocate the required investments to continue the execution of energy projects and accelerate their implementation according to laid programs in order to achieve the desired goals in time... total investments approved in the plan for the sector amounted to about LE 450 m.

We give hereunder investments executed during 1980/81 and the role of the National Investment Bank in its capacity as a main source of finance besides the other sources of finance.

Approved Investments and Sources of Finance (Min. of Electricity.)

Total investments approved for the Ministry of Electricity in the 1980/81 plan amounted to about LE 280 m. of which LE 109.5m local currency, LE 29 m foreign (cash) and LE 141.5m facilities.

The National Investment Bank accounted for financing around half such investments, as its commitments totalled IE 136.3m or 48.7% of the approved total, 0.8% is self financed and 50.5% through facilities.

The following indicates distribution of approved investments and sources of their finance according to State budget classification :



(LE 000's)

DESCRIPTION	Approved Investments.			Foreign Components		Sources of Finance			
	TOTAL	LOCAL	FOREIGN	CASH	FACILI-TIES	BANK FIN.	SELF FIN.	FACILI-TIES	TOTAL
Administrative System	2640	1060	1580	1139	441	2199	-	441	2640
Servicing Org.	-	-	-	-	-	-	-	-	-
Economic Org.	239079	95190	143889	21021	122868	116211	-	122868	239079
Economic Units	38281	13250	25031	6840	18191	17884	2206	18191	38281
TOTAL	280000	109500	170500	29000	141500	136294	2206	141500	280000
Relative Importance	100	39.1	60.9	10.4	50.5	48.7	0.8	50.5	100

INVESTMENTS EXECUTED DURING 1980/81 AND SOURCES OF THEIR FINANCE:

According to preliminary follow up results, investments executed during 1980/81 amounted to LE221.0 m financed as follows :

1- THE NATIONAL INVESTMENT BANK

Total disbursed through the National Investment Bank to finance executed investments for Ministry of Electricity projects amounted to LE 126.8 m or 93% of total approved Bank commitments.

The following is a detailed statement of finance disbursed from the Bank compared with approved and available finance during 1980/81 according to State budget classification :

DESCRIPTION	APPROVED IN THE PLAN	AVAIL-able	DISBUR-SED	RATIO OF DISBURSED TO	
				APPROVED	AVAILABLE
ADMINISTRATIVE SYSTEM	2199	2042	1242	56.5	60.8
SERVICING ORG.	-	-	-	-	-

DESCRIPTION (cont'd)	APPROVED IN THE PLAN	AVAIL- ABLE	DISBUR- SED	(LE 000's)	
				RATIO OF DISBURSED TO APPROVED	AVAILABLE
ECONOMIC ORG.	116211	119961	116461	100.2	97.1
ECONOMIC UNITS	17884	9098	9098	50.9	100.0
GRAND TOTAL	136294	131101	126801	93.0	96.7

The above indicates that :

- The Bank provided the administrative system with LE 2042 thousand during 1980/81, of which LE 1242 thous. was utilized. This is considered a low utilization ratio, especially that it includes the Nuclear Energy Authority which undertakes studies and research about the utilization of the atom in generating electric power.
- With respect to economic organizations, the rural electrification authority utilized the finance approved from the Bank in the 1980/81 plan amounting to LE 47500 thous. The Bank also provided additional finance amounted to LE 4000 thous. utilized in full. The authority implemented the material goals projected in 1980/81. 448 villages and large satellites, 639 farms and small satellites were electrified and work in the comprehensive support work to electrify 30 towns was completed, and work started in 4 towns. Work was completed in impetus power projects in 763 operations in villages, 15 distribution boards, civil works of 13 switch stations and 160 kilometers of 66/33 K.V power lines.

As regards Electricity Authority of Egypt, the Bank provided all the finance approved in 1980/81 amounting to LE 62461 thous. It was utilized in full during the same year for the quick implementation of the following thermal and gas generating stations:

<u>DESCRIPTION</u>	<u>COMPLEX CAPACITY</u>	<u>NUMBER OF UNITS</u>
1- Abu Qir Thermal Station	600 Megazatts	4
2- Ismailia Thermal Station	300 "	2
3- Suez Thermal Station	300 "	2
4- Shubra el Kheima Thermal Station	600 "	2
5- Unit Three of Kafr el Dawar Station	110 "	1
6- Mahmoudia Gas Station	200 "	1
7- Gas Units in different districts	200 "	6

With respect to Aqttqrq projects and renewable hydro energy authority, the Bank provided LE 3200 thous., of which LE 1100 thous. or 34% was utilized. This low ratio is attributed to the delayed final Ratification of the World Bank loan for financing Asswan Dam Station, and the slow execution of renewable energy projects as the ideal methods of their implementation are under study.

The Bank provided LE 2800 thous. to Nuclear Stations Authority, of which LE 1400 thous. or 50% was utilized. The low ratio is due to the fact that expenditure incurred was confined to studies, research and experiments.

- With respect to economic units, approved investments amounted to LE 17884 thous. The Bank responded to all of their requirements in the light of actual execution, as disbursements amounted to LE 9098 thous. or 50.9% of the approved.

DOWN PAYMENTS:

In addition to disbursements through the Bank to finance material investments achieved during 1980/81, the Bank provided LE 258.5 thous. down payment to Nuclear energy authority and was settled in full.

SELF FINANCE

Approved self finance for economic units subsidiary to the

Ministry amounted to LE 2206 thous., of which LE 2142 thous. or 97 % was utilized. The companies utilized all approved self finance except El Nasr contracting company.

FACILITIES :

Approved finance in the 1980/81 plan through facilities amounted to LE 141.5 m. Follow up data indicated that total disbursed facilities amounted to LE 92.1 m or 65.1 % which is a low ratio. This is due to delay in the supply of some contracted equipments for a number of important projects, of which Egypt Electricity Authority with LE 97.9 m approved and LE 65 m. or 66.4 % executed, Cairo Electricity distribution company with LE 9.6 m approved facilities and only LE 1.7 m or 17.8 % executed, while Canal electricity distribution company did not utilize any of the approved facilities amounting to LE 2.5 m.

MINISTRY OF PETROLEUM

Approved Investments during 1980/81 and sources of their finance

The Ministry of Petroleum was allocated in the 1980/81 plan, investments amounting to LE 125.1 m, of which LE 44.9 m local currency, LE 50.4 m foreign (cash) and LE 29.8 m facilities.

Sources of financing these investments were defined so as to finance the money component amounting to LE 95.3 m through self finance and other sources.

Approved investments and sources of their finance according to State budget classification are shown hereafter:

(LE 000's)

APPROVED INVESTMENTS

DESCRIPTION	TOTAL	LOCAL	FOREIGN	FOREIGN COMPONENT		APPROVED SOURCES OF FINANCE				
				CASH	FACILITIES	BANK FINANCE	SELF FINANCE	FACILITIES	OTHERS	TOTAL
ADM. SYSTEM	50	50	-	-	-	-	-	-	50	50
SERVICING ORG.	-	-	-	-	-	-	-	-	-	-
ECONOMIC ORG.	53740	12840	40900	15100	25800	27940	25800	-	-	53740
ECONOMIC UNITS	71310	32010	39300	35300	4000	27944	4000	39366	-	71310
TOTAL	125100	44900	80200	50400	29800	55884	29800	39416	-	125100

The ratio of self finance amounts to 44.7 % of total approved finance, and the ratio of investments financed through facilities to total approved amounts to 23.8 %. A ratio of 31.5 % of total approved finance is financed through other sources.

It is noteworthy that it had been decided to finance LE 39.4 m through the Bank, but it was considered to be financed from other sources of finance available to the Ministry during the year.

EXECUTED INVESTMENTS AND SOURCES OF THEIR FINANCE

Follow up data obtained from the executing bodies, indicated that investments executed during 1980/81 totalled LE 192.4 m, of which LE 86.4 m local currency, LE 57 m foreign (cash) and LE 49 m. financed through facilities.

Executed investments compared with approved investments according to their money components are given hereafter:

(LE 000's)

DESCRIPTION	TOTAL	LOCAL	FOREIGN	(LE 000's)	
				CASH	FACILITIES
APPROVED INVESTMENTS	125100	44900	802000	50400	29800
EXECUTED INVESTMENTS	192377	86446	105931	56931	49000
RATE OF EXECUTION	153.8 %	192.5%	132.1 %	113 %	164.4%

The above table indicates a large increase in the rate of utilized local currency, which might be due to procurement of means of transport and furniture and completion of some buildings, structures and utilities as well as some equipments from the Local Market.

Moreover, the increase of utilized out of facilities is attributed to the arrival of machinery and equipments contracted within foreign loans and grants.

SOURCES OF FINANCING EXECUTED INVESTMENTS

Total finance spent on executed investments amounted to LE 192.4 m, according to the following different sources :

1- SELF FINANCE

Approved self finance for the Ministry of Petroleum during 1980/81 stood at LE 55.9 m, of which LE 54.9 m or 98.2 % was utilized during the year.

2- FACILITIES

Follow up data indicated that finance through facilities amounted to LE 49 m or 164.4 % of the approved. This high rate is due to arrival of machinery and equipment contracted for the projects of the Egyptian General Petroleum Corporation. Amounts executed during 1980/81 under facilities totalled LE 38 m against an approved amount of LE 25.8 m, i.e. with an increase

of 47.3% over the approved. This reflects the progress in implementing the projects of this corporation in the fields of search, exploration, refining, transport and storage.

Also, the equivalent of LE 7.5 m was financed through facilities in the Alexandria Petroleum Co., due to the arrival of contracted machinery and equipment with a view to increasing petroleum refining capacity to commensurate with the quantities of produced crude petroleum, although no facilities were approved for this company in the 1980/81 plan.

3- OTHER SOURCES OF FINANCE

Amounts approved to be financed from other sources of finance in 1980/81 totalled LE 39.4 m, against LE 88.4 m financed during the year or 224.3 % of the approved.

This was effected through additional surpluses with the Egyptian General Petroleum Corporation and some companies, which were directed to finance their investment requirements during the year.

TRANSPORT AND COMMUNICATIONS SECTOR

The plan given major importance to this sector, which is considered one of the major infrastructure sectors necessary for the success of all the economic and social projects. through supporting and increasing the efficiency of operating the means of transport and communications that ensure the flow of goods from the centers of production to the markets of consumption in addition to carrying out the passengers transport service by all means of transport including aircrafts, railways, vehicles and fluvial transport.

Besides its contribution to increasing the national income and achieving a great deal of foreign exchange from the Suez Canal - The 1980/81 plan allocated for the transport and communications sector 20.1 % of total national investments.

INVESTMENTS APPROVED IN THE 1980/81 PLAN

Investments allocated to the transport and communications sector amounted to LE 643.5 m, of which LE 250.9 m or 39 % in local currency. The foreign component amounting to LE 392.6 m or 61 % is composed of LE 82.5 m in free currencies and LE 310.1 m credit facilities.

The foreign component therefore absorbed a great deal of plan investments for this sector due to its special nature, as it imports most of the different means of transport for the general transport authority, passenger and goods transport companies, the various towing units, passenger and goods wagons for the railways authority, the importation of new metro units for Helwan line, increasing telex and telegraph sets and equipment for the telecommunications authority, etc..

The sources to finance such investments were defined as follows : The National Investment Bank finances investments amounting to LE 233.2 m or 36.2 %, self finance LE 86.9 m or 13.5 % and other sources, LE 13.3 m or 2.1 %, while facilities amounted to LE 310.1 m or 48.2 %.

Investments approved in the 1980/81 plan for this sector is distributed by money components and according to sources of finance are as follows :

(LE 000's)

ADMINISTRATIVE SYSTEM	13794	3884	9910	910	9000	4794			9000
SERVICING AUTH	42062	33848	8214	4397	3817	38245			3817
ECONOMIC AUTH	489897	167337	322560	53703	268857	153176.7	67863.3	-	268857
ECONOMIC UNITS	97747	45831	51916	23490	28426	36984.4	19052.6	13294	28426
TOTAL	643500	250900	392600	82500	310100	233200.1	86915.9	13284	310100

RELATIVE IMPORTANCE	100%	39%	61%	12.8%	48.2%	36.2%	13.5%	2.1%	48.2%
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The National Authority for Railways of Egypt was allocated large amounts of this sector's investments amounting to LE141.9m or 22.1% of the total, while projects of the telecommunications authority amounted for LE 129.6 m or 20.1 %.

IMPLEMENTED INVESTMENTS OF THE TRANSPORT AND COMMUNICATIONS SECTOR IN THE 1980/81 PLAN

Preliminary follow up data indicate that investments implemented during 1980/81 for the transport and communications sector totalled LE 547.1 m distributed by their money components as follows :

	(LE 000's)			
	<u>TOTAL</u>	<u>LOCAL</u>	<u>FREE CURRENCY</u>	<u>FACILITIES</u>
approved investments	643510	250900	82500	310100
Implemented Investments	547108.1	201823.2	88800.3	256484.6
Rate of Implementation	85%	80.4%	107.6%	82.7 %

The increase of the volume of implemented in free currency over that approved in the plan is due to the increase in Suez Canal investments in free currency.

Executed investments during 1980/81 were financed from the following resources:

	(LE 000's)				
	BANK FINANCE	SELF FINANCE	OTHERS	FACILITIES	TOTAL
Administrative System	3054.2	-	-	4300	7354.2
Servicing Auth.	30031.1	-	-	2334	32365.1
Economic Auth.	126941.5	70863.3	-	217370.1	415174.9
Economic Units	23168	23281.4	13284	32480.5	92213.9
TOTAL	183194.8	94144.7	13284	256484.6	547108.1
RATE	33.5 %	17.2%	2.4%	46.9 %	100 %

The following table shows approved and available finance from the Bank, as well as disbursed therefrom during the follow up period according to the various budgets :

	BANK FINANCE APPROVED IN THE PLAN	AVAILABLE	DISBURSED	RATE OF DISBURSED TO	
				APPROVED %	AVAILABLE %
Administrative System	4794	4794	3054.2	63.7	63.7
Servicing Authorities	38245	38371	30031.1	78.5	78.3
Economic Authorities	153176.7	153176.7	126941.5	82.9	80.6
Economic Units	36984.4	24808	23168	62.2	93.4
TOTAL	233200.1	225330.7	183194.8	78.6	81.3

It appears from the above that the Bank provided all the approved for the administrative system, while the ratio of disbursements did not exceed 63.7 %. On the other hand, the Bank made available to the servicing authorities amounts

exceeding the approved by LE 126,000 due to an increase of LE 600,000 in the investments of the general authority for planning transport projects, while the sum of LE 474,000 was transferred from free currency to facilities to the general fluvial transport authority. Thus the ratio of disbursements amounted to LE 78.3 %. Amounts available from the Bank to the economic authorities totalled LE 4181 thous. as follows :

	(LE 000's)
THE NATIONAL AUTHORITY FOR RAILWAYS OF EGYPT	2171
PORT SAID PORT AUTHORITY	100
BROADCASTING AND TELEVISION CORPORATION	1910

However, the ratio of disbursements did not exceed 20.7 %

As regards the economic units, the ratio of available thereto amounted to 67.1 % and the ratio of disbursements to 92.4 %.

The following indicates the volume of approved and implemented investments by executing entities:

1- THE MINISTRY OF TRANSPORT

Investments approved for the Ministry of Transport during 1980/81 amounted to LE 267.7 m, of which local currency LE 1028m free currency LE 26.9 m and facilities LE 138 m. Implemented investments and the ratios of execution are given hereafter :

	<u>TOTAL</u>	<u>local</u>	<u>free</u> <u>CURRENCY</u>	<u>FACILITIES</u>
APPROVED	267700	102800	26900	138000
IMPLEMENTED	260786	90991.3	19470.2	150324.5
RATIO	97.4 %	88.5%	72.4%	108.9%

As for the sources of financing executed investments, they were as follows :

INVESTMENT BANK	LE 98515.7 thous.
SELF FINANCE	LE 11945.8 thous.

FACILITIES

LE 150324:5 thous.

Executed investments by source of finance are given hereafter :

THE NATIONAL INVESTMENT BANK

Bank commitments to the Ministry of Transport during 1980/81 amounted to LE 122 m., of which LE 115.7 m or 94.8 % was made available by the Bank. Follow up of disbursements indicated that they amounted to LE 98.5 m or 85.2 % of the available during the year.

The following table shows approved, available and disbursed finance during 1980/81 according to the various budgets.

	BANK FIN- ANCE APPROVED IN THE PLAN	AVAILABLE	DISEURSED	(LE000'00)	
				RATIO OF DISBURSE- MENTS APPROVED	to AVAILABLE
				%	%
ADMINISTRATIVE SYSTEMS	315	315	102.3	32.5	32.5
SERVICING AUTHO- RITIES	28215	28341	26103.3	92.5	92.1
ECONOMIC UTHO- RITIES	66038	68209	55140.1	83.5	80.8
ECONOMIC UNITS	27388	18808	17168	62.7	91.3
TOTAL	121956	115673	98515.7	80.8	85.2

It appears from the above that the administrative system was provided with finance in full, however, disbursements stood at 32.5 %. Servicing organization were provided with more than approved in the plan by LE 126,000, due to the additional finance provided by the Bank to the general Authority for Planning transport projects for spending on the underground metro project, while the general Authority for Fluvial Transport asked for the transfer of LE 474,000 from free currency to facilities; the ratio of disbursements to available amounted to 92.1 % .

The Bank made available to economic organizations more than approved in the plan by LE 2171 thous. to the National Authority for the Railways of Egypt in settlements of clearances for advanced works in the execution of the following projects :

- Establishment of workshops and garages and supplying them with moder equipments.
- Construction of a single railways line between Itay El Baroud and Alexandria.
- Construction of El Reswa bridge, Canal Zone.

The economic units asked the Bank to provide them with only the equivalent of 68.7 % of the approved in the plan, of which 91.3 % was disbursed. This is due to utilization of self finance available to them.

DOWN PAYMENTS :

The Bank provided other funds to some Ministry of Transportordinates as down payments for spending during the year without being countered by material investment achieved during the same year but in next years. Down payments and the entities for which they were provided are :

The National Authority for the Railways of Egypt	LE 10.3m
The General Transport Authority in Cairo	<u>LE 2.0 m</u>
	LE 12.3 m

They were disbursed in full.

Self Finance

An amount of LE 7.7 m was approved in the 1980/81 plan as self finance to some Ministry of Transport entities, while

executions totalled LE 11.9 m or 154.3 %, with an increase of LE 4.2 m made available to some economic units and the Bank approved to increase financing them from this source, viz:

	<u>THE INCREASE IN SELF FINANCE</u>
THE NILE GENERAL CO FOR TRANSPORT WORKS	LE 74 thous.
THE NILE GENERAL CO. FOR CONSTRUCTION AND PAVING	LE364 thous.
THE NILE GENERAL CO FOR ROADS & BRIDGES	LE 3863.8 thous
	<hr/>
	LE 4291.8 thous.

CREDIT FACILITIES

This source is considered one of the important sources of finance with respect to the ministry of transport due to the nature of its investment components. Most of the various means of transport, such as locomotives, tractors, buses, metro units and worksnop machinery, are imported. Facilities approved for the Ministry's investments, while executions amounted to LE 150.3 m with an increase of LE 12.3 m.

2- MINISTRY OF MARITILE TRANSPORT

Investments approved for the Ministry during 1980/81 amounted to LE 47.5 m, of which local currency LE 22 m., free currency LE 3 m., and credit facilities LE 22.5 m. Executions amounted to LE 32.2 m. The following indicates implemented investments according to their money components compared with approved investments.

	<u>TOTAL</u>	<u>LOCAL</u>	<u>FREE CURRENCY</u>	<u>(LE 000's) FACILITIES</u>
APPROVED	47500	22000	3000	22500
IMPLEMENTED	32162.9	16962.9	2200	13000
RATIO %	67.7	77.1	73.3	57.8

Implemented investments distributed according to source of

finance are as follows :

INVESTMENT BANK	LE 11423.3 thous.
SELF FINANCE	7113.6
OTHER SOURCES	626
FACILITIES	13000

NATIONAL INVESTMENT BANK FINANCE:

Bank commitments to the Ministry of Maritime Transport during 1980/81 amounted to LE 16.9 m, of which LE 16.1 m or 94.8 % available. Approved finance, available from the Bank and disbursements thereof according to classification of the state budget are as follows:

	<u>BANK FIN-</u> <u>ANCE</u>	<u>AVAIL-</u> <u>ABLE</u>	<u>DISBURSED</u>	<u>RATIO OF DISBURSED TO</u>	
	<u>APPROVED</u>	<u>IN THE</u> <u>PLAN</u>		<u>APPROVED</u> <u>%</u>	<u>AVAILABLE</u> <u>%</u>
ADMINISTRATIVE SYSTEM	4195	4195	2835.3	68.3	68.3
ECONOMIC ORG.	5765	5865	2560	44.4	63.3
ECONOMIC UNITS	6977.4	6000	6000	86	100
TOTAL	16937.4	16060	11423.3	67.4	71.1

This indicates that the Bank made finance available in full to the administrative system, while the ratio of disbursements amounted to 68.3 %. Finance provided by the Bank to economic organizations exceeded that approved in the plan by LE 100 thous. made available to the General Authority for Port Said Port. However, the ratio of disbursements to economic authorities amounted to 43.6 %. As regards the economic units they did not ask for finance from the Bank except the Egyptian Company for Maritime Navigation, while the rest of economic units resorted to self finance.

DOWN PAYMENTS:

The Bank provided a down payment of LE 3.7 m to the Egyptian Co. for Maritime Transport during the year and was disbursed in full.

SELF FINANCE :

Self finance approved to entities subordinate to the Ministry of Maritime Transport in the 1980/81 plan amounted to LE 7.4 m of which LE 7.1 m or 95.7 % was utilized.

CREDIT FACILITIES:

The 1980/81 plan approved credit facilities amounting to LE22.5 m or 47.4 % of Ministry's total plan. Out of this amount about LE 13 m or 57.8 % was implemented most of it in Alexandria Port Authority.

3- MINISTRY OF COMMUNICATIONS

The Ministry of Communication plan included investments of about LE 135.5 m, of which local currency LE 48.7 m, free currency LE 14 m and facilities LE 73.8 m Executions amounted to LE 91.9 m which are given hereafter according to their money component compared with approved investments (in LE ooo's) :

	<u>TOTAL</u>	<u>LOCAL</u>	<u>FREE CURRENCY</u>	<u>FACILITIES</u>
Approved	135500	48700	14000	72800
Executed	91933.1	40628.4	12763.7	38541
Ratio %	67.8	83.2	91.2	52.9

These executed investments were financed as follows :

<u>INVESTMENT BANK</u>	LE 49711.8 thous.
<u>SELF FINANCE</u>	3680.3
<u>FACILITIES</u>	38541

NATIONAL INVESTMENT BANK FINANCE

Bank commitments during 1980/81 to Ministry of Communications amounted to LE 62 m, and available to LE 59.4 m or 95.8 % of

the approved, while disbursements totalled LE 49.7 m or 83.7 % of the available during the year. The following indicates approved and available finance and disbursements during the same period according to the State budget classification (in LE 000's) :

	<u>APPROVED BANK FINANCE IN THE PLAN</u>	<u>AVAIL- ABLE</u>	<u>DISBURSED</u>	<u>RATIO OF APPROVED</u>	<u>DISBURSED TO AVAIL- ABLE %</u>
ADMINISTRATIVE SYSTEM	5	5	3.6	72	72
ECONOMIC ORGANIZATIONS	59395.7	59395.7	49708.2	83.7	83.7
ECONOMIC UNITS	2619	-	-	-	-
TOTAL	62919.7	59400.7	49711.8	80.2	83.7

It appears from the above that the Bank made the approved finance available in full to both the administrative system and the economic organizations, however, the administrative system disbursed only 72% and the economic organizations disbursed only 83.7 %. As for the economic units represented in the Egyptian Co. for Telephone equipment did not ask for finance from the Bank.

DOWN PAYMENTS:

The Bank made available LE 2 m as down payment to the Telecommunications Authority, which disbursed in full during the year.

SELF FINANCE:

The plan of the Ministry of Communications included self finance amounting to LE 0.7 m raised to LE 3.7 m, of which LE 3 m was accounted for by the Telecommunications Authority, LE 0.6 m by the General Post Authority and LE 0.1 m by the Egyptian Company for Telephone Equipment. Execution was effected in full.

CREDIT FACILITIES :

Credit facilities to the Ministry of Communications were confined in the Telecommunications Authority up to LE 72.8 m, of which LE 38.5 m or 52.9 % was executed.

4 -MINISTRY OF CIVIL AVIATION

Investments allocated to the Ministry of Civil Aviation and its subordinate entities amounted to LE 38.9 m, of which local currency LE 20.4 m, free currency LE 10.1 m and facilities LE 8.4 m. Out of its total investments LE 26.5 m or 68.2 % was implemented. The following shows implemented investments according to their money components (in LE 000's).

	<u>TOTAL</u>	<u>LOCAL</u>	<u>FO- REIGN</u>	<u>FREE CURRENCY</u>	<u>FACILI- TIES</u>
APPROVED	38900	20400	18500	10100	8400
IMPLEMENTED	26514.1	12700.6	13813.5	7146.4	6667.1
RATIO %	68.2	62.3	74.7	70.7	79.4

Sources of financing these executed investments are as follows:

INVESTMENT BANK	LE 10784 thous.
SELF FINANCE	LE 9063 thous.
FACILITIES	LE 6667.1 thous.

NATIONAL INVESTMENT BANK FINANCE

Bank commitments during 1980/81 to Ministry of Civil Aviation amounted to LE 21.4 m, the finance of which was made available in full by the Bank. Disbursements totalled LE 10.8 m or 50.3 %.

The following indicates approved and available finance and disbursements according to State budget classification (in LE 000's)

	<u>BANK FINANCE APPROVED IN THE PLAN</u>	<u>AVAIL- ABLE</u>	<u>DISBURSED</u>	<u>RATIO OF DISBURSED TO APPROVED %</u>	<u>AVAIL- ABLE %</u>
ADMINISTRATIVE SYSTEM	279	279	85	30.5	30.5
SERVICING ORGANIZATIONS	10030	10030	3925.8	39.1	39.1
ECONOMIC ORGANIZATIONS	11128	11128	6773.2	60.9	60.9
ECONOMIC UNITS	-	-	-	-	-
TOTAL	21437	21437	10784	50.3	50.3

It appears from the above that the Bank made finance available in full to all entities, but the ratio of disbursements varied from one entity to another: it amounted to 30.5 % for the administrative system, 39.1 % for servicing authorities and 60.9% for economic units.

DOWN PAYMENTS :

The Bank provided LE 6.3 m to Cairo Airport Authority as down payment to start the execution of its projects included in the plan.

SELF FINANCE:

Self finance approved to the Ministry of Civil Aviation amounted to LE 9.1 m which is confined in Egypt Air and was disbursed in full.

CREDIT FACILITIES :

Approved credit facilities amounted to LE 8.4 m, of which LE 6.7m or 79.4 % was implemented.

5 - ALEXANDRIA PASSENGER TRANSPORT AUTHORITY

This Authority was allocated in the 1980/81 plan investments amounting to LE 8.3 m, of which local currency LE 3.7 m, free currency LE 1.9 m, and facilities LE 2.7 m. Out of these investments LE 9.1 m or 109.1 % was executed as follows according to their money components (LE 000's) :

	TOTAL	LOCAL	FOREIGN	free CURRENCY	FACI- LITIES
APPROVED	8300	3700	4600	1900	2700
EXECUTED	9052	3700	5352	1900	3452
RATIO %	109.1	100	116.3	100	127.9

The executed investments were financed as follows :

INVESTMENT BANK	LE 2874 thous.
SELF FINANCE	LE 2726 thous.
FACILITIES	LE 3452 thous.

NATIONAL INVESTMENT BANK FINANCE

Bank commitments amounted to LE 2.9 m and was made available to the Authority in full and disbursed during the year.

SELF FINANCE

The plan approved LE 2.7 m to be self financed by the Authority and was disbursed in full.

CREDIT FACILITIES :

The plan included LE 2.7 m credit facilities. The volume of executions amounted to LE 3.5 m, i.e. with an increase of LE 0.8 m disbursed out of the approved increase amounting to LE 4.5 m to import tramcar units.

6 - BOARDCAST & TELEVISION CORPORATION

The plan included investments amounting to LE 15.6 m, of which local currency LE 7 m, free currency LE 1.3 m and facilities LE 7.3 m.

Implementation totalled LE 17.5 m or 112.3 % as follows according to their money componenets (in LE 000's) :

	<u>TOTAL</u>	<u>LOCAL</u>	<u>FOREIGN</u>	<u>FREE</u> <u>CURENCY</u>	<u>FACILI-</u> <u>TIES</u>
Approved	15600	7000	8600	1300	7300
Implemented	17510	8910	8600	1300	7300
Ration %	112.3	127.3	100	100	100

The increase in local currency is due to the fact that the corporation obtained from the Bank an investment increase amounting to LE 1.9 m in local currency as well as down payments totalling LE 4 m.

The corporation's investments were implemented to support broadcasting to cover and strengthen television transmission in Mehalla al Kobra , Damietta, Marsa Matrouh, Red Sea, Al Wadi al Gadid, as well as substitution and completion appliances in the microwave network projects, utilities of broadcasting

stations and means of transport training center.

7 - THE SUEZ CANAL AUTHORITY

Investments allocated to the Authority amounted to LE 130 m, of which local currency LE 46.3m, free currency LE 25.3m, and facilities LE 58.4 m. Executions totalled LE 109.2 m or 84% as follows, according to their money components (in LE 000's)

	<u>TOTAL</u>	<u>LOCAL</u>	<u>FOREIGN</u>	<u>FREE CURRENCY</u>	<u>FACILITIES</u>
APPROVED	130000	46300	83700	25300	58400
EXECUTED	109150	27930	81220	44020	37200
RATIO %	84	60.3	97	174	63.7

They were financed as follows :

SELF FINANCE	LE 59292 thous.
OTHER SOURCES	LE 12658 thous.
FACILITIES	LE 37200 thous.

SELF FINANCE:

The 1980/81 plan approved to the Authority and its companies self finance amounting to LE 58.4 m, while executions totalled LE 59.3 m, i.e. with an increase of LE 0.9 m.

OTHER SOURCES :

The plan of the companies of the Suez Canal Authority included the allocation of investments amounting to LE 12.7 m to be financed from the Suez Canal Authority as a holding company. This amount was disbursed in full.

CREDIT FACILITIES :

Credit facilities approved to the Authority and its companies stood at LE 58.4 m, of which LE 37.2 m or 63.7 % was executed.

HOUSING AND CONSTRUCTION SECTOR

INTRODUCTION:

The policy of the State aims at solving the problem of housing and restrict its expansion, alleviate the acuteness of population accumulation in large cities, support the growth structure of small cities, satisfy the needs of emerging families to housing units, establishment of urban communities and new cities. Therefore, the plan undertook to support the contracting system, increase building materials, polarize mechanization in construction operations, absorb the latest modern technology in the world of building and construction

For this purpose the 1980/81 plan allocated investments totalling LE 550.2 m to the ministries of housing and construction. The investment plan of each ministry will be dealt with separately, then the position of execution will be followed up during the period from 1.7.80 to 30.6.81, with emphasis on the role of the National Investment Bank in financing the approved plan of the executing entities of both the two ministries.

THE MINISTRY OF HOUSING

Approved investments to the Ministry of Housing in the 1980/81 plan amounted to LE 395.2 m, of which LE 189.8 m to be financed by the National Investment Bank. Distribution of the approved investments to entities of the Ministry by sources of their finance is as follows (in LE million) :

	INVESTMENT BANK FIN-	SELF FINANCE	FACILITI- ES	TOTAL
Administrative System	8.6	-	9.9	18.5
Servicing Organizations	77.5	-	72.7	150.2

(cont'd)

	INVESTMENT BANK FINANCE	SELF FIN.	FACILITIES	TOTAL
Economic Organizations	31.1	1.4	39.0	71.5
Economic Units	72.6	15.2	67.2	155.0
TOTAL	189.8	16.6	188.8	395.2
Relative Importance %	48	4.2	47.8	100.0

The above indicates that with the exception of self finance which represents 4.2 % of total investments, more than half of the rest will be financed through the National Investment Bank and the remainder through facilities.

EXECUTED INVESTMENTS :

Total executed investments through the above sources of finance during 1980/81 for Ministry of Housing projects amounted to LE 293.3m, of which LE 173.9 m through the Investment Bank (59.4%), LE 14.6m through self finance (4.9 %), and LE 104.8 m through facilities (35.7%).

Distribution of executed investments by various entities and sources of finance compared with the plan is given hereafter

	INVEST.BANK FINANCE	SELF FINANCE	(in LE 000's) FACILI- TIES	TOTAL
Administrative System) Plan	8600	-	9900	18500
) Exec.	5465	-	1706	7171
) %	63.5	-	17.2	38.8
Servicing Organizations) Plan	77500	-	72700	150200
) Exec.	66357	-	31249	97606
) %	85.6	-	4.3	65
Economic Organizations) Plan	31150	1350	39000	71500
) Exec.	33772	1350	33643	68765
) %	108.4	100	86.3	96.2

		INVEST. BANK FINANCE	SELF FINANCE	FACILITIES	TOTAL
ECONOMIC UNITS	) PLAN	72584.6	15215.4	67200	155000
	) EXEC.	68311.2	13228.7	38198.2	119738.1
	) %	94.1	86.9	56.8	77.3
TOTAL	) PLAN	189834.6	16565.4	188800	359200
	) EXEC.	173905.2	14578.7	104796.2	293280.1
	) %	91.6	88.0	55.5	74.2

The above shows that the Invest. Bank is considered a major source of finance as the ratio of execution through the Bank amounted to 91.6% of its commitments in the plan and 59.4% of the total executed through the three sources :

A- INVESTMENT BANK FINANCE

Total finance made available by the Bank to the Ministry of Housing amounted to LE 206.9 m (with the exception of down payments totalling LE 30.6 m), and total utilization thereof amounted to LE 173.9 m or 84.3 %. Bank commitments in the 1980/81 plan, finance available through it, utilized of this available and the remaining balance distributed by various entities of the Ministry, are as follows (in LE 000's):

	ADMIN. SYSTEM	SERVIC- ING ORG.	ECONOMIC ORG.	ECONOMIC UNITS	TOTAL
Bank Commitments in the plan	8600	77500	31150	72584.6	189834.6
Available finance (*)	11495	89500	37019	68311.2	206325.2
Utilization (*)	5465	66357	33772	68311.2	173905.2
Balance	6030	23143	3247	-	32420
RATIO OF UTILIZATION TO:					
APPROVED %	54.4	85	108.4	94.1	90.6
AVAILABLE %	47.5	74	91.2	100.0	84.3

It appears from the above that :

(*) Available and utilized finance excluding down payments.

- The decline of the finance available to economic units is less than Bank commitments as the system of bank finance to such units is effected in instalments according to their demands and in the light of actual implementation. Therefore, all the finance available to them utilized in full.

- As regards the administrative system and the authorities, available finance exceeds Bank commitments as a result of additional finance made available by the Bank amounting to LE 22.9 m distributed as follows :

LE 2.9 m	Completion of projects relating to Presidential services buildings
10.0 m	Projects of the General Authority for sewerage and sanitation.
1.0	Alexandria sanitation projects
1.0	Projects of the General Authority for Potable Water.
3.4	Projects of the Great Cairo Water Utility Authority.
2.5	Projects of Alexandria Water Utility Authority
2.1	Projects of Electricity, communications and Housing in Heliopolis Co. for Housing and Construction.

- The decline in the ratio of utilization to available is mainly concentrated in the administrative system, as this ratio goes down to 47.5 % due to slow execution in the implementation system of the housing joint projects, which appears with respect to the administrative system as follows :

	<u>Available</u>	<u>Utilized</u>	<u>%</u>
Main Office of the Ministry	6995	5711	81.6
Implementation System of Housing Joint projects	4500	652	14.5

It appears from the above that there is deficiency in executing housing joint projects which might be due to connecting their implementation with the facilities provided by the World Bank. These facilities amounted to LE 9.4 m in the plan, of which only LE 1.2 m was utilized.

- This ratio increases to 74 % for the servicing authorities, and 91% for the economic authorities. This is due to the progress in implementing projects of Cairo Water Utility General Authority (available LE 12 m and utilized LE 10.6 m), and potable Water General Authority (available LE 19 m and utilized LE 15 m).
- It is noteworthy that besides the Bank's response to facilitate the financing of investments according to execution time programs, it made available the sum of LE 30.6 m being down payments to a group of projects contracted during the year, the most important of which are :

<u>PROJECTS</u>	<u>T O T A L COSTS</u>		<u>DOWN PAY-MENTS</u>	<u>PRODUC-TIVE CAPACITY</u>	<u>(LE million) REMARKS</u>
	<u>total</u>	<u>foreign</u>			
Nag Hammadi Cement	255	160	11	2 m ton	Down Payment
West Alexandria ""	150	100	9.3	1.2m "	" "
Aamerya Gypsum	24	18	3.6	300,000 "	Complete Payment.

B - SELF FINANCE

The Ministry of Housing budget included investments amounting to LE 16.6 m to be self financed from the General Authority for Alexandria Water Utility, building materials companies (excluding cement), contracting companies and Heliopolis Housing and Construction Co.

- The following is distribution of self finance approved and utilized in these entities (in LE 000

	<u>APPROVED</u>	<u>UTILIZED</u>	<u>RATIO</u> %
Alexandria Water Utility	1350	1350	100.0
Building Materials Companies (excluding cement)	2058	1953	94.9
Contracting companies	11 57	9264	83.8
Heliopolis Housing Co.	2100	2041	97.2
TOTAL	16565	14608	88.2

C - FACILITIES

Total facilities allocated in the 1980/81 plan to the Ministry of Housing amounted to LE 188.8 m or 47.5 % of total investments approved to the Ministry.

- Follow up reports received from entities indicate that total utilization of such facilities amounted to LE 104.8 m at a rate of execution of 55.5 % - The following is distribution of facilities to entities of the Ministry (in LE 000's)

	<u>APPROVED</u>	<u>UTILIZED</u>	<u>RATIO</u>
Administrative System	9900	1706	17.2
Servicing Authorities	72700	31249	45.6
Economic Authorities	39000	33945	85.6
Economic Units	67200	38198	56.8
TOTAL	188800	104796	55.5

It appears from the above that

- The decline of the overall ratio of utilized facilities is concentrated in the administrative system, and could be due to:
 - 1- Slow execution in the projects of the execution system of housing joint projects because of linking execution to facilities provided from the World Bank amounting to LE 9.4 m of which only LE 1.2 m was utilized. This necessitates eliminating execution obstacles, especially that this project executes housing and promotion projects in Cairo, Alexandria, Assiut and the districts of Helwan and Min Shams, together

improving the entrances and round roads, water networks, sanitation, electricity, and other social services.

2 - In the economic units where the volume of utilized facilities is clearly connected with the arrival of machinery and equipment, especially those contracted in previous years for the present year 1980/81. It is noteworthy that facilities utilized in the economic units amounting to LE 38.2 m is concentrated mainly in cement companies. This is natural as these companies execute a group of expansion projects in the cement industry. This is expected to increase production from 2.9 m tons in 1980 to about 3.7 m tons in 1980/81 and about 9 m tons in 1984/85. The most important of these projects are :

	(LE million)			
	TOTAL COSTS	COMPLETED UP TO 30.6.80	EXECUTED DURING 1980/81	PRODUCTIVE CAPACITY (full operation)
First and second line for Helwan	180	121	24	3.0 m tons
Assiut Cement	154	55	42	1.5 m tons
Qawmya second expansion	68	59	8)	2.0 m tons
Qawmya third expansion	141	57	18)	

MINISTRY OF CONSTRUCTION

Approved Investments

Investments approved to the Min. of Construction in the 1980/81 plan amounted to LE 1555 m, to be financed through the National Investment Bank, self finance and facilities. Distribution of these investments to the various entities of the Ministry and by sources of finance is given hereafter in (LE m.)

	<u>INVESTMENT BANK FINANCE</u>	<u>SELF FINANCE</u>	<u>FACILI- TIES</u>	<u>TOTAL</u>
Administrative System	82.6	-	5.4	88.0
Servicing Authorities	1.5	-	0.9	2.4
Economic Authorities	48.1	4.1	0.8	53.0
Economic Units	0.9	11.1	-	12.0
TOTAL	133.2	15.2	7. (*)	155.5
Relative Importance %	85.6	9.6	4.5	100.0

It appears from the above that the National Investment Bank represents a major role in financing investments, as its relative importance stands at 85.6 %, while self finance represents about 10% of total investments. Although facilities declined to 4.5 %, the plan allowed utilization of facilities estimated at LE 50 m obtainable during the year.

IMPLEMENTED INVESTMENTS:

Implemented investments through the above-mentioned sources of finance in 1980/81 amounted to about LE 172 m, of which LE 104.5 m or 60.7 % through the Investment Bank, as follows :

	(in LE 000's)			
	<u>INVESTMENT BANK FINANCE</u>	<u>self Fin.</u>	<u>FACILITIES</u>	<u>TOTAL</u>
PLAN	133213	15187	7100	155500
IMPLEMENTED	104517	59358	38448	172323
RATIO %	78.5	193.4	141.5	110.8

Distribution of executed by entities and sources of finance is given hereafter (in LE 000's) :

(*) Excluding LE 50 m facilities obtainable during the year.

		<u>INVESTMENT BANK FIN.</u>	<u>SELF FINANCE</u>	<u>FACILI- TIES</u>	<u>TOTAL</u>
ADMINISTRATIVE SYSTEM	)	PLAN 82610	-	5400	88010
	)	EXEC. 58731	-	6171	64892
	)	% 71.1	-	114.3	73.7
SERVICING AUTHORITIES	)	PLAN 1540	-	900	2440
	)	EXEC. 1065	-	-	1065
	)	% 69	-	-	43.7
ECONOMIC AUTHORITIES	)	PLAN 48146	4054	800	53000
	)	EXEC. 44351	18358	12395	75104
	)	% 92.1	452.8	1549.4	141.7
ECONOMIC UNITS	)	PLAN 917	11133	-	12050
	)	EXEC 380	11PPP	19882	31262
	)	% 41.4	98.8	-	259.4
TOTAL	)	PLAN 133213	15187	2100	155500
	)	EXEC. 104517	29358	38448	172323
	)	% 78.5	193.4	541.5	110.8

We give hereunder investments executed through each source separately.

A- INVESTMENT BANK FINANCE

Total finance made available by the Bank to the Ministry of construction amounted to LE 136.4 m and utilization thereof to LE 104.5 m or 76.6 %. Bank finance commitments - 1980/81 plan - available finance through the Bank, utilized thereof and the remaining balance distributed according to various entities of the Ministry (in LE ooo's) :

	ADMIN. SYSTEM	SERVICING AUTH.	ECONOMIC auth:	ECONOMIC UNITS	TOTAL
Bank Commitments in the Plan	82610	1540	48146	917	133213
Available finance	86380	1540	48146	380	136446
Utilized	58731	1065	44351	380	104517
Balance	27659	475	3795	-	31929
RATIO OF UTILIZED TO APPROVED %	71.1	69.2	92	41.4	78.5
AVAILABLE %	70.0	69.2	92	100	76.6

The following is noted from the above :

- Available finance includes additional finance amounting to LE 3.1 m for the Central Construction System, of which LE 1.8 m for Sinai construction projects and LE 1.3 m for the building and construction training system.
- The high ratio of utilized to available in economic authorities is due to progress in implementing the projects of Development of urban communities and new cities (available LE 45.9 m and utilized LE 42.4m, High Dam Lake Authority (available LE 2.2 m and Utilized LE 1.9 m).
- The low ratio in the administrative units (68 %) is due to the decline in utilization of available finance to the Central Construction system and main office of the Ministry.

B - SELF FINANCING

The Ministry of Construction budget for 1980/81 included investments amounting to LE 15.2 m to be self financed, and confined to the Development of new communities Authority (LE 4.1 m), contracting companies (LE 11.1m) Approved self finance and utilized thereof are given hereafter (in LE million) :

	Approved	Utilized
DEVELOPMENT OF NEW COMMUNITIES AUTHORITY	4.1	18.4
CONTRACTING COMPANIES	11.1	- 11.0
TOTAL	15.2	29.4

C- FACILITIES :

Total facilities allocated for the Ministry of Construction in 1980/81 amounted to LE 7.1 m (excluding LE (50) m obtainable during the year) .

- Follow up reports received from the Ministry of Construction indicates that utilized facilities amounted to LE 38.4m or 541.5%, distribute by utilizing entity as follows :

	<u>APPROVED</u>	<u>UTILIZED</u>
		LE million
Studies and Research)		0.8
Tunnels under the Suez Canal)	1.6	-
Clay Brick Projects)		
Central Construction System	3.8	3.7
Construction Planning Authority	0.9	-
Development of High Dam Lake Authority	0.8	-
Development of new communities Auth.	-	12.4
Contracting Companies	-	19.9
TOTAL	7.1	38.4

TRADE AND FINANCE SECTOR

The importance of the trade and finance sector emanated from the following important services it renders :

- Supply services and marketing, supply and storage of goods, in order to achieve equilibrium between supply and demand in consistence with the State's policy of giving top priority to food and clothing security.
- Foreign trade services with its increasing importance towards augmenting exports and hence adjust the balance of trade deficit and provide necessary goods to eliminate commodity bottlenecks which sometimes encounter the country.
- Economic cooperation activity that supervises the establishment of free zones which started to be a practical actuality in the early seventies in a serious attempt to achieve the ideal exploitation of the countries material and human resources through the utilization of the human force and domestic primary materials in the country's industries.
- Banking system services that play an important and vital role in supporting the national economy through mobilization of savings necessary to push self growth and increase the volume of national income.
- Development of resources through collection of sovereign resources of the State with its increasing importance year after year.
- Tourism which represents hope to augment the country's regions of tourism attraction which require the allocation of investments to develop these regions.

- Social Insurances that spread insurances to all citizens, thus leading to an expansion in opening insurance and pensions zones and offices in capitals of governorates and most districts and police stations.

The following indicates investments allocated in the 1980/81 plan to the sector as well as finance.

	BANK FINANCE	SELF FINANCE	FACILITIES	TOTAL
	-----	-----	-----	-----
PLAN	115099	24501	117500	257100
EXECUTED	74697	38329	29146	142172
%	65	154	25	55

It appears from the above that total approved investments to the sector in the 1980/81 plan amounted to LE 257.1 m of which LE 142.2 m or 55% was executed.

Execution through self finance amounted to LE 38.3 m or 54% of the approved in the plan, through Bank finance LE 74.7 m or 65% of the approved in the plan, while execution through facilities amounted to LE 29.1 m or 25% of the total facilities approved.

MINISTRY OF ECONOMY AND FOREIGN TRADE

The Ministry of Economy supervises the execution of investments approved in the plan for a number of important activities, viz :

- Foreign Trade
- Cotton Ginning and exporting
- Banking System
- Insurance companies
- Free Zones
- Exhibitions and International Fairs.

It could be stated that the project these entities are interested

to execute are those related to adjustment of the trade balance deficit either through increasing production for export either directly or indirectly or through facilitating exportation and its operations, whether with respect to preparing goods for export or shipment in contracted times and according to specifications.

Projects of the Ministry of Economy and its subsidiaries do not include investments in new projects except refrigeration and new ginning factories.

Projects of the banking system and insurance companies are mainly directed to completion of housing projects with regard to insurance companies and the establishment of new branches of banks and providing them with furniture and modern equipment.

FIRST : INVESTMENTS APPROVED IN THE 1980/81 PLAN

Investments allocated to the Ministry of Economy amounted to LE 43 m, excluding LE 14 m made available by the National Investment Bank to the general Authority for Investment and Free Zones in addition to approved to it in the plan. Plan investments were distributed to entities of the Ministry of Economy according to budget classification as follows (in LE000's)

<u>DESCRIPTION</u>	<u>SELF FINANCE</u>	<u>INVEST. BANK FINANCE</u>	<u>FACILITIES</u>	<u>TOTAL</u>
ADMINISTRATIVE SYSTEM	-	280	-	280
SERVICING AUTHORITIES	-	219	500	719
ECONOMIC AUTHORITIES	289	25688	6740	32717
ECONOMIC UNITS	<u>6160</u>	<u>2164</u>	<u>960</u>	<u>9284</u>
TOTAL	6449	28351	8200	43000

It appears from the above :

- 1- The plan entrusted to the National Investment Bank financing investments amounting to LE 28.4% or 66% of investments approved in the plan.
- 2- Self finance of investments is almost limited to economic units and represents 15% of total investments approved in the plan.
- 3- Finance through utilization of credit facilities represents 19% of total approved investments.

SECOND: INVESTMENTS FINANCED DURING 1980/81

Follow up data for 1980/81 indicate that investments of the Ministry of Economy and its subsidiaries during the year amounted to LE 47.9 m or 111% of investments approved in the plan totalling LE 43 m. This ratio declines to 24% if we take into consideration the LE 14 m made available by the Bank to the General Authority for investment and free zones.

The following indicates distribution of investments approved in the plan as well as execution thereof during 1980/81 according to budget classifications:

<u>ENTITIES</u>		<u>BANK FINANCE</u>	<u>SELF FINANCE</u>	<u>FACILITIES</u>	<u>OTHERS</u>	<u>TOTAL</u>
ADMINISTRATIVE SYSTEM	PLAN	280	-	-	-	280
	EXEC.	150	-	-	-	150
	%	54	-	-	-	54
LOCAL GOVERNMENTS	PLAN	-	-	-	-	-
	EXEC	-	-	-	-	-
	%	-	-	-	-	-

SERVICING AUTHORITIES	PLAN	219	-	500	-	719
	EXEC	289	-	-	-	289
	%	132	-	-	-	41
ECONOMIC AUTHORITIES	PLAN	25688	289	6740	-	32717
	EXEC	26951	331	2200	-	29482
	%	105	115	33	-	90
ECONOMIC UNITS	PLAN	2164	6160	960	-	9284
	EXEC	910	16853	200	-	17963
	%	42	274	21	-	194
TOTAL	PLAN	28351	6449	8200	-	43000
	EXEC	28300	17184	2400	-	47884
	%	100	266	29	-	111

The above indicates that the ratio of execution is the lowest with respect to services authorities as they implemented only 41% of total investments approved to them in the plan, while economic units executed 194%, the administrative system 54% and economic authorities 90%.

We give hereunder comments on utilizations from the various sources of finance to finance executed investments during the year.

A- National Investment Bank Finance of the 1980/81 Plan

Investments :

- The plan entrusted to the National Investment Bank financing investments amounting to LE 28.4 m of total investments approved to the Ministry of Economy and its subsidiaries during 1980/81, or 66% of the total approved investments amounting to LE 43 m

- In addition to investments the finance of which is entrusted to the National Investment Bank, the Bank made available to the general Authority for investment and free zones an amount of LE 14 m in addition to the amounts approved in the amended plan to give a strong push to general free zones projects.

Bank commitments, available and disbursed during 1980/81 by subsidiaries of the Ministry of Economy according to budget classifications are as follows (in LE 000's) :

DESCRIPTION	BANK COMMIT. IN THE PLAN	AVAILABLE FINANCE	DIS- BURSED	RATIO OF DISBUR- SED TO COMMIT. %	AVAILABLE %
ADMINISTRATIVE SYSTEM	280	280	150	53.6	53.6
SERVICING AUTHORITIES	219	406	289	132.0	71.2
ECONOMIC AUTHORITIES	25688	39688	26951	104.9	67.9
ECONOMIC UNITS	2164	910	910	42.1	100.0
TOTAL	28351	41284	28300	99.8	68.5

The following appears from the above table :

- The ratio of available finance from the Bank to total plan commitments amounting to 146%, reflects Bank flexibility in financing projects advanced in execution. The Bank made available to the General Authority for investment finance exceeding by LE 14 m the approved to it in the amended plan to finance expansion and completion in the general free zones.
- The ratio of total disbursements to commitments amounted to 99.8%, but declines to 67% after adding the increase that was made available by the National Investment Bank to the Investment Authority in addition to amounts approved to it.
- The ratio of total disbursements to available finance

amounted to 69%.

The most important projects of the Ministry of Economy, the majority of their investments, ^{which} are financed by the National Investment Bank are the general Authority For Promoting Ginning Factories, and the General Authority for Investment and Free Zones. The plan entrusted to the Bank financing LE 24197 thous. or 85% of the total finance entrusted to the Investment Bank and approved to the Ministry of Economy. The Bank made available to both authorities the approved finance in full besides the additional finance made available by the Bank to the General Authority for Investment and Free Zones.

B- SELF FINANCE:

It was decided in the 1980/81 Plan an amount of LE 6449 thous. or 15% of the investments approved to the Ministry of Economy shall be self financed. Economic Authorities account for LE 289 thous. However, executions totalled LE 331 thous. or 115% as it was decided during the year to increase the investments of the Cotton Arbitration and Tests Authority by LE80 thous. to be self financed. Economic units account for LE 6160 thous., while executions amounted to LE 16853 thous. or 274%, following the approval to increase investments of some units, especially banks, which are to be self financed.

C- FACILITIES

The 1980/81 plan decided that LE 8200 thous. or 19% of the total investments approved to the Ministry of Economy is to be financed through credit facilities. Servicing Authority

accounts for LE 500 thous. for the Money Market General Authority but unutilized. Economic authorities account for LE6740 thous., of which LE 105 thous. for the Cotton Arbitration and Tests Authority but unutilized, LE 6635 thous. for the General Authority For Promoting Ginning Factories to be financed from World Bank and Saudi Development Fund Loan, of which LE 2200 thousand or 33% was utilized. Economic units accounted for LE 960 thous. of which LE 200 thous. or 29% was utilized.

MINISTRY OF TOURISM

Tourism is a multiple sided activity, such as hosting guests, tourist transport and entertainment. Tourism, second to petroleum and transfers of working abroad, is considered the hope to augment our foreign exchange receipts, as our traditional exports were exposed to violent shocks resulting from the pressure of investment requirements to sectors of the national economy had prevented the allocation of sufficient investments to develop this sector, it is hoped that the private and joint sectors play an important role in the development of tourism.

FIRST: APPROVED INVESTMENTS IN THE 1980/81 PLAN:

The Ministry of Tourism was allocated investments amounting to LE 56 m. Plan investments were distributed to Ministry of Tourism subsidiaries according to budget classifications as follows : (in LE 000's) :

<u>DESCRIPTION</u>	<u>SELF FINANCE</u>	<u>INVEST. BANK FINANCE</u>	<u>FACILI-TIES</u>	<u>TOTAL</u>
ADMINISTRATIVE SYSTEM	-	3320	3201	6521
ECONOMIC UNITS	8994	16086	24399	49479
TOTAL	8994	19406	27600	56000

It appears from the above table that the plan entrusted to the National Investment Bank financing LE 19.4 m or 35% of the total investments approved in the plan, while 16% to be self financed and 49% credit facilities.

SECOND : INVESTMENTS IMPLEMENTED DURING 1980/81 :

Follow up data for 1980/81 indicate that implemented investments of the Ministry of Tourism and its subsidiaries during the year amounted to LE 35.2 m or 63% of investments approved in the plan amounting to LE 56 m.

The following table shows distribution of investments approved in the plan and implemented thereof during the year 1980/81 according to budget classifications , in LE 000's

<u>E N T I T I E S</u>		<u>BANK FINANCE</u>	<u>SELF FINANCE</u>	<u>FACILITIES</u>	<u>TOTAL</u>
ADMINISTRATIVE SYSTEM	PLAN	3320	-	3201	6521
	EXEC	1410	-	2000	3410
	%	42	-	62	52
ECONOMIC UNITS	PLAN	16086	8994	24399	49479
	EXEC	12621	8539	10600	31760
	%	78	95	43	64
T O T A L	PLAN	19406	8994	27600	56000
	EXEC.	14031	8539	12600	35170
	%	72	95	46	63

It appears from this table that

- Economic units executed 64% of total investments approved in the plan, against 52% executed by the administrative systems.
- Investments were executed by the utilization of sources of finance as follows :

A- NATIONAL INVESTMENT BANK FINANCE OF THE 1980/81 PLAN
INVESTMENTS :

- The plan entrusted to the National Investment Bank financing investments amounting to LE 19.4 m, or 35% of total investments approved to the Ministry of Tourism and its subsidiaries totalling LE 56 m.
- In addition to investments the finance of which was entrusted to the Bank, the Bank approved to increase investments allocated to EGOT Co. by LE 1.5 m in local currency to bring local finance into balance with the foreign component.

Bank commitments, available and disbursed finance during 1980/81 by Ministry of Tourism subsidiaries according to budget classifications in LE 000's, are distributed as follows :

<u>DESCRIPTION</u>	<u>BANK</u> <u>COMMIT-</u> <u>MENT</u>	<u>AVAILABLE</u> <u>FINANCE</u>	<u>DIS-</u> <u>BURSED</u>	<u>RATIO OF DIS-</u> <u>BURSED TO</u>	
				<u>COMMIT.</u>	<u>AVAILABLE</u>
ADMINISTRATIVE SYSTEM	3320	3320	1410	42.5	42.5
ECONOMIC UNITS	16086	12621	12621	78.5	100
TOTAL	19406	15941	14031	72.5	88.0

It appears, therefore, that total utilization of Bank finance during the year amounted to LE 14 m or 72.3 % of the approved for the year.

The economic units utilized 78.5 % of the approved, while the administrative system utilized only 42.5% of the approved. It is known that the National Investment Bank provides the economic units with finance entrusted to it upon requests according to the presented time programs.

B- SELF FINANCE : The 1980/81 plan decided that LE8994 thous.

or 16 % of the investments of the Ministry of Tourism is to be self financed. This finance is accounted for by economic units and represents 18% of their total investments. Utilization amounted to LE8539 thous. or 95% of the approved in the plan.

C- FACILITIES

The 1980/81 plan decided that LE 27600 thous. or 49% of the investments of the Ministry of Tourism through credit facilities of which LE 3201 thous. is accounted for by the Administrative system, of which LE 2000 thous. or 62% was utilized. Economic units accounted for LE 24399 thous. of which LE 10600 thous. or 43% was utilized.

MINISTRY OF FINANCE

The Ministry of Finance supervises a large number of financial mudirias and several important administrations, viz :

TREASURY ADMINISTRATION

PROPERTY TAXES ADMINISTRATION

TAXES ADMINISTRATION

CUSTOMS ADMINISTRATION

PRODUCTION TAXES ADMINISTRATION

COINAGE ADMINISTRATION.

Most of the projects of the Ministry of Finance is limited to the purchase of furniture and stationary, and the establishment of a computer in the Customs Administration to commensurate with the technological progress and improve services rendered.

FIRST : INVESTMENTS APPROVED IN THE 1980/81 PLAN

The Ministry of Finance and its subsidiary systems were allocated investments amounting to LE 4.5 m excluding LE 3036 thous. the Bank made available to the Taxes Administration and LE 270 thous. to the Property and Business Taxes Administration.

Plan investments were distributed by subsidiaries of the Ministry according to budget classifications as follows:

DESCRIPTION	SELF FINANCE	INVEST. BANK FINANCE	FACILITIES	TOTAL
ADMINISTRATIVE SYSTEM	-	2465	2000	4465
SERVICING AUTHORITIES	-	35	-	35
TOTAL	-	2500	2000	4500

The above table reveals that the plan entrusted to the National Investment Bank the finance of investments amounting to LE 2.5 m or 56 % of total approved investments. It also indicates that total facilities approved in the plan represents 44% of total investments allocated for the purchase of the computer for the Taxes Administration and financed from the French loan.

SECOND : INVESTMENTS IMPLEMENTED DURING 1980/81 :

The Ministry of Finance was approved LE 4.5 m., while executed investments totalled LE 6.726 m or 149 %.

The following table indicates distribution of investments approved in the plan and executed thereof during 1980/81 according to budget classifications in LE 000's :

		BANK FINANCE	SELF FIN.	FACILITIES	TOTAL
ADMINISTRATIVE SYSTEM	PLAN	2465	-	2000	4465
	Exec.	4037	-	2679	6716
	%	164	-	134	150

SERVICING AUTHORITIES	PLAN	35	-	-	35
	EXEC	10	-	-	10
	%	29	-	-	29
TOTAL	PLAN	2500	-	2000	4500
	EXEC	4047	-	2679	6726
	%	162	-	134	149

The above table refers to the following :

- The administrative system executed investments amounting to LE 6716 thous. or 150% of total investments approved in the plan, while servicing authorities executed 29 % thereof, by the utilization of sources of finance as follows :

A- National Investment Bank Finance of the 1980/81 Plan

Investments:

The plan entrusted to the National Investment Bank the finance of investments amounting to LE 2.5 m or 56 % of total investments approved to the Ministry of Finance amounting to LE 4.5 m

The following table indicates Bank commitments, available and disbursed finance during 1980/81 by Ministry of Finance subsidiaries according to budget classifications as follows, in LE 000's :

DESCRIPTION	BANK COMMIT. IN THE PLAN	AVAIL- ABLE FINANCE	DISBURSED	RATIO OF DISBURSED TO BANK COMMIT %	AVAIL ABLE %
ADMINISTRATIVE SYSTEM	2465	6413.7	4037.4	164	62.8
SERVICING AUTHORITIES	35	10	10	28.6	100
TOTAL	2500	6423.7	4047.4	162	63

It appears from the above statement that total disbursements of Bank finance during the year amounted to LE 4047.7

thous. or 162 % of the approved total, representing 63% of total funds made available by the Bank.

The ratio of finance available from the Bank to total commitments in the plan amounting to 257% reflects the Bank flexibility in financing important projects with an advanced stage of execution. The Bank made available LE 3.036 m to the Taxes Administration, LE 270 thous. to the Production and Business Taxes Administration. This finance exceeds the approved to both administrations for the purchase of new buildings to meet the expansion in employment needed to raise the level of performance and ensure the good running of work.

B - FACILITIES :

The 1980/81 Plan decided that LE 2000 thous. of investments approved to the Ministry of Finance is to be financed through facilities to be allocated for the purchase of a computer for the Taxes Administration. Execution amounted to LE 2679 thous. or 134 % of the approved in the plan, following approval to increase amount approved to the customs administration to finance the purchase of a computer from the loan available from France.

MINISTRY OF INSURANCES

The human role that the insurances sector plays is well known. It provides pensions to the needy, increased the number of those under the shed of insurances. This led to the expansion in establishing insurance and pensions offices at districts and police stations level to provide social services to citizens.

The Nasser Social Bank also participates effectively in developing the national economy and provides banking services and others.

FIRST: INVESTMENTS APPROVED IN THE 1980/81 PLAN :

The Ministry of Social Insurances and its subsidiaries were allocated investments amounting to LE2.5 m.

Plan investments by subsidiary agencies according to budget classifications are as follows (in LE 000's)

<u>DESCRIPTION</u>	<u>SELF FINANCE</u>	<u>INVEST. BANK FINANCE</u>	<u>FACILI- TIES</u>	<u>TOTAL</u>
Administrative System	-	55	-	55
Economic Authorities	1645	-	800	2445
<u>T O T A L</u>	<u>1645</u>	<u>55</u>	<u>800</u>	<u>2500</u>
	=====	=====	=====	=====

It appears from the above table that the plan entrusted to the National Invest. Bank the financing of investments amounting to LE 55,000 relating to the administrative system.

The economic authorities were allocated LE2445 thousand, of which LE 1645 thousand self finance and LE 800 thousand facilities for

Nasser Social Bank.

SECOND: INVESTMENTS IMPLEMENTED DURING 1980/81 :

It appears from monitoring during 1980.81 that implemented investments of the Ministry of Insurances amounted to LE 1600 thousand or 64 % of total approved investments. The decline of this ratio is attributed to Nasser Social Bank where ratio of its implemented investments reached 9.8 % and no approved facilities were used.

The following table indicates distribution of investments approved in the plan and implemented thereof during the year according to budget classifications (in LE 000's) :

AGENCIES	Bank FINANCE	SELF FINANCE	FACILITIES	OTHERS	TOTAL
ADMINISTRATIVE SYSTEM	) PLAN	55			55
	) IMPL.	55			55
	) %	100			100
ECONOMIC AUTHORITIES	) PLAN		1645	800	2445
	) IMPL.		1545	-	1545
	) %		94	-	63
TOTAL	PLAN	55	1645	800	2500
	IMPL.	55	1545	-	1600
	%	100	94		64

The following appears from the table :

The ratio of implemented investments amounted to 64% of which 63% for economic authorities and 100% for the administrative system, the distribution of which by sources of finance is as follows:

A- INVESTMENT-BANK FINANCE OF THE-1980/81 PLAN INVESTMENTS:

The plan charged the National Investment Bank with financing investments amounting to LE 55,000 of the total approved investments.

The Bank made this amount available in full and was disbursed. Thus the ratio of disbursed to Bank commitment and available reached 100%. This amount was earmarked for the purchase of furniture and equipment and the data bank.

B- SELF FINANCE:

The plan estimated that LE 1645 thous. of the economic authorities investments is self financed. LE 1545 thous. or 94% of the approved in the plan was used in establishing pensioners honouring premises and providing them with furniture and equipment, the microfilm project, purchase of tourist cars through Nasser Bank, and establishing means of transport service stations.

C- FACILITIES:

The Plan decided that Nasser Bank finance LE800 thous. of its investments through facilities; however, the Bank did not use these facilities as it opposed interest in its operations.

SUPPLY AND INTERNAL TRADE SECTOR:

The supply and trade sector is considered one of the important sectors that have bearing on the consumers' lives. It is responsible for the provision and distribution of food and consumer goods at suitable prices, through domestic production and importation of such goods.

- Investments approved by the 1980.81 plan to the Ministry of Supply and Internal trade, implemented thereof during the year, and sources of financing these investments are given hereunder:

FIRST: INVESTMENTS APPROVED IN THE 1980/81 PLAN:

The Ministry of Supply and its subsidiaries were allocated investments amounting to LE 151.1 m. (including LE 300,000 for the armed forces Company "Supply Activity") . Plan investments by agency according to budget classification are as follows (in LEooo' :

DESCRIPTION	SELF FINANCE	INVEST. BANK FINANCE	FACILITIES	TOTAL
ADMINISTRATIVE SYSTEM	-	1050	-	1050
ECONOMIC AUTHORITIES	-	22975	30951	53926
ECONOMIC UNITS	7413*	40762*	47949	96124*
TOTAL	7413	64787	78900	151100*

* Including allocation to the armed forces economic company.

It appears from this table that the plan charged the National Investment Bank with financing investments amounting to LE 64.7m or 43% of total approved investments, while 52% to be financed through facilities and 5% to be self financed.

SECOND: INVESTMENTS IMPLEMENTED DURING 1980/81 :

Monitoring during 1980/81 revealed that implemented investments of the supply and internal trade sector during the year amounted to LE 50.8 m or 34% of total investments approved in the plan. The following table indicates distribution of investments approved in the plan and implemented thereof during 1980/81 according to budget classifications (in LE ooo's) :

AGENCIES	BANK FINANCE	SELF FINANCE	FACILITIES	TOTAL
PLAN	1050	-	-	1050
(ADMINISTRATIVE) SYSTEM) IMPL.	800	-	-	800
%	76	-	-	76

AGENCIES		BANK FINANCE	SELF FINANCE	FACILI- TIES	TOTAL
ECONOMIC AUTHORITIES)	PLAN	22975	-	30951	53926
	IMPL.	12200	-	7300	19500
	%	53	-	24	36
ECONOMIC UNITS)	PLAN	40762	7413	47949	96124
	IMPL.	15264	11061	4167	30492
	%	37	149	9	32
TOTAL	PLAN	64787	7413	78900	15100
	IMPL.	28264	11061	11467	50792
	%	44	149	15	34

The following appears from this table :

- The administrative system implemented 76% of total investments approved to it in the plan amounting to LE 1050 thous, all of it to be financed through the National Investment Bank.
 - The economic authorities, represented in the Supply goods Authority, were allocated LE 53.9m, of which LE 19.5 m or 36% was implemented . .
 - Economic units that include flour mills and bakeries companies, silos, rice marketing companies, hullers, food and consumer companies, and armed forces economic company, were allocated LE 96.1m, of which LE 30.4m or 32% was implemented
 - Investments of the supply and internal trade sector were implemented by the use of sources of finance as follows :
- A- INVESTMENT BANK FINANCING OF THE 1980/81 PLAN INVESTMENTS:

The plan entrusted to the National Investment Bank the financing of investments amounting to LE 64.7m or 43% of total approved investments.

Out of these investments LE 28.2 m or 44% was implemented. We would like to refer that the plan entrusted to the Bank financing' investments amounting to LE 272 thous. for the armed forces economic company. However, the company did not apply for the implementation of these investments.

B- SELF-FINANCE:

It is known that self-finance is achieved through the results of current operations. The 1980/81 plan approved LE 7.4 m to the economic units of the supply sector, of which LE 11 m or 149% was implemented, due to increasing approved additional investments to some units to be self financed.

C- FACILITIES:

The 1980/81 plan decided that LE 78.9 m or 55% of total approved investments to the supply and internal trade sector is to be financed through facilities. Of these investments LE 11.4 m or 15% was implemented.

MATERIAL IMPLEMENTATION:

The Ministry utilized available investments to provide more services to the people as follows:

- Expansion in establishing many automatic bakeries to satisfy the consumers needs of improved bread and to improve the production of bread. For this purpose existing flour mills were substituted, innovated and developed to increase their productive capacity. Depots and granaries were also substituted and innovated.
- Completing the construction of Cairo and Alexandria silos at

a rate of 200,000 tons for each, and starting the construction of Safaga silo to add a productive capacity of 50,000 tons to receive and store wheat imported from Australia.

- Establishment of several refrigerating and freezing depots in Egyptian ports and in centers of population accumulation as Cairo for storing meat, poultry and fish and provide them in due time to avoid crises, hurry up unloading ships and avoid delay fines which are paid in foreign currencies.
- Expansion in establishing outlets for the distribution of food and consumer goods to reach all different consumers republic wide. Units for manufacturing ready made clothes were established at consumer good companies as well as increasing the supply thereof, and expansion in shoe production through BATA Co.
- In addition, the Ministry expanded the popular clothing project to include the Governorates of the Republic to serve civil servants and every place due to the great success achieved in Cairo and Alexandria.

SOCIAL DEVELOPMENT SECTOR:

Urban development that aims at the welfare of the Egyptian human being is not completed except through a serious economic development that is matched with social development at equal rates through which the individual gains an increasing share of cash income and in services rendered by the society.

The progress of the society depends mainly on its latent creative capacities and technical skills that enable the society to use its resources and catch up with scientific and

technical development according to technology of the age and its methods.

Therefore economic plans concentrated upon supporting the Egyptian human being through the institutions and organizations by more self-power and educational , cultural, health and religious values for strengthening his genuineness, preserving his virtues and values, and awakening his ability for work and construction.

Hence the 1980/81 plan based its strategy on two main props:

- Provision of educational, health, religious and cultural possibilities, and connecting them with the projects of other productive sector, in order to raise the performance efficiency in various spheres.

- Fair geographical distribution of services projects between localities in a form that achieves narrowing the urban gap between the country and the cities.

The social development sector could be classified by type of service in the following groups:

- 1- Educational, manpower, training and scientific research services.
- 2- Health, social and religious services.
- 3- Cultural, information, youth and sports services.
- 4- Security and justice services
- 5- Presidential services.

Detailed analysis of each group's implementations during 1980/81 indicating the role of the National Investment Bank, is given hereafter:

- 1- Educational, manpower, training and Scientific Research Services :

The activity is undertaken by the Ministry of Education and high education, Ministry of manpower, academy of scientific research, Azhar El Sherif, Sadat Academy for Administrative Sciences.

A- MINISTRY OF EDUCATION :

Investments of the Ministry of Education in the 1980/81 plan amounted to LE39.5 m, of which LE 29.6m or 75% to be financed from the National Investment Bank and LE 9.9 m facilities.

Implemented investments amounted to LE 27.8 m or 70% of the total, of which LE 25.7 m was financed through the Bank, representing 87% of its commitment, while implemented facilities amounted to LE 2.1 m or 22%.

Important Implementations of the Ministry are:

- Completion of projects for the evolution of school buildings, and their equipments, and increasing the number of new classes in order to absorb the increasing numbers of candidates to various educational stages, and reduce class density in primary education.
- Preparation for starting with the method of basic education in the field of preparing pupils of the primary and preparatory stages with necessary professional skills and experience that conform with work conditions in the various economic activities.
- Completion of the project of printing lines in the Central Agency for School and University Books, in order to provide school and university books in due time at the suitable price.

B- ^{FR} THE MINISTRY OF HIGH EDUCATION:

Investments of the Ministry of High Education in the 1980/81 plan totalled LE 92.7 m of which LE 61.4 m or 67% Bank commitment and LE 31.4 m or 33% facilities.

Implemented investments amounted to LE 65.7 m or 71% of total approved investments, of which the Bank financed LE 54.7m or 89% of Bank commitment, and LE 10.8 m or 35% through facilities.

Important implementations of the Ministry during 1980/81 are as follows :

- Completion of student housing projects in regional universities.
- Completion of laboratory equipment and building amphitheatres in some colleges to face the continuous increase in the numbers of students admitted to universities.
- Completion of projects for building and equipment of educational university hospitals as they are considered the main prop for education in colleges of medicine.

Among the main strategic important projects are : reconstruction of the new Kasr el Aini hospital and construction of surgery educational hospital at Ain Shams University.

C- ACADEMY OF SCIENTIFIC RESEARCH

Total investments of the Academy of Scientific Research in the 1980/81 plan amounts to LE 7.5, or which LE 4.5 m or 60% Bank Commitment and LE 3m or 40% facilities. Implemented investments amounted to LE 7.3 m or 97% of total approved investments. The Bank financed LE 5 m, or 110% of LE 2.3m or 77% was financed through facilities.

The important implementations of the Academy during 1980/81 are:

- Completion of research projects contracted with other universities and agencies in addition to researches undertaken by academy institutions.
- Completion and equipment of meteorological research institutes, metals research institute and the project of the National Center for information, documentation and scientific library.

D- MINISTRY OF MANPOWER:

In the 1980/81 plan, the Ministry of Manpower was allocated investments amounting to LE 2 m., of which LE 1.5m or 75% Bank commitment and about LE 0.5m facilities.

Implemented investments amounted to LE 1.2 m or 61% of the total approved in the plan, of which LE 0.9m or 60% was financed through the Bank and about LE 0.3 m or 65% through facilities.

Important implementations of the Ministry during 1980/81 are:

- Establishment and support of 15 vocational training centres in the governorates, with the aim of graduating some 21,300 workers of medium skills necessary for the various economic activities.
- Completion of studies relating to technical training as part of a national project for a plan to raise the level of technical education and training as well as industrial security projects spread in governorates.

E- AL AZHAR EL SHARIF:

Total investments approved to Azhar el Sharif in the 1980/81

plan amounted to LE 12.5m, of which LE11.5m or 92% Bank Commitment , and LE 1 m or 8% through facilities.

Implemented investments amounted to LE 9.5 m or 76% of total approved investments, of which the Bank financed LE 8.7 m or 75% of Bank commitment, and LE 0.8 m or 80% through facilities.

The main implementations of ^{AL}Azhar el Sharif during 1980/81 are

- Completion of building and equipment of 130 primary, preparatory and secondary Azhari institutes, in addition to completion of three Azhari institutes at Al Arish.
- Completion and equipment of girl students university city with the aim of absorbing expatriated students of Girls Islamic College, in addition to supplying existing university cities with automatic kitchens and laundries.
- Completion and equipment of university hospitals subsidiary to Azhar University and supporting them with necessary equipment and installations.

2- HEALTH, SOCIAL AND RELIGIOUS SERVICES:

This activity is undertaken by the Ministries of Health, Social Affairs and Wakfs.

A- MINISTRY OF HEALTH:

Total investments of the Ministry of Health in the 1980/81 plan amounted to LE 44.2%, of which LE 23.2^m or 55% Bank commitment , LE 17.8m or 40% facilities and LE 3.2m or 5% self-finance.

Implemented investments amounted to LE 28.3m or 64% of total approved investments, of which the Bank financed LE16.4m or

71% of Bank Commitment, LE9m or 51% through facilities and about LE2.9 m self-financed representing 93% of the amount approved in the plan.

IMPORTANT IMPLEMENTATIONS OF THE MINISTRY DURING 1980/81 are:

- Supporting health emergency and first aid services due to their importance in increasing the opportunities of saving the lives of several accident injured and health crises.
- Completion and equipment of hospitals, clinics and health units spread throughout the Republic.
- Completion of ambulatory clinics and physicians' clinics in addition to the projects of promoting urban health care with the United States Government.

B- MINISTRY OF SOCIAL AFFAIRS:

Total investments of the Ministry of Social Affairs in the 1980/81 plan amounted to LE 6.6 m, of which LE 5.7 m or 86% Bank commitment and LE9.9m or 14% facilities.

Implemented investments amounted to LE 3.8 m or 58% of total approved investments. The Bank financed LE3.4 m or 59% of Bank commitment, while LE 0.4m or 52% was financed through facilities.

The important implementations of the Ministry during 1980/81 are :

- Completion of family and child projects, and social defence projects in the field of social care.
- Completion of complementary social services centers, such

as family planning projects, nurseries, social security and obliteration of illiteracy.

C- MINISTRY OF WAKFS:

Total investments approved to the Ministry of Wakfs in the 1980/81 plan amounted to LE 3.6 m to be financed in full by the National Investment Bank;

Implemented investments amounted to LE 1.2 m or 33% of total investments approved in the plan, which the Bank financed in full.

The important implementations of the Ministry in 1980/81 are:

- Completion of building and equipment of 45 mosques, the establishment of which started since previous years.
- Completion of purchasing means of transport for religious teaching expansion, spreading caravans project especially in remote districts.

3 - CULTURE, INFORMATION, YOUTH AND SPORT SERVICES:

This activity is undertaken by the Ministry of Culture and Information and the National Council for Youth and Sport.

A- MINISTRY OF CULTURE AND INFORMATION:

Investments approved to the Ministry of Culture and Information in the 1980/81 plan amounted to LE 8.6 m of which 4.3 m or 50% to be financed by the Bank, while facilities were estimated at about LE 4.3 m or 50%.

Implemented investments amounted to about LE 9.2 m or 107% of total approved investments, of which the Bank financed LE 3.8 m or 90% of its commitments, about LE 1.5 m or 35% through facilities and LE 3.9 m self-financed.

The important implementations of the Ministry in 1980/81 are":

IN THE FIELD OF CULTURE :

- Completion of building and equipment of cultural buildings and premises in capitals of governorates and large cities and increasing culture caravans in order to extend their services to various remote districts and population accumulations.
- Completion of the building of the Arab Language Assembly and Equipping it with necessary furniture and establishment of a line for printing the books it publishes.
- and equipment
Completion/of the building of the New National Library.

IN THE FIELD OF INFORMATION:

- Ambulatory cinema units were purchased and equipped with necessary appliances for distribution to culture mudirias in governorates.
- Contracts were concluded for the purchase of the ambulatory cinema units for the general Authority for Information.

B- THE NATIONAL COUNCIL FOR YOUTH AND SPORT:

Investments of the National Council for Youth and Sport in the 1980 / 81 plan amounted to about LE 3 m to be financed by the Bank in full

Implemented investments amounted to LE 0.6 m or 20% of total approved investments.

The important implementations of the Council in 1980/81 are:

- Completion of building and equipment of the establishments of Youth Centers playgrounds in villages, cities and stadiums in governorate capitals.
- Completion of building and equipment of all establishments and

playgrounds in Nasser Stadium Authority to reach an appropriate level as it is considered the main center of the sport movement.

4- SECURITY AND JUSTICE SERVICES:

This activity is undertaken by the Ministries of Interior and Justice.

A- THE MINISTRY OF INTERIOR:

Total investments approved to the Ministry of Interior in the 1980/81 plan amounted to about LE 27.2 m, of which LE 23.8 m or 88% Bank commitment and LE 3.4 m or 12% facilities.

Implemented investments amounted to LE 24.7 m or 91% of total approved investments, of which LE 21.4 m was financed by the Bank representing 90% of its commitment, and LE 3.3 m financed through facilities representing 97% thereof.

Important implementations of the Ministry of Interior during 1980/81 are :

- Completion of a project for the improvement and generalisation of means of telecommunications which are considered the backbone of the police system republic wide.
- Development of arming forces charged with guarding establishments and equipping such forces with modern economic equipment.
- Completion of identity cards and driving licences project to prevent counterfeit.
- Completion of building and equipment of security mudirias and police districts and stations in governorates.
- Establishment of television wireless circuits and completion of criminal laboratory equipment as well as the establishment of police stations in districts deprived of them.

B- MINISTRY OF JUSTICE:

Total investments approved to the Ministry of Justice in the 1980/81 plan amounts to LE 2.8 m of which LE 1.9 m or 68 % Bank commitment and LE 0.9 m to be self-financed through court buildings fund.

Total implemented investments amount to LE 2.1 m or 75 % of total approved investments, of which LE 0.9 m was financed by the Bank representing 47% of its commitment and LE 1.2 m was self-financed representing 133 % of self finance approved in the plan.

MAIN IMPLEMENTATIONS OF THE MINISTRY IN 1980/81 are :

- Completion of building and equipment of courts in governorates and completion of maintenance and innovation works of existing courts.
- Provision of electronic photocopying apparatus and modern filing methods (microfilm)
- Provision of suitable means of transport to facilitate transfer of parquet members and legal medical experts to the site of the crime before its clues disappear.
- Completion of material register system that came into operation since 1974, in order to prevent extortion of the State's property and defining the legal position of real estate.

5 - PRESIDENTIAL SERVICES:

This activity is undertaken by the Ministries of Foreign Affairs and Planning and some other agencies.

A - MINISTRY OF FOREIGN AFFAIRS:

Total investments approved to the Ministry of Foreign Affairs in the 1980/81 plan amounts to about LE 3 m. National Investment Bank commitment amounts to LE 2.9 m or 98 %, while LE 0.1m

to be self-financed through the fund of Ministry of Foreign Affairs buildings abroad.

Implemented investments amounted to LE 2.5 m or 84 % of total approved investments, of which LE 2.4 m was financed by the Bank representing 84 % of its commitment and LE 0.1 m was self financed.

MAIN IMPLEMENTATIONS OF THE MINISTRY IN 1980/81 ARE:

- Support of the Ministry's major telecommunications network, in order to achieve more secrecy to messages exchanged between the main office and diplomatic corps abroad.
- Support of the fund of the Ministry's buildings abroad and implementation of contracts relating to the purchase and construction of buildings of diplomatic corps in order to relief the State of large burdens in foreign currencies.

MINISTRY OF PLANNING:

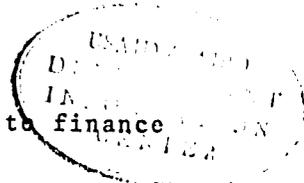
Total investments approved to the Ministry of Planning in the 1980/81 amounted to LE 2.1 m to be financed in full by the National Investment Bank, of which implementations amounted to LE 1.2 m or 60 %.

AMOUNTS OFFERED BY THE NATIONAL INVESTMENT BANK, TO FINANCE INVESTMENTS OF SOCIAL DEVELOPMENT SECTOR IN THE 1980/81 PLAN:

Total investments approved to this sector in the 1980/81 plan amounted to about LE 259.8 m, of which LE 183 m or 70.4 % is to be financed by the National Investment Bank.

Total disbursements by agencies from the Investment Bank amounted to LE 152.4 m or 83.3 %.

The following table indicates Bank commitment to finance



investments of the Social Development sector in the plan as well as disbursements thereof and their ratios : (in LE 000's) :

DESCRIPTION	BANK COMMITMENTS IN THE 1980/81 PLAN	DISBURSED FROM THE BANK	RATIO %
<u>EDUCATIONAL AND MANPOWER SERVICES:</u>			
Ministry of Education	29600	25680	86.7
Min of High Education	61374	54565	89.0
Academy of Scientific Research	4500	4940	109.7
Min. of Manpower	1500	902	60.1
Al Azhar al Sherif	11550	8693	75.2
Sadat Academy for Administrative Sciences	250	202	80.8
TOTAL EDUCATIONAL SERVICES	108774	94982	87.3
<u>HEALTH AND SOCIAL SERVICES</u>			
Min. of Health	23157	16442	71.0
Min. of Social Affairs	5700	3374	59.1
Min. of Wakfs	3600	1198	33.2
TOTAL HEALTH & SOCIAL SERVICES	32457	21014	64.7
<u>CUL TURAL & INFORMATION SERVICES:</u>			
Min. of Culture & Information	4300	3855	89.6
National Council for Youth and Sport	3000	599	19.9
TOTAL CULTURAL SERVICES	7300	4454	61.0

<u>DESCRIPTION</u>	<u>BANK COMMIT- MENTS IN THE 1980/81 PLAN</u>	<u>DISBURSED FROM THE BANK</u>	<u>RATIO</u>
<u>SECURITY AND JUSTICE SERVICES:</u>			
Min of Interior	23800	21353	89.7
Min of Justice	1870	875	46.7
Armed Forces Hospital	-	4377	-
Supreme Institutional Court	30	21	70.0
<u>TOTAL SECURITY & JUSTICE SERVICES</u>	<u>25700</u>	<u>26626</u>	<u>103.6</u>
<u>PRESIDENTIAL SERVICES</u>			
Ministry of Foreign Affairs	937	2467	83.9
Ministry of Planning	2100	1261	60.0
Presidency of the Republic	2800	1165	41.6
The Cabinet	450	329	73.1
Central Agency for Organization and Administration	400	100	25.0
<u>TOTAL PRESIDENTIAL SERVICES</u>	<u>8787</u>	<u>5363</u>	<u>61.0</u>
<u>GRAND TOTAL SOCIAL DEVELOP- MENT SECTOR</u>	<u>183018</u>	<u>152439</u>	<u>83.2</u>

LOCAL GOVERNMENTS

INTRODUCTION:

The State tended in recent years to lay the foundation that ensure making it an institutions State, based on the principles of democratic government, trusting the people and its eligibility to undertake his own affairs in a framework of a comprehensive civilization, according to national policies aiming at accelerating economies and social development, then giving local governments strong impetus represented in vesting the governors and local government systems broad executive powers and in the transfer of many central jurisdictions to governorates.

These important steps in implementation field were accompanied with similar steps in the field of planning, the most important of which was dividing the Arab Republic of Egypt in 1978 into planning regions. Despite the short period that elapsed since then, remarkable progress was achieved in stabilizing the role of the localities in proposing their own development plans.

The main features of this progress could be defined in the following :

- The role of localities was no longer confined to implementing projects that fall within the limited traditional activities which they used to undertake, but extended to other activities wider in scope and deeper in their effect. It extended to projects of food security, industry, housing and utilities, especially potable water projects and some sanitary projects.
- Plans of localities became more realistic because proposed projects stem primarily from localities and discussed through the provincial councils and regional planning committees,

and through the direct contact between planning and local systems at various levels.

- Credits allocated to localities doubled several times, from LE 22 m in 1978 to more than LE 255 m in 1980/81.
- Implementation abilities in the governorates were supported in order to serve the operation of decentralizing the pivots of developmental activity.

INVESTMENTS APPROVED IN THE 1980/81 PLAN AND DISBURSEMENTS THEREOF BY SOURCES OF FINANCE.

Investments approved to localities projects in the main offices of governorates in the 1980/81 plan amounted to LE 255.2 m, of which LE 133.5 m representing Bank commitments to finance such projects, LE 61.7 m to be self-financed, and LE 60 m to be financed through facilities

(TABLE No.4)

Data of monitoring disbursements up to the end of June 1981 reveal that disbursements from the National Investment Bank to localities projects amounted to LE 205.7 m or 154.1 % with an increase of LE 72.3 m over the approved amount in the plan. This is due to the fact that the Bank financed economic housing projects in governorates at concessionary loans instead of the self finance which was not provided by governorates as approved in the plan. This undoubtedly reflects Bank cooperation and its response to finance localities requirements even what it was decided to provide out of their self resources. As regards credit facilities, it was decided that they finance requirements of localities projects to the extent of LE 60 m, however, only LE 18.3 m or 30.5 % was

used. This is due to lack of experience to use facilities, in addition to long procedures of calling to international adjudications and the multiplicity of steps and procedures of contracting.

APPROVED INVESTMENTS AND DISBURSED THEREOF BY CASH COMPONENTS :

Plan investments of local governments for 1980/81 amounting to LE 255.2 m by cash components include LE 178.2 m or 69.8% in local currency, while the foreign component amounts to LE 77 m of which LE 17 m or 16.7 % in free currency and LE 60 m or 23.5 % of total approved investments from credit facilities (TABLE No.5).

Monitoring data indicate that disbursements totalled LE 224m or 87.8 % of the approved in the plan, of which LE 193.5 m or 108.6 % of the projected was in local currency, LE 30.5 m or 39.7 % in foreign currency - LE 13.3 m or 72.1 % in free currency and LE 18.3 m or 30.5 % from credit facilities compared with the approved in the 1980.81 plan.

BANK COMMITMENTS, AVAILABLE FINANCE AND DISBURSEMENT THEREOF:

Investment Bank commitments to finance local government projects for 1980/81 amounted to LE 133.5 m, while available finance during the year amounted to LE 258.9 m. This substantial increase is due to the fact that the Bank undertook to finance economic housing projects in the governorates instead of self finance which was not achieved as mentioned before. Disbursements from the Investment Bank to local government projects amounted to LE 205.7 m or 154.1 % of Bank commitments and 79.5 % of available finance during the year (TABLE No.6)

Follow up and classification of the ratios of disbursed to finance available to governments show the following :

A- Governorates where the ratios of Disbursed exceed 90%:

Dakahlia (94.9 %), Minia (94.6%), North Sinai (93.8%) and Assiut (93.3%).

B- Governorates where the ratios of Disbursed range between 75 % and 90 % :

Kena (87.6 %), Cairo (87.1 %), Qaliubia (84.4%), Ismailia (82.3%), Kafr el Sheikh (81.8%), Souhag (81.7%), Behcira (77.4 %), Damietta (77.4%), Sharkia (76.5 %) and Port Said (75 %).

C- Governorates where the ratios of Disbursed are less than 75 % :

Fayoum (74.1%), Suez (71.4%) , Gharbia (70.4 %), El Wadi al Gadid (70.3%) , Beni Suef (69.1%), Menoufia (68.6%), Guiza (67%), Alexandria (64.9%), South Sinai (63.6 %) , Asswan (57.9 %) , Red Sea (53.1 %) and Matrouh (44.9%).

BANK RESPONSE TO URGENT NEEDS OF GOVERNORATES:

In support of the local development process and in response of the National Investment Bank to the urgent and vital needs of Governorates which were represented in projects the study of which was completed and their feasibility was proved, the Bank agreed to investment increases for the governorates exceeding LF 70 m, of which LE 50 m for Cairo Governorate (housing, bridges and electricity projects, LE 14.6 m for Alexandria governorate (roads, bridges, housing, maritime establishments, electricity networks projects as well as the establishment of a financial center,) LE 3 m for Sharkia

governorate (housing projects and rebuilding of destroyed mosques and utilities), LE 2.3 m for North Sinai governo- rate (projects of airport repairing, establishment of a pier, a house for students and a wireless patrol at Al Arish), and LE 1.2 m for Asswán governorate (projects for completion of housing units for Nubians).

INVESTMENTS OF ECONOMIC HOUSING, AVAILABLE FINANCE AND DISBURSED THEREOF:

Investments approved for economic housing in the governo- rates during 1980.81 amounted to LE 61.7 m to be self- financed. However, as this target was not achieved, the National Investment Bank provided LE 99.7 m in the form of a soft loan. This amount equals the approved finance in addition to the increased approved during the year. Dis- bursements amounted to LE 74.1 m or 120.1 % of the approved in the plan and 74.3 % of the approved finance (Table No.7)

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A P P E N D I X

DRAFT

DECREE NO OF 1981 RELATING TO
THE STATUTES OF THE NATIONAL INVEST-
MENT BANK.

THE PRESIDENT OF THE REPUBLIC
CONSIDERING THE CONSTITUTION
LAW No 163 of 1957 ISSUING THE LAW OF BANKS AND CREDIT,
LAW No 120 of 1975 RELATING TO THE CENTRAL BANK OF EGYPT AND
THE BANKING SYSTEM,
LAW No 119 of 1980 ESTABLISHING THE NATIONAL INVESTMENT BANK
AGREEMENT OF THE COUNCIL OF MINSTERS,
AND IN CONFORMITY WITH THE OPINION OF THE STATE COUNCIL,

DECREES

ARTICLE ONE

The provisions of the accompanying statutes of the National
Investment Bank shall be applied.

ARTICLE TWO

The Decree is published in the Official Gawette.

PRESIDENT OF THE REPUBLIC

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CHAPTER I

Legal Form of the Bank, its Main Office, Capital and Reserves.

ART.1 - The National Investment Bank is a Legal Entity attached to the Minister of Planning to carry out the jurisdiction entrusted to it by law no.119 of 1980.

ART.2 - The main office of the Bank shall be the City of Cairo. The Bank may establish branches in the Arab Republic of Egypt or abroad . It may have inside Egypt or abroad offices or agencies as may be necessary for business requirement.

ART.3 - The Bank's authorized capital was fixed at one hundred million Egyptian pounds, distributed on one million shares, the nominal value per share is one hundred pounds, subscribed by the State in full. Upon subscription twenty five million pound were paid, representing one-fourth of each share.

The remainder shall be paid in instalments in the light of the Bank's requirements by a decision of its Board of Directors and according to what shall be decided in the State's Budget.

The capital may be increased in the light of an increase in the Bank's activity and burdens.

ART.4

The Bank's capital reserve shall be one million Egyptian pounds. According to a decision by the Board of Directors a ratio of net annual profits shall be set apart to increase such reserve.

CHAPTER II

RESOURCES OF THE BANK

ART.5 - The special sources of funds of the Bank were defined as follows :

A) Credits allocated for it in the State Budget.

- b) Revenues resulting from the Bank's activity.
- c) Sale proceeds of shares owned by the Bank in projects in which the Bank participates.
- d) Wills and local and foreign grants accepted by the Bank's Board of Directors.
- e) Loans contracted by the Bank
- f) Proceeds of bonds allocated by the Bank in local and foreign currencies.

ART.6 - The following investment resources shall be deposited or included in the Bank's accounts:

- a) Loans available for the projects, comprising the share allocated in the State Budget out of the savings vessels and from the different financing institutions and authorities development bonds, technical reserves generated with the Insurance and Pensions Authority and the Social Insurances Authority, provided that they should not contradict with the social insurance laws in force.
- b) Amounts made available in the State budget and the budgets of general organizations, economic organizations and local governments, for public investments and joint investments with the national and foreign private sector.
- c) Loans and grants appropriated for investment and concluded with other countries as well as international and regional institutions and organizations.
- d) Self-finance surplus with public sector units, after considering their burdens relating to financing their investment projects included in the plan and the necessary limit of the working fund.
- e) Surplus of monetary quotas and quotas of central and local

services for employees according to what the general plan of the State shall determine in this field.

CHAPTER III

PURPOSES AND FUNCTIONS OF THE BANK

ART.7: The Bank shall finance all projects included in the State's general plan for economic and social development, through contribution to capitals of those projects or providing them with loans or any other methods, and to monitor the implementation of such projects. In this respect the Bank may resort to whatsoever means, particularly :

- a) Determine rules and terms of finance with respect to period, grace period, interest rate, method and means of repayment and others, according to the type and nature of the project and in the light of its economic and social yield.
- b) Lay down finance programs so as to achieve the ideal implementation of projects included in the plan, for which spending is exclusively authorized, and within the limits of credits allocated therefor according to the plan, including foreign available loans.
- c) Provide guarantee to others in financing the projects referred to in (b) above during the period of construction and execution, in case of insufficiency of credits.
- d) Guarantee the continuity of local and foreign finance necessary for implementing each project during the years of its execution, in order to achieve the typical implementation according to the plan.

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- e) Authorize spending from funds deposited with it or in its accounts according to the provision of the law of its establishment, in order to guarantee the regulation of the flow of investment expenditure according to the progress achieved in project implementation during the years of their execution.
 - f) Conduct an effective fields and office monitoring of investments at project level, in order to guarantee spending on items of investment for which appropriations are made according to approved studies and on the defined purposes. For that purpose, the Bank may have recourse to implementing agencies and local government systems.
 - g) Carry out using savings channels funds in investment purposes rather than consumption, by setting aside the sources of such funds to finance productive and servicing projects of the plan.
 - h) Participate in mobilizing more domestic savings and foreign capital which are necessary to finance local and foreign components of projects included in the plan.
 - i) Offer services and participate in working out project feasibility studies. For that purpose, the Bank may have recourse to experts and specialized houses of expertise.
 - j) Study, finance and follow up of development projects at localities level within the framework of approved regional plans.
 - k) Management of its funds and portfolio, organizations of the processes of issuing shares of projects in which the Bank participates as well as bonds and their settlements.

ART.8 : The Bank shall exercise banking operations relating to achievement of its purposes. The Bank may assign to the system under the supervision of the Central Bank, conducting these operations including borrowing, lending, contribution, and issuing letters of credit, and other financial mediation operations necessary in medium- and long-term finance operations, as well as servicing finance loans.

ART.9 : The Bank towards the realization of its purposes, may carry out all acts and works that would lead to achievement of plan projects. It may contact, directly or through the concerned ministries, with persons, companies, banks and local and foreign organizations, according to the rules set up by the general policy of the State and the Bank's by-laws, it may especially :

- a) Conclude loans and issue bonds and bills in local and foreign currency, determine times, terms and conditions for their amortization or continuation.
- b) Accept non-interest deposits from others, issue project participation bills according to rules laid by the Board of Directors.
- c) Participation in the various projects and in the capital of economic organizations, public, joint and private sector companies, or extend loans to them.

CHAPTER FOUR

THE BANK MANAGEMENT

ART.10 : The Bank shall be managed by a Board of Directors to be formed as follows :

- The Minister of Economy as Chairman of the Board of Directors.
- The Vice-Chairman and Managing Director to be appointed and his salary determined by a decision of the Deputy Prime Minister according to a proposition of the Minister of Planning
- A representative from each of the Ministries of Planning, Finance, Economy and Social Insurances, and the General Authority for Arab and Foreign Capital Development and Free Zones, of at least the rank of Undersecretary of State. Each of them shall be chosen by the concerned Minister.
- A member representing the banking system to be nominated by the Governor of the Central Bank.
- The advisor at the component legal opinion department at the State Council.
- Four members of experience, at the most, to be nominated by the Minister of Planning. Their appointment shall be by a decision of the Prime Minister.

ART.11 : The Board of Directors member:

- a) Should be Egyptian by birth.
- b) Should enjoy all civil and political rights.
- c) Should have no personal interest in projects which the Bank participates in or contributes to.

ART.12 : The Board of Directors is the supreme authority in control of the Bank's affairs, disposition of its matters, and the drawing up of the general policy it shall pursue. The Bank may adopt such decisions at it deems necessary in order to achieve the targets for which it was established, and within the framework of the national plan, especially the following :

- a) Approve concluding loans, issuing of bonds in local and foreign currencies and determine dates, terms and conditions of their amortization and continuity.
- b) Set a special system for accepting non-interest deposits from others, and issuing profit participation bonds.
- c) Approve participation in the various projects and in the capital of economic organizations, public and private sector companies, joint ventures, and companies subject to the provisions of Law no. 43 of 1974 with respect to investment of Arab and foreign capital and free zones, as well as extending loans to those organizations and authorities.
- d) Propose the formation of allocations to meet extraordinary burdens.
- e) Fix creditor and debtor interest-rates within the framework of the general policy set by the Central Bank.
- f) Establish branches or agencies inside and outside the country.
- g) Propose the appointment of joint ventures board members who represent the Bank in these companies, according to the rules set by the Bank's Board of Directors.

- h) Issue regulations organizing financial, accounting and administrative affairs by following administration methods as applicable to banking activity without being restricted by the systems provided for in laws and regulations in force in the government and the public sector.
- i) Approve the organizational structure of the Bank and propose the regulation relating to personnel systems, salaries, remunerations, privileges and allowances, without being restricted by laws of government and public sector employees.
- j) Approve the Bank's planning budget and closing accounts.
- k) Consider periodical monitoring reports on the Bank's operations and activity.
- l) Consider all issues that the Chairman decides to submit connected with his jurisdictions.

ART.13 : The Board of Directors may form consultative committees of specialized expertise to study certain issues. The Board may also assign to one or more of its members a specified mission. These committees or those charged with a mission may resort in the accomplishment of the mission to competent systems of the Bank.

ART.14 : The Board of Directors shall convene at a convocation of its Chairman at least once per month, or if so requested by half of the Board members.

The meetings of the Board of Directors shall be valid if attended by the majority of members. The decisions shall be issued with the majority of attending members.

In the case of equal votes, the Chairman shall have the casting vote.

ART.15: The Board of Directors shall convene under the chairmanship of the Minister of Planning upon considering the Bank's draft budget and closing accounts.

ART.16: In cases other than those where the Minister of Planning presides Board meetings, the Vice-Chairman and Managing Director shall preside the Board meetings. In case of their absence, the Board chooses one of its members to chair the session.

ART.17: In all cases Board decisions shall be notified within one week from the date they are issued to the Minister of Planning for approval. If decisions are not objected by him in a week from the date he receives them, this shall be considered as approval. Opposed decisions shall be submitted to the Board in the first subsequent sessions.

ART.18: The Board of Directors shall have a technical secretariat headed by a report chosen by the Board of Directors. He shall be invited to attend Board sessions, prepare for Board sessions and phrase adopted resolutions. The Board may charge him with the preparation of any research or studies.

ART.19: The Vice-Chairman and Managing Director shall represent the Bank in all its relations with third parties and before the Law, and shall be responsible for the implementation of the general policy drawn up to achieve Bank purposes. He shall have the following jurisdictions:

- a) Execute Board of Directors Decisions.
- b) Propose Bank by-laws and submit them to the Board of Directors for approval.

ART.20 : The Chairman and his deputy shall have the right to sign solely for the Bank.

The Board of Directors shall have the right to appoint delegated agents and to authorize them to sign for the Bank.

CHAPTER FIVE

AUDITING OF ACCOUNTS

ART,21 : The Central Auditing Agency shall assume auditing the Bank's accounts annually through a control of accounts to be established for this purpose.

ART,22 : The Control of the Bank's accounts shall be assigned annually to two auditors who will be appointed and their remunerations fixed by the Central Bank.

The Bank shall place at the disposal of the Auditors whatever documents, books, and data they may deem necessary to carry out such auditing.

CHAPTER SIX

BANK FINANCE

ART.23 : The funds of the Bank are private funds.

ART.24 : The Bank shall have an annual separate budget and

closing accounts. The Bank's financial year shall start with the beginning of the fiscal year of the State and shall end with its closure.

The Bank shall keep accounts of its own in which shall be deposited its domestic and foreign resources. Measures shall be taken to carry forward the surplus of the Bank's budget, including the surplus of resources directed to investments, from one year to another.

ART.25 : Net profits of the Bank in its budget shall be carried forward from one year to another, after deducting the reserves, and provisions decided by the Board of Directors, as well as distribution to employees as profits allowance, according to the rules which the Board shall decide in this respect.

ART.26 : The Board of Directors of the Bank shall approve the following within three months from the date on which the financial year ends :

- a) Profit and loss accounts for the outgoing financial year, prepared according to rules applicable in the banking system.
- b) The budget of the Bank, prepared according to financial accounting rules in banking institutions, and signed by the Vice-Chairman and the auditors.
- c) A report on the Bank's financial position and activities during the outgoing year.

ART.27 : The Bank shall prepare a quarterly statement about its

financial position compared with its position as at the end of the preceding quarter, according to the model drawn by the Board of Directors.

CHAPTER SEVEN

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THE ANNUAL REPORT ON THE BANK'S ACTIVITIES

ART.28 : The Ministry of Planning shall submit to the People's Assembly, within three months following the end of the fiscal year of the State, an annual report on the Bank's activities during the outgoing year, accompanied by the annual report of the Board of Directors after its approval by the Cabinet.