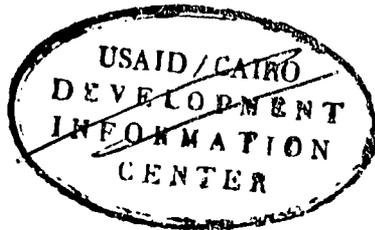


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ANALYSIS OF EGYPTIAN GOVERNMENT BUDGET: TOTALS AND  
AGRICULTURE, HEALTH AND EDUCATION SECTORS



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ANALYSIS OF GOE BUDGET: TOTALS AND AGRICULTURE,  
HEALTH AND EDUCATION SECTORS

In connection with the formulation of USAID strategy in various sectors, information on the GOE's expenditure and revenue flows is being compiled and analyzed. This study collects information for three sectors--agriculture, health, and education--on the following areas:

- past patterns and future trends in budget appropriations and expenditures in the health, education, and agricultural sectors;
- the process and mechanisms through which resources flow in and out of a sector and projections for future needs are determined;
- extra budgetary resources available to ministries, dependent agencies, and public sector companies
- commitments and disbursements of aid by other donors in the health, education, and agricultural sectors,

Some of the budget figures have not yet been received from the Ministry of Finance; consequently, the coverage of the specific sectors is somewhat uneven. This interim report presents information compiled thus far.

I. Budget Structure and Process

The Egyptian budget's revenues and expenditures are divided into the following chapters or "babs":

<u>Revenues</u>	<u>Expenditures</u>
Chapter 1: sovereignty/tax	Chapter 1: wages
Chapter 2: non tax current revenues and transfers	Chapter 2: non wage current expenditures
Chapter 3: own source revenues for capital uses (investment and debt repayment)	Chapter 3: capital purchases/investment
Chapter 4: borrowed resources for capital purposes	Chapter 4: debt repayment

Most of this analysis will focus on the expenditure side of the budget. The budget is also divided along organizational lines. The current account budget, prepared by the Ministry of Finance, includes the central government, local government, and service authorities. The investment budget, prepared by the Ministry of Planning, includes these three along with economic authorities and public sector companies. Surpluses and deficits of the economic authorities are transferred to the central budget.

Budgets are prepared by each governmental unit (ministry, authority, or company) and by the GOE as a whole. Each year's budget is developed by starting with the previous year's figures and adding or subtracting any expected changes. The budgetary process remains highly centralized, with little revenue generation at the local level and the majority of expenditure decisions made by the central government. The budgetary approval process takes place over a period of seven months. Approval of chapter 1 and 2 expenditures by the Ministry of Finance, which do not fluctuate a great deal, is fairly routine.

The development of the chapter 3 investment budget is a more complicated process. The investment budget, prepared by the Ministry of Planning in conjunction with the Ministry of Finance, reflects overall national priorities and future plans. The annual investment budget fits into the framework of the national five year plan. Egypt has had a system of "semi-rolling plans" whereby a new five year plan may be promulgated before the previous one has been completed in order to respond to changes in the planning environment. For example, the 1978/79 - 1982/83 plan was supplanted by the 1980/81 - 1984/85 plan. However, the GOE has expressed an intent to adhere to the current 1982/83 - 1986/87 plan and make adjustments through the various annual plans.

Chapter 3 expenditures are submitted in November to the Ministry of Planning and reviewed with representatives from all sectors until March when the Ministry of Planning submits its final budget. The current account budget (chapters 1 and 2) is increased to accommodate new investments based on standards that are determined reasonable requirements for operating expenses. Shortfalls in the current account are partly due to a failure to adjust these standards to inflation.

The final budget is then reviewed by the Ministerial Committee that sends it to the Cabinet in May. The Cabinet reviews the budget and presents it to the People's Assembly in June. The People's Assembly has the authority to make changes in the budget, but the members lack the expertise, information and staff to present substantive challenges. Consequently, the People's Assembly tends to either approve or disapprove the budget that then goes into effect from July 1 to June 30, Egypt's fiscal year.

The budget actually moves through the following stages: budget estimates, revised estimates, preliminary actuals, actuals, and revised actuals. For an analysis of the relationship between these stages, see Sternberger, "The Movement of Budget Aggregates from Estimates to Actuals; the 1974 to 1982/83 Pattern."

During the fiscal year, People's Assembly approval is necessary to shift funds among chapters or to exceed a chapter budget. The executive branch can shift resources within a chapter, but Ministry of Finance approval is required for changes of any magnitude. In the rare cases where additional funding is deemed a national priority and reserve funds are not available through the Ministry of Finance, money is provided by cutting budgeted allocations elsewhere or through new deficit financing.

A single agency can overspend its chapter 2 budget with permission from the Ministry of Finance. For the central government to overspend chapter 2, approval is necessary from the People's Assembly. There is a tendency to overspend the chapter 2 budget and underspend chapter 1. For example, chapter 2 was overspent by 10.8% in FY 82. This was largely due to excess expenditure for subsidies and the armed forces. In contrast, actual chapter 1 expenditures in the health sector were only 84.9% of that budgeted in 1979. This is partially attributable to the departure of Egyptian government workers to work in other Arab countries.

All chapter 3 expenditures have been monitored through the National Investment Bank since 1980/81. These funds cannot be increased or reprogrammed without Ministry of Planning approval. Usually the Ministry of Planning will reallocate funds by shifting money from slow moving projects to those being implemented more rapidly. In FY 81/82 only 82% of budgeted chapter 3 investments were actually expended.

Chapter 4 expenditures are for payments for services that are not received in the current fiscal year. Installment payments on debt constituted 38.9% of the chapter 4 total in FY 82, with domestic payments slightly larger than foreign. Deficits incurred by public sector companies and economic authorities in payment of installments were 34% of the chapter 4 budget.

The GOE channels donor funds as chapter 4 transfers. This insures that donor funds are additive to the expenditure budget and do not substitute for regular budgetary allocations. Chapter 4 is also used to channel extrabudgetary GOE contributions to donor funded projects, such as local currency generations of the USAID CIP Program (the "special account"). The Ministry of Finance transfers funds from a reserve account to chapter 4 of the expenditure budget. The Ministry of Finance uses these funds to finance items that become a net addition to its expenditure budget.

## II. Data Analysis

### A. The National Budget

The following analysis is tentative pending the receipt of additional information on appropriations and expenditures from the Ministry of Finance.

Figures 1a and 1b provide a historical perspective on overall budget developments from 1965 to 1980. The period through 1975 is characterized by a relatively stable level of investment, stagnant revenues, and a growing deficit caused by the increase in current expenditure and food subsidies. After 1975, the deficit is diminished by a more rapid increase in government revenues (largely from petroleum and Suez Canal earnings) than in current and investment expenditures.

Table 1 documents national expenditure budget appropriations from 1977/78 to 1983/84. The total appropriation has undergone an average increase of 30% annually in the 1977-1984 period. The most unusual changes are a 9% decrease in the total budget in 1980/81 followed by a 101% increase in 1981/82. This large increase in 1981/82 reflects a 183% increase in chapter 2 resulting largely from a ninefold increase in current expenditures and transfers of the economic agencies.

The 1983/84 budget reflects a moderate increase for the various GOE units and within the chapters. Wages undergo the largest increase (19%) in contrast to current expenditures, which increase by 5%. Table 2 presents the total revenues, expenditures (uses), and deficit financing for FY 83/84. Table 3 provides a breakdown of the current budget. Table 4 lists planned investments by sector based on the 1983/84 Annual Plan. Table 5 presents planned deficit financing of the 1983/84 investment budget. The total and net deficits of the 1983/84 and 1982/83 budgets are compared in Table 6.

Additional information is available from The Financial Report about the Proposed General State Budget For the Financial Year 1983/84 prepared by the Minister of Finance. Interest and amortization on public debt amount to LE 1761 million in the proposed FY 83/84 budget. This constitutes 25% of total revenues. The food subsidy bill is expected to be LE 1686 million in FY 83/84. This decrease from the 1982/83 level of LE 2040 million is largely due to the fall in world prices of some of Egypt's major imports. The subsidy on agricultural inputs amounts to LE 210.4 in 1983/84.

A combination of factors has resulted in an increase in tax revenues. Direct tax revenue increased by 19% for the first nine months of FY 82/83 compared to the same period in FY 81/82. Direct tax revenues are budgeted to increase an additional 19% in FY 83/84 largely due to the expiration of tax exemption of some Law 43 companies, greater tax collection efficiency, and some recent amendments to the tax laws. Other anticipated increases include a 15% rise in revenues from consumption taxes and an increase of 18% in earnings from customs duties.

The net rate of return on invested capital in the public sector companies is expected to rise from LE 266 million (2.2%) in 1982/83 to LE 376 million (3.1%) in FY 83/84.

If the Petroleum and Suez Canal Authorities are excluded, the net return of the economic authorities is negative (See Hamed, pp. 36-39). For 1982/83 the net budget deficit of the economic authorities came to LE 5 million; in 1983/84, it is expected to rise to LE 46 million. This low rate of return reflects pricing policy and production inefficiency. A chapter 4 capital transfer of LE 181.4 million has been authorized to finance the current deficit of these authorities (an increase of 42% from 1982/83). This is augmented by a LE 526.5 million authorization to finance the deficit for economic authorities capital expenditure obligations. The economic authorities will receive LE 1358.7 million in investment expenditure in FY 83/84 (31% of total investment) and will self-finance investment of LE 110.5 million.

The Ministry of Finance has approved an extension of the 1983/84 budget until September 1, 1984. GOE entities will operate with a 25% limit on their 1983/84 appropriation. This will not affect the implementation of the national investment plan.

#### B. Agricultural Sector

GOE expenditure in the agricultural sector has increased in real terms since 1974, but has decreased as a share of total government expenditure (see Figures 2a and 2b). The appropriation for the agricultural sector has gone from 3.2% of the GOE total in 1977/78, to 4.1% in 1978/79, 3.7% in 1979/80, 4.1% in 1980/81, 2.8% in 1981/82, 3.3% in 1982/83, and 3.6% in 1983/84. Current expenditures in agriculture have remained stable, but input subsidies (mainly on fertilizer and pesticides) and investment increased steadily in the late 1970s. A study conducted by the International Food Policy Research Institute found that the agricultural sector's share of the total budget fell when the share of current expenditures, the deficit, and food subsidies increased. The conclusion was that the agricultural sector served as a "residual recipient of public funds." (See Joachim Von Braun and Hartwig de Haen, Impact of Food Price and Subsidy Policies on the Agricultural Sector: Egypt, International Food Policy Research Institute, May 1983)

The Ministries involved in the agricultural sector (Agriculture, Irrigation, and Land Reclamation) have a marginal role in generating revenues and consequently rely heavily on the national budget. Their role in agricultural pricing policy, both consumer and producer, is consultative. Their investment budgets are channeled through a number of state-owned companies, authorities, and agencies.

Table 7 gives the budget appropriations for the agricultural sector (Ministries of Agriculture, Irrigation, and Land Reclamation, Dependent Agencies, and Local Governments) from 1977/78 to 1983/84. The fluctuations from year to year have been less extreme in the agricultural sector's appropriations than that for the national budget. The average annual increase has been 29% in the 1977-1984 period. As in the national budget, the agricultural sector experienced a decrease in 1980/81 (0.5%); but then recovered in 1981/82 with a 34% increase in its appropriation. The budget for 1983/84 shows a 17% increase from the previous year for the agricultural sector. The only major increases appear in the chapter 2 (26%) and chapter 3 (38%) appropriations for the economic agencies.

### C. Health Sector

The GOE is responsible for the preventative aspects of public health in Egypt and shares responsibility for curative activities with the private sector. The GOE budget for the health sector does not include Egypt's seven university hospitals, military hospital, and health care facilities maintained by large public organizations and companies. Through its control over the majority of supply side resource allocation decisions, the GOE has a major impact on the size and character of the health sector. The GOE determines the level of capital investment in health facilities, the capacity of health personnel training programs, and the rate of drug importation.

The Ministry of Health plays a limited role in the budgetary process. The Ministry's former responsibilities have largely been transferred to the governorates, public organizations, and public companies. However, the Ministry of Health does play the leading role in major health sector projects and donor-funded activities.

The budget for family planning appears under the Ministry of Health's chapter 3 investment category. The Agency for Family Planning is largely funded by foreign donors, primarily the United States.

Health budgeting actually begins at the governorate level. No formal budget proposal is submitted at the village level; rather, requests for funds are made periodically as needed. The budget is prepared by the governorate undersecretary for health, an appointed official, with none of the required participation of the elected People's Councils. The result is that there is a tendency to spend a disproportionate share of the funds at the governorate level in urban areas. Planning is conducted on a short-term basis with no formal funding commitment at the national level. In effect, according to El Dahry, substantive planning for the future is almost non-existent and financial forecasting is conducted on a year-by-year basis. The impact of this short-term planning on actual budgetary allocations is relatively small. El-Dahry estimated that only 40% of the planned health care projects were funded for 1980/81. A detailed description of the development of a ministerial budget from the local to the national level is provided in El-Dahry's Determinants of Capital Flow in the Egyptian Public Health Sector (pps. 11-21 and 24-32).

The attached Table 8 provides data on appropriations and expenditures in the public health sector from 1977 to 1981. The appropriation for the health sector represented 1.7% of the total GOE budget in 1977/78, 1.6% in 1978/79, 1.4% in 1979/81, 2% in 1980/81, and fell to 1.3% in 1981/82. The relatively low level of expenditure on public health reflects the perception of the health sector as a consumptive rather than a productive sector. The possible production increases due to improved public health are not widely recognized in budgeting.

The total appropriation for the health sector has increased by an average of 26% in 1977/78-1981/82. The figures in Table 8 show the tendency to underspend the original total budget appropriation. However, the chapter 2 figures follow the pattern of the national budget - the actual expenditure exceeds the appropriation by an average of 13%. As indicated, a major share of the health sector budget is spent by the governorates and a growing proportion goes to the Health Insurance Organization. The combination of chapter 1 and 2 appropriations for the governorates and the Health Insurance Organization constituted an average of 61% of the budgeted total in 1977/78-1981/82.

#### D. Education Sector

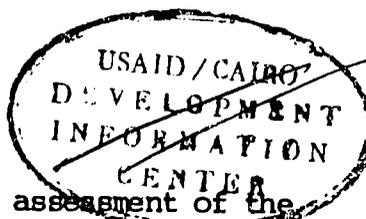
Educational and training current expenditures (chapters 1 and 2) as a percentage of total GOE current expenditures were 11% in 1981. Capital expenditures (chapters 3 and 4) in education and training were 2.7% of the capital expenditure total. Total education expenditure amounted to 3.1% of GDP from 1975 to 1980.

There has been a bias in the education and training budget toward general secondary and university education at the expense of basic, vocational and technical education. For example, the universities received 29% of all resources allocated to formal education in 1979/80 while they accounted for only 3.1% of total enrollment.

Training budgets for the Ministry of Industry and the Ministry of Development, Housing, and Land Reclamation have increased significantly, reflecting the priority placed by the GOE on industrial and construction training. Current training expenditures of the Ministry of Industry have risen at an annual rate of 17.1% and capital expenditures have gone up by 59% annually during the 1975-1981 period.

The Ministry of Development, Housing, and Land Reclamation's current training budget rose by 23% per year and capital expenditures by 40% per year from 1978 to 1982. The World Bank estimates that from 1983 to 1988 the Ministry of Industry's budget will increase at an average annual rate of 23% for recurrent costs and 25% for capital costs. The training budget for the Ministry of Development, Housing, and Land Reclamation is expected to rise by 29% for recurrent costs and 24% for capital costs in the 1983-88 period (see World Bank, Staff Appraisal Report, ARE, Vocational Training Project, March 1983, pp. 6-7).

In order to achieve its goals in the education sector, the GOE will need to have access to foreign exchange, probably through external aid, to finance future investment. The World Bank estimates that average annual capital expenditures of US \$327 million would be necessary from 1978 to 1991 to fund the proposed increases in the compulsory cycle (grades 1 through 9), develop vocational training programs, and provide modest improvements at all educational levels. The GOE had planned an annual average capital expenditure of US \$286 million for the 1980-84 period.



The previous analysis provides a preliminary assessment of the mechanisms and patterns of resource flow in the GOE budget process. Obviously, the level of GOE expenditure in an area cannot be used as an indicator of the overall situation in the sector, particularly in areas such as health and agriculture where there is a relatively significant private sector role. Nevertheless, the budget does reflect the consensus that emerges from the various economic and political pressures faced by the GOE and, therefore, is an important indicator of GOE national priorities.

### III. Other Donor Aid

Table 9 lists other donor aid totals in the agricultural, health, and education sectors. Table 10 provides a breakdown by donor projects. This listing is not comprehensive in that it does not include some of the smaller technical assistance and commodity import programs.

Of the three sectors, agriculture, closely followed by irrigation, is the largest recipient of donor assistance. Not surprisingly, the World Bank is the largest donor, with projects in areas ranging from horticulture to provision of imports for agricultural purposes. Other substantial donors are the International Bank for Agricultural Development, Romania, Japan, Holland, and the African Development Bank.

Other donor activity in the irrigation sector is dominated by the World Bank's \$210.8 million in loans through IBRD and IDA. The majority of this money is for tiled drainage projects; \$41.5 million is for developing irrigation pumps. Germany and Japan are also providing assistance to the irrigation sector through loans for \$24.51 million and \$22.88 million.

Few donors are involved in land reclamation projects. IDA has provided \$69.9 million for technical assistance and training in Nubariyyah. Japanese assistance has focused on the provision of equipment.

The major other donors in the health sector, IDA and the African Development Fund, have concentrated their efforts on combatting bilharzia and providing housing. Smaller donors have funded research and provided equipment. Germany is the only donor, besides USAID, that is providing assistance to the family planning program.

The education sector is the only one in which grant aid (\$92.18 million) exceeds that in the form of loans (\$72.14 million). The UN provides the largest amount of other donor assistance through its nutrition program. IDA involvement in education has been largely through its series of "education loans". The universities have been the major recipients of French and Japanese aid. In general, the smaller donors have provided more assistance to the universities than to primary and secondary education. In light of this, USAID's contribution to basic education seems particularly significant.

#### IV. Implications for USAID

##### A. Tied Transfer

Knowledge of the GOE budget process provides an awareness of the range of possibilities for the transfer of resources to the GOE that would respond to requests for greater flexibility. While the "cash transfer" debate has been posed in rather absolute terms, there may be ways of providing the GOE with more flexibility while maintaining some degree of accountability. There are several possible budget mechanisms for a "tied transfer" - one that restricts expenditure of funds by various criteria agreed to by USAID and the GOE.

Normally, the GOE channels donor funds as chapter 4 capital transfers. Conceivably, funds could be channeled through chapter 3 as priority investments as determined through the GOE planning process. These projects would be monitored and evaluated through normal GOE channels - by the National Investment Bank, the Ministry of Planning, the Cabinet, and the Central Auditing Agency. The funds would go through the GOE budget process and would thereby diminish the fragmentation that results from the "projectization" of investments. This mechanism would simultaneously perform an institution-building function by improving and reinforcing the process through which the GOE makes investment decisions. Such an approach would not violate the requirements set forth in section 611a of the Foreign Assistance Act.

USAID's primary role would shift from one of direct project management to one of planning and selective auditing and evaluation. USAID would have to play an integral role in the planning process in order to insure that AID priorities were addressed and regulations followed. Investments could be restricted by sector, nature of activity (renovation, expansion, new project, etc.), type of assistance (training, technical assistance, credit, etc.), performance, or other criteria. All procurement could be handled through the public sector Commodity Import Program.

Obviously a "tied transfer" approach of this type would require a great deal of additional study. Issues such as recurrent costs, visibility (too much and too little), budget fungibility, and reporting mechanisms would have to be explored further. The implications for assistance to the private sector would have to be assessed. Nevertheless, a tied transfer is an option that could be considered if a decision were made to pursue such an approach.

##### B. Recurrent Costs

This budget analysis also raises questions about the financing of recurrent costs in Egypt. Recurrent, or variable, costs are defined as those costs of development activities that recur, as opposed to capital, or fixed, costs that are concentrated at the beginning of a project. A recurrent cost problem is "a situation in which the government faces such budgetary stringency that it is unable to finance the recurrent costs of existing development projects when the stream of returns to the recurrent factor of production is much higher than that of new development projects."\* Recurrent cost problems are caused by inappropriate LDC and

donor policies. In situations where a recurrent cost problem exists, USAID can respond through project design, policy dialogue, recurrent cost support, or reallocation of assistance.

In the Egyptian case, recurrent expenditures have been highly volatile, but generally decreasing in relative terms over time. When total national budget expenditures fell by 9% between 1979/80 and 1980/81, the current expenditure budgets of the economic and service agencies bore the brunt of the budget cut (decreasing by 76% and 82% respectively). Figure 3 shows the rates of change in budget appropriations by chapter and reflects the sharp swings in current expenditure.

The following recurrent cost coefficients reflect the level of additional current expenditures that result from an increase in capital expenditure. For example, for every LE 1 million in investment made by the GOE as a whole in 1982/83, current expenditures rose by LE 200,000 in 1983/84.\*\*

Table A

GOE Recurrent Cost Coefficients  
(Appropriations)

<u>Year</u>	<u>Aggregate</u>	<u>Agriculture Sector</u>	<u>Health Sector</u>
1983/84	0.20	0.21	n.a.
1982/83	0.33	0.39	n.a.
1981/82	2.08	0.38	1.56
1980/81	-0.57	-0.19	1.37
1979/80	1.01	0.34	1.33
1978/79	0.77	0.68	1.57

\* "Recurrent Costs", A. I. D. Policy Paper, U.S. Agency for International Development, May 1982, p. 2

\*\* Recurrent cost coefficients in the Egyptian case have been calculated as:

$$r = \frac{(a_{t+1} - a_t) + (b_{t+1} - b_t)}{c_t + d_t}$$

where:

r = recurrent cost coefficient  
a = chapter 1 appropriation  
b = chapter 2 appropriation

c = chapter 3 appropriation  
d = chapter 4 appropriation  
t = fiscal year

These figures may be compared with a range calculated from a wider set of data by Peter Heller.

Table B

Illustrative Summary for the Recurrent  
Expenditure Implications of Projects as a  
Proportion of Investment Expenditures\*  
("r" Coefficients)

Forestry	0.04
General Agriculture	0.10
Livestock	0.14
Rural Development	0.08 - 0.43
Agricultural Colleges	0.17
Polytechnics	0.17
Primary Schools	0.06 - 7.0
Secondary Schools	0.08 - 0.72
Universities	0.02 - 0.22
District Hospital	0.11 - 0.30
General Hospital	0.183
Rural Health Centers	0.27 - 0.71
Urban Health Centers	0.17
Housing	0.03
Manufacturing	0.01
Feeder Roads	0.06 - 0.14
Trunk Roads	0.03 - 0.07

Source: Peter Heller, "The Underfinancing of Recurrent Development Costs," Finance and Development, March, 1979.

\* These coefficients are drawn from a very restricted sample of developing countries and are meant to illustrate the variability one can observe across sectors and projects. Example: If a polytechnic school costs \$1 million to construct and equip, on the basis of an "r" coefficient of 0.17, we can estimate that it would cost on average \$170,000 in each subsequent year to pay the teaching staff, to operate the facilities and to maintain the building.

Other factors that affect the level of recurrent costs must be considered. Inflation necessitates higher levels of current expenditure in order to attain the same return on investments. Depreciation of capital goods, which is partially covered under chapter 2, the tendency to overspend chapter 2 and underspend chapter 1, and related issues must be incorporated into an analysis of the recurrent cost issue in Egypt.

The level of recurrent expenditures as a proportion of investment in the agricultural sector is lower than that for the national budget. Table A provides the recurrent cost coefficients for the agricultural sector from 1978/79 to 1983/84. If these coefficients for Egypt are compared to the illustrative summary of selected countries in Table B compiled by Heller, Egypt's recurrent expenditures in agriculture seem somewhat high, but do fall into the range for general agriculture and rural development activities (0.08 - 0.43). Heller's figures are not precise indicators of optimal levels of recurrent expenditure, are intended to provide a reference point.

Recurrent expenditures in the health sector budget are relatively high. The bulk of the current budget goes toward wages. For example, wages constituted 65% of the current budget appropriation (chapters 1 and 2) in 1981/82.

While Egypt's recurrent cost budget figures reflect a relatively high level of current expenditure, observation seems to indicate otherwise. Maintenance deficiencies, supply shortages, and low wages plague many sectors. There are several explanations for this seeming discrepancy between budgetary levels of funding and the apparent shortfall in current expenditures observed in many sectors. Much of chapter 2 expenditure is for interest and transfer payments, not for operations and maintenance costs. Recurrent cost financing is affected by factors such as Egypt's full employment policy, price distortions, and political issues. The relatively high levels of expenditure on chapter 2 items may also reflect the inefficient use of the GOE current budget. The economic allocative inefficiency associated with a recurrent cost problem is likely to persist, if not worsen, particularly as the burden of current expenditures for donor investments shifts to the GOE.

Egypt's apparent recurrent cost problem does not reflect a lack of resources, but rather indicates a lack of commitment to financing recurrent costs. The GOE earns substantial revenues from oil exports, the Suez Canal, customs collections, and other sources. Moreover, the GOE's potential for raising additional revenue, for example through the reduction of domestic energy subsidies, further diminishes the arguments for donor financing of recurrent costs. Because the GOE has the capability to finance recurrent costs, USAID has the following options:

- (1) Limit USAID involvement to projects with lower recurrent cost needs, such as infrastructure and housing, in contrast to high recurrent cost areas, such as health and education.
- (2) Assist the GOE in moving to an acceptable recurrent cost policy. This might include the compilation of evidence that recurrent cost financing has greater development impact than new investments, and technical assistance on fiscal policies and tax administration.

C. Private Sector Health and Family Planning

The reluctance of the GOE to make substantial budgetary contributions to public health and family planning may enhance the viability of USAID's strategy of a greater role for the private sector. USAID should continue to support private initiatives in these areas and encourage the GOE to concentrate its efforts on the delivery of services that cannot be provided effectively by the private sector in Egypt.

USAID should also encourage the financial viability of the Health Insurance Organization (HIO). The HIO received 13% of the total health sector appropriation in 1981. This dependency on the GOE budget should diminish with the introduction of user charges for customers who can afford to pay.

D. Higher Education Bias

USAID should continue to urge the GOE to provide a greater share of funds to basic, vocational, and technical education in order to counteract the current disproportionate expenditure on secondary and university education.

E. Donor Coordination

The information in Table 10 should facilitate efforts at donor coordination. The experience of other donors will be useful to USAID's planning and programming efforts.

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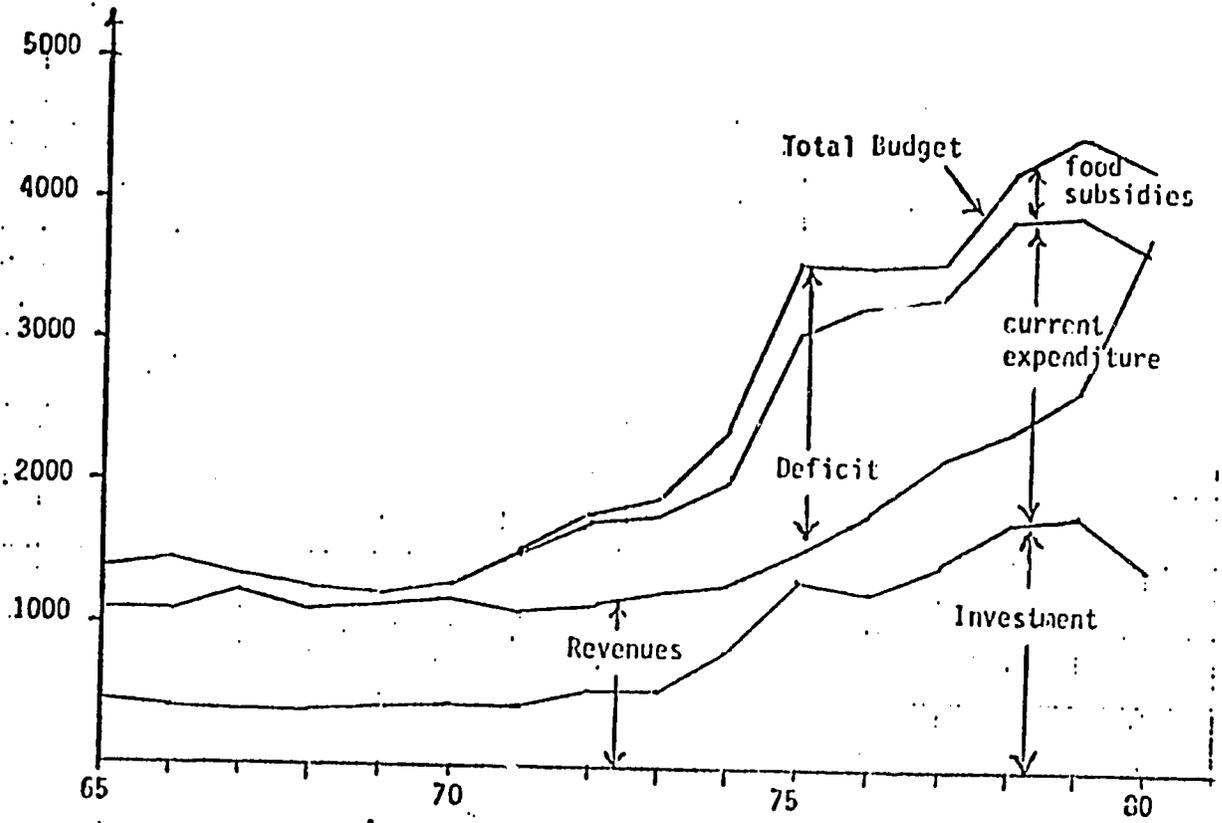
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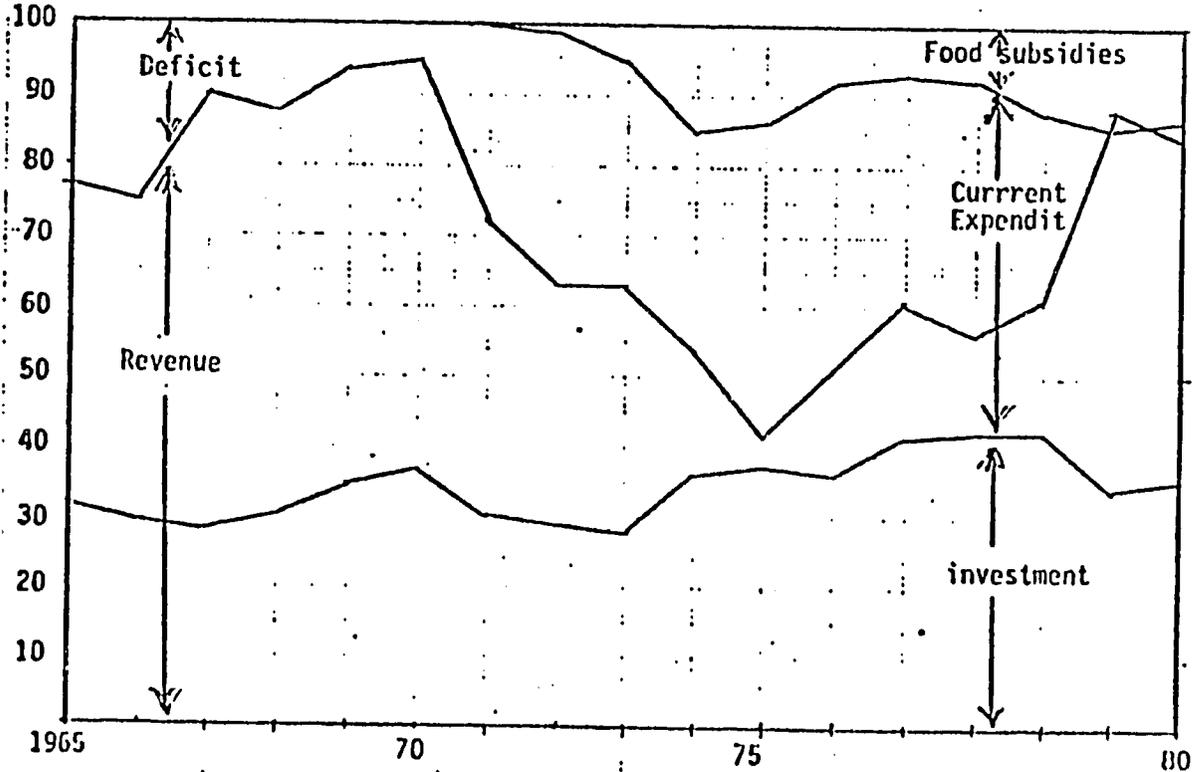
Figure 1: GOE Budget Trends, 1965-80

a) Overall budget developments in Egypt 1965-1980.

Mill. LE (in 1975 prices)



b) % of Total Expenditure

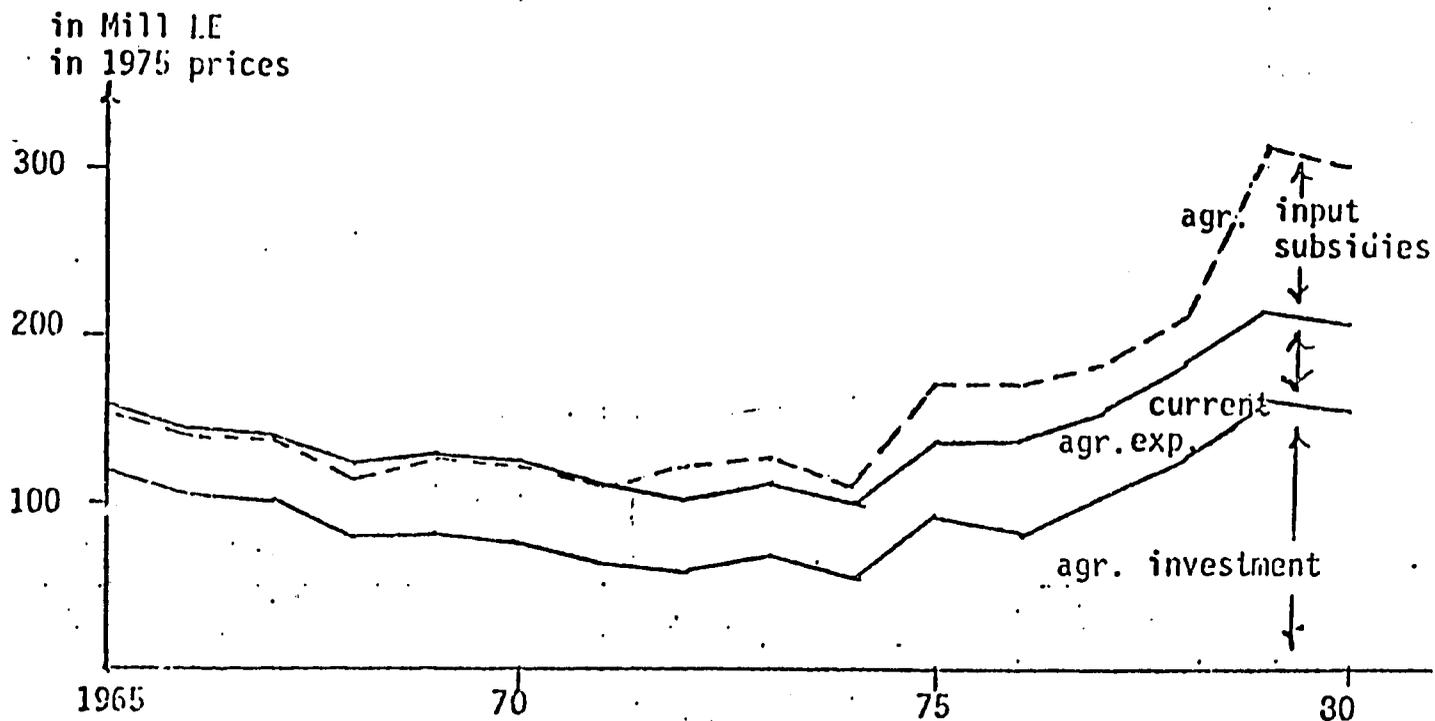


Source: Joachim von Braun and Hartwig de Haen, Impact of Food Price and Subsidy Policies on the Agricultural Sector: Egypt, IFPRI, May 1983.

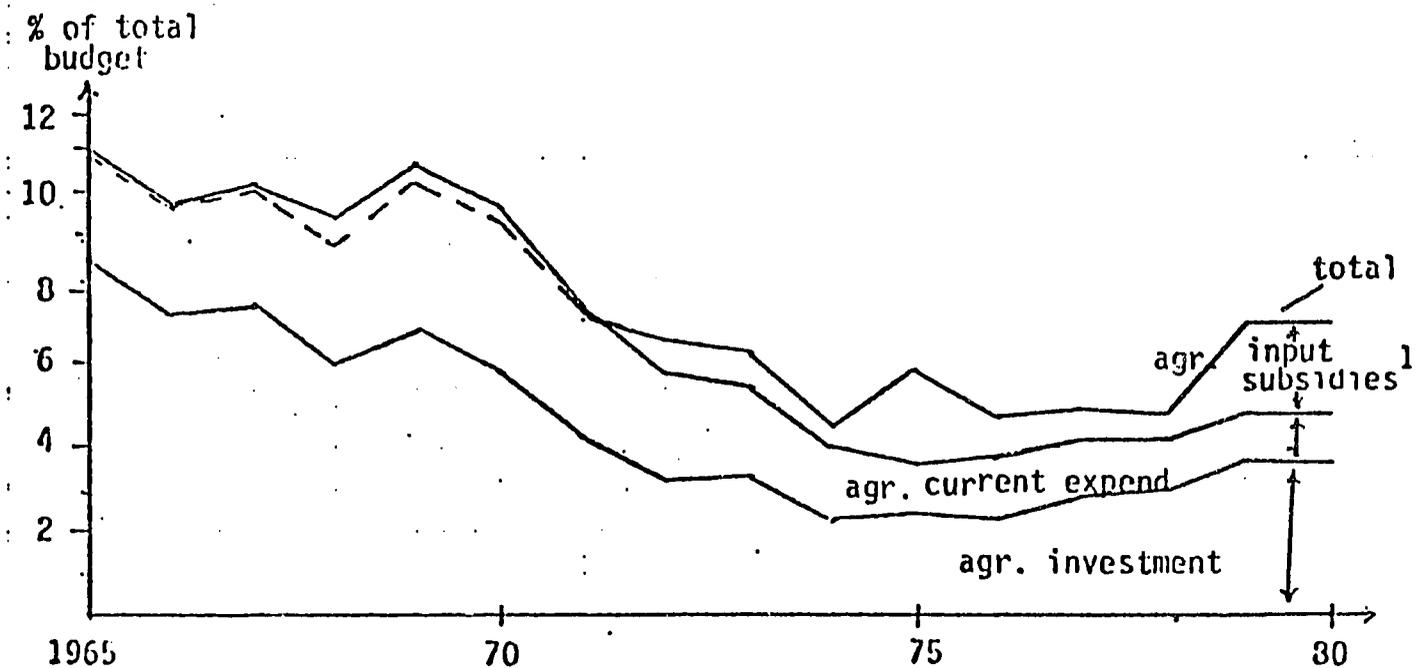
Figure 2:

Government Spending for the Agricultural Sector 1965-1980

a) Gross spending on agricultural investment, current expenditures and input subsidies



b) Development of shares in total government expenditure



<sup>1</sup> small profits during 1965-71.

# GOE Budget Trends 1977/78 - 1983/84, by Charter

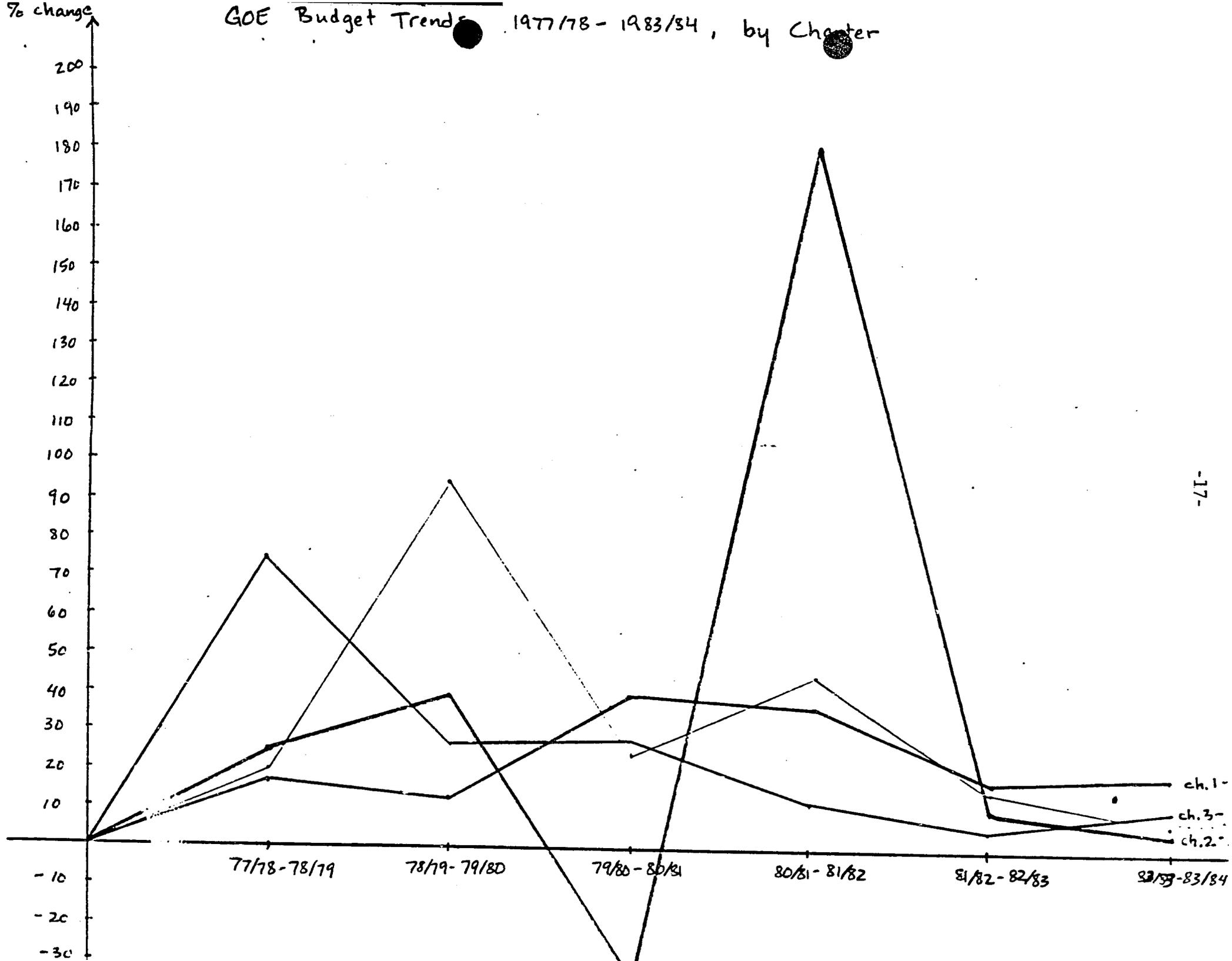


Table 1: GOE Budget Appropriations by Chapter and Agency, 1977/78-1983/84

Agency and Budget Chapter (Estimate)	1 9 7 7	1 9 7 8	1 9 7 9	1980 / 1981	1981 / 1982	1982/1983	1983/1984
<u>Administrative System</u>							
Chapter 1 - W a g e s	340,816,300	375,371,000	379,838,500	783,211,700	1,012,572,000	988,565,900	1,255,670,400
Chapter 2 - current expenditures and transfers	999,828,700	1,318,120,000	2,544,637,900	3,929,245,100	4,732,846,400	5,904,603,200	6,458,110,200
Chapter 3 - Investments	148,407,500	189,804,400	288,128,100	416,911,000	497,416,000	649,378,000	740,480,000
Chapter 4 - Capital transfers	13,554,800	13,054,400	992,775,000	1,063,377,360	1,346,876,400	1,870,749,600	1,823,945,150
Administrative Subtotal	1,502,607,300	1,896,349,800	4,305,379,500	6,192,745,160	7,589,716,800	9,413,396,700	10,278,205,750
<u>Service Agencies</u>							
Chapter 1 - w a g e s	107,758,000	126,298,000	147,947,000	148,413,500	221,185,300	289,433,000	348,762,600
Chapter 2 - current expenditures and transfers	1,188,484,000	849,915,000	602,374,800	110,476,500	149,176,900	198,676,300	254,145,100
Chapter 3 - Investments	130,083,400	247,594,600	307,676,500	382,350,000	43,222,000	427,454,000	503,327,000
Chapter 4 - Capital transfers	513,211,400	57,160,500	77,314,500	25,436,640	53,739,100	69,185,700	81,054,000
Service Subtotal	1,939,536,800	1,280,968,100	1,135,312,800	666,676,640	867,323,300	984,750,000	1,197,288,700
<u>Economic Agencies</u>							
Chapter 1 - W a g e s	151,001,000	183,127,500	200,119,000	231,139,500	325,295,000	429,037,000	472,632,000
Chapter 2 - current expenditures & transfers	2,285,049,700	3,396,198,500	4,570,726,100	1,088,815,900	9,856,006,596	10,199,521,300	10,373,248,900
Chapter 3 - investments	459,621,400	827,429,800	1,009,482,800	1,094,178,000	1,188,137,000	1,197,694,000	1,358,701,000
Chapter 4 - Capital transfers	351,204,800	983,867,500	988,370,100	1,447,066,200	2,362,494,783	2,426,149,300	3,054,286,610
Economic Subtotal	3,246,876,900	5,390,623,300	6,768,698,000	3,861,199,600	13,731,933,379	14,252,401,600	15,255,568,510
<u>Local Governments</u>							
Chapter 1 - w a g e s	343,006,000	415,271,000	529,903,000	595,338,000	866,556,000	1,165,967,000	1,330,567,000
Chapter 2 - current expenditures & transfers	86,746,000	98,558,000	99,506,000	139,972,000	165,618,000	207,049,000	255,705,000
Chapter 3 - investments	24,628,300	57,121,200	79,621,000	255,200,000	294,500,000	254,800,000	297,000,000
Chapter 4 - capital transfers	4,764,700	5,230,000	6,095,000	6,276,000	11,051,000	15,374,000	23,593,000
Local Government Subtotal	459,165,000	576,188,200	715,125,000	996,786,000	1,337,725,000	1,683,190,000	1,906,871,000
<u>General Budget :</u>							
Chapter 1 - w a g e s	942,581,300	1,100,067,500	1,257,807,500	1,758,102,700	2,425,614,300	2,873,102,000	3,413,632,000
Chapter 2 - current expenditures and transfers	4,560,108,400	5,662,791,500	7,917,244,800	5,268,509,500	14,903,647,896	16,509,049,800	17,341,902,200
Chapter 3 - investments	762,740,600	1,321,950,000	1,684,908,400	2,148,639,000	2,423,275,000	2,569,320,000	2,830,506,000
Chapter 4 - Capital transfers	882,755,700	1,059,320,400	2,064,554,600	2,542,156,200	3,774,151,283	4,381,459,600	4,962,594,760
Total General Budget	7,148,186,000	9,144,129,400	12,924,515,300	11,717,407,400	23,526,698,479	26,333,738,300	28,637,933,960

Source: Ministry of Finance

Table 2: Total Revenues ("Resources") and Expenditures ("Uses")  
in GOE Budget, FY 1983/84 (appropriations)

(In L.E. Million)

<u>Firstly : Current Budget</u>		
Resources :	9974	
Uses	<u>9891</u>	
Increase of Resources over Current Uses	.....83	
<u>Secondly : Investment Budget</u>		
Investments	4400	
Own Resources	<u>806</u>	
Deficit Investment Finance		(3594)
<u>Thirdly : Capital Transfers Budget</u>		
Obligations	1918	
Own Resources	<u>417</u>	
Deficit Finance of Capital Transfers		(1501)
Total Budget Deficit		<u>(5012)</u>
<u>Methods of Providing for Total Deficit.</u>		
a) Grants and Foreign Aid	-	
b) From Local Sources	2325	
c) From Foreign Loans	187	
d) From Credit Facilities	<u>1200</u>	<u>3712</u>
Net Budget Deficit to be financed from the Banking System		<u>1300</u> ====

Source: "Financial Report about the Proposed State General Budget for the  
Financial Year 1983/84," Ministry of Finance, 1983

Table 3: GOE Current Budget: Revenues and Expenditures ("Uses"), 1983/84

(To the nearest million ) L.E.

<u>Revenue</u>	<u>1983/84</u>	<u>1982/83</u>	<u>Increase (Deficit)</u>
Income Tax	2752	2309	443
Customs	2300	1951	349
Consumption Taxes	1400	1217	183
Other Sovereign Revenue	464	447	17
	<hr/>	<hr/>	<hr/>
Total Sovereign Revenue	6916	5924	992
	<hr/>	<hr/>	<hr/>
Petroleum Surplus	1017	1195	(178)
Suez Canal Surplus	323	317	6
Surplus of other Economic Authorities	129	123	6
Share of Governments in Company Profits	376	265	111
Central Bank Surplus	326	290	36
Other Current Revenue	887	579	308
	<hr/>	<hr/>	<hr/>
Total Current Revenue	9974	8693	1281
	<hr/>	<hr/>	<hr/>
<u>Uses:</u>			
Wages	2925	2444	481
Subsidies	1686	2040	(354)
Interest on Local Public Debt	1028	747	281
Interet on Foreign Public Debt	208	205	3
Pensions borne by the Treasury	588	504	84
Commodity and services Resources	630	531	99
Global Authorizations for the Armed Forces and other Units	2826	2283	543
	<hr/>	<hr/>	<hr/>
Total Current Uses	9891	8754	1137
	<hr/>	<hr/>	<hr/>

Source: "Financial Report about the Proposed State General Budget for the Financial Year 1983/84," Ministry of Finance, 1983

Table 4: Total Investment (chapter 3) in the GOE 1983/84 Plan, by Sector

In LE Millions

Sectors	General State Budget				Economic Authori.	Economic Units	Total
	Adminst. organiz.	Local govern.	Service Instit.	Total			
1. Agriculture and irrigation	146.9	-	115.3	262.2	118.4	116.9	497.5
2. Manufacture, Petroleum & Mining	12.0	-	4.3	16.3	136.3	616.4	769.0
3. Electricity and Energy	4.2	-	-	4.2	359.0	41.8	405.0
4. Transport and communications	4.7	-	69.6	74.3	452.5	93.0	619.8
5. Provisions and commerce	0.7	-	-	0.7	45.5	163.1	209.3
6. Finance and Economics	11.7	-	0.7	12.4	20.9	0.3	33.6
7. Housing and construction	196.5	-	197.6	394.1	158.7	319.3	872.1
8. Medical, social and religious services	59.0	-	7.3	66.3	16.5	14.1	96.9
9. Education, Research and youth	151.8	-	83.0	234.8	-	-	234.8
10. Culture and Mass Communication	4.2	-	4.5	8.7	24.8	1.6	35.1
11. Tourism and Aviation	7.8	-	21.0	28.8	22.8	55.4	107.0
12. Defence, Safety and Justice	42.6	-	-	42.6	0.5	77.0	120.1
13. State services	28.8	-	-	28.8	-	-	28.8
14. Insurance	3.1	-	-	3.1	2.8	1.1	7.0
15. General Sections	66.5	-	-	66.5	-	-	66.5
16. General Departments of local government	-	297.0	-	297.0	-	-	297.0
Total	740.5	297.0	503.3	1540.8	1358.7	1500.0	4399.5
National Investment Bank							0.5
General Total							4400.0

Source: "Financial Report about the Proposed State General Budget for the Financial Year 1983/84," Ministry of Finance, 1983

Table 5: Financing of Deficit in 1983/84 GOE Investment Budget

The following details show how the total deficit of the 1983/84 Investment Budget would be met:

	in L.E. million	
Investments		4400.-
<u>Self-Finance:</u>		
Reserves and Provisions of the Public Authorities and Public Sector Companies	432.4	
Surplus of National Investment Bank available for financing	<u>373.2</u>	<u>805.6</u>
Total Deficit		3594.4

How to Meet Total Deficit:

Grants and Aid	-	
Loans from Local Saving Devices	2325.4	
Credit Facilities	<u>1200.-</u>	<u>3525.4</u>
Net Deficit of the Investment Budget		<u>69.-</u> =====

Source: "Financial Report about the Proposed State General Budget for the Financial Year 1983/84," Ministry of Finance, 1983

Table 6: Comparison of Total and Net Deficits of 1982/83 and 1983/84  
GOE Budgets

	(In L.E. Million)	
	<u>1983/84</u>	<u>1982/83</u>
<u>Current Budget</u>		
Uses	9891	8754
Revenues	<u>9974</u>	<u>8693</u>
Increase (Deficit) of Resources over Uses	83	(61)
<u>Investments Budget</u>		
Investments	4400	3936
Own available Resources	<u>806</u>	<u>835</u>
(Deficit) Investment Finance	(3594)	(3101)
<u>Capital Transfers Budget</u>		
Obligations	1918	1955
Own available Resources	<u>417</u>	<u>272</u>
(Deficit) Finance of Capital Transfers	(1501)	(1683)
Total Budget Deficit	(5012)	(4845)
<u>Methods of Providing Total Deficit:</u>		
Foreign Aid	-	106
Loans from Local Saving Devices	2325	2066
Credit Facilities	1200	963
Foreign Loans	<u>187</u>	<u>210</u>
Total	<u>3712</u>	<u>3345</u>
Net Deficit of the Budget Financial from the Banking System	1300 ====	1500 =====

Source: "Financial Report about the Proposed State General Budget for the Financial Year 1983/84," Ministry of Finance, 1983

**Table 7: GOE Budget Appropriations in the Agricultural Sector, 1977/78-1983/84 Agency and Chapter**

Agricultural Sector : Ministries of Agriculture, Land Reclamation, and Irrigation, Dependent Agencies, and Local Governments

Agency and Budget Chapter	(L.E.) 1977	(L.E.) 1978	(L.E.) 1979	(L.E.) 1980 / 1981	(L.E.) 1981/1982	(L.E.) 1982/ 1983	(L.E.) 1983 / 1984
<u>Administrative System</u>							
Chapter 1 - W a g e s	26,052,000	26,810,100	29,119,000	35,914,000	48,809,000	60,498,000	63,723,500
Chapter 2 - Current expenditure and transfers	17,553,500	24,520,500	29,299,000	34,142,700	39,296,800	55,785,400	71,268,520
Chapter 3 - investments	25,713,000	64,215,400	67,546,700	103,780,000	107,470,000	134,202,000	146,941,000
Chapter 4 - Capital transfers	-300,000	-859,200	1,540,800	5,437,000	9,009,900	32,684,500	44,939,000
Administrative Subtotal	70,218,500	116,405,200	122,505,500	179,273,700	204,586,700	283,169,900	326,792,070
<u>Service Agencies</u>							
Chapter 1 - Wages	25,024,000	28,637,000	33,691,000	34,815,000	47,367,000	57,781,000	64,063,000
Chapter 2 - Current expenditures & transfers	9,576,200	9,806,800	107,504,000	14,229,600	18,025,000	19,349,500	21,009,700
Chapter 3 - Investments	31,677,600	67,072,300	85,036,000	103,510,000	103,420,000	107,419,000	115,285,000
Chapter 4 - Capital transfers	6,172,200	5,797,000	4,202,500	7,892,000	10,702,900	25,456,500	20,938,500
Service Subtotal	72,450,000	111,313,100	230,433,500	160,446,600	179,514,900	210,006,000	221,296,200
<u>Economic Agencies</u>							
Chapter 1 - W a g e s	3,408,000	4,409,000	7,247,000	8,246,000	8,585,000	9,975,000	11,326,000
Chapter 2 - current expenditures & transfers	54,701,000	83,571,000	21,286,000	54,740,900	95,042,000	156,207,000	195,921,000
Chapter 3 - investments	10,439,100	5,711,900	42,708,000	23,670,000	57,574,000	85,703,000	118,431,000
Chapter 4 - Capital transfers	3,358,400	22,930,400	24,937,000	16,501,900	36,804,000	37,144,000	35,846,000
Economic Subtotal	71,906,500	116,622,300	96,178,400	103,158,800	198,005,000	289,029,000	362,524,000
<u>Local Governments</u>							
Chapter 1 - W a g e s	18,923,000	29,983,000	37,293,000	40,432,000	64,534,000	88,072,000	105,474,000
Chapter 2 - Current expenditures & transfers	-830,000	1,443,000	1,718,000	2,070,700	2,347,052	2,672,946	3,253,000
Chapter 3 - Investments	---	---	---	---	---	---	---
Chapter 4 - Capital transfers	---	---	---	---	---	---	---
Local Government Subtotal	19,753,000	31,426,000	39,011,000	42,502,700	66,931,052	90,744,946	108,727,000
<u>Agricultural Sector</u>							
Chapter 1 - W a g e s	73,407,000	89,839,100	107,350,000	119,407,000	169,345,000	215,326,000	244,586,500
Chapter 2 - current expenditures & transfers	82,660,700	119,341,300	159,807,400	105,183,900	154,710,852	234,014,846	292,482,220
Chapter 3 - investments	67,829,700	136,999,600	190,290,700	230,960,000	268,464,000	327,324,000	380,657,000
Chapter 4 - Capital transfers	10,430,600	29,586,600	30,580,300	29,830,900	56,516,800	95,285,000	101,623,550
Total Agricultural Sector	234,328,000	375,766,600	488,128,400	485,381,800	649,036,652	872,949,846	1,014,344,270

Source: Ministry of Finance

Table 8: Appropriations and Expenditures in the Egyptian Public Health Sector\*, 1977/78-1981/82 (LE 000)

<u>Budget chapter</u>	1977/78		1978/79		1979/80		1980/81		1981/82	
	<u>Approp</u>	<u>Expend</u>								
Chapter 1-Wages	67129	60416.3	82216.1	71303.6	104271.3	11974.7	116337			165019
Chapter 2-Current expenditures and transfers	36503.7	42276.6	45315.7	53163.8	53868	58957.5	77506			89219
Chapter 3- Investments	14848.8		22686.9	24064	25213	19004	37648			44192
Chapter 4- Capital transfers	413	402	341.4	322.2	875.9	848	947.7			1634.7
<hr/>										
Total	118894.5	103094.9	150560.1	148853.6	184228.2	90784.2	232438.7			300064.7
<hr/>										

\*"The Egyptian Public Health Sector" refers to the Ministry of Health, Supreme Health Council, Governorates, Hospital Organization, Cairo Curative Organization, Alexandria Curative Organization, Health Insurance Organization, Biological and Vaccine Organization, and Drug Control Organization.

Source: Compiled from data in Dr. Ahmed Kamal El-Dahry. Determinants of Capital Flow in the Egyptian Public Health Sector, April 1982

Table 9: Other Donor Aid Commitments by Sector and Type of Aid (US \$ million)

<u>Donor</u>	<u>Loan</u>	<u>Grant</u>
<u>A. Agricultural Sector</u>		
African Development Bank	18.0	0
Denmark	7.17	0
European Community	5.07	1.43
Federal Republic of Germany	7.47	1.96
France	5.51	0
Finland	0	1.32
Holland	13.45	7.38
Hungary	7.9	0
Int'l Bank for Agricultural Development	56.0	0
IBRD	35.2	0
IDA	89.8	0
Japan	12.2	20.46
Rumania	37.7	0
United Nations Development Programme	5.09	0
UN - World Food Programme	0	173.2
<b>Agriculture Total</b>	<b>300.56</b>	<b>205.75</b>
<u>B. Irrigation Sector</u>		
European Community	0	1.69
Federal Republic of Germany	24.51	0
France	10.02	0
Finland	2.63	1.63
Holland	11.65	6.35
IBRD	105.3	0
IDA	105.5	0
Italy	0.003	0.34
Japanese	22.88	0
Switzerland	0.59	0
UK	0.003	0.34
United Nations Development Programme	2.5	0
<b>Irrigation Total</b>	<b>285.58</b>	<b>13.99</b>

<u>Donor</u>	<u>Loan</u>	<u>Grant</u>
<u>C. Land Reclamation Sector</u>		
IDA	69.9	0
Italy	0	1.27
Japan	14.02	2.07
<b>Land Reclamation Total</b>	<b>83.92</b>	<b>3.34</b>
<u>D. Health</u>		
African Development Bank	19.8	0
Belgium	1.84	0
Denmark	1.23	1.28
Federal Republic of Germany	4.31	0
Finland	0	3.65
France	11	0
Holland	0.23	6.21
IDA	67.2	0
Japan	2.14	0
UK	0	6.3
United Nations Development Programme	2.5	0
<b>Health Total</b>	<b>110.25</b>	<b>17.44</b>
<u>E. Education</u>		
Denmark	0.41	0
European Community	0	2.71
Federal Republic of Germany	1.84	0
France	21.95	0
Finland	0	1.94
Holland	2.34	0.89
IDA	45.6	0
Japan	0	20.14
UN	0	66.5
United Nations Development Programme	4.69	66.5
<b>Education Total</b>	<b>76.83</b>	<b>92.18</b>

Source: Ministry of Investments and International Cooperation, February 1984. Information on United Nations projects was provided by the United Nations Development Programme.

Table 10: Other Donor Aid Commitments, by Sector, Project, and Type of Aid (\$ millions)\*

A. Agriculture Sector

<u>Donor</u> (Currency)	<u>Project</u>	<u>Financing Totals (US\$)</u>	
		Loan	Grant
Holland (Guilder)	-Industrial Education in Beni Suef	--	0.20
	-Educational Expansion in Rural Areas in the Ministry of Agriculture	--	0.27
	-Improving Quality of Yield of Small Growers of Flax	--	0.03
	-Improving Onion Yield	--	0.43
	-National Training Center for Horticultural Engineering	--	0.07
	-Dairy Farms of Damietta	--	4.37
	-Improving Potato Yield	1.77	--
	-Agricultural Guidance in the Ministry of Agri- culture	--	0.53
	-Expansion of the Integrated Poultry Project in Melwan	3.47	--
	-Expansion of the Integrated Poultry Project in Fayoum	3.67	--
	-Development of Fisheries in Lake Qaroun and Al Rayan Valley	0.23	--
	-Sabtiyyah Agricultural Center	0.07	--
	-Potato Refrigeration Project	--	0.20
	-Improving the Peking Duck Breed	1.34	--
	-Studies on the Improvement of Sugar Beets	--	0.02
	-Establishing a Guidance Station for the Development of Planting of Vegetables and Fruits	--	0.67
	-Study on Combatting Rodents	--	0.03
	-Project to Increase Mangoes and Olives in Fayoum	--	0.23
	-Training Center for the Cross-breeding of Animals in Damietta	0.60	--
	-Integrated Mechanical Slaughterhouse for Poultry in Fayoum	1.87	0.33

\* All figures are dollar equivalents converted at the New York interbank rates on February 23, 1984. All amounts are for the life of the project.

<u>Donor</u> (Currency)	<u>Project</u>	<u>Financing Totals (US\$)</u>	
		Loan	Grant
	-Factory for Poultry Feed in Fayoum	0.43	--
<u>Austria</u> (Shilling)	Model Cattle Breeding Farm in West Nubariyyah		26.37
<u>Japan</u> (Yen)	-Research Center for Fisheries of the High Dam	--	2.14
	-Improving Sugar Cane Yield in Aswan	12.2	--
	-Improving Seed Production	--	3.76
	-Fertilizers and Agricultural Implements	--	4.28
	-Mechanizing Rice Planting in Kafr El Sheikh	--	6.0
	-Mechanical Service Stations	--	4.28
<u>Hungary</u> (U.S. Dollar)	-Establishing Pre-fabricated Farm for Production, Fisheries and Development of 3 million Ducklings in Alexandria	11.6	--
<u>International Development Association</u> (U.S. Dollar)	-Imports for Agriculture and Industry (524)	23.6	--
	-Agriculture Development in Governorates of Menoufiyyah and Sohag	29.0	--
	-Agro-Industrialization (988)	19.0	--
	-Third Education Loan (1069)	4.2	--
	-Development of Fish Farms	14.0	--
<u>Federal Republic of Germany</u> (Deutsche Mark)	-Project for Development of Agricultural Mechanization	--	0.53
	-Project for Utilization of Foliar Fertilizers	--	1.43
	-Agricultural Development of Fayoum Governorate	7.47	--

<u>Donor</u> (Currency)	<u>Project</u>	<u>Financing Totals (US\$)</u>	
		Loan	Grant
<u>Finland</u> (Finnish Mark)	-Study on the Development of Dairy Products	--	0.07
	-Sheep Cross-breeding Project	--	0.53
	-Agricultural Studies on the use of Whey and Feasibility Study of Kafr El Sheikh Dairy Farm	--	0.18
	-Total Allocation of Lake Bardawil Project, Cattle Breeding Study and Trees Project	--	0.54
<u>Rumania</u> (U.S. Dollar)	-Establishing 60 Service and Spraying Stations	37.7	--
<u>I B R D</u> (U.S. Dollar)	-Development of Vegetables and Fruits (1276)	35.2	--
<u>Denmark</u> (Kroner)	-Establishing Poultry Feed Factories for the General Poultry Co.	0.72	--
	-Implements for the Development of the Mechanical Slaughterhouse of the General Poultry Co.	2.78	--
	-Implements for the Protein Laboratory	0.31	--
	-Supplying of Implements for the Fertilization with Ammonia Project for the General Authority	0.21	--
	-Implements for the General Poultry Co.	2.57	--
	-Study on the Establishment of the Protein Laboratory	0.07	--
	-Supply of Farm Transformer Equipment for the West Nubariyyah Project of the Egyptian Co. for Meats and Milk Products	0.51	--

<u>Donor</u> (Currency)	<u>Project</u>	<u>Financing Totals (US\$)</u>	
		Loan	Grant
<u>France</u> (French Franc)	-Chicken Hatching Station	1.22	--
	-Agro-Industrial Combined Unit in West Nubariyyah	1.84	--
	-Agricultural Development Projects and the Principal Bank for Development and Agricultural Credit	2.45	--
<u>European Common Market</u> (ECU)	-Research on Soil Improvement	0.76	--
	-Study of the Warehouses and Storehouses Project	--	0.42
	-Strengthening Research on Clover and Fodder	--	0.25
	-Warehouses and Storage Areas	5.07	--
<u>African Development Bank</u> (U.S. Dollars)	-Rural Development Project in Bahirah	10.0	--
	-Rural Development Project	8.0	--
<u>International Bank for Agricultural Development</u> (Accounting Units)	-Project for Rehabilitation of the Mechanized Farm in West Bahairah (54)	56.0	--
<u>Hungary</u> (U.S. Dollar)	-Supply of Pumping Stations (Economic and Technical Cooperation Agreement for 1975)	7.9	--
<u>United Nations</u> (U.S. Dollar)	-Amelioration and Development of Deteriorated Soils (FAO)	0.98	--
	-Strengthening of the Cotton Arbitration and Testing General Organization - Phase II (FAO)	0.3	--
	-Improved Farming Systems for the Nile Valley - Phase II (FAO)	1.3	--
	-Application of Remote Sensing to Soil Survey and Land Evaluation (FAO)	0.25	--
	-Beef Industry Development-Phase II	0.67	--

<u>Donor</u> (Currency)	<u>Project</u>	<u>Financing Totals (US\$)</u>	
		Loan	Grant
	-Pilot Project for Agricultural Development and Human Settlement in the Bahareya Depression	0.34	--
	-Multi-Purpose Pesticide Pilot Plant (UNIDO)	0.8	--
	-Plastics Development for Agricultural Purposes (UNIDO)	0.45	--
<u>UN - World Food Programme</u> (food)	-Primary School Feeding Programme in Rural Areas	--	48.3
	-Agricultural Development in the North Western Coastal Zone	--	13.4
	-Participation in the Rehabilitation of the Suez Canal Zone	--	29.5
	-Agricultural Development through Tile Drainage in Lower Egypt	--	19.3
	-Land Development and Settlement	--	62.7
<b>B. Irrigation Sector</b>			
<u>Federal Republic of Germany</u> (Deutsche Mark)	-Spare Parts and Pumps for Irrigation and Drainage	5.66	--
	-Tiled Drainage in the Nile Delta	18.85	--
<u>France</u> (French Franc)	-Hydraulic Pumps and Trenches for the Ministry of Irrigation	3.06	--
	-Equipment for the Ministry of Irrigation	1.92	--
	-Re-dredging of Water Canals, Purchase of 3 Pumps	5.04	--
<u>Holland</u> (Guilder)	-Consulting Group for Technological Development of Drainage.	2.60	--
	-Control of Weeds in Canals and Drainage Ditches	2.37	--

<u>Donor</u> (Currency)	<u>Project</u>	<u>Financing Totals (US\$)</u>	
		Loan	Grant
Holland (Guilder)	-Supply of Equipment and Expertise for Development of Tilted Drainage Methods	4.14	--
	-Equipment for the Dredger Company for Tiled Drainage.	2.54	--
	-Setting up Canals from the Ismailia Canal	--	0.03
	-Training Program for Workers at the Underground Water Research Institute	--	2.07
	-Jonglei Canal Studies	--	1.27
	-Establishing a Station for Hatching, fisheries, and Weed control		0.27
	-Irrigation, Bahr Saft Sharqiyyah		0.10
	-Studies of Tiled Drainage		0.90
	-Study of the Barrages on the Nile		0.03
	-Water Administration in Fayoum		0.69
	-Re-cycling of Drainage Water		0.99
	Finland (Finnish Mark)	-Developing the Plantyard of Irrigation Workshops Company	2.63
-Study of the Project for Development of the Irrigation Workshops Co. Plant		--	0.40
-Implementation of the Irrigation Workshops Co. Plant Project		--	1.23
Denmark (Kroner)	-Developing the Plant Yard of the General Co. for Irrigation Workshops	0.72	--