

جمهورية مصر العربية



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Budget Transparency Series: Spotlight on Children in the 2019/2020 Budget

Transparency Brief No.2



Child's Copy of the Citizen Budget

Child budgeting is a tool used to highlight and monitor budget allocations for initiatives that benefit children directly, or indirectly through allocations for their families. These efforts come in accordance with Egypt's ratification of the Child Law in 1996 as the first legislation to protect children's rights in Egypt and the establishment of the National Council for Childhood and Motherhood (NCCM) in 1988.

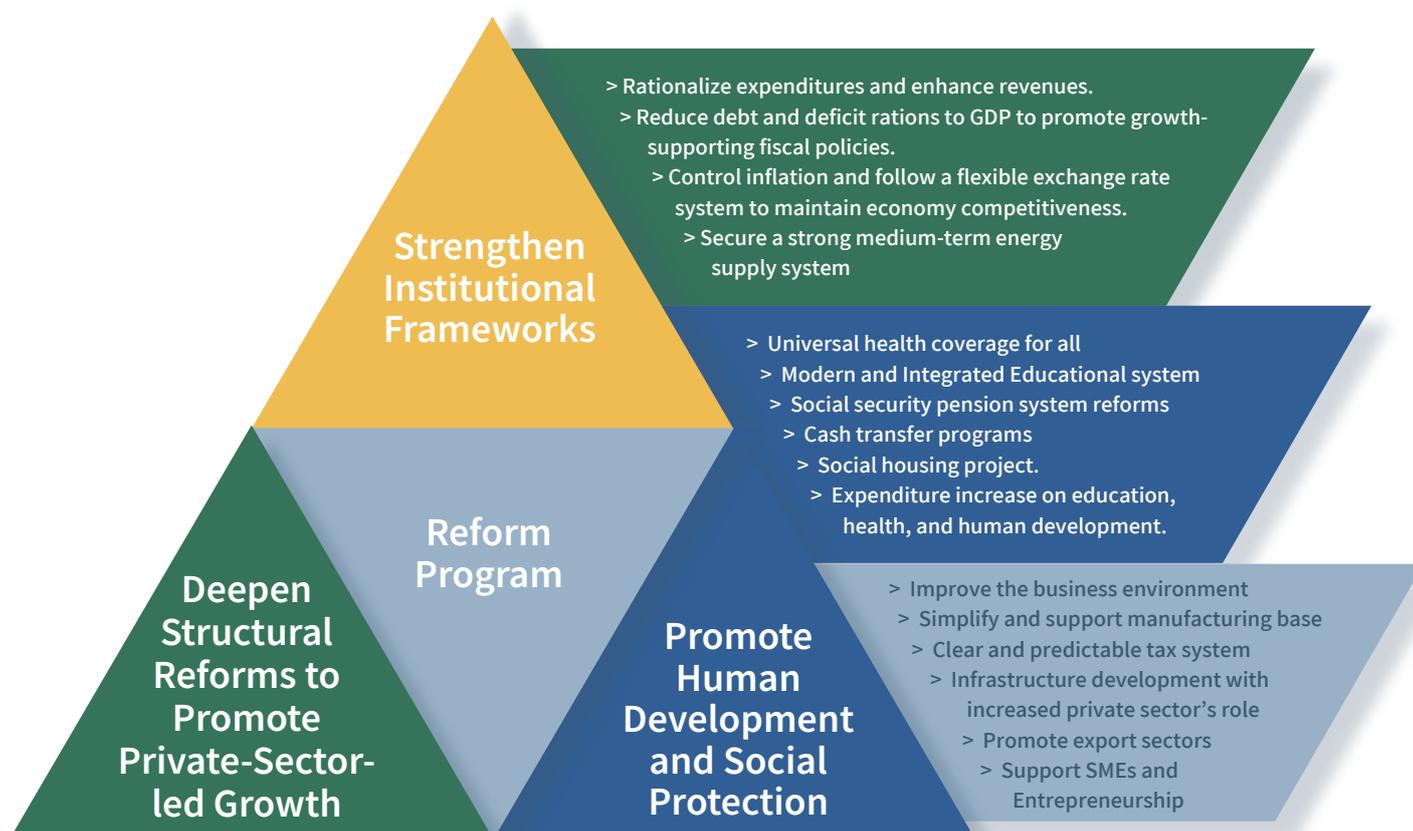
The state budget for 2019-2020, in light of the national economic reforms program, acknowledges the importance of monitoring public expenditure and improving allocations for children (0-18). The Citizen Engagement and Fiscal Transparency Unit of the Ministry of Finance will publish allocations related to children on an annual basis in the "Budget Transparency Series" report (see page 5 of the 2019/2020 budget allocations for children)

Vision and Objectives of the 2019/2020 Budget

Allocations in the 2019/2020 public budget reflect the government's commitment to continue implementing the comprehensive economic and social reform program that aims to push the Egyptian economy to grow at full capacity and to allow the creation and generation of sufficient and productive job opportunities. It also reflects A) efforts towards financial control through the continued reduction of the debt and the total deficit in the budget to rates that are low and sustainable compared to the Gross Domestic Product (GDP), and B) better resource mobilization to finance the effort needed to achieve Sustainable Development Goals (SDGs), especially social protection and human development.

To achieve these goals, the government is working towards increasing the state's resources in an efficient manner and restructuring public expenditures by arranging priorities in a manner that guarantees the creation of a fiscal space (savings) in the medium term. Having fiscal space allows the state to increase expenditures on human, economic, and social development projects to comply with constitutional requirements. It also provides the needed space to improve the services provided to ensure a better future for citizens and create more job opportunities, especially for youth and women.

The Main Pillars of the Economic Reform Program



Quantitative Objectives of the Economic Reform Program During FY 2019/2020 and in the Medium Term

Increase growth rate



Increase the annual real growth rate to 6% in 2019/2020 and to 6-7% in the medium term

Employment



Create real job opportunities to reduce unemployment to 9% in 2019/2020 and to 7-8% in the medium term

Fiscal control



Reduce budget deficit to 7.2% of GDP in 2019/2020 and reduce public debt of GDP to 89%

Foreign exchange reserve balance



Increase foreign exchange reserves to more than 8 months of imports in 2019/2020

Price control and stability



Lower inflation rates to 10% in 2019/2020 so as to decrease in the medium term

Saving and investment policies



Increase savings and investment rates to about 12% and 19% respectively in 2019/2020

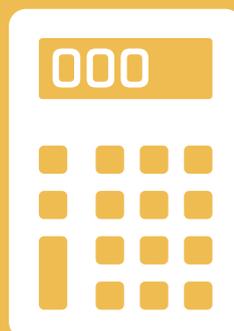
Expenditure and Revenue Sources in the 2019/2020 Budget¹



Where do revenues come from?²

Total Revenues for 2019 /2020 are equal to EGP

1.13
trillion



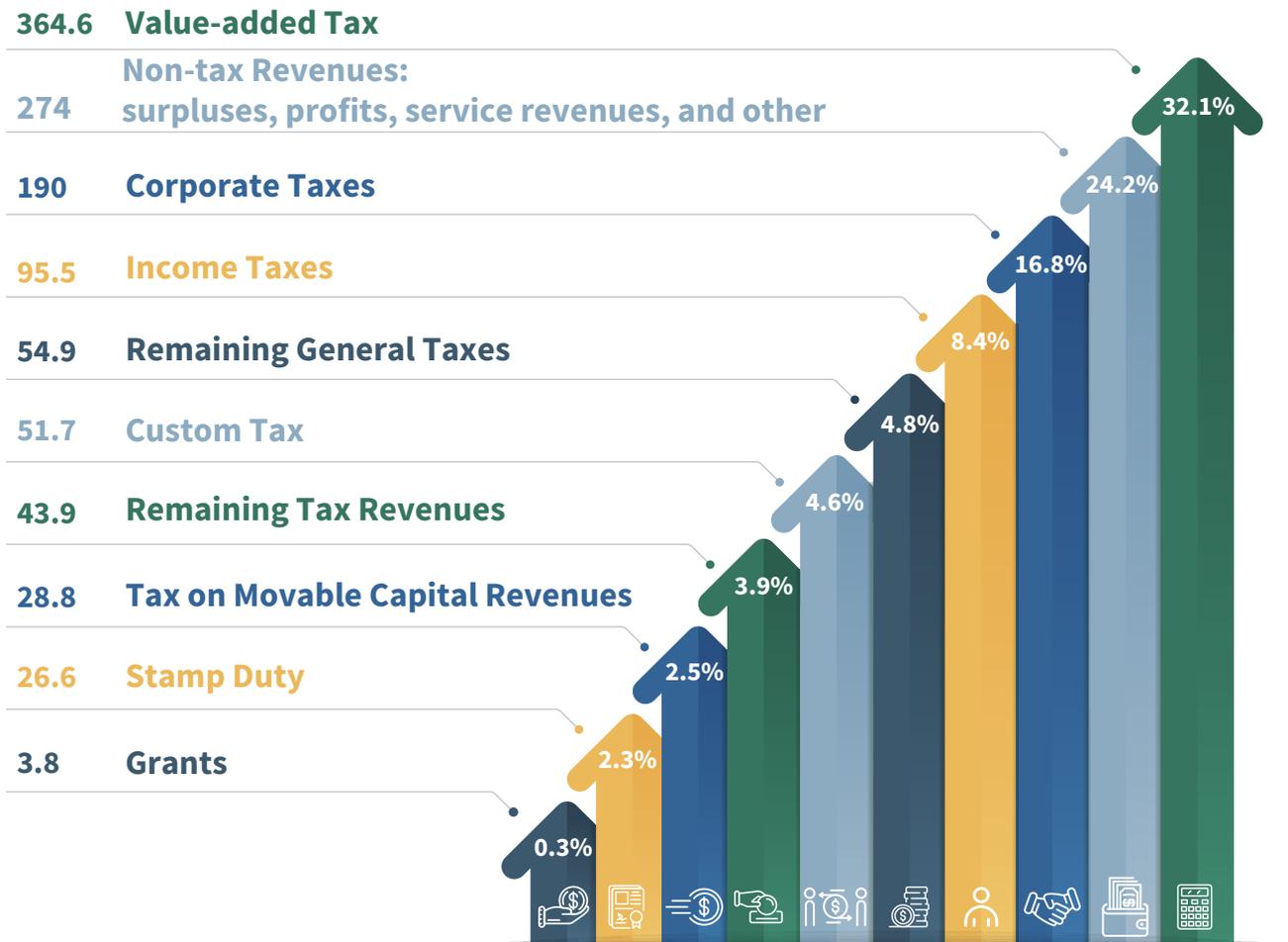
¹ data on the economic and functional classifications of the budget can be found in the Ministry of Finance's Citizen Budget 2019/2020

² Ministry of Finance, Financial Statement 2019/2020

How much each source of revenue contributes to the 2019/2020 budget

Total Revenues for 2019 /2020 are equal to EGP
1.13
 trillion

Amount in Billions



Spotlight on Children



Social Protection

(EGP 43 billion)

- It is estimated that **13%** of Social Protection budget is allocated to children;³
- Some **EGP 6 billion** of the funds allocated to Takaful and Karama cash transfers is allocated to children (0-18), who make up **49.52%** of takaful and Karama beneficiaries (**3.8 million children**).⁴
- Approximately **EGP 35.6 billion** of the allocations for ration cards and bread subsidy benefits go to children
- **EGP 1.56 billion** is estimated to be the children's share of the **EGP 3.9 billion** that are allocated to subsidize the "120 thousand housing unit" social housing programme.⁵



Health Sector

Priority areas of expenditure (EGP 4.3 billion)

- Approximately **8%** of the total health budget and around **66%** of the total government subsidies to the health sector are allocated to children⁵
- **EGP 2.6 billion** out of the total EGP 6.6 billion EGP is allocated for treatment at the expense of the state go to children;
- **EGP 1.5 billion** is allocated to subsidize medicines for children;
- **EGP 227 million** are allocated for the health insurance of children in preschool age⁶



(0-18 years)



Education



(Approx. EGP 93.5 billion)

- **71%** of the education budget has been allocated to children.
- **EGP 4.2 billion** for Kindergarten used to (i) increase the number of kindergarten classrooms, especially in deprived areas in Upper Egypt (ii) fund programs to develop the creative and cognitive abilities of children
- **EGP 62.8 billion** for Primary and Preparatory stages and **EGP 26.5 billion** for Secondary: general + technical to: (i) improve curricula; (ii) fund programs to build the capacities of students in conducting scientific research; (iii) fund programs to train teachers; (iv) integrate educational technology into the education system, which will help facilitate the teaching process (e.g. school tablets program); (v) build schools and periodic maintenance of education assets; (vi) fund 5 new schools that are part of the Egyptian-Japanese school system.

³ This estimation was calculated by UNICEF as a proportion of the figure of EGP 329 billion devoted to Social protection and subsidies according to data released by the Ministry of Finance's Economic Justice Unit in "Subsidy and Social Protection Programs in the 2019/2020 Budget".

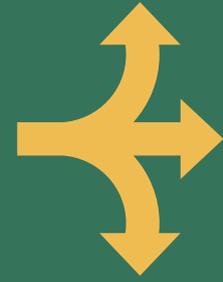
⁴ Figures are based on data provided by the Ministry of Social Solidarity.

⁵ This estimation was calculated by UNICEF. It is based on data from Egypt's 2017 census, which shows that children (0-18) make up 40% of the population in Egypt. Allocations for social housing and health were obtained from the Ministry of Finance's Citizen Budget 2019/2020

⁶ based on the data released by the Ministry of Finance's Economic Justice Unit in a diagram entitled "Subsidy and Social Protection Programs in the Draft 2019/2020 Budget".

Total Allocations are equal to EGP

1.57 trillion



Economic Classification of Allocations



Amount in Billions

569 Interest

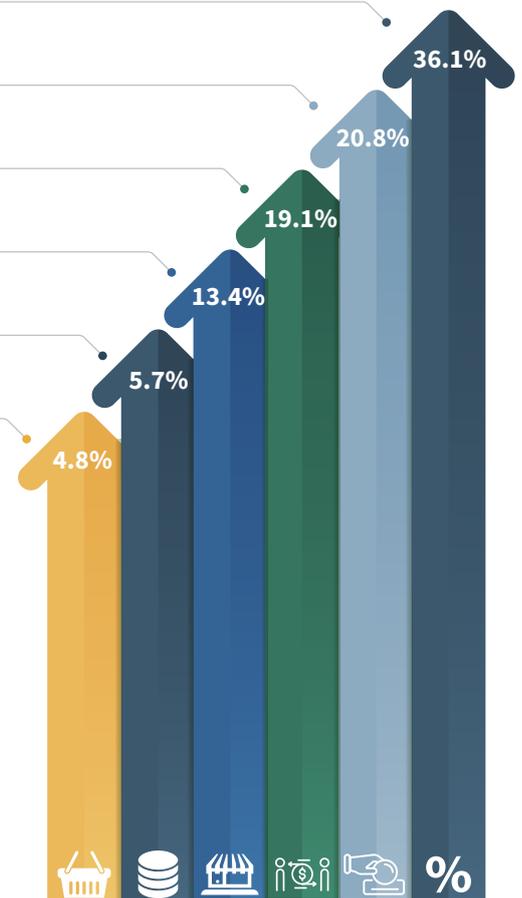
327.7 Subsidies, Grants, and Social Benefits

301 Civil Servants Wages and Compensation

211 Non-financial Asset Purchase

90 Other Expenditures

74.9 Goods and Services Procurement

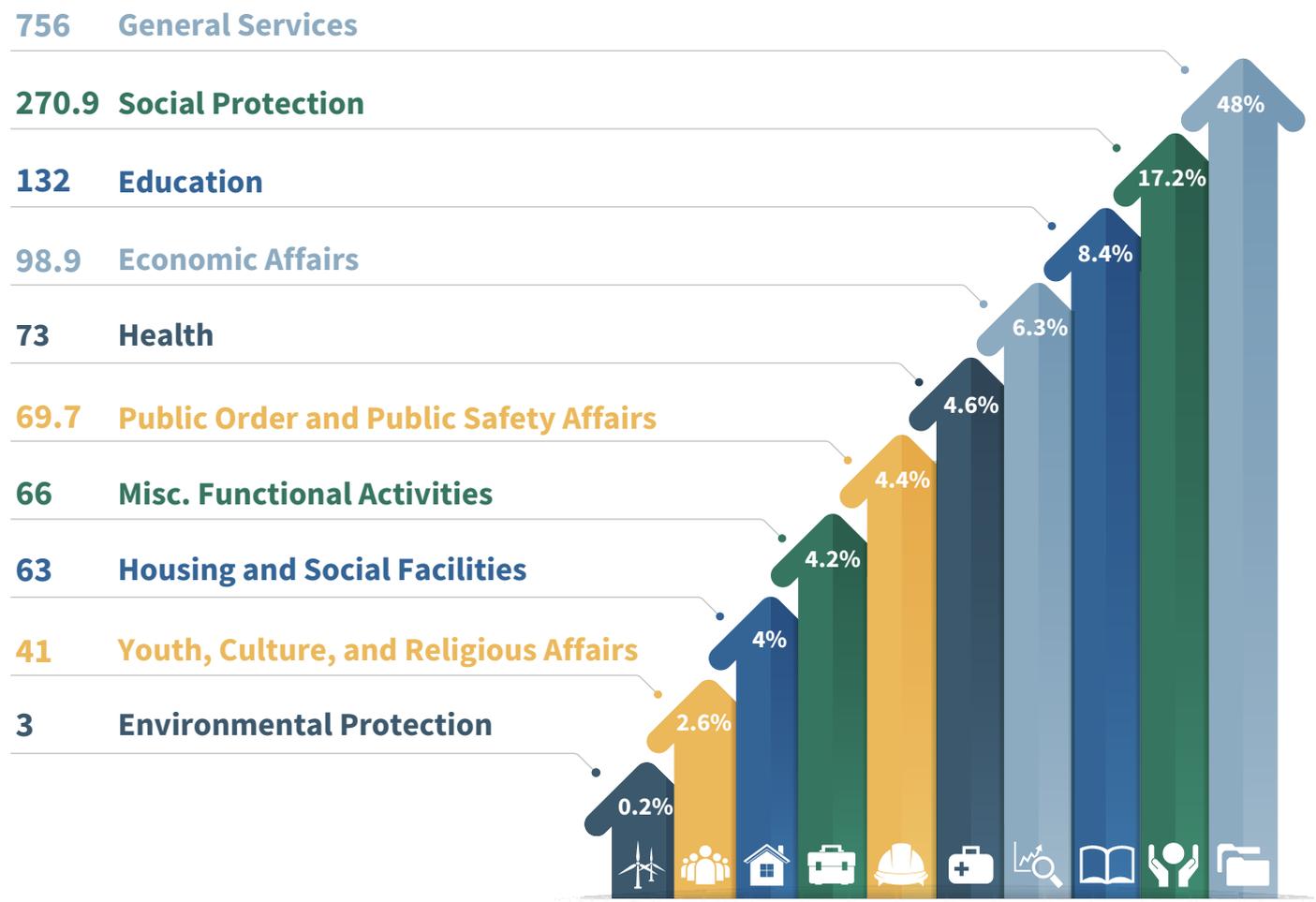




Functional Classification of the Allocations

Total Allocations are equal to EGP
1.57
trillion

Amount in Billions



Who benefits from the 2019/2020 budget?

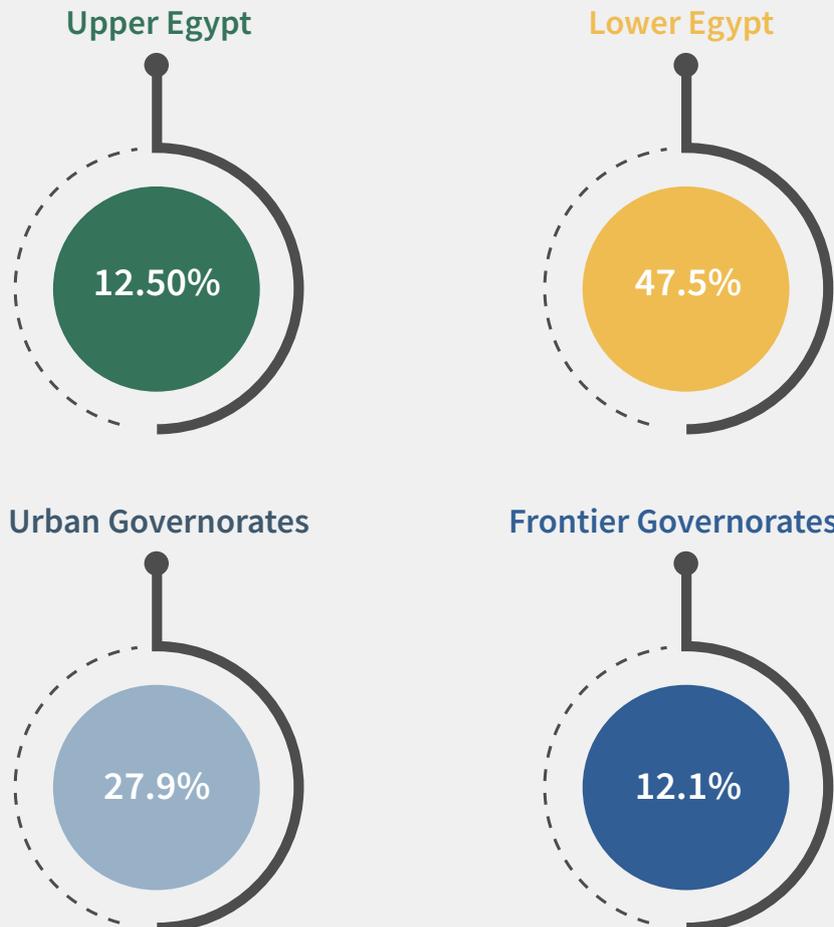


Percentage of the population

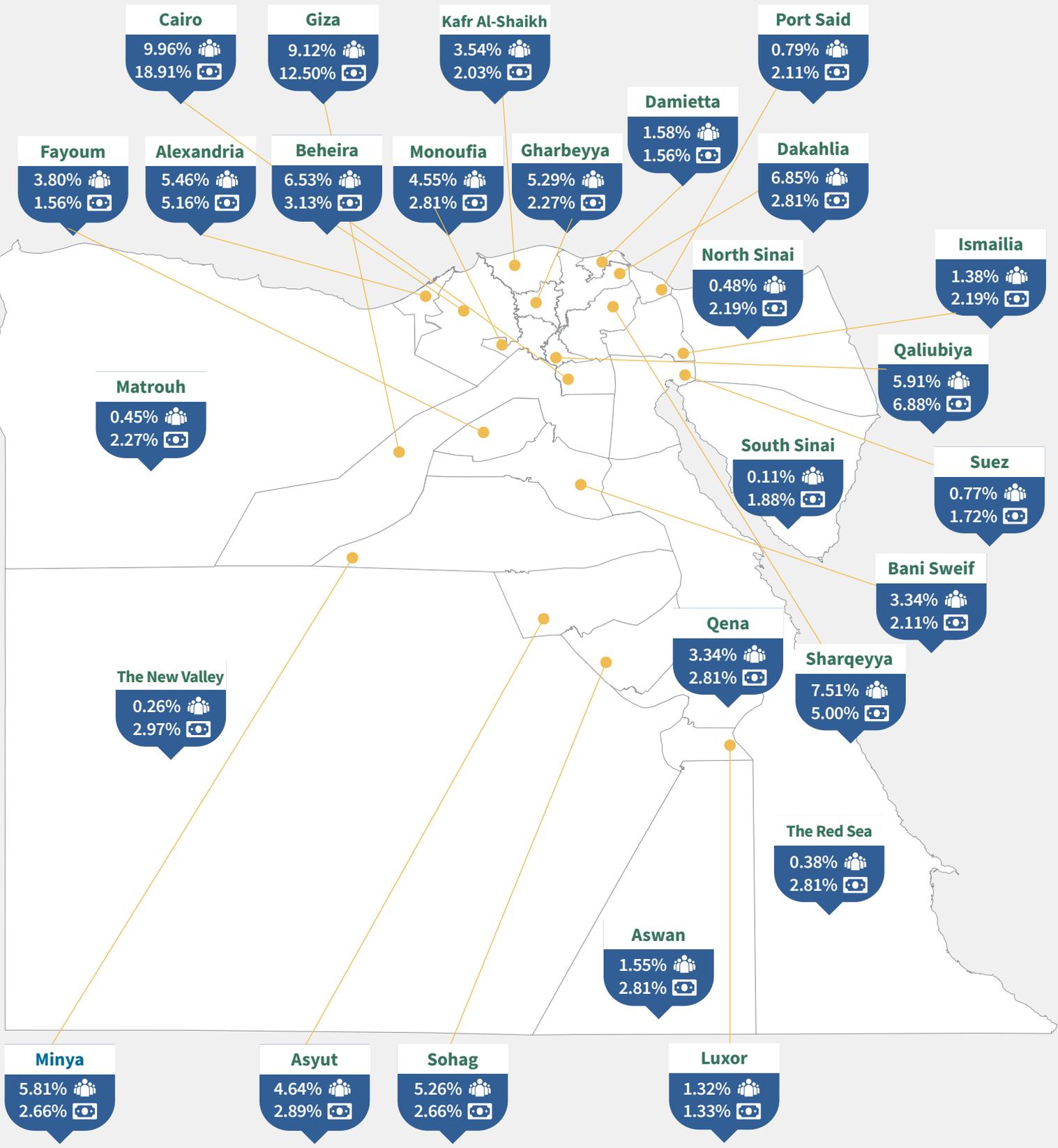


Percentage of distributed investments

Geographical Distribution of Investments⁷



⁷ Almost 40% of investments planned for 2019/2020 have not yet been distributed



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