



Spotlight on Children in the 2022/23 Budget

Budget Transparency Brief No.7



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Fiscal Transparency and Citizen Engagement unit in the Ministry of Finance publishes this series of transparency briefs in collaboration with UNICEF in light of the government's keenness on enhancing Fiscal Transparency and Citizen engagement in state's budget process according to the internationally recognized standards to achieve adequate, effective, and transparent budgets for achieving greater and more equitable results.

Therefore, these reports aim at raising the awareness of citizens on what is taking place on a global scale affecting the Egyptian economy so that they can participate effectively in the participatory budgeting process.

All the information detailed hereafter is the sole responsibility of the Ministry of Finance of Egypt as it is the leading source for all the state budget allocations for the FY 2022-2023.

Child Budget Transparency Series

Child Budget transparency series highlights and monitors budget allocations for initiatives that benefit children directly, or indirectly through family allocations.

This budget brief explores the size and the composition of the 2022\2023 state budget, with a focus on the government social spending and child-specific allocations on education, health and social protection in light of the recent Egyptian context.

The series is jointly produced by Ministry of Finance and UNICEF Egypt as part of their efforts to enhance transparency and citizen engagement in the budget process.

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.

Numbers provided in this document by the Ministry of Finance can be categorized into:

- **Actual:** Refers to the actual achieved numbers for past financial years.
- **Budget:** Refers to the projections mentioned in the Executive Budget proposal for the current financial year set at the beginning of the year.

While the world is still recovering from the COVID-19 spillovers, the Russian Ukrainian full-scale conflict came leading to many consequences on disturbing and even stopping global supply chains at times, and a decline in global growth prospects.

Nevertheless, the Government of Egypt (GoE) has been keen to stay committed to advancing social protection and improving citizen's standards of living, promoting human development, while maintaining fiscal discipline and stability, as well as continuing to support productive economic activity.

Two years after earmarking the COVID-19 emergency package of 100 billion EGP in March 2020, the Ministry of Finance (MoF) has first responded to the globally uncertain and turbulent situation by expanding social spending: the allocation of a mitigation

package of 130 billion EGP to reduce the burden on Egyptian citizens

Followed by a new package in July 2022 ranging from 11 to 12 billion pounds and a final package in October 2022 with 67 billion pounds to ease inflationary pressures on citizens equivalent to 1.6% of GDP for fiscal year 2022/2023. (1.6% of the FY 2022/23 GDP) to significantly increase wages, pensions, and allowances. In addition, the GOE has taken various measures and policy adjustments, such as tax exemptions and the provision of subsidized goods, aiming to alleviate the crisis's effects and maintain the resilience of the Egyptian Economy.

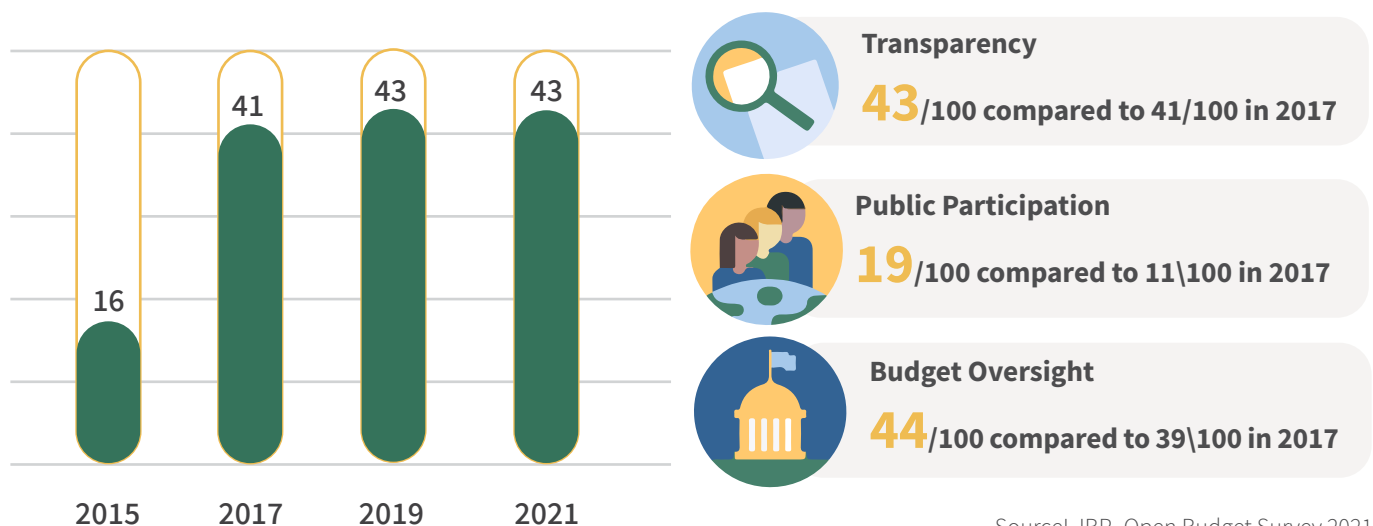
The stimulus package and the other measures will target all vulnerable and disadvantaged segments, namely children and women, that are mostly hit the hardest. Furthermore, it includes various incentives for productive industries and projects.

1.1 Budget scores in the MENA region: Egypt is making strides in the region, especially for public participation

Egypt has shown a remarkable improvement in the open budget survey (OBS) for 2021, with the score of public participation rising to 19/100 in 2021, up from 15/100 in 2019.












This improvement shows Egypt's rise to become the first in the Middle East, followed by Tunisia and Morocco. Egypt maintained its ranking at the budget transparency level of 43/100 in 2021.

Figure 1. Trends in Egypt's Budget Transparency Score



Source: IBP- Open Budget Survey 2021

Figure 2 . Scores of budget transparency, public participation and oversight for selected MENA countries

Country	Transparency	Public Participation	Budget Oversight
 Algeria	3	0	32
 Egypt	43	19	44
 Iraq	6	0	55
 Jordan	61	4	39
 Lebanon	9	0	22
 Morocco	48	7	46
 Qatar	2	0	6
 Saudi Arabia	23	0	11
 Sudan	1	4	6
 Tunisia	42	15	53
 Yemen	0	0	6
Global Score	45	14	52

“Egypt was named the MENA region’s most budget-transparent country in terms of the Global Data Barometer (GDB)’s Public Finance Index’s indicators. It is noteworthy that the latter is a strong complex indicator that is based on consolidated databases from the UNFPA, IBP, GIFT in cooperation with WB and OECD”¹

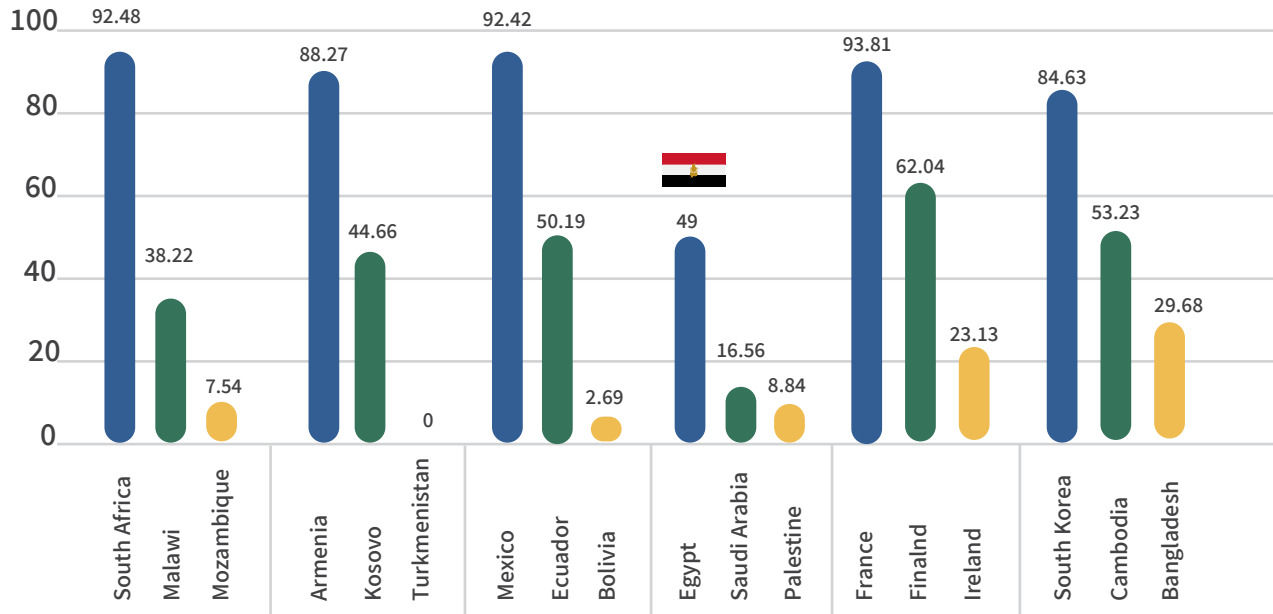
Egypt Fiscal Index (Global Data Barometer): Egypt ranked first in the Middle East and North Africa region in the global data scale in May 2022, achieving about 49 out of 100 points.

¹Source: Minister of Finance, “Egypt ranks 1st in the Middle East on GDB index for open budgets of financial statements”, State Information Service, 31 May 2022, <https://www.sis.gov.eg/Story/167099/Egypt-ranks-1st-in-Middle-East-on-GDB-index-for-open-budgets-of-financial-statements?lang=en-us>

Egypt in: Public Finance Module (Global Data Barometer)

Egypt ranked first in the Mena Region in the Global Data Barometer in May 2022, with a score of 49 points of 100

■ Higher Level
■ Intermediate Level
■ Lower Level



1.2 What are the main child-related objectives of the 2022/23 budget?²

1 The sufficiency of a budget allows to finance social policies that are targeted but that can guarantee basic income for all citizens especially vulnerable groups with a mix of Protective, Promotive and Preventative measures.

2 Efficient budgets ensure that allocations reach the intended beneficiaries and that delivering institutions are best equipped to deliver social policy measures in the most effective way.

3 Transparent budgets provide the right mechanisms for beneficiaries to voice inefficiencies and describe practical barriers to the implementation of social policies.

1.2 What are the main child-related objectives of the 2022/23 budget?²



Improving inclusiveness of government policies, via well targeted measures and strengthened social safety net to alleviate poverty and protect the vulnerable.



Allocating packages of fiscal and social protection measures worth EGP 130 billion included expanding the Takaful and Karama cash transfer program coverage and ration cards to introduce a strategic plan to support food security.



Expanding the Takaful and Karama conditional cash transfer program to cover 5 million households by the end of January 2023 to support impoverished families with school-aged children, the elderly and people with special needs in Upper Egypt.



Expanding the coverage of the social registry to 50 million people by the end of December 2023, with the view to introduce targeting in other social protection schemes, on social assistance, health, and education.













Providing quality health care and nutritional programs for children, in addition to expanding the application of the universal health insurance system.



²Source: Ministry of Finance, Executive Budget Proposal (FY 2022/23), p. 5

Table 1. State Budget Breakdown by Economic and Functional Classification (2021\2022-2022\2023)

	2021/22 Budget (Billion EGP)	2022/23 Budget (Billion EGP)
Total	1,837.7	2,070.9
 General Public Services	857.3	1,021.6
 Public Order and Security	88.1	95.5
 Economic Affairs	110.5	114.6
 Environmental Protection	2.8	3.6
 Housing and community facilities	78.9	74.8
 Health	108.8	128.1
 Youth, Culture and Religious Affairs	49.3	54.3
 Education	172.6	192.7
 Social Protection	283.4	293.4
 Other functional activities	86	92.4

The Functional Classification displays the state budget expenditure and allocation according to sectorial purposes, reflecting the fiscal policies' main objectives and targeted sectors. It is noteworthy that the functional classification is widely used to better communicate the developments in the state budget to normal citizens.

Table 2. State Budget Breakdown by Economic Classification (2021/2022 – 2022/2023)

Total	FY 2021/22 Actuals (Billion EGP)	2022/23 Budget (Billion EGP)
Total Expenditures	1,812.1	2,070.9
Wages and Workers' compensations	358	400.0
Purchase of goods and services	95.6	125.6
Interest	584.8	690.2
Subsidies, grants and social benefits	341.9	356.0
Other expenditures	113.4	122.7
Purchase of non-financial assets (investments)	318.2	376.4
Total Revenues	1325.6	1,517.9
Taxes	990.19	1,168.8
Grants	2.9	0.9
Other revenues	332.5	348.1



The Economic Classification breaks down the budget into revenues and expenditures. It lists general categories from which money is collected and on which it is spent. Even though the economic classification tells people where the money comes from and on what it will be spent, it doesn't clarify the purposes and objectives of such expenditures.

3.0

Setting the Context: Examining the impact of local and global crises on Egypt's economy and society

3.1 Macroeconomic Overview

While Egypt's economy is still recovering from the spillover of the Covid-19 pandemic, the current global crisis precipitated by the Russia-Ukraine full-scale conflict has come to pose a second enormous threat. However, as a result of the comprehensive reforms that it has been undergoing since November 2016, Egypt's economy—praised by international institutions and credit-rating agencies—has shown resilience and an ability to withstand external shocks.

In this regard, it is indispensable to note that despite the current global crisis' impact, Egypt achieved a real GDP growth rate of 6.6% in FY 2021/22,³ (toward 4.4% during Q1 in FY 2022\23) jumping from a modest rate of 3.3% in FY 2020\21. It is also expected that Egypt's economy will achieve a growth rate of preliminary 4.2% during the first half of the FY 2022\23.

The continued increase in GDP growth rates is accompanied by a decrease in unemployment rates, which declined from 9.6% by the end of 2019/2020 to 7.1% in the first quarter of 2023.⁴ This sheds the light on the government's efforts to contain the effects of the crises through the expansion of national mega projects which facilitated the entry of approximately 1.2 million new workers into the labor force in the first quarter of the FY 2021/22.⁵

To cope with the overall rise in inflation, the CBE's monetary policy committee cumulatively raised in return prices on several occasions by 800 basis points (bps) during the year of 2022 in the months of March 21st, May 19, October 27, and December 22, 2022, bringing the rate of one-night deposit and lending to return to 16.25% Central Bank's main transaction prices at 17.25% and credit and discount rate at 16.75% at that time.

Although inflation rose to 31.9% in February 2023, the GoE is keeping annual inflation rates targets to around 7% ($\pm 2\%$) on average until the fourth quarter of 2024 and at the level of 5% ($\pm 2\%$) during the fourth quarter of 2026.

In addition to these positive results, and in order to improve its public finance indicators, Egypt aims to put deficit on a declining path to GDP ratios to 6.1% in FY 2022\2023.

Furthermore, due to the reduced gap between revenues and expenses, the budget targets a primary surplus of 1.5% of GDP (132 billion EGP) by the end of 2022\23.

In addition to these positive results, and in order to improve the public finance indicators, Egypt aims to reduce the debt to GDP ratio to less than 80% by 2027, compared to 87.2% in FY 2021\2022.

³Source: Ministry of Planning and Economic Development

⁴Source: Ministry of Finance, Executive Budget Proposal (FY 2022/23), p. 6

⁵Source: CAPMAS

⁶ibid

The Ukraine crisis has imposed risks to supply chains, leading to a dramatic increase in strategic oil and food commodity prices. This has led to the devaluation of currencies against the US Dollar, particularly for commodity net-importers. Egypt is no exception.

This has led to domestic inflationary pressures, increasing the cost of living for citizens. MoF responded with swift social transfers to support Egyptian citizens and the business community and has ensured sufficient levels of strategic commodities in the market to meet people's needs.

Figure 3. Real GDP growth rate, between 2014/15 and 2022/23

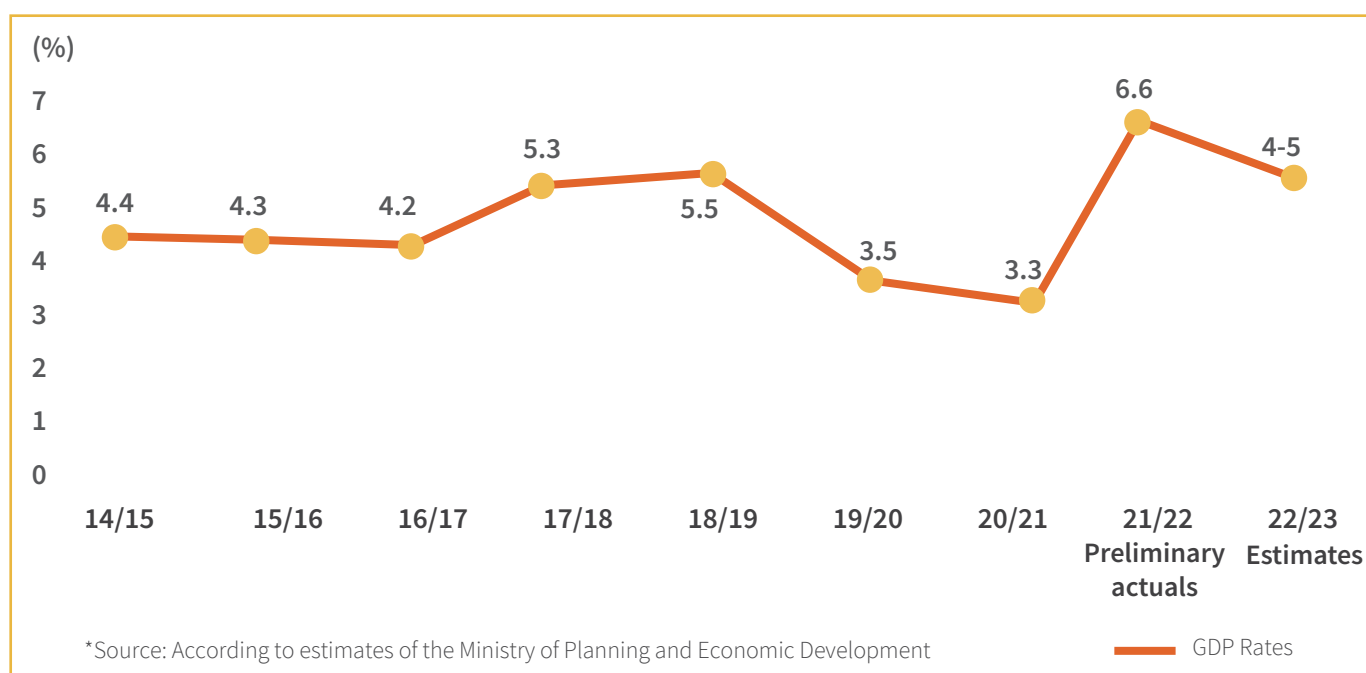


Table 3. Key Macroeconomic Indicators

Indicator	2019/20	2020/21	2021/22	Source
Real GDP growth rate	3.5%	3.3%	6.6%	MoF
GDP at current market price (in billion pounds)	6152.6 (2019)	6663.1 (2020)	7842.5 (2021)	CBE
The average per capita GDP in Egyptian pounds at current prices (GDP at current market price divided by the number of residents inside)	61159 (2019)	65261 (2020)	75700 (2021)	CBE ⁷
Inflation (average urban headline inflation for FY)	5.7%	4.5%	8.5%	CAPMAS
Consumer Price Index (June headline urban inflation)	5.6%	4.9%	13.2	CAPMAS
Total population	99 Million	101 Million	103 million	CAPMAS
Child population	39 million (2020)	40 million (2021)	41 million (2022)	CAPMAS

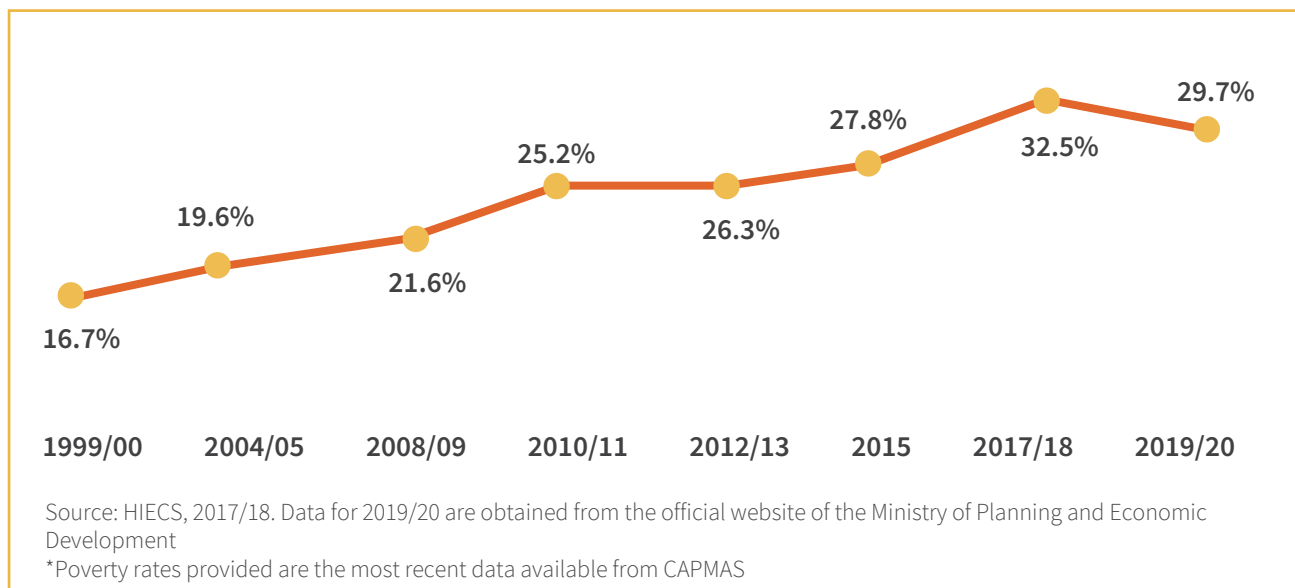
3.2 Socio-economic Context

According to Egypt’s Human Development Report 2021 (published by the UNDP in cooperation with the Ministry of Planning and Economic Development), Egypt’s Human Development Index (HDI) increased from 0.668 in 2010 to 0.696 in 2016, to 0.731 in 2021. This reflects the improvements Egypt has undergone during the past decade and sheds light on the GoE’s reforms which aim at

improving human development in conjunction with economic development.⁸

In addition, according to the data provided by CAPMAS, Egypt’s poverty rate declined for the first time in 20 years to reach 29.7% in 2019/20 (pre-covid) compared to 32.5% in 2017/18.

Figure 4. Poverty Rates in Egypt between 1999/00 to 2019/20



The Egyptian population has been growing at a fast pace of 2.2% per year between 2016 and 2019. Children make up more than 40% of the population. This should be considered, allowing the Egyptian state to exert more effort to support basic services, such as health, education, and social protection, hindering the realization of children’s rights.

Meanwhile, according to the data provided by CAPMAS, between 2011 and 2021, Egypt’s demographic dependency ratio increased from 55% to 61.6%, reflecting the burden (mostly by children under 15) carried by the economically active population (15-64).⁹

⁷GNI per capita Egypt.

⁸Source: Egypt’s Human Development Report 2022.

⁹Source: CAPMAS, “Egypt in Figures – Population 2022”, <https://www.arabdevelopmentportal.com/publication/egypt-figures-labor-2022>

4.0

Composition of Government Allocations: Increased spending on promoting human development and expanding social protection

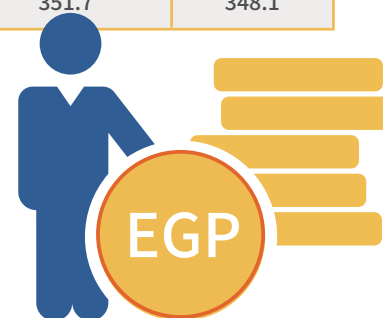
The FY 2022/23 state budget aims to create additional fiscal space (savings) for increased spending on human development projects to comply with the constitutional provisions, provide sufficient financial allocations for all basic commodities, and improve service provision to citizens, especially youth, women, and children.

It is worth mentioning that the FY 2022/23 budget includes a set of financial benefits for workers in the most vital sectors, especially those working in the education sector (pre-university, higher education, and scientific research), and the health sector.

Accordingly, it is expected that 60,000 teachers, doctors, and pharmacists will be appointed during the year, at a cost of 3.6 billion EGP in FY 2022\2023. The budget also includes a significant increase in investment allocations for health and education, with a focus on improving the infrastructure of rural areas in Egypt and increase in the total wages and compensation of state workers by about 43 billion EGP.

Table 5. Budget Summary (in billion EGP)

	2020/2021 Actuals	2021/2022 Actuals (Final Accounts)	2022/2023 Budget
Revenues (EGP)	1,108.6	1,347.2	1,517.9
Growth rate (%)	13.7	21.5	--
Tax	834.0	991.4	1,168.8
Growth rate (%)	12.8	18.9	--
% to GDP	12	12.5	12.4
Grants	3.0	2.9	0.9
% to GDP	0.04	0.04	0.01
Non-Tax Revenues surpluses, profits, service revenues, and others	271.7	351.7	348.1



	2020/2021 Actuals	2021/2022 Actuals	2022/2023 Budget
Expenditures (EGP)	1,578.8	1,831.0	2,070.9
Growth (%)	10.0	16.0	--
% to GDP	22.8	23.1	22.8
Net financial assets	2.2	--	5.1
Overall Deficit	472.3	484.8	558.2
% to GDP	6.8	6.1	6.1
Primary Surplus/Deficit	93.2	100	132.0
% to GDP	1.35	1.3	1.34

Source: Ministry of Finance - Executive Budget Proposal 2022/23
-- Under Revision

Table 6. How much does each source of revenue contribute to the 2022/23 budget?

Total revenues for 2022/23 are equal to 1,518 billion EGP

General taxes (income taxes + stamp tax)

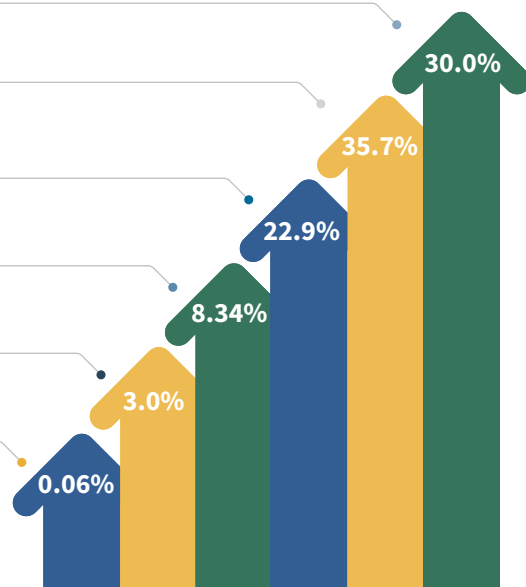
Value-added tax

Non-tax revenues: surpluses, profits, service revenues and other

Remaining tax revenues

Custom Tax

Grants



It is therefore notable that the new budget aims at expanding the tax base (increasing tax revenues) along with accelerating comprehensive automation procedures, as well as targeting measures to reduce tax evasion and avoidance by raising the efficiency of the tax administration.

5.0

How Much is Allocated for Child-Related Spending?



5.1 Social Protection



Social protection and the expansion of social safety nets have been prioritized over the past years as a strategy to put poverty and inequality on a downward trajectory and mitigate the impact of macroeconomic pressures on the neediest and vulnerable groups. This vision is emphasized in the national Sustainable Development Strategy: Egypt Vision 2030, which places social protection and children’s interest at its core.

As a result, Egypt has witnessed a decrease in poverty rates (during the pre-pandemic period) down to 29.7% in the FY 2019/2020, from 32.5% in 2017/18.

In this context, in order to execute the presidential

directives, the Ministry of Finance targeted the fiscal policy interventions mirrored in the budget 2022\2023, aiming to counter the effects of the global crisis, earmarking a social aid package of 130 billion EGP, followed by a new package in July 2022 ranging from 11 to 12 billion EGP, and a final package in October 2022 worth 67 billion EGP to alleviate the impact of the Ukraine crisis.

It is worth mentioning that the number of families benefiting from cash transfer programmes (including Takaful & Karama and Daman Egtema’y Pension) from 1.68 million households in 2014 to about 5 million households in 2022.¹⁰ This amounts to 20 million individuals, with an increase of 198% (MoSS, 2022).

Table 7. Key Indicators related to Social Protection

	Indicator by Year	Indicator by Year	Source
Monetary HH poverty	32.5% (yr. 2017)	29.7% (yr.2020)	CAPMAS & UNICEF
“Subsidies, Grants and Social Benefits” as % of GDP	3.8% (yr. 2020/21)	4.3% (yr. 2022/23)	MoF
Human Development Index (HDI, scale 0-1)	0.701 (yr. 2018)	0.731 (yr.2021)	UNDP
Income/wealth inequality (GINI Index)	0.318 (yr. 2016)	0.315 (yr. 2017)	World Bank ¹¹ & UN ESCWA
% of children covered by the cash support program (Takaful & Karama)	1.68 million households (yr. 2014)	4.1 million households, including 5 million children: 12.2% (yr. 2022)	MoSS

^{9**}It should be noted that the uploaded data has not yet been released by CAPMAS**

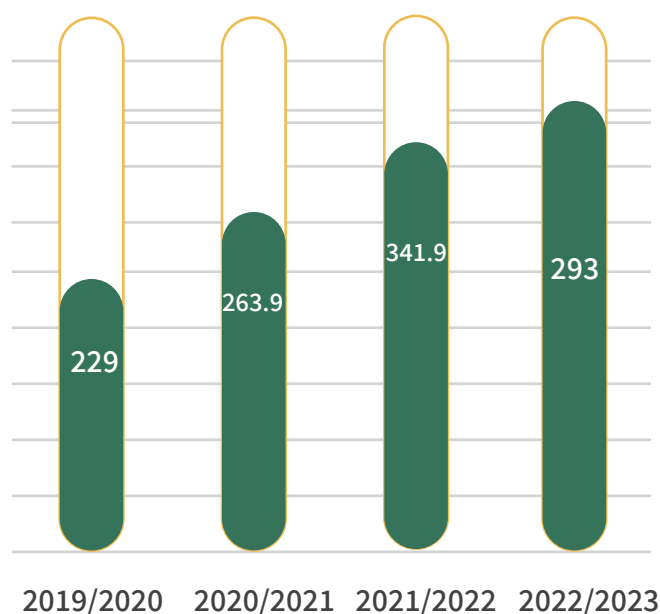
¹⁰Source: Ministry of Social Solidarity, “Achievements of the Ministry of Social Solidarity 2014-2021”, p.1

How much is allocated for Social Protection?

Over the past decade, social protection has gradually increased in Egypt, culminating in the adoption of the Universal Health Insurance Law in 2018 and the Social Insurance Law a year later. While the former aims to achieve universal

coverage by 2032 (financed by taxes), the latter involves more effective social insurance coverage to vulnerable workers, especially those in the informal economy.

Budgetary allocations to Social Protection, 2019/20 to 2022/23 (in billion EGP)



In this regard, the newly approved budget demonstrates the GoE's clear commitment to strengthening the already functioning integrated social protection system to better target the most vulnerable segments, especially the families with children.

The appropriations that are directly benefitting children in the FY 2022/23 state's general budget are 22,217 billion EGP¹². This includes allocations for Social Assistance programs (TKP and Daman Egtema'y), Child Pension and Community Education program.

**356
BILLION
EGP**

The overall appropriations allocated for subsidies, grants, and social benefits for the FY 2022/23 budget are **356 billion EGP (3.9% of GDP)** compared to 321 billion EGP in 2021/22, an increase of 10.8%.

This includes an increase in investments on basic social services, in-kind subsidies (including energy), subsidies and grants (including TKP, child pension and social insurance), as well as subsidies and grants for economic development, among others.

¹¹Source: World Bank Data, Gini Index – Egypt, <https://data.worldbank.org/indicator/SI.POV.GINI?locations=EG>

¹²Ministry of Finance, Executive Budget Proposal (FY 2022/23), p. 103

Key child-related social protection programs in 20/21, 21/22 and 22/23 (Values in billion EGP) ¹³



Social Assistance (including TKP and Daman Egtma'y) which is currently covering 5 million families (MoSS, 2023):

This represents an increase in **TKP and Daman Egtma'y** from 19 billion EGP in FY 2021/22 to **22 billion EGP (6.2% of expenses)** in FY 2022/23 to include 1.5 million new families under the umbrella of TKP.



Child Pension: The same amount has been allocated (**70 million EGP**) in FY 2021/22 and FY 2022/23.



Food ration subsidies: Increased from 87 billion EGP (FY 21/22) to **90 billion EGP** (FY 2022/23), including 49 billion EGP for bread subsidies and 36 billion EGP ration card subsidies, covering **71 million** individuals.



Social Affairs Support and the National Early Childhood Development Program: **147 billion EGP** have been allocated for the FY 22/23.



Increasing food allocations in the presented draft budget (including food school year): to reach 12.2 billion pounds, with an annual increase of 59.1% compared to the end of the year Initial 2021/2022.

¹³Source: Ministry of Finance, Executive Budget Proposal (FY 2022/23), pp. 84-128

The FY 2022/23 state's general budget approved:



An increase of total government investments to 376 billion pounds, including 80 billion EGP allocated for the implementation of the national project: Haya Karima (Decent Life).



About 7.8 billion EGP allocated to the Social Housing Program.



The budget allocation for Social Assistance (including Daman Egtema'y and TKP) increased from 5.3 billion EGP in 2014/15 to 22 billion EGP in 2022/23.



Almost 191 billion EGP have been allocated to insurance and pension funds, covering 10 million beneficiaries.

Following the efforts made by the Government Of Egypt to deal with the current economic crisis, the President announced a new package to improve the citizens' quality of life and mitigate their burdens. The package includes 5 important measures starting from 1 April, 2023:



First: A package to increase the income of the government's employees and those with special cadres, with a minimum of EGP 1,000 pounds per month.

Second: Raising the government's employees' minimum wage to reach EGP 3,500.

Third: And thus, raising the tax exemption limit on annual income from EGP 24,000 to EGP 30,000 annually.

Fourth: Raising the pensions disbursed to their owners and their beneficiaries by 15%.

Fifth: Increasing the financial categories granted to beneficiaries of Takaful and Karama programs by 25% per month.



5.2 Health Sector



Over the past decade, Egypt has achieved a remarkable improvement in the field of child and maternal health, protection, and survival.

To a great extent, this is a result of the expansion of the universal health insurance, the improvement of hospitals' efficiency, the continuous rise in spending on the healthcare sector, as well as the implementation of presidential initiatives such as the anti-Hepatitis C "100 million Seha" initiative and the "Elimination of waiting lists" initiative.

In addition, Egyptian health authorities – in collaboration with international institutions such as UNICEF, USAID, and the WHO – have taken primordial steps over the past years to increase childhood immunization nationwide, which led to a decrease in the infant mortality and the under-five mortality rates from 30 and 33.4 in 2008 to 25 and 28 in 2021, respectively.

Table 8. Major Health indicators

Indicator	Value per year	Value per year	Source
Health as % of the total budget	4% (2019/20)	6.2% (2022/23)	MoF
Life expectancy at birth for males (years)	72.7 (2019)	69.1 (2019)	CAPMAS ¹⁴ Egypt in Figures 2022
Life expectancy at birth for females (years)	75.1 (2019)	73.4 (2021)	CAPMAS. Egypt in Figures 2022
Prevalence of stunting among children under-five	29% (2008)	13% (2021)	EDHS/EFHS
Prevalence of wasting among children under-five	7% (2008)	3% (2021)	EDHS/EFHS

How much is allocated for Health?

**310
BILLION
EGP**

Allocations for spending on health have increased to improve the quality of public health services provided to citizens and to cover the cost of health insurance, medicines, maternity centers, health sector professionals, and the treatment of the disadvantaged at the expense of the public treasury.

Health allocations amount to EGP 310 billion in the FY 2022/23 an increase of 34.4 billion EGP compared to last fiscal year (275.6 billion EGP).

Notably, this increase conforms to the constitutional obligations (Constitution of 2014, amended in 2019) which require increasing government spending on health (at least 3% of GDP), pre-university education (at least 4% of GDP), university education (at least 2% of GDP), and scientific research (at least 1% of GDP), thus making spending on these sectors reach at least 10% of GDP.

Key child-related health programs in 2022/23



2 BILLION EGP

to subsidize medicines and children's dairy products



**18.5 BILLION
EGP**

for the purchase of medicines and medical supplies



**10.9 BILLION
EGP**

to increase treatment of beneficiaries at the state's expense



**1.8 BILLION
EGP**

represents one of the most important health insurance provisions as follows: (for students, children and breadwinner women)

¹⁴Source: CAPMAS, Egypt in Figures 2022, Vital Statistics, p. 41, <https://www.unicef.org/egypt/media/1351/file/Egypt%20Demographic%20and%20Health%20Survey%202014.pdf>

348 MILLION EGP

to support student health insurance: in state-owned schools, kindergartens, private schools, and Al-Azhar institutes.

210 MILLION EGP

to support children under school age's health insurance: about 14 million children.

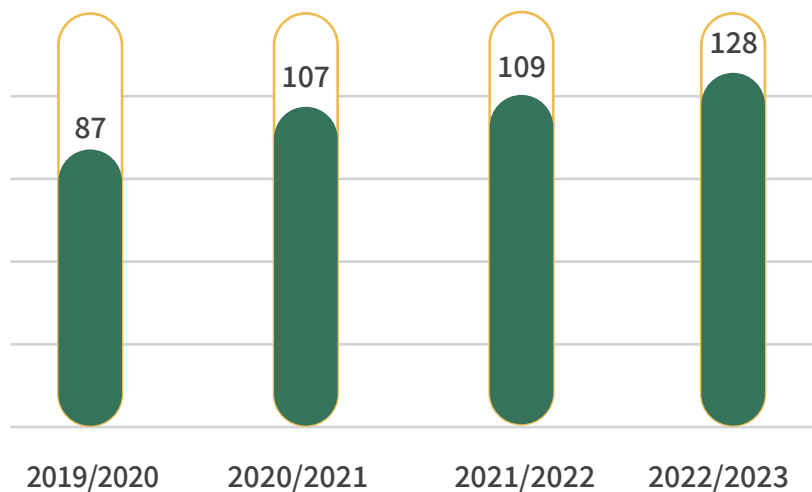
93 MILLION EGP

to support female breadwinners and female-headed households' health insurance (464 thousand families are benefitting).

864 MILLION EGP

allocated for universal health insurance, targeting the most vulnerable of the society.

Trends in functional classification for health sector expenditures/allocations (in billion EGP)



5.3 Education Sector



over the past decade, more children benefited from the services provided by the education sector. This has been demonstrated by the GoE's overhaul program announced in 2018, seeking to reform the education system in Egypt (which is the largest in the MENA region) and develop the quality and relevance of educational opportunities provided to children, adolescents, and youth.

In this regard, it is also worth noting that the number of enrolled students gradually increased at all educational levels,¹⁵ reaching 22.7 million in public schools and 2.8 million in private schools (Ministry of Education, 2023).

Additionally, it is worth mentioning that with the recent expansion of the TKP, a monthly cash transfer of 425 EGP (compared to 325 EGP in 2021) will be provided to families (having maximum of 3 children under 18) that suffer from extreme poverty. A grant will also be paid to each student according to their educational level: 60 EGP (primary), 80 EGP (preparatory) and 100 EGP (secondary).¹⁶

Nevertheless, despite the notable progress made by the GoE to increase accessibility and quality of education, class constraints and the high student-to-teacher ratio (given the improved net enrollment rates) at almost all educational levels remain challenging for both the national educational system and the students' outcomes.









¹⁵Ministry of Education, Statistical Yearbook 2022, p.34, <https://emis.gov.eg/Site%20Content/book/021-022/pdf/ch1.pdf>

¹⁶Source: Ministry of Finance, Executive Budget Proposal (FY 2022/23), p.104

Education in Numbers in 2022

The number of schools recently established in the Thousand Schools Initiative has increased, reaching 744 out of **1,000 (targeted)** public schools in those nine governorates; to provide them with life skills and learning based on games and materials, starting from January 1, 2023, with 25 million students and 302,082 teachers (1,200 refugee teachers).

Table 9. Student-to-teacher ratio and Class density for different education levels between 2021/22 and 2022/23

Educational Stage	Student-to-teacher ratio		Class Density	
	2021/22	2022/23	2021/22	2022/23
 Pre-primary	19.67	20.8	29.8	30.4
 Primary	31.55	32.6	51.6	50.7
 Preparatory	23.65	25.2	47.5	48.1
 General Secondary	20.15	22.1	40.2	40.9
 Industrial Secondary	11.9	12.8	36.7	36.2
 Agriculture Secondary	23.3	25.9	46.9	48.1
 Commercial Secondary	23.9	26.0	47.5	48.8
 Hotel's Secondary Business	25.2	26.7	36.5	37.1

(According to Statistical yearbook 2021/2022 and 2022\2023.
(Ministry of Education)



How much is allocated to pre-university and university education?

Another fulfillment of the commitments previewed in the Constitution of 2014

476.2
BILLION EGP

317 billion EGP

Pre-University Education (an increase of 61 billion EGP compared to 2021/22)

159,2 billion EGP

Higher Education (an increase of 27.1 billion EGP compared to 2021/22)

What's new in the 2022/23 budget? An investment plan will be put into effect to improve access and quality of pre-university public education¹⁷

- Increasing food allocations in the proposed budget (including school foods) to reach **12,2 billion EGP**, with an annual increase of **39.3%** (6.2 billion EGP were allocated for the FY 2021/22 budget).
- Directing investments to the Educational Buildings Authority to establish 25000 classes at all educational levels.
- Allocating **2.5 billion EGP** to establish Japanese schools, Nile schools, and schools of excellence in Science, Technology, Engineering, and Mathematics (STEM), which are currently 19 schools.
- Establishing 20 schools for applied technology to link education with the needs of the job market.
- Expanding the provision of smart screens and classrooms with a value of **324 million EGP**.
- Allocating **700 million EGP** to start the implementation of the «Education 2» program to improve teacher performance: capacity-building and training.
- Directing **700 million EGP** to the digital “Knowledge Bank”, which is recognized as the world’s largest digital library providing unlimited resources and educational materials to Egyptian nationals.

¹⁷Source: Investment Plan 2022/23, Ministry of Planning and Economic Development

6.0

Human Development Indicators For Women and Children

Progress



Percentage of stunting has decreased from **21.4% in 2014 to 12.8%** in 2021



Percentage of children overweight decreased from **14.9% in 2014 to 11.5%** in 2021



Percentage of children 1 to 14 years old who have been subject to violent discipline **decreased from 93% in 2014 to 81% in 2021.**



Percentage of children under 6 months who are exclusively breastfed **increased from 39.7% in 2014 to 40.2%** in 2021.



Percentage of ever-married women aged 15-19 years who are estimated to have undergone **FGM decreased from 87.6% in 2014 to 66.5%** in 2021.

Challenges

- Percentage of children with anemia 6-59 months increased from **27.2% in 2014 to 43% in 2021**
- **69% of 4th graders** lack basic reading skills.
- **288,701** registered migrants and refugees.
- **43% (15-24 Years) women are unemployed**, which is 3 times more than men.

In accordance with the National Sustainable Development Strategy also known as Egypt Vision 2030, the application of the program and performance-based budgeting (PBB) in Egypt, along with the currently applied line-item budgeting, constitutes a major transformation in the financial management system.

Through program-based budgeting, the GoE seeks to raise the efficiency of public spending and monitor the effectiveness of performance by linking programmes, and their associated budgets, with defined goals and objectives.

In fact, the PBB gives the state a degree of flexibility in facing crises and ensuring access to the largest possible use of state resources, and achieving the desired results of the financial appropriations in a way that contributes to the development of public services provided to citizens.

- **Legislative reform: institutionalizing the concepts of transparency and accountability**

In February 2022, Egypt's House of Representatives (HoR) enacted the Unified Public Finance Law no. 6, which merged the Government Accountability and State's General Budget laws into one law.

- **Represents a new legal framework that aims to strengthen disclosure, and transparency, and**

give the budget more flexibility in achieving its desired goals in light of the general plan for socio-economic development and the state's strategic objectives.

- **Paves the way for the full implementation of the program and performance budget within a 4 years period**
- **Identifies a leading role by the MoF in ensuring the adequate implementation of financial discipline and in maintaining tight control of the revenues and expenditures in an automated manner (through the Government Financial Management Information System: GFMIS) to guarantee the achievement of compliance.**

The program budget for 2020/21 is based on 5 strategic objectives

The Government's Action Program (2018/2019 - 2021/2022) is based on 5 strategic objectives that aim to improve the standard of living of all citizens and maintain macroeconomic stability. The fulfillment of each strategic objective relies on a number of main programs (25 programs in total) composed of a set of sub-programs (163 sub-programs in total). Each government agency prepares a plan to clarify its programs in accordance with the main and sub-programs of the government.

Sustainable Development Goals and associated spending from the state budget

Strategic Objective	Allocation (in million EGP)	% of the total budget
1- Safeguarding national security and boosting Egypt's foreign policy	255,370.39 million EGP	8.33%
2- Human Development	347,126.12 million EGP	11.32%
3- Economic development and raising the efficiency of government performance	1,962,216.31 million EGP	63.99%
4- Improving operating levels	6,512.91 million EGP	0.21%
5- Improving citizens' standard of living	495,088.46 million EGP	16.15%
Total	3,066,314.19 million EGP	100.00%

- **Towards a gender-responsive budget**

According to the final accounts of the FY 2020/21 state's general budget, and in order to ensure fiscal justice and contribute to equal distribution of opportunities and resources for all, the GoE undertook several steps towards gender-responsive budgeting.

In this regard, as part of the program and performance-based budgeting, there is a number of programs that seek to meet the needs of Egypt's most vulnerable segments, namely women and children. Child-related programs include kindergarten development, the completion of family and childhood complexes, orphans' skills development, as well as the expansion of recreational activities to fill the leisure time of young people and youth.

Concluding Remarks

This brief is aimed at disclosing the most relevant programs and measures that will be implemented by the GoE during the FY 2022/23 under the umbrella of the newly approved budget to contribute to raising the quality of living of Egyptian citizens, particularly children. As they represent the most important, yet vulnerable segment of Egypt's population, children have been given special attention in the new budget in light of the ongoing COVID-19 pandemic, the current global crisis and related impacts.

In this context, in addition to the 130 billion EGP mitigation package followed by a new package in July 2022 ranging from 11 to 12 billion pounds and a final package in October 2022 with 67 billion pounds to ease inflationary pressures on citizens equivalent to 1.6% of GDP for fiscal year 2022/2023. allocated by the MoF, the new budget ensures increased public spending to support child-related programs as part of the GoE's general objective to achieve inclusive growth that takes into account the development of human capital and social safety nets in parallel to fiscal consolidation.

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