

**The Egyptian Italian
Poverty Alleviation and Employment Generation Program in Giza and Minia**

HANDING OVER CERTIFICATE

The Minister of Insurance and Social Affairs H.E. Minister Amina Algendy
and
The Ambassador of Italy in Egypt H.E. Antonio Badini

In the framework of the scientific and technical cooperation agreement between Italy and Egypt, signed in Cairo on April 29th 1975, its additional protocol and the modifications to the latter defined on August 1st 1989;

In line with the protocol of the Poverty Alleviation and Employment Generation Program in Giza and Minia Governorates (PAP), implemented by the co-management of the Egyptian Ministry of Insurance and Social Affairs (MISA) – on behalf of the Government of the Arab Republic of Egypt – and the Italian Ministry of Foreign Affairs – the general Directorate for Cooperation and Development – on behalf of Government of the Republic of Italy – signed on the 9th of September 1997 and extended on the 13 January 2001 including Minia Governorate, and the ensued decisions of the steering committees extending the program till 31st March 2005.

PAP was funded through a grant from the Italian Government amounting to USD 6.989.462. The Egyptian Government through the Ministry of Insurance and Social Affairs – MISA contributed the equivalent of 780.000 USD in kind.

PAP's overall objective was to support the Egyptian Government in reducing poverty and creating more job opportunities, through a multidimensional approach using micro credit as the driving force for poverty alleviation. This was translated into two strategic components. The socially oriented component, aiming at increasing the revenues of low-income families through access to a revolving fund managed by Community Development Associations (CDA); and the Market Oriented Component, offering micro credit facilities through a guarantee fund. The latter component was managed by an independent NGO created by the Project, the Small Enterprises Community Development Association (SECDA). In addition to these components, there were various non-financial activities mainly training, capacity building and social interventions.

The initial target beneficiaries of the social oriented component included 10.000 poor families while the market oriented component targeted 1.200 micro entrepreneurs.

The program sustainability strategy helped the financial autonomy of the CDA and their long term technical support, through the Social Credit and Technical assistance Units in the two Regional Federations of CDA, under the umbrella of MISA, Social Development Directorate.

At the end of the Program, the Parties agreed on the signature of an Entrustment Contract with the involved CDA empowering them to continue the implementation of the program under the umbrella of the regional Federations and under the guidance of Monitoring Committee, using the assets and funds entrusted by PAP and MISA under condition of withdrawal in case of misuse. The entrustment contracts and the list of fixed and variable assets entrusted to CDA are part of this certificate.

At the end of the Program, the Parties agreed on the signature of a letter addressed to SECDA empowering it to continue the implementation of the market oriented component of the program according to the provisions of the Trustee Fund Agreement signed on November 8th 1998 between PAP, MISA and CGC as well as under the guidance of Monitoring Committee, using the assets entrusted by PAP and MISA under condition of withdrawal in case of misuse. The above mentioned letter and the list of fixed and variable assets entrusted to SECDA are part of this certificate.

PAP and Ministry of Insurance and Social Affairs-Social Directorate signed an Entrustment Contract with the two Federations empowering them to follow up the activities through the Social Credit and Technical Assistance Units under the guidance of the Monitoring Committee using the funds entrusted by the PAP and MISA under condition of withdrawal in case of misuse. The entrustment contracts are part of this certificate.

The Parties agree on the need to maintain and operate the Social Loan Tracking System with the assistance of the present consultant until the end of 2005, according to the contract hereby annexed. The necessary funds, up to the amount of 150.000 EP, will be provided to MISA by the Italian side.

Ascertained that

PAP social component reached about 37.000 beneficiaries changing substantially their living conditions while the market oriented component reached about 5.000 entrepreneurs, with a significant impact on job creation.

The program involved 28 CDA (12 in Giza and 16 in Minia) and supported the creation of two Social Credit and Technical Assistance Units in the two Federations to follow up the activities of CDA involved.

The CDA reached the self sustainability status overtaking the breakeven point, within approximately two years and started generating surplus available for social intervention to improve the living conditions of the local community.

The NGO SECDA reached the breakeven point in about three years and continues to disburse loans to micro entrepreneurs providing business plans and other services. Due to the high rate of repayment, the trust fund managed to rise from 2.624.000 LE up to 3.500.000 LE.

Declare that

The Project was substantially completed on March 31, 2005 in accordance with the Project Documents and the recommendation of the Steering Committees. The Parties agree on the need that the Italian side, during a timing ended by 30 June 2005, will complete some pending administrative activities that refer to commitment taken by PAP before the 31st of March 2005.

The program's success was based on the adoption of a decentralized strategy in implementation, which proved effective in achieving its objectives.

The program has widened the range of services performed by the CDA and has contributed to their capacity building, enhancing sustainability of their activities.

The market oriented component developed an efficient system of operations and a good track record in term of loan granting, collection and risk management.

The Program has achieved tangible success overall contributing to substantially alleviate poverty in the concerned areas.

Concerning the strategy, procedures and the tools implemented, the Program represents a reference for all other programs concerned with poverty alleviation through a microfinance approach.

The program developed, in the framework of Free Open Source Approach, a set of tools, mainly the Application Social Loan Tracking System which is still in use for monitoring the financial activities in the CDA.

Certify that

The assets used by the program, as described in the attached inventory, have been provided to the MISA who accepted them and partially released them to CDA and SECDA accordingly to the Entrustments Contracts jointly signed. All the cars used by the Program and indicated in the attached inventory, become a property of MISA as a donation.

The Project Personnel fulfilled the tasks as per terms of reference and acquired new skills, taking advantage of the training provided through the project.

The Procedures and tools developed fulfilled the requirements. The staff of CDA, SECDA and Social Credit and Technical Assistance Units in the Federation is trained and empowered for their use, maintenance and upgrading.

Have agreed as follows

The experience of PAP resulting from Italian and Egyptian cooperation will be promoted as best practice in Egypt and abroad.

The procedure and tools, described in the annex PAP Toolbox, are available to be transferred to similar projects with recognition of the Italian and Egyptian role.

Both, Italian and Egyptian partners will endeavor, through the Monitoring Committee, to enhance the performance and sustainability of the program and to support the Social Credit and Technical Assistance Units in the Federations which represent the key instrument to assure the long term sustainability considered as the best result of the PAP program.

From the date of the signature of this certificate, MISA becomes the sole Administrative Authority competent for the management and implementation of the Program through the CDA's and Federations operating on the Program in the Giza and Minia Governorates, according to the Law 84/2002 and its by-law concerning the NGO's as well as all other connected laws of the ARE, in order to guarantee the continuity of the Program.

Cairo,

The Minister of Insurance and Social Affairs
H.E. Amina Algendy

The Ambassador of Italy in Egypt
H.E. Antonio Badini