

Document of
The World Bank

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
EARLY CHILDHOOD EDUCATION ENHANCEMENT PROJECT (ECEEP)
PROJECT
LOAN NO. 7274-EGT

BOARD APPROVAL DATE
15 FEBRUARY 2005

TO THE

ARAB REPUBLIC OF EGYPT

June 29, 2011

ABBREVIATIONS AND ACRONYMS

ECEEP	Early Childhood Education Enhancement Project
PAD	Project Appraisal Document
ICB	International Competitive Bidding
NCB	National Competitive Bidding
EEP	Education Enhancement Program
SEEP	Secondary Education Enhancement Project
HEEP	Higher Education Enhancement Project
MOE	Ministry of Education
MOIC	Ministry of International Cooperation
GoE	Government of Egypt
KG	kindergarten
CIDA	Canadian International Development Association
WFP	World Food Program

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EGYPT, ARAB REPUBLIC OF
EARLY CHILDHOOD EDUCATION ENHANCEMENT PROJECT (ECEEP)

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Letter of Request for Amendment by MOIC is attached (Pages 7 & 8)

EARLY CHILDHOOD EDUCATION ENHANCEMENT PROJECT (ECEEP)

RESTRUCTURING PAPER

SUMMARY

During a recent review of the procurement plan of the project for 2010/11, it was found that there is contradiction between the Project Appraisal Document (PAD) and the Loan Agreement. While there is no mention in the PAD of using International Competitive Bidding (ICB) in civil works, there is a threshold in the Loan Agreement for National Competitive Bidding (NCB), after which ICB has to be used. Under previously financed Bank projects in Egypt, ICB has not been proposed for school construction since 1995 when it was used in the Basic Education Improvement Project and no foreign bidders were interested in participating in any of the bids. The education projects which came afterwards did not include ICB as a procurement method for civil works. These projects are: Education Enhancement Program (EEP), Secondary Education Enhancement Project (SEEP) and Higher Education Enhancement Project (HEEP). This project (ECEEP) is even much smaller than the above-mentioned projects (EEP was US\$75 million, SEEP and HEEP were US\$50 million, while ECEEP is only US\$20 million.

As a result, it has been agreed with the Ministry of Education (MOE) and Ministry of International Cooperation (MOIC) to raise the threshold for ICB from US\$2 million to US\$10 million. Also, and under the current circumstances after the January 25 Revolution, requests from MOE and MOIC to encourage the local market and local manufacturers as well as bidders have been made and as a result, a request to raise the threshold for ICB for “Goods” from US\$500,000 to US\$1.5 million (to be lowered to US\$1 million to go along with the Bank recommended threshold for Egypt) is included in the letter of request to amend the Loan Agreement of ECEEP.

The Borrower has also requested an extension of the Closing Date of the project for 24 months, thus the new Closing Date would be June 30, 2014. This would be the second such extension of Closing Date and, pursuant to OP 13.30, would require approval of the RVP. The bases for the request for extension are delays with implementation, some of which were beyond the power of the implementation unit. Delays in implementation were exacerbated by the events of the Egyptian Revolution of January 25, 2011 and ensuing implementation difficulties over the following months.

The requested extension will allow for successful completion of the project activities especially those that require more time for proper implementation such as the curriculum component or for proper measurement of the impact of the project activities which needs data collection and observation in more than one (preferably several) school year.

The Ministry of Education (MOE) and the General Authority for Educational Buildings (GAEB) are proven from previous education projects to be solid implementation agencies (especially in the hardware activities such as school construction) and their performance

has been, in general, satisfactory. The last few months, after the January 25 Revolution, have been extremely difficult and implementation of the project activities has suffered due several factors, one of which is the budget constraint. Allowing more time for completing the project activities will result, no doubt, in achieving the developmental objective of the project. The Project Unit has prepared an action plan and a procurement plan for implementing and completing the remaining project activities which were acceptable to the Bank. The Project has no outstanding or unsatisfactory audit reports.

Therefore, this Restructuring Paper seeks your approval to: (i) raise the threshold for ICB for “Works” from US\$2 million to US\$10 million; (ii) raise the threshold for ICB for “Goods” from US\$500,000 to US\$1 million; and (iii) extend the Closing Date from June 30, 2012 to June 30, 2014.

The proposed changes were requested by the Government in a letter from MOIC dated June 28, 2011.

B. PROJECT STATUS

The ECEEP Project supports the Government of Egypt (GoE) in providing quality early childhood education for four- and five-year-old children, particularly for the disadvantaged. The project consists of three major components: (a) Increasing Access by: (i) supporting the public construction and maintenance program, the Loan is constructing 750 classrooms under this activity; (ii) supporting expansion through the Ministry of Social Solidarity (MOSS)-registered kindergartens (KG) and community-provided facilities, the Loan is renovating 500 classrooms under this activity; (b) Improving Quality by: (i) developing a child-centered curriculum and educational materials based on national standards, the Loan is providing 2,000 classrooms with learning materials and equipment; (ii) developing and delivering an effective teacher training program (MOE with financing from the Canadian International Development Association, CIDA); and (iii) linking nutrition and health to early childhood education (MOE & World Food Program (WFP)); and (c) Capacity Building by: (i) developing a system to implement KG standards (MOE & CIDA); and (ii) supporting the MOE in building the capacity of the KG Department (CIDA).

Under Component (a) (i) above, 461 classrooms have been selected to date for construction which represents 61.5% of the total number of classrooms targeted under the project (750 classrooms). Of the 750 classrooms, 369 classrooms are completed and operational, which represents 49.2% of the targeted number.

Under Component (a) (ii) above, 424 classrooms have been selected to date for renovation, which represents 84.8% of the targeted number under the project (500 classrooms). Of the 500 classrooms, 402 classrooms are completed and operational, which represents 80.4% of the targeted number.

Under Component (b) (i) above, 900 classrooms have been provided with learning materials and equipment out of 2,000 targeted, which represents 45% of the target. The learning materials and equipment are in line with the newly designed curriculum.

Disbursement has reached US\$9 million, i.e., 45% of the total loan amount.

C. PROPOSED CHANGES

- Procurement

The Procurement Schedule in the Loan Agreement will be amended to remove reference to specified thresholds for procurement of goods and works using NCB procedures. New thresholds will instead be specified in the Procurement Plan as agreed with the Bank.

Paragraph 1 of Part B, Section II of Schedule 4 to the Loan Agreement shall be amended to read as follows:

“1. National Competitive Bidding. Goods and works may be procured under contracts awarded on the basis of National Competitive Bidding in the circumstances set out in the Procurement Plan and in accordance with the provisions of paragraphs 3.1, 3.3, 3.4, 3.14 and 3.15 of the Procurement Guidelines and as set forth in the Annex to this Schedule 4 required to comply with the provisions of the Procurement Guidelines.”

- **Closing Date:** As a result of the delays which took place partly because of the ministerial changes and partly because of the January 25 Revolution, your approval is sought for extension of the project Closing Date. The Government requested an extension of 24 months. Therefore, the new Closing Date would be June 30, 2014. As explained earlier, this extension will allow the Borrower time to complete the project activities in accordance with the agreed action plan in order to achieve the project developmental objective.

RP



Ministry of International Cooperation
The Minister

WORLD BANK OFFICE CAIRO
Date Received: 06/29/11
Action By: MGE
Copy To:

694
Cairo, June 28th 2011

Dear Mr. Craig,

With reference to the Loan Agreement for the Early Childhood Education Enhancement Project (ECEEP), in an amount of US\$ 20 million, signed on February 18, 2005 between the Arab Republic of Egypt and the international Bank for Reconstruction and Development.

I would like to highlight some of the recommendations of the latest supervision mission visited Egypt in April 2011, concerning the current states of the above-mentioned project.

Upon the request of the Ministry of Education (MOE), the Government of Egypt kindly requests the Bank to consider the following amendments:

- 1. Amending Section II,B (1) of Schedule 4 (Procurement), to be read as follows:
" National Competitive Bidding. Goods estimated to cost less than \$1.500.000 equivalent per contract and works estimated to cost less than \$10.000.000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding"*
- 2. Extending the closing date of the project for 2 Years to be 30/6/2014 instead of 30/6/2012 in order to complete the remaining project's development objective.*



*Ministry of International Cooperation
The Minister*

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Please note that the above-mentioned amendments in he procurement area will allow the MOE to use NCB and encourage local markets and local suppliers, especially under the current circumstances, and hence will allow the MOE to speed up the project implementation and accordingly increase the loan disbursement rates and effectiveness.

Looking forward to receiving a prompt positive response in this important matter.

Please accept the assurance of my highest considerations for your continued support.

Sincerely,

Fayza Abounaga

فيزة العبد
***Minister for Planning and
International Cooperation***

*Mr. David Craig
Country Director
Egypt, Yemen and Djibouti Country Department
World Bank
Cairo, Egypt*