

Ex-Ante Evaluation

Middle East Division 1, Middle East and Europe Department, JICA

1. Basic Information

- (1) Country: Arab Republic of Egypt
 - (2) Project Site/Target Area: All areas in the Arab Republic of Egypt
 - (3) Project: Development Policy Loan for Universal Health Coverage
- Loan Agreement: March 27, 2023

2. Background and Necessity of the Project

(1) Current State and Issues of the Health Sector in the Arab Republic of Egypt

Health indicators in the Arab Republic of Egypt (hereinafter referred to as “Egypt”) have been improving, and from 1990 to 2017, the under-five mortality rate (per 1,000 live births) declined from 85.5 to 21.7 and the maternal mortality rate (per 100,000 live births) declined from 106 to 37 (WHO). Although improvements for these indicators can be observed, the total fertility rate remains high for northern Africa at 3.28 (compared to 2.4 in Morocco and 2.2 in Tunisia), and the Egyptian healthcare system still faces many challenges, despite rapid population growth that has increased demand for healthcare services. In particular, the poor quality of public health services is an issue. Although more than 95% of the population lives within 5 km of a public healthcare facility, it is widely reported that an environment necessary to meet the healthcare needs of citizens has not been created, with pharmaceuticals being out of stock regularly, aging facilities, and a shortage of medical personnel.

As a result, despite free or inexpensive public healthcare, most of the population, including the poor and other vulnerable groups, is highly likely to choose expensive private healthcare services instead. Because of this, the user-paid share of the Government of Egypt’s total health expenditures is high at 62.3% (percentage recommended by WHO is less than 15%), and 26.2% of the population is suffering financial hardship due to medical bills (WHO).

In response to these issues, the Government of Egypt has set the achievement of Universal Health Coverage (UHC) as a top priority in its new 2014 Constitution, specifying that at least 3% of the GDP will be spent on the health sector (e.g., healthcare costs). UHC aims to ensure that all people have access to high-quality services for appropriate health promotion, disease prevention, treatment, and functional recovery at a cost they can afford to pay. The long-term development strategy, “Sustainable Development Strategy: Egypt Vision 2030” (February 2016) also positions the health sector as a priority pillar, and the 2015 white paper on health, which serves as

a guideline for health policy and strategy formulation, also sets a strategic direction for strengthening efforts toward UHC, expanding health insurance coverage, and improving the quality of healthcare services. In December 2017, the National Health Insurance Law was enacted to introduce the Universal Health Insurance System (UHS). The UHS is an integrated and compulsory public health insurance system for all citizens, which also includes the development of medical facilities that provide healthcare services under the health insurance system and improves the quality of those services. The plan for implementing UHS is to roll out the program to all 27 governorates nationwide in six phases (15 years), with Phase 1 started in July 2019 in Port Said as the initial introduction. In order to implement UHS, three new public agencies have also been formed. The Universal Health Insurance Agency (UHIA) is responsible for managing people enrolled in the insurance program, collecting insurance premiums, and the payment of medical fees. The Egypt Healthcare Authority (EHA) provides healthcare services under the health insurance system, while the General Authority for Healthcare Accreditation and Regulation (GAHAR) sets quality standards for healthcare institutions and certifies facilities that meet these standards.

However, the spread of the Novel Coronavirus infection (hereinafter referred to as "COVID-19") in 2020 has placed a strain on the existing healthcare system, and has increased the number of poor and vulnerable populations needing healthcare coverage.

Under these circumstances, the Government of Egypt, which had initially aimed to achieve universal health coverage by 2032, has brought forward the target year for the full introduction of UHS to 2030, as the spread of COVID-19 has further increased the importance of UHC. However, with public finances constrained by COVID-19, the Egyptian Ministry of Finance (MOF) estimates that at least 83.5 billion Egyptian pounds (approximately 613.4 billion yen) will be needed from FY 2022/23 to FY 2024/25 to subsidize premiums for the poor and vulnerable and to improve public health facilities. Furthermore, regarding the use of vaccines, the Egyptian government has taken various measures such as creating a reservation system using a cell phone application and requiring the presentation of vaccination certificates when entering government institutions (including public offices and public educational institutions). As of January 31, 2022, approximately 25% of the population had been vaccinated.

To address these relevant issues, the Development Policy Loan for Universal Health Coverage (hereinafter referred to as the "Project") will support the Government of Egypt in further promoting efforts to achieve UHC through financial assistance in the form of a development policy loan, with the aim of improving both the health financing system and the quality of healthcare services. The Project is positioned as a high-priority project that

will directly contribute to Egypt's new constitution and its "Sustainable Development Strategy: Egypt Vision 2030." In addition, the Decent Life Initiative, a rural development program under the leadership of President El-Sisi, has identified the development of public healthcare facilities under UHIS as one of its priority projects, and the Project will also contribute to improving the quality of healthcare services.

(2) Japan and JICA's Policy in the Health Sector and Priority of the Project

In the Country Assistance Policy for the Arab Republic of Egypt (September 2020), the "promotion of social inclusion" is identified as one of its priority areas. In order to support the efforts of the Government of Egypt to achieve UHC, Japan will share its knowledge gained through its extensive experience, support the design of systems, develop human resources, as well as provide assistance for infrastructure development, operational improvement, and institutional improvement in the health sector. In addition, in February 2016, then Prime Minister Abe expressed the Japanese government's intention to cooperate in areas such as strengthening the healthcare system and combating infectious diseases in order to realize UHC in Egypt. Subsequently, in December 2017, the Japanese government adopted the Tokyo Declaration on Universal Health Coverage at the UHC Forum 2017, agreeing that the international community would cooperate to realize UHC.

In the JICA Country Analysis Paper for the Arab Republic of Egypt (March 2016) as well, "poverty reduction and improvement of living standards" has been identified as a priority area. In addition, "strengthening sound health financing systems" is included as a cluster for the health sector in JICA's Global Agenda Paper, and JICA's Global Healthcare Initiative also aims to contribute to the achievement of UHC. The Project is thus consistent with these policies and analyses.

(3) Other Donors' Activities

The WHO is providing support for the establishment of related policies, laws, and systems, as well as analysis related to costs, and is assisting in the introduction and implementation of UHIS, including health economic aspects such as the pricing of various medical services and the content of basic services (the basic package) to be provided by health insurance. The World Bank has implemented the "Supporting Egypt's Health Insurance System Project" (\$400 million) through investment project financing starting in 2021 with three main components, which are increasing UHIS enrollment and utilization of health services in Phase 1 target governorates, strengthening of governance of UHIS implementing agencies, and supplying temporary

healthcare benefits to poor and vulnerable groups significantly impacted by COVID-19. It additionally executed a COVID-19 Emergency Response (\$50 million) in May 2020, as emergency financial assistance for COVID-19 countermeasures. AFD also executed the Social Protection Budget Support program in 2019 and 2021 (60 million and 150 million euros), which provides assistance for actuarial analysis of health insurance finances, formulation of rules for the management of people enrolled in the insurance program, and creation of UHIS publicity and communication strategies.

3. Project Description

(1) Project Description

① Project Objectives

By providing financial support, the Project aims to promote the implementation of a universal health care system, which includes a health financing system and the improvement of the quality of health care services, thereby contributing to the achievement of UHC, economic and social stability, and the promotion of development efforts.

② Project Components

In order for the Government of Egypt to achieve UHC through the promotion of UHIS implementation, the Project sets operation and effect indicators with a target year of 2026, as well as multiple policy actions related to strengthening health financing systems and improving the quality of healthcare services (such as improving the collection of insurance premiums from users and enhancing hospital quality), which will contribute to achieving the target values for the indicators. After evaluating the achievement level of those policy actions (with a final deadline for achievement in 2024), funds will be provided in the form of general financial assistance. Each policy action, originally formulated by JICA, is shown in the attached policy matrix.

③ Project Beneficiaries (Target Group)

- Direct beneficiaries (UHIS enrollees: 20 million people, including 3 million poor and vulnerable people)
- Indirect beneficiaries (all of Egypt: 102.33 million people)

(2) Total Project Cost: 44 billion yen

(3) Project Implementation Schedule (Cooperation Period)

Financial support for the Project will begin at the time of the L/A signing. The deadline for completing policy actions will be December 2021 and June 2024, and the loan will be disbursed after confirming achievement of these policy actions. At

present, all policy actions for the first tranche have already been accomplished, and the Project will be finished once disbursement of the second tranche of the loan is completed (July 2024).

(4) Project Implementation Structure

- 1) Borrower: The Government of the Arab Republic of Egypt
- 2) Executing Agency: Ministry of Finance

(5) Collaboration and Division of Roles with Other Programs and Donors

1) Japan's Assistance Activities

Cooperation for the Government of Egypt in the health sector has included the Project for Quality Improvement of Hospitals (Technical Cooperation Project, 2019-2024) for improving the quality of healthcare services, and the Project for Capacity Development for Universal Health Insurance (UHI) Policy Implementation (Technical Cooperation Project, 2021-2024) for improving health insurance systems. Based on the action plan to be formulated for the Project, pilot projects will be conducted under the Project for Capacity Development for Universal Health Insurance (UHI) Policy Implementation. Additionally, a training roll out plan will be formulated to ensure that the training materials created for the Project for Quality Improvement of Hospitals are used not only in the target hospitals, but also in all public hospitals. For the Project, we will thus promote the implementation of related policies and plans through policy dialogue and financial support, while also spreading the outcomes of technical cooperation projects.

2) Other Donors' Activities

Although JICA has developed its own policy matrix for the Project, policy actions that are compatible with those of the World Bank and AFD programs will be set, with some shared operation and effect indicators in order to achieve a high level of project impact.

(6) Environmental and Social Considerations

1) Environmental and Social Considerations

- ① Category: C
- ② Reason for categorization: The Project is deemed to have minimal adverse impacts on the environment as specified in the Japan International Cooperation Agency Guidelines for Environmental and Social Considerations (issued April 2010).

(7) Cross-cutting issues: The Project will support the development of a health financing system and improved access to healthcare services, especially for poor and vulnerable groups.

(8) Gender Category: GI (S) (Gender Informed (Significant))

Activity Component(s)/Reason for Categorization: MOF plans to conduct Gender Responsive Budgeting together with the relevant organizations in Egypt when implementing the policy actions for the Project.

(9) Other Important Issues: None

4. Target Outcomes

(1) Quantitative Effects

Indicator	Baseline (Actual values in 2021)	Target (2026) (2 years after completion)
1. UHIS enrollees (persons)	655,000	20,000,000
2. UHIS enrollees from poor and vulnerable groups (persons)	35,000	3,000,000
3. Healthcare facilities registered and certified by GAHAR (facilities)	139	500
4. UHIS enrollees receiving healthcare services as insurance benefits (persons/year)	250,000	5,000,000
5. Amount of insurance benefits paid to medical institutions through UHIS (million Egyptian pounds/year)	735	14,700

Note: Of the above operation and effect indicators, Indicators 1 and 3 are the same as those of the World Bank and Indicator 3 is shared with the World Bank and AFD.

(2) Qualitative Effects

Improved multi-agency coordination to promote UHIS implementation; improved confidence of the health financing system among the poor and vulnerable groups; improved quality of basic healthcare services that also contribute to COVID-19 countermeasures; establishment of a stable supply network for COVID-19 vaccines; and promotion of economic stability and social development. The impact level effects include an increase in the UHC service coverage indicator (SDG Indicator 3.8.1) from 70 (2019 actual) and a decrease in the share of the population with high health-related expenditures as a percentage of household expenditures or income (SDG Indicator 3.8.2) from 31.1% (2017 actual).

(3) Internal Rate of Return (IRR): The IRR is not calculated for programmatic loans.

5. Preconditions and External Factors

- (1) Preconditions: None
- (2) External factors: Measures to control the global spread of COVID-19 are being maintained, avoiding any rapid worsening of the situation throughout the world.

6. Lessons Learned from Past Projects and Application to the Project

It has been pointed out in the ex-post evaluation of the Energy Sector Reform Program (II) for Pakistan (evaluation year: 2017) that in order to concretely support the policy actions proposed in the policy matrix, JICA implemented a combination of technical cooperation in specific areas with the provision of development policy loans, which led to more effective policy improvements and reforms. Furthermore, the ex-post evaluation results of the Climate Change Program Loan (I-III) for the Republic of Indonesia (evaluation year: 2014) indicate that continuing policy dialogue on project monitoring is an important element in the success of development policy loans.

Based on the lessons learned above and in order to achieve UHC, the Project will support the achievement of policy actions through the activities of ongoing technical cooperation, which will manifest higher project effectiveness. Regular policy dialogues will be continued with the MOF and implementing agencies of each policy action, utilizing the Steering Committee, etc.

7. Evaluation Results

The Project is consistent with the development issues and development policies of Egypt, as well as the assistance policies and analyses of the Government of Japan and JICA. By providing support for the implementation of high-priority policies, etc. for achieving UHC, the Project will help strengthen health financing and the capacity to deliver healthcare services, thereby contributing to the achievement of SDG 3 (health and well-being) and SDG 10 (reduced inequality). Therefore, there is a strong need to support implementation of the Project.

8. Plan for Future Evaluation

- (1) Indicators to be Used in Future Evaluations: As indicated in section 4.
- (2) Timing of the Next Evaluation: Ex-post evaluation two years after program completion

Appendix: Policy Matrix

Policy Areas and Sub Policy Areas	Background [as of September 2021]	Policy Actions for the 1st Tranche [by the end of December 2021]	Means of Verification	Policy Actions for the 2nd Tranche [by the end of June 2024]	Means of Verification
1. Strengthen financial protection through UHIS					
1-1 Enrollment to UHIS / Beneficiary management	<ul style="list-style-type: none"> ➤ Enrollment started in Port Said and Luxor. Total number of population enrolled to UHIS is 655,000(in Port Said) including 143,000 of formal sector, 35,000 of the poor and vulnerable, 200,000 of non-poor informal sector, and 277,000 not defined yet for categorization. ➤ Beneficiary management system is under development. Beneficiary registration is being implemented by GAHC on behalf of UHIA. 	(1) The 1 st release of beneficiary management system (BMS)* is launched. * citizen enrollment and empanelment transferred from GAHC	Report issued by UHIA with screenshots of the system	(9) The 2 nd release of BMS* is launched. * premium calculation, beneficiary self-service portal and mobile application with functions of online prescription and online booking with a family doctor	Report issued by UHIA with evidences (e.g. sample reports generated by the system or screenshot of the system)
1-2 Claim management	<ul style="list-style-type: none"> ➤ Claims of primary health care are sent to UHIA through digital claim management system. ➤ Claims of hospitals are sent to UHIA in Excel files and paper. 	(2) The 1 st release of claim management portal module* is launched. * through which primary healthcare centers/units submit claims digitally	Report issued by UHIA with screenshot of the system	(10) The 2 nd release of claim management portal module* is launched. * module with claim check engine for pre-service decision and auto-adjudication	Report issued by UHIA with evidences (e.g. sample reports generated by the system or screenshot of the system)
1-3 Premium collection	<ul style="list-style-type: none"> ➤ Premium collection from formal sector and payment of government subsidy for the poor and vulnerable has started in Port Said. There is no current process to ensure premium collection from non-poor informal sector. 	(3) Action plan for engagement and premium collection for non-poor informal sector is developed.	The action plan authorized by chief executive officer (CEO) of UHIA	(11) Outcomes of the action plan for engagement and premium collection for non-poor informal sector are reviewed.	Review report issued by CEO of UHIA
1-4 Administration and management of UHIA	<ul style="list-style-type: none"> ➤ Number of staff for UHIA headquarters is insufficient. 	(4) 41 employees are staffed (contracted, borrowed or deputation) to the UHIA headquarters.	Human resource report with headcount and targets by department	(12) Organizational structure of UHIA (headquarters and branches) and human resource plan of UHIA headquarters are reviewed.	Reviewed organizational structure and human resource plan
2. Strengthen quality health service delivery under UHIS					
2-1 Investment to government health care service providers under the UHI system	<ul style="list-style-type: none"> ➤ New constructions and upgrade of health facilities has started in Phase 1 governorates. ➤ Human resources have started to be transferred to or newly hired by GAHC. 	(5) Infrastructure of 80 primary healthcare centers/units and 8 hospitals is accomplished in Luxor and Ismailia governorates.	Accomplishment report issued by MOHP (universal health insurance program unit) and GAHC	(13) Infrastructure of 139 primary health centers/units and 14 hospitals is accomplished in South Sinai, Aswan and Suez governorates in coordination with Decent Life Initiative.	Accomplishment report issued by MOHP (universal health insurance program unit)
2-2 Quality assurance by GAHAR accreditation	<ul style="list-style-type: none"> ➤ 20 hospitals, 82 primary health care centers/units (PHCs), 16 laboratories, 16 pharmacies, 7 ambulatory centers are registered to GAHAR including government and private facilities. ➤ 2 hospitals, 5 PHCs, 16 pharmacies are accredited from the current registered ones by GAHAR. ➤ GAHAR registration and accreditation has started in 12 governorates. 	(6) 20 hospitals, 82 PHCs, 18 laboratories, 16 pharmacies, 1 radiology center and 7 ambulatory centers are registered, where 2 hospitals, 14 PHCs and 16 pharmacies are accredited.	Report on registration and accreditation issued by GAHAR (the accreditation and registration log that is available on GAHAR website and is being updated periodically)	(14) Policy for un-announced survey is developed in order to assure quality in accredited and registered healthcare facilities, and at least 30 un-announced surveys are carried out.	Policy document for un-announced survey issued by GAHAR, and summary reports of the un-announced surveys in English (the names of the medical facilities will remain anonymous)
2-3 Hospital quality improvement	<ul style="list-style-type: none"> ➤ MoHP and GAHC has been implementing JICA-supported technical cooperation project for quality improvement of hospital in 50 hospitals of 26 governorates to improve quality of services and strengthen patient safety. 	(7) English draft of quality and patient safety guide developed by the JICA-supported hospital quality improvement project is approved by MOHP and GAHC.	The English draft approved by MoHP (universal health insurance program unit) and GAHC	(15) Policy and dynamic action plan for nationwide training on hospital management for improving quality and patient safety based on the JICA-supported project is approved by MOHP and GAHC.	Letter issued by GAHC with the policy and action plan approved by MoHP (universal health insurance program unit) and GAHC
2-4 Procurement and delivery of drugs, supplies and medical equipment	<ul style="list-style-type: none"> ➤ UPA was established in 2019, and started procurement and delivery of drugs, vaccines, supplies and medical equipment for government health facilities and UHIS-contracted private health facilities. 	(8) UPA website to make supply for public health care facilities and mobile phone application to follow-up deliveries are launched with digital manual of the system.	Report issued by head of digital transformation department with screenshots of the website, application and manual	(16) Supply chain management system* is launched. * tendering system, inventory management system, demand forecasting, financial payment system for vendors, and maintenance system for medical equipment	Official letter of UPA to launch the system