

**Inclusive Housing Financing Program  
Social Housing Fund**

**Auditor's Report  
&  
Special Purpose Financial Statement**

**June 30<sup>th</sup> 2017**

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**Auditor's Report**  
**To the Social Housing Fund**  
**Inclusive Housing Financing Program**

We have audited the accompanying Special Purpose Financial Statement (SPFS) of Inclusive Housing Financing Program represented in the Sources and Uses of Funds statement for the year ended 30<sup>th</sup> June 2017. The Program's management is responsible for ensuring that the Special purpose financial statement is prepared. It is our responsibility is to form an independent opinion, based on our audit, on this statement and to report our opinion to you.

We conducted our audit in accordance with Egyptian and International Auditing Standards and such other specific procedures requested by the Program's management. An audit includes examination, on a test basis, evidence supporting amounts and disclosures in the funds receipts and expenditures statement. It also includes an assessment of the significant estimates and judgements made by the Program's management in the preparation of the statement, and of whether the accounting policies are appropriate to the project's circumstances, consistently applied and adequately disclosed.

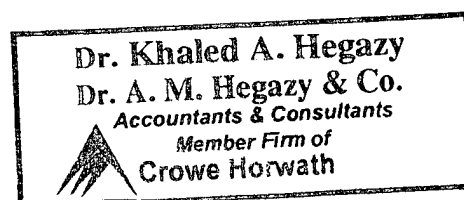
We planned and performed our audit so as to obtain all the information and explanation which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the statements is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the statements.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the Sources and Uses of Fund Statement as at 30<sup>th</sup> June 2017 in conformity with the accounting principles described in Note 2 to the special purpose financial statements. Expenditures provided are properly supported and represent eligible expenditures under the Loan Agreement 8498 - EG.

*Khaled Hegazy*

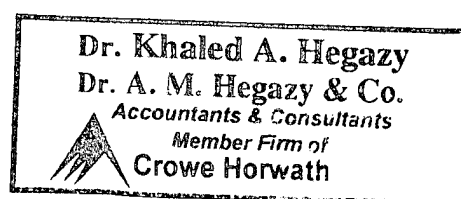
**Dr. Khaled Abdel Aziz Hegazy**

Cairo: December 10<sup>th</sup> 2017



Social Housing Fund (SHF)  
 Inclusive Housing Finance Program  
 Financial Management Unit (FMU)  
 World Bank Loan No 8498 EG  
 Sources and Uses of Funds Statements  
 For 1 July 2016 to 30 June 2017

	<u>Amounts in US \$</u>
<u>Cash Receipt</u>	
World Bank (WB)	44,318,375
Social Housing Fund	16,656
Guarantee and Support Mortgage Activity Fund	182,257
<b>Total Financing</b>	<b>44,517,288</b>
<u>Less:</u>	
<u>Uses of Funds</u>	
Demand Side Housing Subsidy Support	44,318,360
Improving Management Information System	103,103
	<b>44,421,463</b>
 <u>Other Expenditure</u>	
Salaries & Wages	82,601
Others	13,224
	<b>95,825</b>
<b>Total Expenditures</b>	<b>44,517,288</b>
<b>Net Funds balances</b>	<b>-</b>



**Social Housing Fund (SHF)**  
**The World Bank's Loan No 8498 EG**  
**Notes to the Special Purpose Financial Statement**  
**From 1 July 2016 to 30 June 2017**

**Note 1 -Nature of Activities**

The Arab Republic of Egypt and the International Bank for Reconstruction and Development agreed that the latter shall provide additional finance Social Housing Fund on June 10<sup>th</sup>, 2015, through Loan No8498EG, The Bank agrees to lend an amount of five hundred million United States Dollar (US\$500 Million)

The objective of the Program is to improve the affordability of formal housing for low income households in the Arab Republic of Egypt and to strengthen the SHF's capacity to design policies and coordinate programs in the social housing sector.

**The Project consist of the following parts:**

The Program is a part of the Borrower's Social Housing Program and consists of the following components:

**Part A: Institutional Strengthening of SHF**

1. Enhancing the capacity of SHF to improve the Borrower's housing sector through, *inter alia*: (a) coordination and consolidation of housing entities and functions; (b) formulation of social housing policy, programs, regulations and procedures; and (c) preparation and implementation of reforms to improve the efficiency and equitability of the housing system.
2. Enhancing the effectiveness of SHF to provide oversight to the implementation of the Program through, *inter alia*: (a) the establishment of an improved management information system; (b) the establishment of a sound fiduciary management and governance structure and (c) improving monitoring and evaluation capacity.

**Part B: Demand-side Housing Subsidy Support**

1. Affordable Mortgage Program (AMP)
2. Public Rental Subsidy Program for Tenants
3. Private Rental Subsidy Programs for Investors
4. Private Rental Subsidy Programs for Tenants,

**The Project Duration:**

The project closing date is June 30, 2020

**Terms of repayment and Grace period:**

According to the loan agreement, Schedule 3 , the Arab Republic shall repay the loan on semi-annual installment due on January and July 15<sup>th</sup>each year, starting from July 15<sup>th</sup> 2020 and ending on January 15<sup>th</sup>2050. Each installment amounts to

(1.67%) of the loan amount, except for the Installment dated January 15<sup>th</sup> 2050 which will amount to (1.47%)

**Note 2 - Accounting Policies**

The following are the significant applied accounting policies:

**2/1 Method of Accounting**

The Project maintain its accounts on the cash basis of accounting. On this basis receipts are recognized when received by the Projectand expenditures are recognized when paid.

**2/2 Translation of non U\$ dollars currency:**

The SHF maintains its accounts in Egyptian Pounds. Transactions in U\$ dollar currencies are recorded at the average exchange rates ruling at the end of the financial year 30 June 2017, the statement of funds receipts and expenditures has been prepared on the cash basis of accounting.

**Note 3-Cash receipt (Financing) Analysis**

	Amounts in US \$
<i>Cash Receipt</i>	
World Bank (WB)	44,318,375
Social Housing Fund	16,656
Guarantee and Support Mortgage Activity Fund	182,257
<b>Total Financing</b>	<b>44,517,288</b>

\* An amount of USD 7,165 has been refunded to the Program account in the Central Bank of Egypt as a result of refunded amounts from the Demand Side Housing Subsidy Support.

**Note 4 - Expenditure Analysis**

4/1 : Analysis of Wages & Salaries as at 30<sup>th</sup> June 2017 is represented as follows:

<u>Salaries &amp; Wages</u>	Amounts in US \$
Improving Management Information System	29,057
Improving Monitoring & Evaluation	20,469
Internal audit function	3,446
Mechanism for considering complaints and grievances	29,629
<b>Total Salaries &amp; Wages</b>	<b>82,601</b>

4/2 : Analysis of Others - Other Expenditures as at 30<sup>th</sup> June 2017 is represented as follows:

<u>Others</u>	Amounts in US \$
Independent Verification Agent ( IVA ) Fees	13,210
bank charges & interest	14
<b>Total Others</b>	<b>13,224</b>