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INTERNATIONAL FINANCE CORPORATION

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK

FOR

ARAB REPUBLIC OF EGYPT

FOR THE PERIOD FY2023–2027

February 21, 2023

**Egypt Country Management Unit
Middle East and North Africa Region
The International Bank for Reconstruction and Development**

The International Finance Corporation

The Multilateral Investment Guarantee Agency

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The date of the last Country Partnership Framework was November 15, 2015.

CURRENCY EQUIVALENTS

(Exchange Rate Effective February 21, 2023)

Currency Unit = Egyptian Pound (LE)

US\$1= LE 30.58

Fiscal Year

July 1–June 30

ABBREVIATIONS AND ACRONYMS

ACA	Administrative Control Authority	JICA	Japan International Cooperation Agency
AFD	Agence Française de Développement	KWh	Kilowatt per hour
AfDB	African Development Bank	MENA	Middle East and North Africa
AIIB	Asian Infrastructure Investment Bank	MIGA	Multilateral Investment Guarantee Agency
ASA	Advisory Services and Analytics	MOPED	Ministry of Planning and Economic Development
CAPMAS	Central Agency for Public Mobilization and Statistics	MSMEs	Micro, Small, and Medium Enterprises
CBE	Central Bank of Egypt	NDC	Nationally Determined Contribution
CCDR	Country Climate and Development Report	NSRP	National Structural Reform Program
CLR	Completion and Learning Review	OBI	Open Budget Index
COP	United Nations Climate Change Conference	PCM	Private Capital Mobilization
COVID	Coronavirus Disease	PforR	Program for Results
CPF	Country Partnership Framework	PLR	Performance and Learning Report
CPSD	Country Private Sector Diagnostic	POPs	Persistent Organic Pollutants
DLI	Disbursement-Linked Indicator	PPP	Public–Private Partnership
DPF	Development Policy Financing	SBA	Stand-by Arrangement
EBRD	European Bank for Reconstruction and Development	SCD	Systematic Country Diagnostic
ECA	Egyptian Competition Authority	SDG	Sustainable Development Goal
ESF	Environmental and Social Framework	SDS	Sustainable Development Strategy
EU	European Union	SMEs	Small and Medium Enterprises
FY	Fiscal Year	SOEs	State-Owned Enterprises
GDP	Gross Domestic Product	STEP	Systematic Tracking of Exchanges in Procurement
GHG	Greenhouse Gas	TKP	Takaful and Karama Cash Transfer Program
GoE	Government of Egypt	TA	Technical Assistance
GP	Global Practice	UHS	Unified Health Insurance System
HLO	High-Level Objective	UN	United Nations
IDA	International Development Association	US\$	United States Dollar
ICT	Information and Communications Technology	WB	World Bank
IEG	Independent Evaluation Group	WBG	World Bank Group
IMF	International Monetary Fund	We-Fi	Women Entrepreneurs Finance Initiative
IPF	Investment Project Financing		

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ARAB REPUBLIC OF EGYPT
FY2023–2027 Country Partnership Framework

EXECUTIVE SUMMARY

i. ***Egypt has an opportunity to boost long-term growth and unlock its full potential—in line with the needs and desires of its citizens—by creating the conditions for green, resilient, and inclusive development.*** As highlighted in the recent Systematic Country Diagnostic (SCD) update of October 2021, this can be achieved through reforms to enhance the effectiveness of the state’s role as an economic enabler, improve the business environment, and open up the economy to boost private sector investment and productivity, while addressing skill shortages. The growth model embodied in the SCD pathways aims to promote the protection and accumulation of human capital. The recently completed Country Private Sector Diagnostic (CPSD) identifies four critical, interlinked reform areas to unlock the Egyptian private sector’s full potential to emerge as a competitive force: (i) trade and logistics; (ii) competition and the role of the state; (iii) commercial justice; and (iv) human capital.

ii. ***Egypt stands at an inflection point on its social and economic growth journey.*** Structural reforms implemented since 2016 include a sizable fiscal consolidation and a major energy reform program to address subsidies, improve governance, and boost electricity and gas supplies. Initiatives and new laws were adopted to begin to address long-standing structural challenges, including in the business environment. Economic reforms were coupled with social protection and human development initiatives to provide support for poor and vulnerable groups, while starting to tackle challenges in health and education. Historically, reforms in Egypt have tended to come in waves. Reform momentum has built and accelerated over relatively short periods, then ebbed before fully addressing structural challenges. As a result, private investment levels and export proceeds fall below those of comparator countries. Moreover, high population growth makes it more difficult to unleash the per-capita investment required for rapid and sustainable economic growth and to create jobs fast enough to absorb the growing youth population.

iii. ***Egypt has begun to implement new reforms that aim to achieve balanced, inclusive, and sustainable post-pandemic growth that promotes social and economic inclusion as well as dynamic private sector-driven job creation.*** The state ownership policy, issued in December 2022, focuses on rationalizing the role of state to enable and empower private sector-led growth. The Hayat Karima presidential initiative, established in July 2021, seeks to strengthen the quality of life of Egypt’s vulnerable communities. The National Climate Change Strategy (NCCS) 2050, launched in May 2022, aims to enable Egypt to meet its Sustainable Development Goals (SDGs) and to plan for and manage climate change following a flexible, low-carbon approach. In November 2022, Egypt presided over the 27th United Nations (UN) climate change conference (COP27), which focused on implementing climate commitments, with an emphasis on Africa and adaptation.

iv. ***Recent external shocks, including Russia’s invasion of Ukraine, have exposed macroeconomic vulnerabilities, and strengthening long-term macroeconomic resilience will support Egypt in achieving its ambitious economic development and inclusion goals.*** Exchange rate adjustments in March and October 2022, and in January 2023, highlight the importance of policy settings that support a stable macroeconomic environment so as to boost economic growth and poverty reduction. These adjustments have emphasized the mismatch between the private sector’s performance, and export performance in particular, and the country’s external funding needs. These macroeconomic vulnerabilities are exacerbated by Egypt’s high susceptibility to climate-related shocks, given its unique geographic and climatic characteristics, including the high concentration of people and economic activity in the Nile Delta.¹

¹ WBG. 2022. [Egypt Country Climate and Development Report](#). Washington, DC: World Bank, Chapter 1.

v. ***Regional integration is critical for Egypt’s growth and can have positive implications for the broader region.*** Located at the nexus of Africa, the Middle East, and the Mediterranean basin, Egypt plays an important leadership role on the African continent and in the Middle East. By harnessing the substantial potential economic benefits of enhanced regional trade and greater connectivity in infrastructure, transport, energy, and labor, Egypt could deepen the positive effects on its economy and expand its role in the region. The presidency of COP27 has provided the country with an opportunity to further strengthen its role within the region—and beyond—as a leading voice on the climate agenda.

vi. ***Harnessing Egypt’s abundant renewable energy potential and ensuring that markets respond to signals that further the development of low-carbon investments will offer important opportunities vis-à-vis regional and global markets.*** The recently completed Country Climate and Development Report (CCDR) identifies several adaptation and mitigation synergies that present themselves as win–win options to reduce emissions and enhance efficiency, while boosting resilience. Approaches anchored in urgency, cost-effectiveness, and the potential of public–private partnerships (PPPs) can help build resilience in critical areas, such as the agriculture–water–food nexus, wastewater management, energy transition, and urban and transit planning. Supporting the Government of Egypt (GoE) in financing the totality of these actions will require a scaled-up effort, embedded in a strong framework for green investment across the public and private sectors, along with the regulatory and market signals to underpin it. Improving Egypt’s climate resilience and greening the economy will set the stage for a modern, inclusive, and competitive private sector; job creation in sectors where Egypt is able to position itself as a leader in the green economy; and stronger health and education outcomes going forward.

vii. ***Egypt is building the foundation for a growth model that tackles the intersection of climate and development challenges.*** Egypt launched the NCCS 2050; submitted its first updated Nationally Determined Contribution (NDC), which provides updated targets for emissions reductions by 2030; and pioneered the offering of green bonds. Egypt is also tackling the compounded risks on energy, water, and food by launching the Country Platform for the Nexus of Water, Food, and Energy (NWFE) Program, which aims to move the NCCS 2050 from pledges to implementation.

viii. ***This Country Partnership Framework (CPF) lays out the World Bank Group (WBG) strategy in Egypt for FY23–27.*** The overarching objective is to support Egypt in building pathways out of poverty, enhancing shared prosperity, and creating conditions for green, resilient, and inclusive development. The CPF puts the people of Egypt at the center of the strategy in pursuit of three high-level outcomes (HLOs): (1) more and better private sector jobs; (2) enhanced human capital outcomes; and (3) improved resilience to shocks. Underpinning these HLOs are two important, interlinked cross-cutting themes: governance/citizen engagement, and women’s empowerment. WBG engagement in these two areas extends across all three HLOs.

ix. ***This CPF enjoys strong country ownership.*** It builds on the successful first wave of reforms aligned with the GoE’s Sustainable Development Strategy (SDS), “Egypt Vision 2030,” updated in 2021, and within the framework of the government’s program, “Egypt Takes Off,” as well as the newly launched National Structural Reform Program (NSRP). This framework seeks to implement a package of structural policies to address existing imbalances, strengthen and better target social safety nets, and develop human capital. The CPF process has also included extensive consultations with key stakeholders.

x. ***Four underlying principles will guide the implementation of this CPF: selectivity, flexibility, adaptability, and participation.*** Selectivity filters (paragraph 40) will be used to prioritize WBG interventions, and this CPF will actively pursue partnerships with Egypt’s bilateral and multilateral partners to deepen coordination and maximize impact. In recognition of Egypt’s transformative social and economic environment, as well as uncertainties surrounding the COVID-19 pandemic recovery and unfavorable

global economic conditions, the CPF will be considered a living strategy, incorporating learning by doing and continually adapting to unforeseen or changing country circumstances and emerging government priorities. Finally, this CPF will seek to engage the participation of all citizens in the design, implementation, and monitoring of interventions, and enhancing citizen voice and accountability will be a cornerstone of the WBG's work in Egypt.

I. INTRODUCTION

1. ***This Country Partnership Framework (CPF) lays out the World Bank Group (WBG) strategy in Egypt for FY23–27, in the context of post-pandemic recovery, the economic impact of Russia’s invasion of Ukraine, and building back better.*** This CPF is aligned with the Government of Egypt’s (GoE) Sustainable Development Strategy (SDS), “Egypt Vision 2030,” and within the framework of the government program, “Egypt Takes Off,” the newly launched National Structural Reform Program (NSRP), and the National Climate Change Strategy (NCCS) 2050. This CPF proposes a selective set of interventions, building on lessons learned in implementing the previous CPF for FY15–19, which was extended by two years on the back of a Performance and Learning Review (PLR) in 2019. The CPF approach aligns with the WBG’s twin goals of ending extreme poverty and promoting shared prosperity in a sustainable manner, and with the WBG’s expanded regional strategy for the Middle East and North Africa (MENA) region² and the Climate Change Action Plan for 2021–25.³

2. ***The CPF seeks to create conditions for green, resilient, and inclusive development.*** The CPF puts the people of Egypt at the center of the strategy in pursuit of three high-level outcomes (HLOs): (1) more and better private sector jobs; (2) enhanced human capital outcomes; and (3) improved resilience to shocks. In addition, the CPF outlines two cross-cutting themes—governance and citizen engagement, and women’s empowerment—that underpin progress toward the HLOs and complement and reinforce each other. Efforts to engage citizens and enhance the voice of stakeholders will be a cornerstone of the WBG’s work in the country.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

A. Sociopolitical and Institutional Context

3. ***Egypt’s political and security situation remains stable.*** President Abdel Fattah El-Sisi was re-elected in 2018. Completion of the country’s second parliamentary elections and the activation of both the House of Representatives and the Senate are enabling a smooth legislative process, thereby expediting legal reforms. Egypt’s security situation improved with the launch of an anti-terrorism offensive in 2018. Egypt’s role as a regional stabilizer has enabled it to maintain close relations with Europe, the United States, and the Gulf, and the GoE has actively pursued closer integration with international political and financial institutions.

4. ***Egypt plays an important role in promoting regional integration.*** Through its infrastructure and facilities, and as the champion and host of the East Mediterranean Gas Forum (EMGF), Egypt has positioned itself at the gateway between the gas resources of the Eastern Mediterranean region and regional gas markets. The EMGF, announced in 2019, was established to promote regional cooperation for the gas trade (Box 1), building on Egypt’s potential to become a regional gas hub. Imports for re-export from EMGF members have already begun. Exports of liquefied natural gas (LNG) reached a record 6.8 million tons in 2021, and pipeline exports to Jordan are in place with potential export to Lebanon. Egypt has cross-border electricity interconnections to Jordan, Libya, and Sudan, with plans to raise existing capacity and add new interconnections with the Kingdom of Saudi Arabia and Greece. The Pan-Arab Electricity Market will facilitate a higher level of regional electricity trade and offer opportunities to integrate and scale up more renewable energy sources.

² WBG. 2015. *Economic and Social Inclusion for Peace and Stability in the Middle East and North Africa A New Strategy for the World Bank Group*. Washington, DC: World Bank; WBG. 2019. *The Middle East and North Africa: From Transition to Transformation*. Washington, DC: World Bank; WBG. 2021. “[Middle East and North Africa \(MENA\) Regional Update: Preventing a Lost Decade, Unlocking the Region’s Potential](#).” Washington, DC: World Bank; WBG. 2021. “[Middle East and North Africa: Looking Forward](#).”

³ WBG. 2021. *World Bank Group Climate Change Action Plan 2021–25: Supporting Green, Resilient, and Inclusive Development*. Washington, DC: World Bank.

Box 1. The East Mediterranean Gas Forum

The EMGF is strategically important to regional stability and economic development. At Egypt's initiative, and building on prominent discoveries of natural gas in the Mediterranean Sea—including the Zohr, Leviathan, Aphrodite, and Gaza Marine, the EMGF was established as a platform for structured policy dialogue for the region's gas producers, consumers, and transit countries. The purpose of the EMGF is to develop a sustainable regional gas market. The EMGF statute was signed in September 2020.

The WBG and the European Union (EU), as observers, along with the United States of America, have played substantial roles in the forum. They have provided technical and financial support and affirming their commitment to help drive EMGF activities forward recognizing that can be an important engine for economic growth and prosperity.

The EMGF has contributed to achieving Egypt's hub strategy and facilitated bilateral and multilateral cooperation among members. Cooperation between Egypt and other EMGF members enables Egypt to play a vital role in monetizing EMGF members' gas resources, in addition to strengthening the cooperation already in place. Egypt's aspires to play a pivotal role in regional energy markets by utilizing its unique infrastructure assets and geopolitical capacity. Egypt's hub strategy, backed by the EMGF, has contributed significantly to its economic development, with gas exports reaching a record high of US\$8.4 billion in 2022.



5. ***Egypt also plays a leadership role on the African continent.*** Egypt's location, recent socioeconomic and geopolitical developments, and international relations offer essential opportunities to strengthen the country's ties with various regional circles, especially in light of economic developments and market needs in bordering nations and beyond. The COP27 forum was an opportunity for the country to further strengthen its role within Africa as a leading voice on the climate agenda. By harnessing the substantial potential economic benefits of enhanced regional trade and greater connectivity in infrastructure, transport, energy, and labor, Egypt could deepen the positive impacts on its economy and strengthen its role in the region.

B. Recent Economic Developments and Outlook

6. ***Egypt introduced an important reform program in 2016.*** The exchange rate was adjusted, a sizable fiscal consolidation was pursued, and new laws were adopted to begin to address long-standing structural challenges, including in the business environment. Major energy reforms addressed subsidies, improved governance, helped transition to a low-carbon approach, and boosted electricity and gas supplies. Substantial public investment was undertaken to develop and modernize road infrastructure and improve living conditions, with a focus on lagging regions and rural areas. The country also made progress on the digital transformation agenda (Box 2).

Box 2. Digital Transformation in the Wake of COVID-19

The outbreak of COVID-19 in Egypt has underscored the importance of digital transformation, not only in supporting health care and service delivery to combat the pandemic, but also in enabling remote education and teleworking due to social distancing requirements. Leveraging decades of investment in digital transformation, Egypt's digital infrastructure has provided a foundation for key aspects of the COVID-19 emergency response. In 2020, according to the National Telecom Regulatory Authority, mobile broadband coverage in Egypt was around 97.7 percent for 3G and 61.1 percent for 4G, which enabled continuity in social and economic activities. Internet speed has risen at a rapid pace in the last few years, reaching 45.9 megabits per second in 2020, despite increased demand during the pandemic.

Based on the 2022 GovTech Maturity Index (GTMI⁴) survey responses, Egypt moved from Group B to A with reported improvements in all GovTech focus areas outside of citizen engagement. The eGovernment portal provides access to all available online services (e.g., birth registration, notarization, utility bills) and allows the use of electronic signature and submission of citizen complaints. More than 350 Government Services Centers have been established countywide to expand the coverage. Existing tax portal includes support for e-payment services and the social insurance portal provides access to the reports on involvement of citizens in the design of this portal.

The GoE and telecom operators have implemented several measures in response to the massive demand for telecommunications and data. These include increasing speeds and data capacity, providing free services, assigning spectrum, enhancing network management, facilitating remote learning and continuity of business services, and enabling integrated data sharing and mobile money transactions. As a result of reforms to establish connectivity, eLearning materials, and a computer-based assessment system, the connection to learning was maintained in Egypt despite COVID-19 school closures. The digital learning platform launched by the Ministry of Education and Technical Education under Education Reform 2.0 enabled a swift response to school closures in March 2020, together with the creation and rollout of digital content to all school grades through the Egyptian Knowledge Bank. In addition, to support the health sector during the crisis, the GoE launched a mobile health tracking application on Google Store and iOS, which tracks reports on infections and facilitates communication between doctors and citizens.

7. *These economic reforms were coupled with social protection and human development initiatives to provide focused support for low-income and vulnerable groups, while beginning to address challenges in health and education.* Important progress has been made to address inclusion and quality of services through several parallel programs and initiatives, including the Takaful and Karama poverty-targeted cash transfer program (TKP), development of informal settlement areas, an education reform program, and ongoing efforts to expand the accessibility and quality of health services and introduce universal health care through the Universal Health Insurance System (UHIS). These programs include targeted interventions to benefit women. Introduced in 2018, the UHIS aims to transform health financing and service delivery to improve access to good-quality health services and ensure financial protection, as well as integrate private sector players into the health care sector. The multidimensional social and economic development program, Hayat Karima (Decent Life), consolidates the efforts of the state, civil society, and the private sector to address multidimensional poverty and provide a decent life with sustainable development for the groups in Egypt's governorates that are most in need. The initiative's role includes closing developmental gaps among centers and villages and their dependencies and investing in human development.

8. *Recent economic shocks have underscored the need for continued reforms to address long-standing challenges and strengthen the role of the state as an enabler of private sector-driven economic activity.* Global financial market developments, with higher interest rates in developed markets, and

⁴ World Bank 2023 "GovTech Maturity Index, 2022 Update Regional Brief Middle East and North Africa "Equitable Growth, Finance & Institutional Note, Washington DC, World Bank.

Russia's invasion of Ukraine have triggered large-scale portfolio outflows from vulnerable emerging markets, and Egypt has been hit particularly hard. Egypt's total foreign currency buffers—including, as reported by the Central Bank of Egypt (CBE) both Tier 1 (“official reserve assets”) and Tier 2 (“other foreign currency assets”)—dropped abruptly from US\$54.5 billion at end-February 2022 to US\$42.1 billion at end-March 2022. They continued to decline during 2022 but have since recovered partially, reaching US\$39.6 billion at end-January 2023.

9. ***In response to these shocks, Egypt has undertaken exchange rate, monetary, and fiscal adjustments to stem reserve losses, contain inflationary pressures, and provide social mitigation.*** On March 21, 2022, the CBE allowed the exchange rate to depreciate by 16 percent, followed by gradual fluctuations. As pressures persisted, on October 27, 2022, the CBE renewed its commitment to a durably flexible exchange rate regime. As of mid-January 2023, the exchange rate had depreciated to LE29.9/US\$, bringing the cumulative depreciation to 90 percent compared to its value prior to March 2022. These policy adjustments ended over two years of relative stability in the nominal exchange rate vis-à-vis the US dollar, which had resulted in a marked appreciation of the real exchange rate.⁵ In tandem, the CBE raised key policy rates to curb inflationary pressures and anchor expectations. Meanwhile, authorities have announced a series of social mitigation packages to help alleviate the impact of rising prices. These include rapidly expanding coverage of the TKP, hikes in pensions and public sector wages, tax relief measures, and additional exceptional targeted cash transfers, among others. Egypt has reacted quickly to the global shortage of food commodities caused by Russia's invasion of Ukraine, securing food and grains through the Food Security Agreement and implementing other social protection programs and initiatives, including the WBG Emergency Food Security and Resilience Support Project, approved in June 2022.

10. ***The macro and policy implications of the economic adjustment and Russia's invasion of Ukraine have had a significant impact on Egypt, including its private sector.*** The spike in annual headline urban inflation, which reached 21.3 percent year-on-year in December 2022, and the exchange rate depreciations since March 2022, which will be positive for the tradeable sectors in time, have led to a significant rise in the cost of domestic and imported inputs in the short term. Difficulties in sourcing foreign exchange, coupled with increased import requirements and some import bans, have made it difficult for the private sector to obtain the raw materials needed for production. In addition, the private sector now faces a higher cost of finance due to domestic and global monetary tightening, and higher public borrowing needs will continue to crowd out lending to the private sector. Moreover, the private sector is contending with declining private consumption as households' purchasing power is dampened by inflation. Reflecting the persistent nature of the challenge, activity in Egypt's non-oil private sector declined steadily, as inflation continued to weigh on demand, according to the S&P Global purchasing managers' index survey. Going forward, improvements in policy and macro certainty would support investment decisions.

11. ***Egyptian authorities and the International Monetary Fund (IMF) started a staff-level agreement under a 46-month Extended Fund Facility (EFF) arrangement in December 2022.*** The EFF is expected to restore macroeconomic stability and support the implementation of structural reforms. It will provide financing worth US\$3 billion and identifies a potential US\$1 billion in financing from the IMF's Resilience and Sustainability Facility.⁶ It projects an additional US\$5 billion in financing through a multiyear package of regional and international support, including from the World Bank.

⁵ Following the liberalization of the exchange rate in November 2016, the nominal exchange rate initially overshot to an average of LE18.5/US\$ in January 2017 (weakening by 109 percent compared to its level prior to the liberalization). Thereafter, the nominal exchange rate strengthened gradually, stabilizing at around LE15.7/US\$ from January 2020 until the CBE allowed the exchange rate to depreciate on March 21, 2022. The gradual strengthening of the nominal exchange rate, combined with the inflation differential between Egypt and its main trading partners, caused an appreciation in Egypt's real effective exchange rate by 76.4 percent by March 2022, just over five years after the liberalization of the exchange rate (based on WBG Global Economic Monitoring data).

⁶ The Resilience and Sustainability Facility complements the existing IMF lending toolkit by helping low-income and vulnerable middle-income countries to address longer-term challenges, including those related to climate change and pandemic preparedness.

12. ***Following a strong bounce-back in the previous year, growth in real gross domestic product (GDP) is expected to slow down in FY23, with the impact of external shocks dampening the recovery.*** While key sectors are continuing to thrive—especially gas extractives (benefitting from higher global prices), as well as the resilient communications, agriculture, and construction sectors—other activities are expected to continue performing below potential, including manufacturing. Meanwhile, domestic demand is expected to be adversely impacted as the dampening of real incomes (due to the inflation shock) constrains private consumption and as businesses face higher input and financing costs. Over the forecast horizon, Egypt’s growth is expected to start increasing gradually as the country pushes ahead with macroeconomic stabilization and structural reforms and global economic conditions improve.

13. ***The ratio of the overall budget deficit to GDP has declined significantly in recent years, but further fiscal consolidation remains crucial to ensure a sustainable debt trajectory.*** The budget deficit-to-GDP ratio declined consistently from 12.5 percent in FY16 to 6.2 percent in FY22, driven by relatively restrained spending (mainly through streamlining energy subsidies and containing the wage bill). The government debt-to-GDP ratio decreased significantly, from 102.8 percent at end-FY16 to 82.8 percent at end-FY20, before increasing again to an estimated 88.3 percent at end-FY22, owing mainly to the adverse valuation effects of the exchange rate depreciation on the foreign currency-denominated portion of the debt. Going forward, the pattern of debt reduction is expected to be restored as the country undertakes fiscal consolidation.

14. ***Egypt faces the dual challenge of pursuing fiscal consolidation while raising spending on key human development sectors and social protection.*** Fiscal consolidation in recent years has helped to turn the chronic primary deficit into a solid and sustained surplus. Fiscal space remains constrained, however, by the still-large interest burden and low revenue mobilization. Allocations to the health and education sectors have increased in nominal terms (by 102.2 percent and 75.3 percent, respectively, during the four-year period from FY18 to FY22). These increases are marginal, however, if measured in real terms or as a share of GDP. Budgeted figures for FY23 show that, in the context of population growth, spending on health and education is expected to decline to 1.4 percent and 2.1 percent of GDP, respectively. Policy measures that significantly reduce the proportion of the budget committed to debt servicing would create opportunities for more impactful human capital interventions.

15. ***The COVID-19 pandemic had a profound impact on the labor market, with a disproportionate effect on female employment, which was already at a low level prior to the pandemic.*** Unemployment declined following the initial COVID-19 shock, although this partly reflects withdrawals from the labor market among women. Unemployment inched up to 7.4 percent in the first quarter of FY23 but remains well below the peak of 9.6 percent at the height of the COVID shock in the fourth quarter of FY20.⁷ Labor force participation and employment rates remain below potential, at 42.7 percent and 39.5 percent of the working-age population, respectively, reflecting long-standing challenges related to job creation, especially in the formal sector. The pandemic has forced some people to drop out of the job market altogether—notably women, whose labor force participation rate stood at 14.3 percent in the first quarter of FY23, below pre-COVID levels (having averaged 22 percent between 2010 and 2019)⁸

16. ***Going forward, improving macroeconomic resilience and advancing structural reforms to enable private sector development will be key to supporting a sustained recovery.*** Beyond immediate policy responses, a range of reforms could be implemented to strengthen resilience to external shocks. As highlighted in the SCD, rethinking Egypt’s economic growth model could drive more dynamic private sector-led growth that could strengthen the country’s financial relationship with the rest of the world. Addressing barriers related to competition, skill shortages, an unattractive business environment, and

⁷ Central Agency for Public Mobilization and Statistics (CAPMAS). 2022. Quarterly Bulletin, Labor Force Survey (December 2022 various issues).

⁸ IBID

shortcomings in governance and the rule of law will be critical to achieving this objective, as is the need to improve fiscal space and the efficiency of public finances. Increasing female labor force participation would also be an important pathway to recovery.

Table 1. Selected Economic Indicators

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
	Actual	Actual	Actual	Pre-Actual	Forecast	Forecast	Forecast	Forecast	Forecast
Real Sector and Prices									
GDP at market prices (current prices, LE bn)	5,596.0	6,152.6	6,663.1	7,842.5	9,607.1	11,240.3	12,848.2	14,711.2	16,844.3
GDP growth rate (constant prices)	5.5	3.5	3.3	6.6	4.5	4.8	5.0	5.3	5.5
GDP deflator growth	13.6	6.2	4.8	10.4	17.2	11.6	8.8	8.7	8.5
Population (in millions)	98.9	100.6	102.1	103.4	105.3	107.2	109.1	111.0	113.0
Unemployment rate (last quarter in fiscal year)	7.5	9.6	7.3	7.2	7.4	7.2	7.1	7.0	7.0
Consumer Price Index inflation (urban, period average)	13.9	5.7	4.5	8.5	17.1	10.8	8.8	8.7	8.5
GDP per capita (current prices, US\$)	3,222.2	3,815.1	4,161.0	4,610.7	3,596.0	3,467.6	N.A.	N.A.	N.A.
Public Finance (% of GDP)									
Total revenues	16.8	15.9	16.6	16.9	16.2	16.3	16.5	16.7	16.8
Tax revenues	13.2	12.0	12.5	12.6	12.2	12.4	12.8	13.2	13.4
Grants	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-tax revenues	3.6	3.7	4.1	4.2	4.0	3.8	3.7	3.5	3.4
Total expenditures (excl. NAFA)	24.5	23.3	23.7	23.1	23.4	23.0	22.7	22.2	21.8
Current expenditures	21.9	20.2	20.0	19.0	19.5	19.0	18.4	17.7	17.0
Capital expenditures	2.6	3.1	3.7	4.1	3.8	4.0	4.3	4.5	4.8
Net Acquisition of Financial Assets (NAFA)	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall budget balance	-7.7	-7.5	-7.1	-6.2	-7.1	-6.7	-6.2	-5.5	-5.0
Primary balance	1.8	1.7	1.4	1.3	1.2	2.1	2.1	2.2	2.2
Gross domestic budget sector debt	68.9	64.8	68.9	68.8	68.8	66.9	65.3	63.0	60.5
Gross budget sector debt (domestic+external)	85.8	82.8	87.9	88.3	93.7	89.5	86.5	82.7	78.4
External Sector									
Trade balance (% of GDP)	-11.9	-9.5	-9.9	-9.1	-9.1	-9.0	-8.3	-7.1	-6.0
Current account balance (% of GDP)	-3.4	-2.9	-4.3	-3.5	-3.0	-2.8	-2.7	-2.1	-1.6
Net foreign direct investment inflows (% of GDP)	2.6	1.9	1.2	1.9	2.4	2.4	2.0	2.0	2.2
Capital and financial account balance (% of GDP) (excludes errors & omissions)	3.4	1.4	5.5	2.5	5.5	5.4	4.9	4.5	4.1
Overall balance of payments (% of GDP)	0.0	-2.2	0.4	-2.2	0.9	0.7	0.4	0.7	0.9
Net international reserves (end of period, US\$ billions)	44.5	38.2	40.6	33.4	36.6	39.1	40.8	44.0	49.0
External debt (% of GDP)	32.3	32.3	32.3	37.2	47.1	41.9	38.0	34.4	30.7
External government debt (% of GDP) (serviced by Ministry of Finance)	16.9	18.0	19.0	19.5	24.9	22.7	21.2	19.7	17.9

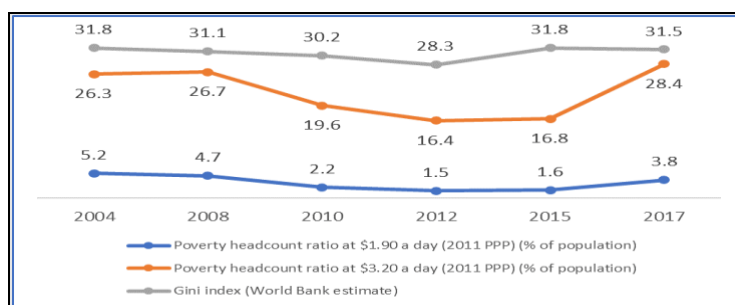
C. Poverty and Shared Prosperity

17. *In 2017–18, an estimated 2.5 percent of Egyptians lived on less than the international poverty line of US\$2.15 per day (based on 2017 purchasing power parity).* According to the dimensions considered by the WBG for international poverty comparisons, 3.5 percent of Egyptians were assessed to be multidimensionally poor in 2017.⁹ Comparatively low poverty rates reflect Egypt's strong performance on dimensions such as consumption, educational attainment, and access to basic services. However, a much

⁹ WBG. 2022. Poverty and Inequality platform. Egypt Country Profile. Washington, DC: World Bank.

higher share of the population—22 percent—lived on less than US\$3.65 per day in 2017–18 (Figure 1), a poverty line used by the WBG as a benchmark for lower-middle-income countries.¹⁰ Official poverty estimates for 2019, before the onset of the COVID-19 pandemic, suggest some gains in people’s welfare three years after the introduction of economic reforms. Nevertheless, the official poverty rate remains high, at 29.7 percent, and could increase given recent severe external shocks and resulting inflation, even after the mitigating impact of recent measures taken by the authorities (as described above).

Figure 1. Trends in Poverty and Inequality in Egypt



Source: World Bank, Development Research Group. Data are based on primary household survey data obtained from government statistical agencies and World Bank country departments. See PovcalNet (<http://iresearch.worldbank.org/PovcalNet/index.htm>).

18. **Trends over the past decade point to a weak impact of GDP growth on household consumption growth and poverty reduction.** Growth in households’ per-capita consumption, as measured by the national household survey, was negative, at -1.1 percent per year, on average, between 2012 and 2017. Over this period, the poorest 40 percent of the population experienced a contraction in per-capita consumption of 2.5 percent per year.¹¹ The sharpest contraction in consumption among the bottom 40 percent occurred in 2015–17, when the economy experienced a resumption in GDP growth and a sharp rise in inflation following the 2016 currency depreciation. This contraction translated into an increase in poverty over the same period, despite income from transfers (likely supported by cash transfer programs) helping to mitigate some of the reduction in real income among the poorest 40 percent.¹² The limited progress on poverty reduction in a context of high economic growth is consistent with the low labor share of income in national accounts and the slow progress in addressing income inequality. The Gini coefficient was 31.5 in 2017 and has changed little over the previous decade.¹³

19. **Poverty reduction efforts are critical at this juncture, in light of the impact of COVID-19, Russia’s invasion of Ukraine, and rising inflation on incomes and purchasing power.** Pre-pandemic labor market trends, including the fall in real earnings and the rise of informality, have been compounded by income losses brought about by COVID-19, especially among informal workers, and will likely be exacerbated by recent external shocks. Phone surveys conducted in Egypt in 2021 indicate that 59 percent of main income earners who maintained their jobs through the pandemic experienced a decline in family income—most notably among the self-employed and informal workers. Sluggish (formal sector) employment creation and the recent upsurge in inflation exert further pressure on real incomes. World Bank estimates of the poverty change due to the higher domestic inflation and currency devaluation experienced in 2022 suggest that poverty (defined by the poverty line of US\$3.65 in 2017, in purchasing power parity terms) would increase by about 5 percentage points if households have the ability to adjust their consumption (for example, through quality reductions or substitution). Income losses are expected to lead to an incremental expansion in the poverty rate unless well-targeted social protection measures are undertaken and implemented

¹⁰ Due to unavailability of detailed data of household survey (2019), the international poverty line is used until 2017–18.

¹¹ WBG [Global Database of Shared Prosperity](#).

¹² WBG. 2021. [Unlocking Egypt’s Potential for Poverty Reduction and Inclusive Growth: Egypt Systematic Country Diagnostic Update October 2021](#). Washington, DC: World Bank.

¹³ The Gini coefficient ranges from 0 (perfect equality) to 1 (perfect inequality).

effectively. Economic recovery will hinge largely on policy responses to address key labor market challenges—particularly for the informal sector, youth, and women—and on how well the labor market responds.

20. ***The GoE undertook a series of fiscal and monetary measures to minimize the economic and social impacts of the pandemic and the fallout of Russia’s invasion of Ukraine.*** In March 2020, a stimulus package equivalent to 1.8 percent of GDP was allocated by the government to mitigate the impacts of COVID-19. Almost half of this package was directed to support the tourism sector. The measures also supported the health care sector, funding medical equipment and supplies and offering bonuses to medical staff. The GoE provided preferential interest rates on loans, reduced energy costs, and offered loans with longer grace periods to the tourism, industry, agriculture, construction, and aviation sectors. A series of cash transfer support measures, including the expansion of TKP and emergency cash transfers to informal workers, were undertaken for poor families and vulnerable workers, including specific measures to target women.¹⁴ In 2022, the government announced mitigation packages to partially alleviate the impact of higher prices on vulnerable groups, including increasing pensions and public sector wages, providing food subsidies, expanding TKP coverage, and increasing the minimum income tax threshold. The World Bank estimates that the recently announced social measures will have a partial mitigation effect (by containing the uptick in the poverty rate), given the pro-poor nature of the cash transfer programs and the wide coverage of the food subsidy program. Continuing efforts to improve social protection programs and their targeting will be crucial to further strengthen the impact of these programs.

21. ***Addressing spatial disparities in poverty and strengthening households’ resilience to climate shocks will be important.*** As discussed in the recent Country Climate and Development Report (CCDR), Egypt’s poor and vulnerable face higher exposure to climate change impacts due to location disadvantages, limited access to assets to help deal with shocks, and higher labor engagement in informal and agricultural activities. Poverty is higher in rural areas than in urban areas, reflecting below-potential productivity of agriculture practiced by smallholder farmers and a slow process of transformation from farm to non-farm livelihoods. Upper Egypt governorates have among the highest poverty rates, hosting about 40 percent of the total population but 50 percent of the poor population. Poverty in Assiout and Sohag is twice as high as the national poverty rate.¹⁵ Even within large metropolitan areas, poor people are more likely to live in hazardous sites and informal settlements, have higher exposure to air and water pollution and congestion, and lack green amenities. Different types of shocks, which can be caused by climate change effects (such as higher temperatures affecting urban dwellers and agricultural production), increase the risk of falling into poverty for around one-third of the Egyptian population with women disproportionately affected.¹⁶

D. Development Agenda: Pathways and Constraints to Poverty Reduction and Inclusive Growth

22. ***Egypt is currently at an inflection point on its social and economic growth journey.*** While navigating the recovery from the impact of the pandemic and responding to the imbalances exposed by recent external shocks, it has an opportunity to boost long-term growth by creating the conditions for green, resilient, and inclusive development. To fully unlock the country’s potential in line with the needs and desires of its citizens, additional reforms are needed. Private investment remains below historical averages, and export proceeds fall below those of comparator countries. High population growth makes it more difficult to achieve the per-capita investment required for rapid and sustainable economic growth and to create jobs fast enough to absorb the rapidly growing youth population. Egypt also remains vulnerable to

¹⁴ Ministry of Planning and Economic Development. 2022. [Policy Tracker: COVID-19](#); IMF. 2022. [Policy Responses to COVID-19](#). Washington, DC: IMF. The large majority of TKP beneficiaries are women, who receive pre-loaded smart cards that boost financial inclusion and decision making while improving household consumption.

¹⁵ WBG. 2021. [Unlocking Egypt’s Potential for Poverty Reduction and Inclusive Growth: Egypt Systematic Country Diagnostic Update October 2021](#). Washington, DC: World Bank.

¹⁶ WBG. 2022. [Egypt Country Climate and Development Report](#). Washington, DC: World Bank.

macroeconomic and climate-related shocks. The pandemic and Russia's invasion of Ukraine have exacerbated these challenges at both economic and social levels. As a result, building long-term macroeconomic and climate resilience will be key to ensuring that the country stays on the path to achieving its economic development and inclusion goals. The forthcoming Country Economic Memorandum will help identify these challenges to and opportunities for fostering inclusive and sustainable long-term growth.

23. ***The Systematic Country Diagnostic (SCD) indicates that a new growth model could help Egypt unlock its full potential.*** The SCD points to four prioritized pathways to arrive at this growth model: (i) increasing the amount and efficiency of public spending on key social and physical infrastructure, while strengthening macroeconomic resilience; (ii) enhancing the effectiveness of the state's economic role and opening up the economy to boost private sector investment, firm growth, and productivity; (iii) strengthening economic inclusion and household resilience; and (iv) promoting resilient, efficient, and sustainable use of natural resources and preparing for climate impacts. Key success factors for this new growth model include a shared vision; stronger state engagement with citizens, local governments, and private sector firms; and improved data transparency on government interventions and performance.

24. ***The SCD's insights are buttressed by the Country Private Sector Diagnostic (CPSD).*** Completed in December 2020,¹⁷ the CPSD analyzes key private sector challenges and opportunities for private sector-led economic development, investment, and job-creating growth. It identifies four critical, interlinked reform areas to enable Egypt's private sector to emerge as a competitive force: (i) trade and logistics, (ii) competition and the role of the state, (iii) commercial justice, and (iv) human capital. In addition, it explores sector-specific challenges that inhibit private sector growth and job creation in key sectors.

25. ***The growth model embodied in the SCD pathways aims to promote the protection and accumulation of human capital.*** Egypt scored 0.49 on the Human Capital Index in 2020, indicating that a child born in 2020 will only reach half of their potential, on average, in adulthood. From an economic perspective, this means that workers' future productivity will fall 51 percent below what could have been achieved with complete education and full health. Although Egypt has undertaken important reforms to strengthen education, health, and social safety nets, a stronger human capital base is needed to power the green transition and build resilience against environmental and economic shocks.

26. ***An enhanced focus on governance, citizen voice, and accountability is needed.*** Egypt scored -1.51 on voice and accountability in the WBG's Worldwide Governance Indicators (on a scale ranging from -2.5 for weak performance to 2.5 for strong performance). The WBG's Global Indicators of Regulatory Governance highlight weaknesses in the transparency of rulemaking, accessing laws and regulations, and public consultations. Egypt's performance on Sustainable Development Goal (SDG) 16 on peace, justice, and strong institutions has registered moderate improvement. Finally, Egypt's scores on the 2021 Open Budget Survey affirm the need to improve the availability of timely, accessible, and comprehensive budget information to the public (with a score of 43 out of 100 on budget transparency) and to institutionalize formal opportunities for meaningful public participation in the budget process (with a score 19 out of 100 on public participation).¹⁸ The GoE launched a National Dialogue in 2022 to provide a forum for a diverse group of participants, including political and social leaders, to address the country's political, social, and economic crises and spur meaningful discussion on how best to chart the country's future.

27. ***The resilience agenda embedded in the SCD is supported by the findings of the CCDR.*** The report highlights three key pressure points of climate change risks: (i) the uncertainty of future water availability due to climate variability; (ii) the need for further improvement in spatial management of urban growth to protect green areas, avoid growth in high-risk areas, and limit exposure of coastal economies; and (iii)

¹⁷ WBG. 2020. [Creating Markets in Egypt: Realizing the Full Potential of a Productive Private Sector](#). Washington, DC: IFC.

¹⁸ International Budget Partnership. 2022. [Open Budget Survey 2021](#). Washington, DC: International Budget Partnership.

shifting international markets, where preferences for lower-carbon goods are growing and likely to deepen in the coming decades. With focused analysis on three intersectoral areas—the agriculture–water–food nexus; energy, transport, and industry; and resilient cities and coastal economies—the CCDD sets out policy options and investment opportunities to be implemented in the near term, offering a combination of short-term benefits in selected sectors and a start on more comprehensive long-term benefits to come. In doing so, the report identifies opportunities to reduce inefficiencies, manage risk, and strengthen the foundation for increased private sector participation, with the ultimate objective of achieving climate-friendly development goals.

28. ***Climate change is a compound risk that can exacerbate existing vulnerabilities, with the potential to deepen persistent human development challenges and spatial disparities.*** The poor and most vulnerable (particularly women) are often the most affected by the impacts of climate change, as they face locational, asset, and human capital disadvantages that deepen the challenges they already face. In this context, it will be important to ensure that Egypt’s future growth model accounts for the interdependence between environmental effects and social issues, heterogeneity in the impacts of climate change and climate policies, and adjustment costs over time.

29. ***Egypt’s growth can be enhanced further through increased adoption and use of digital technologies.*** Digital technologies can provide opportunities to improve private sector productivity and market access, increase the efficiency of public expenditures, enhance the cost-effectiveness of public services, and give citizens and businesses a voice in holding the government accountable.

III. WORLD BANK GROUP PARTNERSHIP FRAMEWORK

A. Government Program and Medium-term Strategy

30. ***Egypt updated its Sustainable Development Strategy, “Egypt Vision 2030,” in 2021.*** This vision is based on the principles of comprehensive sustainable development and balanced regional development across economic, social, and environmental dimensions. The SDS is aligned with the 17 SDGs set out by the United Nations (UN), as well as the African Union’s Agenda 2063, and acts as the governing framework for all development programs and projects that will be implemented until 2030. The Hayat Karima presidential initiative, launched in 2021, seeks to improve the quality of life in Egypt’s marginalized communities, within the framework of Vision 2030. Hayat Karima is a multidimensional social and economic development program that targets comprehensive and sustainable development in rural areas across four pillars: (i) improving living standards and investing in human capital; (ii) developing infrastructure services; (iii) raising the quality of human development services; and (iv) promoting economic development for service delivery in low-income villages.

31. ***Complementing Vision 2030 is the GoE’s second-phase National Structural Reform Program for FY22–24.*** The NSRP seeks to implement a package of structural and legislative measures across six pillars: (i) improving the business environment and boosting trade in regional and international markets; (ii) increasing competitiveness through domestic industrialization, improved water and food security, and strong competitiveness in agricultural products; (iii) promoting labor market efficiency and providing relevant technical and vocational education and training, with a particular focus on empowering women, young people, and individuals with special needs; (iv) maintaining human capital development through more efficient education systems, better health care services, and better-targeted food subsidy and cash transfer programs; (v) widening the scope of financial inclusion to ease access to a more diverse array of financial tools and promote the financial soundness of the capital market; and (vi) guaranteeing effective governance of public and financial institutions, promoting transparency of fiscal policies and debt management, and strengthening digitalization across the economy.

32. *The National Climate Change Strategy 2050, introduced in November 2021 by the Ministry of Environment at COP26 and launched in May 2022, aims to enable Egypt to plan and manage climate change at various levels.* It works toward achieving the SDGs and Egypt’s SDS, following a flexible, low-carbon approach. The main pillars of the strategy include: (i) achieving sustainable economic growth; (ii) enhancing adaptive capacity and resilience to climate change; (iii) enhancing climate change action governance; (iv) improving the infrastructure for financing climate activities; and (v) enhancing scientific research, technology transfer, knowledge, and awareness management for combating climate change.

Box 3. Nexus of Water, Food, and Energy Program

In July 2022, the GoE launched Egypt’s Country Platform for the Nexus of Water, Food, and Energy (NWFE) Program, led by the Ministry of International Cooperation (MOIC). The NWFE program aims to move the NCCS 2050 from pledges to implementation, facilitating the design, structuring, and preparation of concrete and implementable climate action projects. The NWFE integrates nine high-priority projects for adaptation and mitigation, bundled around the nexus of its three main pillars—water, food, and energy, and selected through a prioritization process led by the GoE. Implemented under a programmatic approach, these climate action projects include those that would replace existing inefficient thermal power plants with renewable energy, enhance small farmers’ adaptation to climate risks, increase crop yields and irrigation efficiency, build the resilience of vulnerable regions, develop water desalination capacity, establish early warning systems, and modernize on-farm practices. At COP27, the NWFE platform secured international support for its three pillars, including from key development partners such as the WBG.



B. Proposed World Bank Group Partnership Framework

Lessons Learned

33. *Lessons learned in implementing the previous CPF, as captured in the recently completed Completion and Learning Review (CLR), have been incorporated into the design of this CPF.* The CLR (Annex 2) points to the importance of: (i) working as one WBG to provide a solid foundation for collaborative work to help expand the role of the private sector; (ii) following a programmatic, flexible approach that focuses on integrated policy and institutional change and capacity building to achieve results in complex reform areas; (iii) utilizing advisory services and analytics (ASA) to maximize synergies with policy- and results-based lending; (iv) centering staffing around field-based task team leaders to build a stronger client relationship and maintain implementation momentum; and (v) investing in regular, consistent dialogue with key development partners during both the design and the implementation of new operations. Moreover, the CPF results framework addresses shortcomings cited in the CLR regarding the formulation of the previous results framework, including specification of program objectives and integration of cross-cutting themes.

34. *Beyond the CLR, several lessons have emerged with regard to program implementation.* Historically, a key WBG contribution in Egypt has been to help bring about reform momentum through dialogue and knowledge products. The strategy needs to be flexible and agile to respond effectively to new reform opportunities as well as shifts in context. The WBG’s past work with the authorities on energy subsidies and social safety nets, for example, has helped to establish programs that have had an impact on growth and poverty reduction. Areas of focus going forward will include reform of state-owned enterprises (SOEs) and the private sector and climate agendas, as well as a continued focus on the human capital agenda. Enhancing inclusion and mitigating poverty will also form a renewed focus in light of the global economic headwinds and elevated inflation in Egypt. In addition, the WBG’s interventions have helped to yield positive results in multisectoral engagements, including in Upper Egypt. It is expected that such engagements will continue under this CPF, in collaboration with other development partners and in support of robust, credible reforms.

35. *As part of the WBG’s commitment to inclusive and results-oriented engagement with stakeholder groups, the design of the CPF has been shaped by stakeholder consultations.* The WBG conducted in-country consultations with a wide range of stakeholders—from civil society organizations and academia to development partners and the private sector—to validate the strategic directions of the CPF for FY23–27 (Box 4). The draft CPF was shared with GoE through MOIC and finalized in light of GoE comments.

Box 4. Summary of Stakeholder Consultations

Stakeholder consultations held in 2022 shaped the overall strategic direction and implementation approach of the CPF. Participants in the sessions expressed appreciation for the opportunity to comment and voiced support for the proposed HLOs, objectives, and priorities of the draft partnership framework and for the WBG’s ongoing commitment to ensuring that its work is informed by citizen engagement.

All stakeholders strongly supported the proposed CPF’s focus on improving human capital outcomes at this juncture. Measures to ensure the equitable delivery and high quality of health services, boost the quality of education at all levels, and strengthen inclusion and service delivery, with a focus on pro-poor policies and stronger social safety nets to mitigate the corrosive effects of inflation on poor and vulnerable groups, were considered essential for Egypt to safeguard the gains it has achieved and withstand current and future shocks. Participants acknowledged the GoE’s initiatives to empower women and welcomed the WBG’s focus on expanding female labor force participation, along with policy advice, global expertise, and knowledge sharing on closing key gender gaps.

Civil society organizations welcomed the CPF’s focus on human capital development and women’s empowerment and agreed with the CPF’s cross-cutting focus on strengthening governance. They advised the WBG to address the skills gap between educational provision and market needs and the impacts of rapid population growth. They suggested that the WBG support civil society’s role in advising, monitoring, and implementing the CPF—and the WBG projects that support it—and in raising public awareness on key development issues.

The private sector expressed support for the CPF in general, and for HLO 1 on private sector challenges specifically, citing the importance of addressing the skills gap and creating a pro-green investment environment. Private sector representatives stressed the need to create an investment-friendly environment by reducing bureaucratic and regulatory barriers and systematizing public–private dialogue to articulate economic policies that attract and motivate sectoral investments. Private sector representatives requested WBG support to help strengthen the business community’s capacity to measure government performance on private sector-related indicators, accompanied by related policy notes. In addition, the private sector requested WBG support through the CPF to improve the competition environment, strengthen firm competitiveness, and address informality.

Development partners expressed support for the CPF, highlighting its alignment with their strategic focus on private sector jobs, human capital, and climate and macro resilience, and expressing interest in collaboration and co-financing opportunities. They underscored the importance of supporting the GoE in improving the business environment, boosting competitiveness and productivity, and addressing uncertainties in policy and the role of the state, as well as supporting key sectoral reforms and strengthening governance. The WBG was encouraged to maintain its support to Egypt in responding to environmental and climate challenges, accelerating its energy transition, and better managing natural assets to bring livelihood benefits to local communities, including in lagging regions.

The GoE expressed support for the overall strategic direction and implementation approach of the CPF, as well as its alignment with government strategy documents. The Ministry of Local Development expressed interest in WBG support for rolling out the local economic development, local governance, and decentralization successes achieved through the Upper Egypt Local Development Program in Qena and Sohag to more lagging governorates, with cross-support under Hayat Karima. The National Council for Women appreciated the inclusion of women’s empowerment as a cross-cutting theme and expressed interest in continued WBG support for improvements in gender equality, women’s economic participation, and efforts to mitigate the impacts of climate change on women. The Ministry of Trade and Industry highlighted the potential economic gains from a stronger manufacturing sector and possible WBG technical support for strengthening competitiveness. The Ministry of Social Solidarity (MOSS) highlighted the important role of the WBG-supported TKP in shielding the poor from macro shocks and expressed a need for WBG support in other critical areas, including pensions and informality. The Ministry of Water Resources requested a more explicit approach to addressing water scarcity through mitigation and adaptation measures, with a focus on modern irrigation systems, canal upgrades, and coastal protection. The Ministry of Health and Population voiced appreciation for the WBG’s strong partnership in supporting Egypt’s health sector.

Overview of the WBG Strategy

36. ***The CPF puts the people of Egypt at the center of the WBG’s strategy and interventions in the country (Figure 2).*** This CPF for FY23–27 seeks to put in place the building blocks for enhancing the lives of Egyptians through three HLOs: (1) more and better private sector jobs; (2) enhanced human capital outcomes; and (3) improved resilience to shocks. The CPF is underpinned by two important, interlinked cross-cutting themes that also center around the people of Egypt. First, efforts to enhance governance and citizen engagement will focus on top-down institutional strengthening as well as bottom-up demand for good governance. Second, work on empowering women will help to ensure that all of Egypt’s citizens can reap the benefits of a greener, more resilient, and more inclusive growth model.

Figure 2. A People-Centered Development Agenda in Pursuit of High-Level Outcomes



37. ***This CPF takes a holistic approach to supporting reforms that address core policy, institutional, and governance challenges with high impact and political ownership.*** It articulates objectives and indicators aimed at contributing to the achievement of the HLOs and cross-cutting priorities, with attention to how they complement and reinforce each other. A people-centered approach is essential to ensure that the people of Egypt fit into the country’s development agenda—not only as beneficiaries, but also as agents of change.

38. ***The HLOs are interlinked.*** Efforts to expand and improve private sector employment will open up opportunities to enhance incomes for households and support a more resilient, greener economy. There is considerable potential for job creation in sectors where Egypt is able to position itself as a leader in the green economy. Similarly, work on strengthening human capital will feed into a more robust private sector and job market and boost the skills and safety nets needed to build resilience to macroeconomic, climate, and green transition-related shocks. Finally, progress in improving resilience and greening the economy will set the stage for a modern, inclusive, and export-oriented private sector and stronger health and education outcomes going forward.

39. ***Four underlying principles will guide the implementation of this CPF: selectivity, flexibility, adaptability, and participation.*** Selectivity filters will be used to prioritize interventions for the WBG, and synergies vis-à-vis the interventions of other development partners will be exploited. In recognition of Egypt’s transformative social and economic environment, as well as unfavorable global economic conditions, the CPF will be considered a living strategy, incorporating learning by doing and continually adapting to unforeseen or changing country circumstances and emerging government priorities. With citizen engagement as a cross-cutting theme of this CPF, efforts to engage the people of Egypt and enhance the voice of stakeholders will be a cornerstone of the WBG’s work in the country.

40. ***The WBG will engage selectively in Egypt to ensure impact.*** Selection of specific CPF interventions is guided by the SCD and draws upon key analytical tools, such as the CPSD and CCDR, to promote data-driven and fact-based policy and institutional reforms that complement WBG lending operations and priority support to achieve the HLOs. Four selectivity filters are used to prioritize interventions: (i) alignment with the GoE’s program and strategic priorities, including the SDGs; (ii) alignment with the WBG’s comparative advantage within the broader development environment, based on implementation experience and lessons learned under the previous CPF; (iii) alignment with the SCD and the WBG’s twin goals of ending extreme poverty and promoting shared prosperity; and (iv) areas that do not duplicate the activities of other donors and the private sector. The final point is particularly important. The CPF aims to ensure synergies between WBG operations and the interventions of other development partners, utilizing

the multilateral development partner platform led by the MOIC. As part of the focus on selectivity, the WBG has defined areas that will not be covered in this CPF, including infrastructure development projects that could be financed through private capital mobilization (PCM). The World Bank will engage in infrastructure in areas where private sector involvement is not possible, for example in enhancing the enabling environment for private sector participation.

41. ***This CPF enjoys strong ownership within the GoE and builds on previous strategic approaches, while maintaining continuity in important reform areas.*** Private sector job creation and governance remain critical focus areas. In this CPF, governance is being further mainstreamed by including it as a cross-cutting theme across WBG interventions. More than in the past, this CPF prioritizes the demand side of governance, recognizing the role that Egypt's citizens can play through inclusive and iterative state-citizen interaction. Recognizing the impact of the pandemic, the climate crisis, and Russia's invasion of Ukraine on Egypt's economy, this CPF places a strengthened emphasis on green, resilient, and inclusive development, including progress on the climate agenda and operationalizing the CCDR recommendations. Finally, this CPF emphasizes the importance of information and communication technology (ICT) and regional integration in Egypt's development.

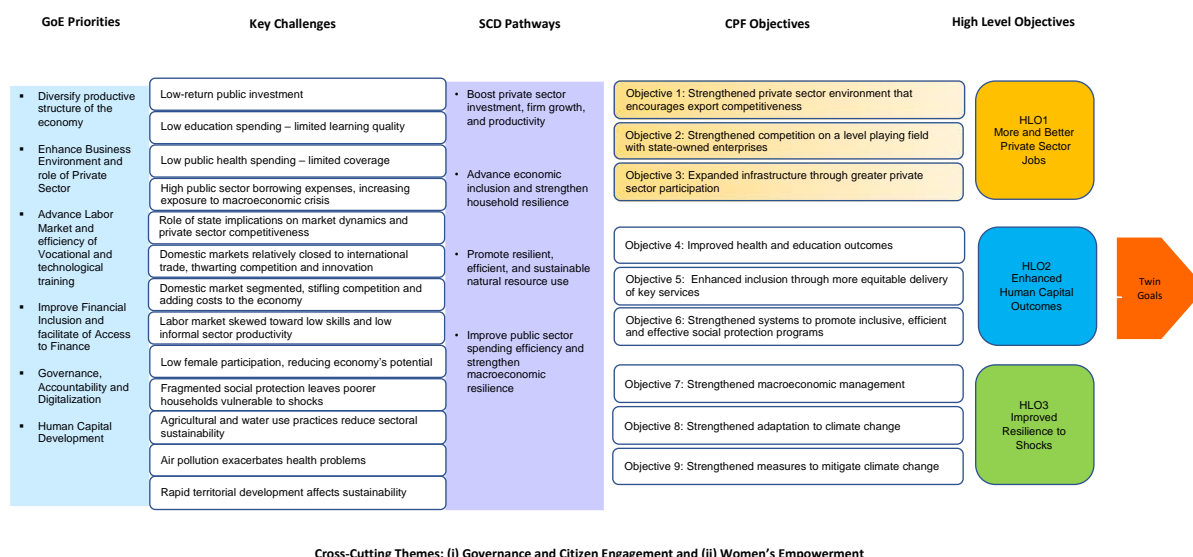
42. ***The CPF is fully aligned with the International Bank for Reconstruction and Development (IBRD) strategy for the MENA region and the International Finance Corporation (IFC) Africa regional strategy.*** The CPF is consistent with the four pillars of the WBG's Global Crisis Response Framework: (i) responding to food insecurity; (ii) protecting people and preserving jobs; (iii) strengthening resilience; and (iv) strengthening policies, institutions, and investments.

43. ***The CPF will place a premium on community engagement and social inclusion programs to assist poor and vulnerable households, particularly in rural areas, and on adaptation and climate resilience.*** The CPF will support efforts to expand coverage of the TKP social protection program and to extend the Hayat Karima rural development initiative to all 175 rural districts over three years.¹⁹ In line with ongoing work on the rollout of universal health insurance, the CPF will support concrete measures to ensure effective implementation of the UHIS and provide coverage to more geographic areas and larger populations, especially the poor and vulnerable.

44. ***The CPF will support Egypt's digital transformation through strategic alignment with the government's priorities and development plans, including its ambitious roadmap for fully transforming its existing infrastructure, government services, and community into an entirely digital ecosystem.*** This support will be fully aligned with Egypt's ICT 2030 Strategy and will contribute to achieving the objectives of Vision 2030 by working to ensure security, accountability, and sound decision making in the digital sphere, together with regulations to ensure the safety of a digital presence. Investment in digital government and related infrastructure, knowledge, and capabilities is considered within the context of Egypt's SDS and national development priorities.

¹⁹ As part of the GoE's efforts to enhance financial inclusion, the WBG supports MOSS on the gradual rollout of Meeza e-payment cards to all TKP beneficiaries, allowing them to withdraw cash transfers from automated teller machines and cash outlets and to make digital/electronic payments.

Figure 3. CPF Objectives in the Context of GoE Priorities, SCD Pathways, and the HLOs

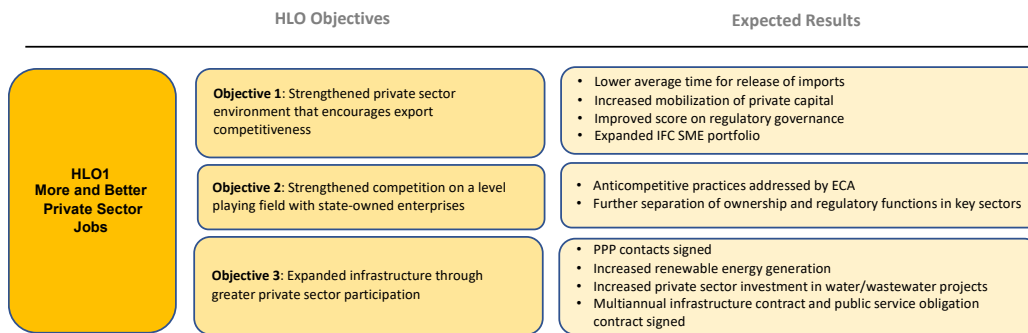


High-Level Outcome 1: More and Better Private Sector Jobs

45. *The SCD highlights that good jobs and incomes are essential elements of economic inclusion in Egypt, creating conditions for shared prosperity.* Employment growth—especially in the formal sector—has not been sufficient to meet the needs of a fast-growing population. In light of Egypt’s demographic trends, and with the current youth bulge and the sharp decline in female labor participation rates, the need for robust private sector employment opportunities is particularly crucial. Recognizing that private sector firms are the main engine of job creation, the SCD identifies the need for policy reforms that expand opportunities for the private sector to enter the market, invest, grow, and create productive jobs. The focus on job creation is fully aligned with the GoE’s development strategy, and a particular focus on micro, small, and medium enterprise (MSME) development, including in lagging regions, is fundamental to inclusive development. Promotion of female employment is a key priority to ensure gender equality, inclusion, and ultimately to boost growth.

46. *Private sector investment and productivity growth are critical for creating high-value jobs in an economy with a rapidly growing youth population.* Increased participation in regional and global value chains will be an important lever to achieve this objective. It will also be important for the state to play an enabling role, supporting a dynamic environment for business activity through further improvements in the regulatory environment. WBG support under this HLO will aim to enhance women’s participation in Egypt’s economic development, which can serve as a key engine of growth given currently low participation rates (paragraphs 96, 97). Entrepreneurship is an important source of economic empowerment, especially for women and young people, and boosting technology adoption can improve efficiency in the use of resources and minimize negative impacts, such as pollution or greenhouse gas (GHG) emissions. In infrastructure, opening up to greater private sector participation could serve as a catalyst for enhanced service provision and a new source of finance to meet the considerable investment needs. This approach is aligned with the GoE’s strategy of encouraging PPPs, complemented by wider market opening procedures—for example, in gas and electricity markets—and increasing contestability in digital infrastructure (fiber optic) and water service.

Figure 4. CPF Objectives and Expected Results under HLO 1



Objective 1: Strengthened private sector environment that encourages export competitiveness

47. **The CPF will support efforts to create a more dynamic business environment.** WBG activities in this area will include IFC investments and advisory services, potential Multilateral Investment Guarantee Agency (MIGA) guarantees in innovative sectors and projects, and IBRD lending and knowledge activities to support policy and regulatory reforms and institutional development. Activities will focus particularly on trade promotion and logistics development, including support for export-oriented sectors; regulatory and licensing reforms; development of the entrepreneurship ecosystem, including technology adoption; and increased financial sector engagement. These reforms are expected to set the foundation for a greener, more inclusive, and more resilient growth model.

48. **The CPF will prioritize enabling further private sector participation, supporting private sector and value chain resilience in job-creating sectors, and strengthening sustainability through an emphasis on circularity.** This will include support for the implementation of sector and macroeconomic reforms that ensure a more resilient private sector and, as appropriate, training to the private sector in low-carbon emissions investments, including the potential generation of carbon credits that would strengthen the financial viability of projects. Key job-mobilizing and export-oriented sectors of focus for IFC include sustainable agribusiness and sustainable manufacturing. IFC will aim to build on its investments in manufacturing firms to help improve production processes, enhance energy efficiencies, and reduce emissions, thus supporting GoE energy reforms, and to enable job creation, strengthen skill development, and promote export activities and foreign exchange generation. Leveraging the new state ownership policy and building on an anticipated increase in private sector participation in sectors, including manufacturing, IFC could support private sector entities in the manufacturing sector with advisory services on resource efficiency to improve their cost profiles and their ability to participate in global value chains. These efforts could be accompanied by IFC investments, where possible. During the CPF period, MIGA will seek to build on its existing diversified portfolio in Egypt by deploying its political risk guarantees to support long-term foreign direct investment in sectors aligned with the CPF objectives. In the context of Egypt’s current macroeconomic shocks, MIGA’s risk mitigation instruments have the potential to enable investments across the CPF program to boost private sector participation in infrastructure, improve service delivery, and support the climate transition, among others.

49. **The CPF will support efforts to develop Egypt’s potential as a regional trading hub and to exploit regional and global value chain participation as a driver of productivity and growth.** Egypt is in a good geographic position to serve as a logistics hub for the Eastern Mediterranean region and aspires to become a major global hub for transport and logistics by 2024. Through advisory work and investment in institutional reform and connectivity infrastructure, the CPF will support the development of a national trade logistics strategy by strengthening the foundations for better national and regional connectivity (railways and ports), offering guidance on institutional streamlining and reform, providing a fiscal cost-

benefit analysis of tariffs and non-tariff measures in priority sectors, helping to simplify export and import procedures, and ensuring greater private sector participation in freight transport and logistics services. The CPF could also support Egypt in optimizing the return on its free trade agreements. Building on work undertaken by IFC and IBRD since 2018, the CPF will support the GoE on a comprehensive program to enhance Egypt's accessibility to regional and global markets through trade facilitation reform under IFC's Enhancing Egypt's Market Access Project, which responds to Egypt's development priorities by providing support for addressing the constraints identified in a recent Time Release Study (TRS) on imports. A TRS for exports will also be prepared. IBRD has complemented this work on the trade agenda through ongoing ASA on trade and logistics challenges beyond the border crossings.

50. ***The CPF could support Egypt's national strategy on industrial development.*** The strategy aims to promote Egyptian industry, deepen local manufacturing, develop exports, and increase the industrial sector's contribution to GDP. The WBG and the Ministry of Trade and Industry have launched a dialogue to define areas of cooperation, including developing industrial policies, simplifying regulatory and licensing schemes, and greening industrial parks. The WBG's Upper Egypt Local Development Program supports the upgrading of infrastructure and management of industrial zones in Upper Egypt, with the aim of improving local economic conditions (focusing on Qena and Sohag) through enhanced government-to-citizen and government-to-business services, development of economic clusters, and improved infrastructure to attract investment and boost job creation.

51. ***Building on earlier work on business regulation, the CPF will continue to support improvements in regulatory and licensing policies and market reforms.*** The CPF will assist in strengthening regulatory processes (preparatory and ex post), especially to promote the greening and digitalization of the economy. It will support the development of policies and a regulatory framework enabling the development of institutions related to Article 6 of the Paris Agreement and domestic voluntary carbon credit markets, in alignment with Egypt's climate change objectives. In addition, the CPF envisages efforts to identify and address institutional and legal obstacles to growth in the country's trade in services. The CPF will engage at both national and subnational levels, with a focus on reducing constraints to business activities in Upper Egypt.

52. ***The CPF will support efforts to boost firm-level capability and technology adoption as foundational requirements for resilience, inclusion, and competitiveness.*** Using a combination of policy reform support, advisory assistance, and direct and indirect investments, the CPF will support efforts to promote growth, strengthen the entrepreneurship ecosystem, boost technology adoption in firms, and enhance traceability and certification, particularly for MSMEs. The Catalyzing Entrepreneurship for Job Creation Project provides a comprehensive package of financial and non-financial support to traditional MSMEs, innovative start-ups, and high-growth firms to create jobs and improve economic opportunities for Egyptians, with a focus on women and youth. IFC will provide firm-level support to boost productivity and sustainability among mid-sized and large firms, while seeking opportunities to build on recent investments in start-ups and funds and continuing to provide advisory services to strengthen incubation and acceleration services provided to entrepreneurs in Egypt. The CPF will prioritize women's employment in the private sector through IFC's efforts to enhance the recruitment and retention of women workers and increase women's representation in company leadership.

53. ***Encouraging financial sector engagement will be important to close the development gap, achieve stronger economic growth and job creation, and achieve Egypt's ambition to develop a green economy by addressing barriers to mobilizing green finance in critical sectors.*** The World Bank has been working with Egypt's financial regulators to enhance access to finance and support financial inclusion (including through digital financial services and payments, fintech, and MSME finance). Moreover, IFC has been engaging with financial institutions in Egypt to support the country's financial inclusion agenda through advisory services to create MSME lending platforms. MIGA has been working with foreign commercial

banks operating in Egypt with a view toward deploying the Capital Optimization guarantee product to generate additional lending to small and medium enterprises (SMEs) and climate projects. There is further potential to accelerate the growth of MSME lending and climate finance. The CPF will aim to support reforms that ensure a level playing field for the development of private banks, to facilitate access to finance, and to advance financial inclusion. The WBG is working with regulators to support Egypt's green finance agenda (paragraph 81). Under the 30 by 30 Zero Egypt Program, the WBG is working to develop a road map for greening the financial system and building the capacity of regulators, including in climate risk management, disclosure, and reporting, to create an enabling environment for financial sector resilience to climate risks and to catalyze climate finance. IFC will aim to support the adoption of climate finance instruments in Egyptian debt capital markets by facilitating climate-themed debt instruments. IFC also plans to continue its work on strengthening the banking sector and on providing financing to MSMEs through investments in financial intermediaries, including commercial banks. A key example is IFC's investment in Commercial International Bank (CIB), amounting to US\$100 million in FY20, in addition to IFC's US\$100 million investment with the CIB to issue the country's first private sector green bond.

Objective 2: Strengthened competition on a level playing field with state-owned enterprises

54. ***Enhanced competition is an important tool in boosting private sector investment and strengthening productivity for export competitiveness and job creation.*** The CPF will support regulatory and institutional reforms to enhance competition and to level the playing field between private businesses and SOEs. This has become especially relevant in the context of the new state ownership policy and the government's plan to exit several sectors while expanding the private sector's role in the economy more broadly. This work will focus on complementary sector-specific and cross-cutting reforms to encourage contestability.

55. ***The CPF will support the government's SOE reform agenda, which aims to improve performance and reduce disincentives to private sector development in sectors where SOEs are operating.*** The CPF will support: (i) corporate governance reforms and institutional developments to enhance oversight and the transparency of SOE financial operations, and (ii) regulatory reforms that bring SOE regulatory arrangements into line with those of private sector competitors. This cross-cutting engagement will be complemented by sector-specific interventions to encourage contestability. In the financial sector, for example, IBRD and IFC will work to enable private sector competition in banking and to increase demand for private sector credit, capitalizing on the CBE Banking Sector Law No. 194/2020, which introduced digital payments and fintech, as well as dedicated articles on consumer and competition protection and financial inclusion. In the utility sectors, the CPF will build on opportunities to enhance competition and encourage greater productivity. IFC can also support the state ownership policy to increase private sector participation and assist in operationalizing the reforms put forward by the policy. IFC can provide Financial Management Advisory, across all sectors listed in the policy, to enhance financial reporting and boost transparency and disclosure.

56. ***In synergy with these efforts, the CPF could strengthen non-financial services to support MSME startups (including women-led startups), graduation of MFIs, and access to justice to help companies face unfair practices through applicable legal and regulatory frameworks.*** IFC can support this agenda through a guaranteed scheme to financial institutions that would like to provide funding to this asset class but would not otherwise have the risk appetite. IFC could also tackle this through supply chain, leasing, and climate-smart agriculture products. Building on its experience with a clean technology project with a few banks, which were mainly state-owned, IFC could explore banks interest in a similar funding approach. IFC's MFI Advisory is supporting the graduation of Category C MFIs to Category B.²⁰

²⁰ The Egyptian Microfinance Federation has not yet discussed plans to graduate Category B to A, so this is not included in the CPF at this point. Categories are defined as follows: (i) **Category A:** Business activities with potential significant adverse environmental or social risks and/or impacts

Objective 3: Expanded infrastructure through greater private sector participation

57. ***Enhancing Egypt’s competitiveness will require further development of infrastructure to support connectivity; the private sector can have a transformative effect in this effort—as a financier, innovator, and provider of goods and services.***²¹ The private sector can facilitate competition in infrastructure provision, introduce improved technical and managerial practices, and bring additional investment capital. There are, moreover, considerable opportunities linked to greening the infrastructure sector and building resilience to climate change, with strong potential for job creation and green skills development.

58. ***Sector institutional and regulatory reforms are needed to create a fertile environment for private sector investment in infrastructure.*** Strengthening governance and regulatory frameworks for supporting private sector participation in infrastructure will be important to attract international investments from the global market and maximize finance for infrastructure investments and green growth. This work will focus, in particular, on the energy sector (regarding full implementation of the Gas Law and the Electricity Law) and the telecommunications/ICT sector (including to support the development of the digital economy).

59. ***The CPF will support expanded private sector participation in infrastructure by improving the institutional and legal frameworks for PPPs.*** This work will center on managing public investments, defining legal and judicial jurisdictions, and achieving transparency throughout the project life cycle, particularly in procurement procedures. CPF interventions will help to build technical capacity in PPP units and provide the technical support needed to develop the steps taken by the state to streamline and facilitate property registration procedures through digital technology. As recommended in the CCDR, the CPF will support efforts to improve the consistency between the PPP Law and Egypt’s commitments with respect to climate change through an executive bylaw. These reforms are critical to encourage the strongest private sector companies to invest in this sector and thereby ensuring that PPPs are an effective mechanism to mobilize private sector investment in climate activities.

60. ***The CPF will support the GoE’s commitment to leveraging resources in support of the nexus of water, food, and energy, and to crowd in private sector participation and donor financing, where possible.*** In this context, the CPF supports the energy transition and a water desalination program by providing loans and guarantees, while mobilizing global partners. This can include IFC advisory support to the GoE to help attract private investment in these sectors. The CPF will also support the process of moving from a crisis response approach toward building resilience in Egypt’s agri-food system by developing integrated climate data systems, strengthening capacity for early warning response, and adopting climate-smart approaches to improve agriculture productivity. Through an integrated approach to promoting adaptation to climatic and other shocks, work at this nexus will be an important driver of green, resilient, and inclusive development.

61. ***Improving regional multimodal connectivity that leverages cleaner, greener modes of transport, such as rail and e-vehicles, can contribute to strengthening competitiveness.*** Upgrading rail infrastructure to increase its competitiveness and to emphasize port–rail modal connectivity can help strengthen regional integration with the global supply chain. The ongoing Railway Improvement and Safety for Egypt Project will modernize signaling along the Alexandria–Cairo–Nag Hammadi corridor of the Egyptian National Railways network and help to improve safety at select stations and junctions using a safe systems approach, which will include gender, citizen engagement, and disability considerations.

62. ***The CPF will support the GoE’s efforts to improve the waste management system and encourage further private sector engagement in the water sector.*** Over the CPF period, IFC and MIGA aim to

that are diverse, irreversible, or unprecedented; (ii) **Category B:** Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures; (iii) **Category C:** Business activities with minimal or no adverse environmental or social risks and/or impacts.

²¹ WBG. 2022. *Egypt Country Climate and Development Report*. Washington, DC: World Bank.

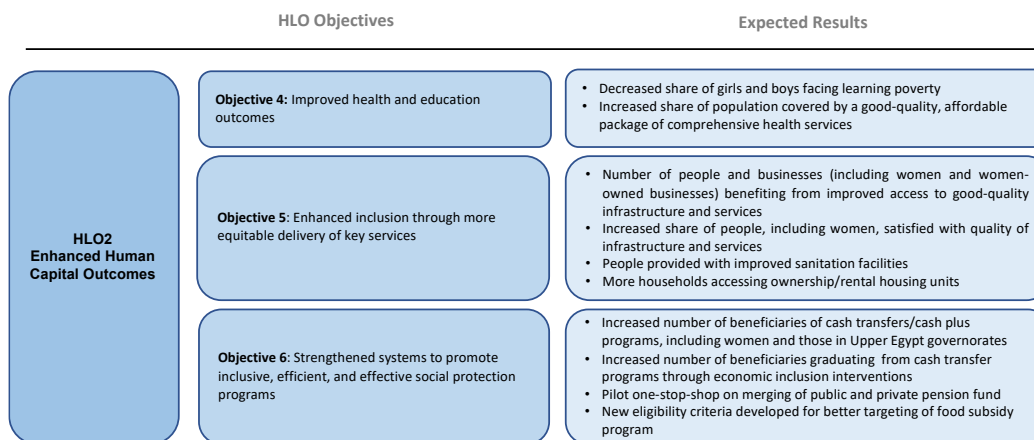
promote greater private sector participation in the water and wastewater treatment sectors, with a focus on identifying private sector opportunities in desalination projects. The CPF will support the development of digital solutions for managing natural capital, understanding the impending physical impacts of climate change, and helping to measure decarbonization. A robust data infrastructure can play a significant role in reducing emissions, as demonstrated by the COVID-19 outbreak, during which the massive use of video conferencing greatly reduced fuel consumption associated with travel, potentially on a permanent basis. Increased use of ICT solutions could lead to a 20 percent reduction in global carbon dioxide (CO₂) emissions by 2030. Egypt’s data infrastructure could further support technical mechanisms and standards to fully protect privacy, while taking advantage of the possibilities of digital technology to maximize speed and real-time capability in sharing climate data in an open manner.

High-Level Outcome 2: Enhanced Human Capital Outcomes

63. *The SCD recognizes that the protection and accumulation of human capital is central to Egypt’s growth pathways going forward.* Although the country has undertaken important reforms to strengthen education, health, and social safety nets, a stronger human capital base is needed to put Egypt on an inclusive and resilient growth path and protect Egypt’s citizens against shocks. A specific focus on enhancing human development outcomes for women, through targeted efforts in education, mobility, reproductive rights, health, access to services, and prevention of early marriage and gender-based violence, is expected to also facilitate women’s participation in the labor market (paragraph 98). High population growth and limited access to basic services hinders human capital outcomes, deepens regional disparities, and places pressure on limited resources. Rural areas do not have access to the regular water supply and sanitation services found in urban areas. A growing population and rapid spatial expansion further strain access and inclusion as demand for housing and basic infrastructure goes unmet.

64. *The continued development of a modern, adaptive social protection system will serve as an important backstop to safeguard Egypt’s human capital and household-level resilience in the face of shocks and economic transformation.* The COVID-19 pandemic revealed coverage gaps among poor and vulnerable groups and highlighted the need to extend social insurance coverage to irregular workers, who were disproportionately affected by the crisis. This adaptive capacity of the TKP delivery system can be leveraged to protect and build resilience against shocks that affect many of the poorest Egyptians. An opportunity exists to further develop and leverage the United National Registry to enhance the targeting and performance of Egypt’s social protection system, including ongoing efforts to improve targeting of food subsidies.

Figure 5. CPF Objectives and Expected Results under HLO 2



Objective 4: Improved health and education outcomes

65. ***In education, the CPF will promote efforts to deliver the learning outcomes, skills, and competencies necessary to support young people’s transition to the job market and the economy’s green transition.*** The CPF will continue to support EDU 2.0, a major reform agenda launched in 2018 that aims to equip students with critical thinking, creativity, communication, higher-order cognitive, and digital skills, thus preparing them for life as well as for the job market. Additional attention will be given to strengthening higher education institutions to support better alignment between skills and jobs, and to build the green skills base that the economy will need. Enabling private sector investment in social services, including childcare, would promote and enable women’s inclusion in the workforce. IFC’s work on Early Childhood Care and Education will support women’s participation in the labor market and easier access to jobs. IFC will also focus on technical and vocational education and training in the Ministry of Education and Technical Education and similar industry-driven institutes under other sectoral ministries, in addition to promoting digital skills in higher education and education technology certification to improve graduates’ employability and readiness to enter the labor market.

66. ***To expand access to health care, the CPF will continue to support the GoE’s rollout of the Universal Health Insurance System as well as the health care transformation and expansion of public health programs.*** This includes assisting the GoE in achieving effective design and implementation of a contracting scheme for private health services and exploring private sector opportunities in the UHS rollout, in addition to supporting public health programs and enhanced quality of care in public facilities.

67. ***In parallel, work conducted under the CPF will offer recommendations on policy changes, system changes, and/or implementation considerations that would unlock private sector investments to support quality improvements in the health care sector.*** Building on the CPSD, the CPF will support a “deep dive” on reforms and policy dialogue that could boost private sector engagement in the health care sector, as well as key risks and constraints that need to be addressed to fully realize the benefits of private sector-led health interventions. IFC will continue to provide investment support to private health care facilities, including hospitals, diagnostic labs, and clinics, as well as life sciences (including pharmaceutical companies and MedTech). In addition, IFC will provide advisory support to private sector medical facilities across the country to increase access to safe and good-quality health care and will further engage the private pharmaceutical sector to enhance efficiency and productivity.

68. ***As a cross-cutting factor in human capital development, a demographic dividend typically follows a demographic transition.*** Although key investments in family planning and reproductive health, and in women’s empowerment, contributed to an impressive decline in the country’s total fertility rate, from 4.5 to 3.0 births per woman, between 1988 and 2008, the total fertility rate then climbed sharply to 3.4 births per woman in 2014 before falling again to 2.85 in 2021. This rise saw: (i) an increase in the annual population growth rate, leading to changes in demographic and socioeconomic indicators, including a “youth boom,” with 33.2 percent of the population in 2014 under the age of 14, as compared 5.1 percent aged 60 and above; and (ii) an increase in the dependency ratio (youth and old age), from 59.6 to 61.8 percent, between 2010 and 2014, thus delaying the demographic dividend. These factors have placed growing pressure on the country’s health and education systems, contributing to overcrowding and increasing funding needs. Although the GoE is committed to building its human capital, health, and education, financing has not kept pace with rising demand. Moreover, institutional arrangements constrain performance, raising quality concerns. The CPF will support Egypt in its multisectoral, multipronged efforts to achieve its demographic dividend for accelerated economic growth, and the green transition driven by new skillsets, including by supporting the five pillars under the recently launched family development program: (a) women’s economic empowerment; (b) boosting the family planning program; (c) enhancing communication on population issues; (d) reforming the legal climate on population issues; and (e) improving the data and information technology infrastructure for better management of population issues.

Support will also include accelerating progress on population characteristics in areas like female genital mutilation, gender-based violence, early school dropout (particularly among girls in secondary education), stunting rates, and combating noncommunicable diseases.

Objective 5: Enhanced inclusion through more equitable delivery of key services

69. ***The CPF will promote focused and coordinated investments in service delivery, recognizing that recent shocks have affected gains and underscored spatial disparities.*** Since the rural areas of Upper Egypt and Lower Egypt governorates are home to a disproportionate share of those living in poverty, weak service connectivity in these areas translates into a higher share of poor people lacking access to basic services. The Upper Egypt Local Development Program for Results (PforR) seeks to improve local government capacity for delivering good-quality infrastructure and services to citizens and local firms in four of Egypt's poorest governorates. The Household Gas Connections Project provides cleaner, more reliable, domestically produced, lower-cost fuel through grid-connected natural gas, while subsidizing connection fees for the most vulnerable customers and supporting broader institutional strengthening in the gas sector in Egypt. The Sustainable Rural Sanitation Services Program brings sanitation to about 1.73 million people in highly polluted villages and satellite areas in the Nile. The Inclusive Housing Finance PforR aims to improve the affordability of formal housing for low-income households in Egypt and to strengthen the Social Housing and Mortgage Finance Fund's capacity to design policies and coordinate programs in the social housing sector. IFC and MIGA plan to complement this work by leveraging several existing tools and solutions to help strengthen the provision of basic services. IFC's Affordable and Socially Sustainable Housing Application tool can help ensure that developments, especially those in the outskirts of cities, address communities' social needs. Similarly, the Real Estate Assessment of Developers can help make developers more bankable and mobilize housing supply.

70. ***The CPF will place a premium on community engagement and support to poor and vulnerable households, particularly in rural areas.*** It proposes to support the Hayat Karima rural development program and the Developing the Egyptian Family program, launched in 2021 and 2022, respectively. The CPF will support efforts to advance needed institutional, planning, and public financial and investment management reforms to strengthen local government capacity, enhance local competitiveness, and advance community engagement with the public overall, and with poor and vulnerable households in rural areas. These efforts could include establishing data systems for efficient service delivery and climate resilience and disaster risk management.

Objective 6: Strengthened systems to promote inclusive, efficient, and effective social protection programs

71. ***The CPF will support efforts to strengthen social safety nets in Egypt, especially in view of high poverty rates, enduring spatial disparities, and recent post-COVID economic hardships.*** Although a number of social protection programs are currently in place, the system remains fragmented, highlighting the need for: (a) better targeting and coordination to shift toward a more integrated, modern, and adaptive system that is accessible to those who need it, when they need it, and in alignment with a national social protection strategy; and (b) strengthened inclusion to ensure that more vulnerable people are covered and protected against various risks, including poverty, unemployment, and income loss, while also promoting human capital accumulation. To help address these challenges, the CPF will support implementation of the social investment track of the Hayat Karima program, which will incorporate direct support to existing TKP beneficiaries and public works elements, with a focus on early childhood care and development, family development, and economic empowerment/productive inclusion interventions. The CPF will support efforts to strengthen: (i) institutional arrangements and delivery systems to enhance the implementation effectiveness and efficiency of both contributory and non-contributory systems; (ii) capacity for scaling up

cash transfers and economic inclusion interventions; and (iii) adaptability to future shocks, including climate-related risks. This should include expanded use of digital technologies, most notably digital payments (e-wallets), which is crucial to enhanced delivery and financial inclusion.

72. ***The CPF will continue WBG support for institutional development around Egypt's social protection system.*** The World Bank will continue to support the Administrative Control Authority, which is responsible for validating the accuracy of Unified National Registry data, by reviewing targeting criteria to ensure synergies between the classifications used by the Authority and the national Household Income, Expenditure, and Consumption Survey. In addition, the World Bank will continue its support to the National Organization for Social Insurance on modernizing the pension system in light of the 2019 Pension Law, including coverage of casual workers. Finally, the World Bank will continue to support the GoE in developing a Social Protection White Paper that outlines the future direction of the country's social protection systems.

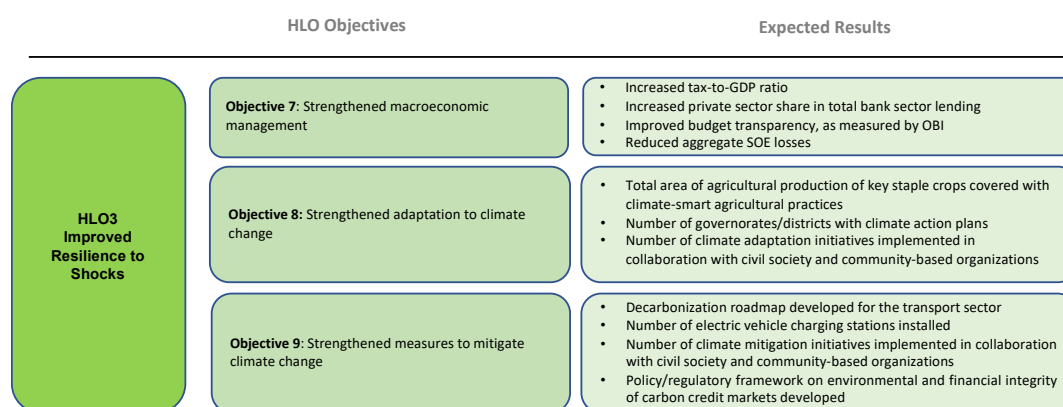
High-Level Outcome 3: Improved Resilience to Shocks

73. ***The SCD recognizes the risks posed by macroeconomic vulnerabilities and the need for policy settings that support resilience to shocks.*** Exchange rate adjustments have highlighted the importance of policy settings that support a stable macroeconomic environment. This is critical for economic growth and poverty reduction, creating conditions for a thriving private sector and protecting people's purchasing power by containing inflation. Improving the efficiency of public sector spending and strengthening macroeconomic resilience are top priorities, given the significant role the government plays in the Egyptian economy. The need for continuous strengthening to enhance resilience is evident in view of pressures such as the current unfavorable global context, import disruptions, and the food crisis brought about by Russia's invasion of Ukraine. Interventions will also seek to facilitate women's access to new opportunities to improve their livelihoods and build resilience (paragraph 99).

74. ***Egypt remains highly vulnerable to climate-related shocks.*** As pointed out in the CCDR, owing to a combination of political, geographic, and social factors, Egypt is vulnerable to climate change impacts, which can exacerbate the impacts of economic shocks. For instance, limited water availability and arable land, together with climate change, constrain the expansion of wheat production to feed a growing population. Substantial grain losses from a substandard storage system and post-harvest handling practices are also aggravated by climate change. Interventions to strengthen the resilience of Egypt's upstream agri-food value chain investments will have large potential payoffs in light of the impact of climate change on production. In addition, Egypt's economic growth is impacted by climate change, with women being more vulnerable to climate change due to their lower access to income opportunities, higher engagement in the agriculture sector, limited access to productive assets, services and voice in decision-making.

75. ***Climate change policies and actions are becoming increasingly integral to preserving the state-citizen contract, which includes not only acknowledging the urgency of climate change, but also underscoring the changes required for Egypt's economy and society.*** From a climate change mitigation perspective, citizen views and behaviors have emerged as a central concern for those involved in building sustainable, low-carbon futures, given the need to overcome public resistance, gain social acceptance of policies, change behaviors in favor of lower-carbon lifestyles, and understand citizens' actions to drive bottom-up solutions through community projects or grassroots innovations. From the climate change adaptation standpoint, there is increasing recognition of the value of promoting equity and participation in decision making and efforts to incorporate bottom-up and place-based approaches.

Figure 6. CPF Objectives and Expected Results under HLO 3



Objective 7: Strengthened macroeconomic management

76. **The CPF will support Egypt’s efforts to preserve and build on recent macroeconomic gains by working on a comprehensive agenda and utilizing all available instruments.** Interventions will support the strengthening of the monetary policy framework and assist with fiscal consolidation through higher revenue mobilization and restructured public spending, including efficient management of public capital investments. CPF support in this area will involve three components. The first is to strengthen macro and fiscal policy advice to ensure that decisions are based on sound analysis and subject to a thorough review process. This also entails strengthening financial sector resilience to improve intermediation capacity and contain the focus on public sector debt. A second area is to enhance public finance systems and management to improve the implementation of fiscal policy and provide more effective mechanisms for control. The third area of focus is on enhancing fiscal oversight and reporting to improve transparency and comprehensiveness and thus equip policy makers with the information they need to make decisions and build public confidence in the operations of the public sector.

77. **The CPF is supporting strengthened resilience to import and food security shocks.** To address the import shock brought about by Russia’s invasion of Ukraine, the World Bank approved an Emergency Food Security and Resilience Support Program (US\$500 million) to mobilize immediate short-term relief to address supply and price shocks, while simultaneously bolstering Egypt’s longer-term food security strategy and an improved nutrition strategy for the most vulnerable. The response to shocks over the longer term includes: (i) efforts to expand the availability of efficient, climate-resilient grain silos for wheat storage and to reduce loss and waste in the wheat supply chain, thereby reducing GHG emissions; (ii) financing the scale-up of climate-smart technologies in agricultural production in selected vulnerable/poor areas; and (iii) upgrading and ensuring nationwide coverage of the National Agro-Meteorological Early Warning System.

Objective 8: Strengthened adaptation to climate change

78. **The CPF will continue ongoing support to strengthen the capacity of government institutions, civil society/community organizations, and the private sector at the national, regional, and local levels to engage in effective adaptation.** Building on the GoE’s strong commitment to climate change and long-term sustainability, and on the CCDR’s policy recommendations, the CPF will help to build a framework and strengthen capacity for mainstreaming adaptation into national, regional, and local planning and investments, while helping to develop a roadmap of needed policy changes and to design and implement a reporting mechanism for line ministries. The CPF will contribute to the development of the legal, institutional, and policy underpinnings of a green financing framework and support the achievement of relevant SDS targets (for example, 50 percent green financing for investment projects by 2025). Through the 30 by 30 Zero Egypt Program, IBRD and IFC plan to assist the financial market regulator and market

participants in managing climate-related financial risks and identifying opportunities to help grow the climate-financing business, and to support an expansion of bank and non-bank sector lending portfolios to invest in green sectors and transition to greener business models. The CPF will support knowledge sharing and capacity building, including on green financing; on decarbonization, circularity, and energy transition; and on resilience and disaster risk management—including specific support to resilient planning and emergency response. In line with CCDR recommendations, the CPF will support selected interventions at the regional and local level to assist governorates in implementing climate mitigation and adaptation initiatives and exploring collaboration with civil society and community organizations in this regard.

79. ***Work under the CPF will help to boost efficiency in the way natural resources are used, managed, and valued.*** The CCDR stresses the importance of reducing inefficiencies as a means to ensure the long-term sustainability, economic competitiveness, productivity, and resilience of the private sector. Shifting toward more efficient and sustainable use of water and less polluting fuels, along with drinking water management and expanded reuse of treated wastewater, can increase the sustainability of Egypt’s development model. In cities, this could include efforts to bring down water losses, revise the water supply, and strengthen policies for water allocation. Sustainable and resilient urbanization, based on resource-efficient planning and service delivery systems to accommodate a rapidly expanding urban population, will also be critical. These approaches will need to include climate risk-informed urban planning, sustainable and resource-efficient waste management with a focus on the circular economy, and green and energy-efficient municipal infrastructure and service delivery systems. Further efforts on tariff reform can underpin the financial viability of the water sector as capital and operational expenditures rise and would contribute to reducing per-capita demand. In agriculture, efforts will be needed to enhance water allocation policy and initiate institutional changes to allow for the management, allocation, and distribution of water savings that result from investments in modernized irrigation. CPF interventions in this area will focus on: (i) improving pollution management and control; (ii) enhancing the use of resources in agriculture; and (iii) improving land management. Key knowledge products will contribute to gaining a better understanding of the environmental challenges and risks posed by climate change, how to improve efficiency in the use of natural resources (with a focus on waste and water management), and how to improve resilience and sustainability in cities.

80. ***A proposed program will consolidate several priority projects and subprojects identified under the GoE’s NWFE into a systems approach to optimize synergies across these projects, integrating thematic areas of engagement with a focus on delivering results to strengthen the resilience of Egypt’s agri-food system.*** The proposed program responds directly to the World Bank’s Egypt SCD pathway four on promoting resilient, efficient, and sustainable resource use and to HLO 3 on increasing resilience to shocks. It also relates to the short-term priority actions on strengthening resilience and adaptation identified in the CCDR, specifically on enhancing information systems by developing: (i) a comprehensive, multi-stakeholder disaster risk management plan (drought/flash flood); (ii) an integrated hydro-meteorological system; (iii) a robust system that reflects climate risk sensitivity; and (iv) a robust city-level early warning system.

81. ***The CPF will support Egypt in its bold move to improve opportunities for greening financing and financing green, thereby meeting financing needs while ensuring that infrastructure investments contribute to achieving climate goals.*** Egypt has made significant progress on green financing in recent years. In 2018, IFC supported the Financial Regulatory Authority’s development of green bond guidelines for issuers and investors in Egypt. In 2020, the GoE issued the MENA region’s first-ever sovereign green bond (Box 4). With IFC support, the CBE launched a set of Guiding Principles on Sustainable Finance and a related roadmap in July 2021. These principles will soon feed into requirements for all banks in Egypt. In addition, Egypt has received loans and grants from various international financial institutions, including IFC’s landmark US\$100 million investment in the country’s first private green bond, issued by CIB in the private sector. The European Bank for Reconstruction and Development (EBRD), the EU, and the Green

Climate Fund developed financing instruments for SMEs and corporates so that they can invest in climate-resilient and energy-efficient solutions. The CPF will build on past work by IFC to facilitate the issuance of green bonds in Egypt. IFC, through the 30 by 30 Zero Egypt Program, will target other banks to set up robust climate risk mitigation strategies and implement them across their business lines. IFC will help to grow low-carbon and climate financing business by building capacity and developing products together with participating banks. CPF support for continued progress in green financing will be achieved through efforts to create an enabling environment and incentives for the private sector to take a leading role in moving toward a greener development path, including the introduction of sustainability and sustainability-linked bonds and possible collaboration on guidelines on labeled bonds. MIGA and IFC will also seek to apply their instruments to mobilizing climate finance in Egypt. In FY22, in partnership with EBRD, MIGA facilitated the refinancing of six solar power projects in the Egypt Feed-in-Tariff (FiT) Program under a climate-certified bond, which brought institutional investors into the sector for the first time and could be replicated by other renewable energy projects in the country. Additionally, in FY23, IFC, alongside commercial bank partners from the United Arab Emirates, Japan, the Netherlands, and the Egyptian private sector, announced a financing package of US\$1 billion in total to deliver more than 1 gigawatt in combined renewable energy capacity at the lowest price in Africa. MIGA will also pursue opportunities to provide capital optimization insurance coverage to international commercial banks operating in Egypt, enabling them to expand lending toward climate/green investments by corporates and SMEs.

Box 5. Supporting Egypt’s Inaugural Issuance of Green Bonds

In September 2020, Egypt became the first country in the MENA region to issue a sovereign green bond. Egypt’s example is leading the way for emerging markets more broadly—to consider green bonds as a financial solution. The five-year green bond was initially announced for US\$500 million, with an interest rate of 5.75 percent. The bond was more than seven times oversubscribed, leading the GoE to increase its size to US\$750 million and to lower the interest rate to 5.25 percent (below Egypt’s benchmark conventional bonds at that point in time).

The green bond was conceived as a financial solution to meet Egypt’s pressing need for environmentally sustainable investment. Proceeds were earmarked for financing clean transportation, renewable energy, pollution prevention and control, sustainable water and wastewater management, energy efficiency, and climate change adaptation.

The Government Debt and Risk Management program, a World Bank initiative sponsored by the Swiss State Secretariat for Economic Affairs (SECO), offered advice on aligning Egypt’s green bond issuance with its debt management strategy and government policies, on managing investor expectations, and on developing a robust communication strategy. Training and technical assistance were provided through the World Bank Treasury’s Sustainable Finance Advisory services to support the preparation of the post-issuance allocation and impact report. Egypt’s Green Bond Framework was evaluated by an independent provider and received a “robust” assessment.



Objective 9: Strengthened measures to mitigate climate change

82. **The CPF will support Egypt in its efforts to transition to a low-carbon economy and reduce GHG emissions.** The CCDR points out that the shift toward greener alternatives in international markets creates uncertainty in Egypt, where economic growth is still coupled with GHG emissions. While Egypt’s contribution to global emissions is not high, at 0.37 percent historically, the country’s emissions trended upward between 1990 and 2016, both in absolute terms (a greater than 40 percent increase) and in intensity (per capita). The largest contributors to national GHG emissions are energy industries (64.5 percent), followed by industrial process and product use (14.9 percent); agriculture, forestry, and other land use (12.5 percent); and the waste sector (8.1 percent).

83. **To mitigate the effects of climate change, Egypt needs a stronger stance on decoupling its GHG emissions from economic growth, and a green transition in the energy and transport sectors will be**

essential. The CCDD suggests that progressing toward a low-carbon development path and achieving mitigation goals will require accelerating the transition to cleaner energy sources and reducing inefficiencies in the use of electricity in the energy, industry, and transport and logistics sectors. Egypt has great potential for renewable energy sources, including wind and solar. In 2016, Egypt adopted the Integrated Sustainable Energy Strategy 2035, with an ambitious target of reaching 42 percent renewable energy in the electricity generation mix by 2035, taking advantage of the country's immense renewable energy resources. The solar atlas for Egypt, issued in 1991, indicates that the country enjoys between 2,900 and 3,200 hours of sunshine annually, with annual direct normal intensity of 1,970–3,200 kilowatt hours per square meter (kWh/m²) and a total radiation intensity varying between 2,000 and 3,200 kWh/m² per year. According to Egypt's wind atlas, the country is endowed with abundant wind energy resources, particularly in the Gulf of Suez area. This is one of the best locations in the world for harnessing wind energy, due to high stable wind speeds that reach, on average, 8–10 meters per second at a height of 100 meters, along with the availability of large uninhabited desert areas. Promising new regions have been discovered east and west of the Nile River.

84. ***Egypt is well placed to play a critical role as a regional energy hub and renewable powerhouse.*** Capitalizing on its geographic location, logistics advantages, and abundant renewable energy resources, Egypt is an obvious and strategic player for regional energy security and integration. Egypt has cross-border electricity interconnections to Jordan, Libya, and Sudan, with plans to raise existing capacity and add new interconnections with the Kingdom of Saudi Arabia and Greece. This will allow Egypt to export to Greece and provide a connection to the European Union. Egypt is a gateway for Eastern Mediterranean gas to markets through its infrastructure and facilities and as champion and host of the EMGF, which aims to develop the regional gas market and trade. Egypt is actively positioning itself as a major world producer of green hydrogen and its derivatives (ammonia) and has already signed several memoranda of understanding and agreements with various developers, creating new opportunities for energy transition. Moreover, the country's renewable energy potential will support the decarbonization of the transport sector through the electrification of transport (e-mobility) and will enable water desalination.

85. ***The green urban transition and sustainable urbanization are critical for climate adaptation and mitigation efforts.*** The transport sector is the second-largest source of emissions, and the pollution it creates imposes a toll on the health of inhabitants, particularly those living in urban areas. Ambient pollution is responsible for 12 percent of annual deaths in Greater Cairo, and the cost of air pollution was calculated at 1.35 percent of GDP in FY17.²² Given that trucks carry nearly 95 percent of Egypt's freight transport, moving toward road and rail would be expected to have a secondary impact on greening the transport sector by reducing harmful emissions and lowering air pollution. An assessment of investment needs in Egypt's 14 main cities suggests that, while financing needs for transformative adaptation and mitigation actions are estimated at US\$11.7 billion, avoided costs could be four times that amount. A combination of investments and policy changes in cities—including nature-based solutions, energy efficiency actions in housing and transport, electrification of public transport, increased efficiency in water use, and improved waste management—can help reduce emissions. The CPF will continue to support the already active role of the GoE and its Ministry of Housing, Utilities, and Urban Communities in supporting climate-resilient urban planning.

86. ***The CPF will support key reforms and investments to mitigate climate change and support a green transition while reducing emissions.*** Interventions will include: (i) greening the transport sector through e-mobility and a modal shift to mass transit in the Greater Cairo Area; (ii) greening buildings and leveraging EDGE green building certification for the private sector;²³ (iii) promoting non-vehicular movement by enhancing urban infrastructure, including sidewalks and dedicated bicycle lanes; (iv) supporting private

²² Bjorn Klavdy Larsen. [Arab Republic of Egypt—Cost of Environmental Degradation: Air and Water Pollution](#). Washington, DC: WBG.

²³ An IFC innovation, [EDGE green building certification](#) empowers markets to scale up resource-efficient buildings in an efficient and affordable way.

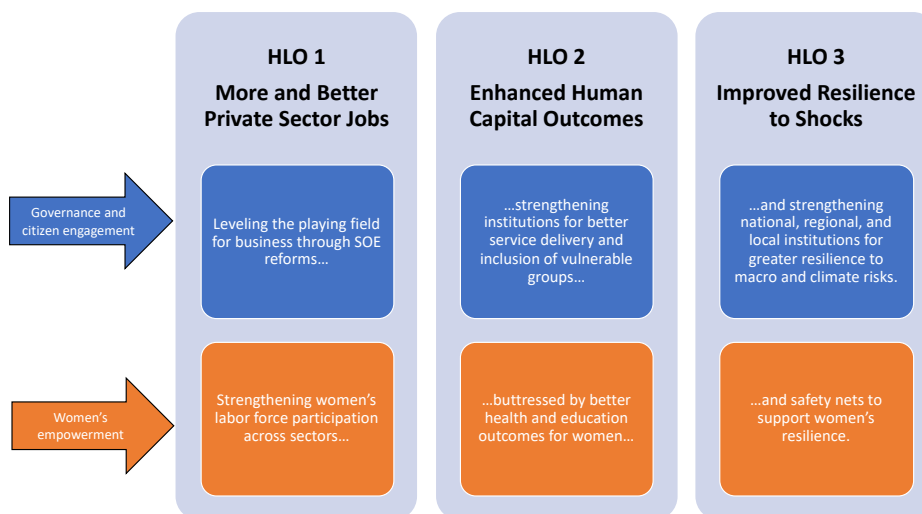
sector participation in the transition to clean and sustainable transportation; (v) promoting resource efficiency and lower energy consumption, including in the manufacturing/industrial, health care, and pharmaceutical sectors; (vi) supporting the transition to green electricity and the decarbonization of the energy sector through the scale-up and integration of renewable energy, the promotion of energy efficiency and best practices, and structural reforms to increase private sector participation, improve electricity utilities' operational and financial performance, and create effective markets; (vii) promoting private sector engagement using sustainable approaches in other sectors of the economy, including the sustainable tourism, retail, and property sector; and (viii) leveraging IFC's sustainability-linked financial instruments to incentivize the pursuit of sustainability targets by tying pricing to their achievement and possible collaboration on guidelines on labeled bonds. In addition, the 30 by 30 Zero Egypt Program will contribute to greening the financial and construction materials sectors.

87. **IFC aims to provide technical support to the GoE on green buildings.** This will be accomplished by: (i) enhancing the local green building certification system (Green Pyramid Rating System) in accordance with EDGE Global Certification; (ii) enhancing the capacity of public officials by providing EDGE expert training; (iii) supporting the current initiative to develop an incentive scheme for green buildings; and (iv) raising awareness among private sector stakeholders of the business case for green buildings. Under the CPF, IFC aims to continue support for green buildings, including its investment in providing green loans for EDGE-certified hospitals with the aim of reducing energy and water usage.

C. Cross-Cutting Themes

88. **The CPF will build on two interlinked cross-cutting themes: (i) governance and citizen engagement, and (ii) women's empowerment (Figure 7).** The governance theme is embedded in all interventions going forward and further strengthened by articulating the concept of demand-side governance through mainstreaming and deepening avenues for transparent and accessible information sharing, inclusive and consistent citizen–state interaction, and ultimately, improved public participation and accountability. The women's empowerment theme highlights the importance, as pointed out in the SCD, of addressing persistent gender gaps in education levels and labor force participation. These cross-cutting themes underpin progress toward all three HLOs and complement and reinforce each other.

Figure 7. Cross-Cutting Themes



Governance and Citizen Engagement

89. ***Increased public sector transparency and efficient public administration are needed to support fiscal sustainability, effective delivery of public services, and an enabling environment for private sector-led growth.*** Proactive dissemination of accessible data can promote robust policy discussions. Receiving feedback on the progress of regulatory reforms and development interventions is integral to fostering accountability on the impact of such interventions. Improved access to and quality of public services—from justice, tax, and other administrative services to public education, health, and social protection—are essential for supporting the social contract. Digitalization reforms can increase the efficiency of public sector operations, expand the availability of e-services, and promote public e-participation, thereby supporting social inclusion and boosting economic opportunities by reducing transaction costs for citizens and businesses.

90. ***Taking measures to improve transparency and to make space for participation in regulatory and public sector reforms will be critical to generate buy-in and adherence from citizens under HLO 1.*** It is critical to undertake measures to improve efficiency and provide room for participation in regulatory and public sector reforms for the sake of citizen participation and commitment. Addressing barriers against the development of a dynamic business environment and strong investment climate requires effective regulatory governance. Strengthening public engagement, including among citizens and business associations, in policy making and implementation at national, regional, and local levels will support accountability and enhance the social contract.

91. ***Measures to improve governance are being mainstreamed across all interventions in health, education, and key infrastructure services under HLO 2.*** The CPF will place a premium on community engagement and support to poor and vulnerable households, particularly in rural areas. Operations will include citizen engagement mechanisms to receive and address public feedback from beneficiaries. Similarly, capacity building support for local and central authorities will be mainstreamed across operations under this HLO.

92. ***Improving public sector governance is critical to enhancing macroeconomic resilience, and integrating climate considerations into governance frameworks is vital to support climate change adaptation and the transition to a climate-resilient society, as reflected in HLO 3.*** Macroeconomic resilience will focus on improving transparency and data-driven analytics. It will be important to support local governorates in developing climate action plans in conjunction with community organizations.

93. ***There is also room to improve citizen engagement and government accountability on green, resilient, and inclusive development through existing platforms in Egypt.*** These include the Egyptian Organization for Consumers and Energy, which focuses on the environment, consumer protection, and cultural awareness, and the Egyptian National Competitiveness Council, which works to promote Egypt's green transformation through water conservation and energy efficiency. Such platforms need to be scaled up and more consistent efforts made to involve Egyptian citizens in planning, implementing, and monitoring the country's climate change commitments. Finally, the CPF will support the preparation of pipeline operations with citizen-centric design and monitoring of the implementation of citizen engagement activities.

94. ***The CPF could potentially include World Bank support for enhancing citizen- and business-centric justice service delivery in courts.*** This would entail support for the design and implementation of a City of Justice in Cairo (a one-stop justice center with state-of-the-art technology and e-services for citizens, businesses, and women-centric services in the ordinary courts system), as well as the design and implementation of a comprehensive digitalization, capacity building, and training program for administrative courts and State Council advisory functions.

Figure 8. Mainstreaming Citizen Engagement in the Egypt CPF

1. MAINSTREAMING CITIZEN ENGAGEMENT ACROSS HIGH LEVEL OBJECTIVES	
HLO 1: More & Better Private Sector Jobs	<ul style="list-style-type: none"> ✓ Support to improve transparency and accessible information sharing on sector reforms ✓ Support for opportunities to consult with the businesses, entrepreneurs and citizens on sector and regulatory reforms
HLO 2: Improved Human Capital & Inclusion Outcomes	<ul style="list-style-type: none"> ✓ Capacity building and training for government officials & service providers on good practices for customer centric service delivery ✓ Support for strengthening linkages between local and centralized grievance redress and feedback systems ✓ Institutionalized publication & dissemination of customer satisfaction surveys
HLO 3: Greater Resilience to Shocks	<ul style="list-style-type: none"> ✓ Support for inclusive awareness raising on climate change issues, using both digitized and non-digitized means ✓ Support for inclusive stakeholder engagement on planning, implementation & monitoring of climate change actions at the national and local levels ✓ Piloting of localized approaches to improve climate change resilience and adaptation, especially in vulnerable areas and including disadvantaged groups
2. SUPPORT COMPLIANCE ON MAINSTREAMING CITIZEN ENGAGEMENT IN ALL IPFs and PforRS	
3. PROVIDE SUPPORT TO PIUs TO IMPROVE QUALITY OF CITIZEN ENGAGEMENT IN WB FINANCED OPERATIONS	
4. MONITOR PROGRESS ON IMPLEMENTATION OF CITIZEN ENGAGEMENT ACTIVITIES IN WB FINANCED OPERATIONS	

Women’s Empowerment

95. *Driven by the World Bank’s Gender Strategy for FY16–23,²⁴ and in line with Egypt’s Gender Responsive Planning Guide issued in 2022, the CPF’s cross-cutting theme on women’s empowerment will be applied through a consistent gender focus in all ongoing and new operations and ASA.* This work will reflect the four strategic objectives of the WBG’s gender strategy: (i) improving human endowments; (ii) removing constraints for more and better jobs; (iii) removing barriers to women’s ownership and control of assets; and (iv) enhancing women’s voice and agency and engaging men and boys. The CPF will integrate gender considerations across the CPF program in its entirety. More specifically, the CPF will promote: (a) the use of a gender filter at the inception of each operation to ensure that opportunities for women’s empowerment are embedded at the project level, with the aim of having all projects gender-tagged; (b) systematic ASA on explicit gender-related issues, such as understanding the drivers of weak and declining female labor force participation in Egypt, with a view to designing gender-specific interventions; and (c) systematic collection and use of gender-disaggregated performance indicators and indicators of gender gap closure to assess project outcomes and inform necessary modifications.

96. *Under HLO 1, support for private sector job creation will aim to enhance women’s participation in Egypt’s economic development.* Work on enhancing access to finance will support women entrepreneurs, expand the number of women serving on corporate boards, and strengthen financial inclusion. The Catalyzing Entrepreneurship for Jobs Operation, for example, supports women’s access to finance by: (i) addressing gaps among MSMEs in Egypt by setting specific targets for the share of financing allocated to women-led MSMEs under the operation’s different financing windows; and (ii) strengthening female-owned enterprises by providing packages of financial and non-financial support.²⁵ Efforts to increase women’s participation in economic development will work to ensure their right to access commercial and economic courts under the existing legal and regulatory framework, without barriers and in an efficient way, to safeguard their assets. Interventions in the transport sector will seek to address the mutually reinforcing effects of inadequately gender-responsive transport services and a lack of female employment in the sector. The absence of women workers in the sector contributes to inflexible and generally unattractive terms and conditions of employment, including shift work; to workplace health and safety issues, which stem from a lack of appropriate facilities and equipment for women; and to diminished

²⁴ WBG. 2015. *World Bank Group Gender Strategy FY16–23: Gender Equality, Poverty Reduction, and Inclusive Growth*. Washington, DC: World Bank. This is currently being updated.

²⁵ The CBE is working on improving women’s access to financial services by enabling digital lending through mobile wallets as well as the Village Savings and Loan Association program to support financial inclusion and access to finance among more households through mobile wallets and prepaid cards.

incentives for transport services to respond to the needs of women service users. Conversely, employing more women in the sector in traditionally male-dominated roles can lead to more inclusive transport service development, in addition to providing women with income-generating opportunities.

97. ***IFC supports gender inclusion in Egypt through activities that improve women’s access to more and better jobs and to digital, financial, and physical assets.*** To increase women’s participation and inclusion in the country’s labor force, IFC launched the Egypt Women’s Employment project, which aims to increase and/or improve the quality of women’s employment in the private sector by supporting private sector clients to pursue EDGE Gender Certification.²⁶ This includes IFC’s investee, Integrated Diagnostics Holdings, a leading diagnostics services provider and the first health care company in the MENA region to achieve EDGE Gender Certification, thus setting a benchmark for the industry. IFC is providing advisory services to four leading private sector companies (all large employers) to enhance the recruitment and retention of women workers and to increase women’s representation in the companies’ leadership. Moreover, IFC’s Women on Board initiative promotes gender diversity on corporate boards and enables female board members and senior managers to improve corporate governance practices in their respective companies and banks, while equipping them with the skills they need to serve effectively. Furthermore, IFC launched the Egypt2Inclusion project, which aims to advance the participation of women as well as persons with disabilities (PWDs) of both genders in Egypt’s workforce to help boost economic growth. In addition, IFC helps boost women’s access to bank lending through advisory and investment packages to help banks and financial institutions serve women clients sustainably. For example, IFC’s Women Banking Champions Program focuses on closing gaps in access to finance for women, providing advisory services to financial institutions and other partners to help them improve women’s access to financial products and services, business networks, and markets. IFC’s Women, Business, and the Law Project in Egypt will provide technical support for legislative reforms and reform implementation to boost women’s engagement in income-generating activities and employment in the private sector. Synergies will be sought with judicial reforms to ensure that women have an effective and accessible venue to claim their rights under these laws.

98. ***Under HLO 2, the gender focus will guide efforts to empower women’s participation in economic life through improved education, mobility, reproductive rights, health, access to services, and prevention of early marriage and gender-based violence.*** Promoting girls’ education is a priority area for WBG interventions. Similarly, health sector interventions will aim to achieve the demographic dividend and promote female empowerment. The gender-tagged Inclusive Housing Finance PforR supports the delivery of demand-side subsidies to low-income households across all 27 governorates (reaching over 400,000 households since its inception). This program prioritizes women-led households in an effort to expand women’s access to mortgage finance and address gender gaps in asset ownership. Although only 5 percent of women in Egypt own assets (either alone or jointly), compared to 95 percent of men, 22 percent of project beneficiaries are women.

99. ***Under HLO 3, interventions will seek to empower women to take advantage of new opportunities to improve their livelihoods and build resilience.*** Expanding the successful TKP cash transfer program—for which 75 percent of card holders are women—will strengthen low-income families’ resilience against shocks. The program’s impact evaluation has shown positive results for women’s empowerment, with regular monthly cash payments alleviating financial stress on households. The economic inclusion program, Forsa, will promote access to economic opportunities for women through wage and self-employment. More broadly, progress along the pathway to energy transition across the value chain—from energy supply to the highest-demand sectors (transport and industry)—and the move toward clean energy and green jobs will offer new job opportunities for women.

²⁶ [EDGE Gender Certification](#) evaluates companies’ gender equality performance against global benchmarks.

D. Implementing the CPF

Financing and Instruments

100. ***The CPF will be implemented jointly by the World Bank, IFC, and MIGA, building on the current portfolio.*** As of January 17, 2023, IBRD’s active portfolio is composed of 15 operations for a net committed amount of US\$7.33 billion, of which US\$3.28 billion remains undisbursed. The IBRD portfolio is guided by the World Bank’s Environmental and Social Framework (ESF) and in line with Egypt’s Environmental Sustainability Standards Guideline.²⁷ IFC’s 2020–24 Egypt strategy, derived from the WBG’s previous CPF for 2015–19 and approved in December 2020, proposes a shift toward supporting sectoral and micro-level reforms across three pillars: integration, employment, and inclusion. IFC’s current investment portfolio in Egypt amounts to US\$1.4 billion, across a variety of sectors, including investments in commercial banking, infrastructure and renewables, sustainable manufacturing, agribusiness, health care, and disruptive technologies and funds. As of December 31, 2022, MIGA’s gross exposure in Egypt was US\$474.2 million. There are 17 active MIGA-supported projects in the energy, infrastructure, and manufacturing sectors. Alongside the World Bank and IFC, MIGA is active in Egypt’s renewable energy sector, having guaranteed several Egypt solar FiT projects on a programmatic basis as well as a wind power project with IFC in FY20. In FY22, MIGA issued US\$98.3 million in guarantees to facilitate the refinancing of six solar FiT projects through a climate-certified bond issuance. During the CPF period, MIGA will cultivate opportunities to support investments into renewable energy, green hydrogen, and financial sectors, while working closely with IFC to explore opportunities for PPPs in water, transport, and health sectors.

101. ***The CPF adopts a flexible approach to lending, with a financial envelope of US\$7 billion (US\$1 billion per year from IBRD and about \$2 billion during the entire CPF period from IFC) for lending during the CPF period, in addition to investments from MIGA.*** Actual investment volumes for FY23–27 will depend on Egypt’s borrowing needs, IBRD’s lending capacity, demand from other IBRD borrowers, the degree of private sector engagement, and global economic developments. In the outer years of the CPF, it is expected that about 75 percent of IBRD lending may be provided in the form of investment project financing (IPF), and about 25 percent through fast-disbursing instruments, such as development policy financing (DPF) and PforR financing, to address critical reforms and focus on results. Similarly, actual investments by IFC during the CPF period will depend on improvements in macroeconomic stability, investor demand for IFC’s products and progress in investment climate reforms that would boost investor confidence and facilitate greater private sector participation.

102. ***The CPF pipeline will focus on supporting the HLOs through various instruments and in line with GoE priorities.*** At the GoE’s request, the World Bank advanced a new US\$500 million social safety nets cash transfer operation. Proposed pipeline operations will focus on supporting the NWE Program, for example through promoting climate-resilient cities, including food systems, strengthening energy systems, and supporting the energy transition. In addition, efforts will continue to strengthen Egypt’s human capital base through continued support to education, health, social protection, and (possibly) population operations. Given the centrality of enabling private sector and job creation for inclusive growth, the WBG will also support structural reforms that promote private sector investment, including by removing barriers to private sector entry, facilitating trade, and leveling the playing field for business operation. The WBG could use additional policy-based lending with development partners to support important reforms: underpinning the resilience agenda under this CPF is a potential programmatic DPF series “Fostering the Transition to Green, Resilient and Inclusive Growth Development Policy Loan”.

103. ***The new CPF program builds extensively on the existing lending program (Table 2) and will be informed and supported by a robust program of ASA focused on disseminating analysis to inform***

²⁷ The Environmental Sustainability Standards Guideline was issued in 2021 as the first guideline directing government entities toward greening the investment plan.

interventions, building capacity, and leveraging lending (Annexes 4 and 6). This CPF carries over existing activities on private sector job creation, human capital development, spatial development, and service delivery. In addition, the new program will look to significantly advance the GoE’s strategies, including the NSRP.

Table 2. IBRD Current Operations

Project ID	Operation	Net Commit. \$M	CPF HLOs			Closing FY				
			HLO1	HLO2	HLO3	2023	2024	2025	2026	2027
P145699	Strengthening Social Safety Net	900		√	√					
P150993	Inclusive Housing Finance Program	1000	√	√	√					
P154112	Sustainable Rural Sanitation Services	850		√	√					
P157395	Upper Egypt Local Development	500	√	√	√					
P157809	Supporting Egypt Education Reform	500	√	√						
P162835	Catalyzing Entrepreneurship for Jobs	200	√	√						
P167000	Transforming Egypt's Healthcare System	530	√	√	√					
P171311	Egypt Inclusive Growth for Sustainable Recovery	360	√	√	√					
P172426	Supporting Egypt's Universal Health Insurance	400	√	√	√					
P172548	Greater Cairo Air Pollution Management	200		√	√					
P173912	Egypt COVID-19 Emergency Response	50		√	√					
P175137	Railway Improvement and Safety for Egypt	440	√	√						
P178926	Emergency Food Security and Resilience Support	500		√	√					
P177932	Cairo Alexandria Trade Logistics Development	400	√	√						
P179665	Takaful & Karama Cash Transfer Expansion and Systems Building Project	500		√	√					
Total		7,330								

Engagement Modalities and Corporate Priorities

104. *The WBG will apply an adaptive “Learning CPF” approach to ensure flexibility in its support program with scope for adjustments.* In recognition of Egypt’s transformative social and economic environment, as well as fluid global developments, the CPF will be considered a living strategy, incorporating learning by doing and continually adapting to unforeseen or changing country circumstances and emerging government priorities.

105. *CPF implementation will cut across WBG global practices (GPs) to provide integrated support in pursuit of the three HLOs.* Development issues under each of the HLOs, and the CPF objectives that feed from them, are interdependent and interrelated, cutting across several GPs. In recognition of this, the WBG’s Egypt program relies heavily on continued strong cross-GP collaboration in the delivery of projects and ASA. A good example is the Upper Egypt Local Development Program, which is co-led by the Sustainable Development and Economics, Finance, and Institutions teams, owing to its spatial coverage and subject matter that calls for cross-sectoral expertise. Going forward, the WBG will partner with the GoE to sustain coordinated policies. Implementation of the CPF program will seek to draw more effectively on synergies among IBRD, IFC, and MIGA to maximize financing for development. This coordinated approach will seek to leverage private sector climate and development finance. An example of this collaboration is the CPSD’s deep dive into the health care sector in Egypt to identify opportunities to increase private sector participation in the health care system and to address related constraints.

106. ***The CPF will build on the success of private capital mobilization approaches in Egypt.*** PCM has been used to good effect in Egypt’s energy sector, financing the Benban Solar Park and supporting the country’s transition to green energy and a reduced carbon footprint. Given the GoE’s intention to control debt levels, the WBG will support the GoE to enable private investment in infrastructure and other sectors. In the first half of the CPF period, projects in the electricity sector have been identified as potentially including PCM.

107. ***Regional integration—one of four pillars of the WBG’s expanded MENA regional strategy—is critical for Egypt’s growth and has potentially positive implications for the broader region.*** By harnessing the substantial potential economic benefits of enhanced regional trade and greater connectivity in infrastructure, transport, energy, and labor, Egypt could deepen the positive effects on its economy and expand its role in the region. On energy integration, the WBG will continue to support the EMGF through technical advice that deepens current regional cooperation for gas trade and maximizes the region’s proceeds from gas trade. The World Bank would be ready to support financing and/or technical advice to GoE and relevant regional countries to realize the potential opportunities from higher electricity trade, scaled-up renewable energy through the Pan-Arab Electricity Market and across the Mediterranean through the regional electricity interconnection, and the development of green hydrogen. On regional connectivity, WBG interventions in the transport sector seek to improve safety, reliability, and resilience and will reduce transport and logistics costs. The Cairo–Alexandria Logistical Corridor operation is supporting the linking of Alexandria’s seaport to Cairo’s dry port and Upper Egypt, thereby increasing the efficiency of the transport and logistics chain. On trade integration, the WBG will continue to support the GoE to enhance trade facilitation and logistics to strengthen links to regional supply chains and improve the enabling environment for private sector participation through reforms to level the playing field and improve private sector competitiveness and export capacity. On labor and skills integration, the WBG can support Egypt in positioning itself as a key player in digital and green economy, with strong potential for exporting skills. On the climate agenda, the regional climate change action plan is shaping the WBG’s engagement on climate resilience and on the transition to a low-carbon economy in the region. The WBG will continue to support the GoE’s ambitions to lead the climate mitigation and adaptation agenda in the region, following the presidency of COP27.

108. ***Compliance with the WBG’s environmental and social requirements will remain at the heart of CPF implementation.*** The ESF offers a range of opportunities for WBG engagement in Egypt—not only in minimizing harm to people and the environment from WBG-financed operations, but also in supporting the achievement of more inclusive outcomes by considering vulnerable groups and minimizing and mitigating the risks they face. The ESF emphasizes the importance of stakeholder engagement as a continuous, inclusive, and meaningful process and a key modality through which to ensure a constructive relationship between the government and its citizens. The WBG is actively pursuing its implementation and will continue to engage closely with GoE counterparts to ensure effective implementation of ESF requirements, most importantly by offering hand-holding support at the sector level. Modalities for ESF implementation will continue to adopt different forms, including but not limited to technical implementation support, peer-to-peer learning and exchange, production of relevant guidelines, and capacity building to support application of the guidelines. The WBG will explore opportunities to capitalize on established learning hubs that can help strengthen in-country capacity for environmental and social risk management and stakeholder engagement.

Procurement and Financial Management

109. ***Egypt has strengthened its public procurement system, most notably through the adoption of a new legal and regulatory framework for public procurement in 2018.*** The objectives of the new law include regulating the procedures of planning and implementing public contracts, achieving effectiveness and efficiency of public expenditure, enhancing the principles of governance, providing fair treatment to

businesses that deal with procuring entities, and providing an enabling environment for MSMEs to compete in the public procurement process. The law has also improved transparency and access to information, as it requires all tenders to be advertised publicly, both in newspapers and online, and includes the relevant criteria to be submitted and applicable deadlines in the bidding process. Further advancements are noted, such as the ongoing design and development of an electronic procurement system that will have full online functionality throughout the procurement cycle. As part of the IMF's financing support agreement, the GoE committed to publishing the details of all pandemic-related spending on the Ministry of Finance website and to posting government procurement plans and contracts awarded for emergency responses to COVID-19, including the names of the companies concerned and information on beneficial ownership.

110. ***Despite these advancements, just 35 percent of public expenditure in Egypt is subject to the public procurement law, whereas SOEs—Egypt's largest procurers—operate under various alternative procurement regulations.*** While the GoE has approved a plan to begin aligning SOE procurement rules with the public procurement law, more needs to be done to strengthen transparency and accountability in SOE procurement. Egypt would benefit from conducting a comprehensive assessment of the public procurement system, including public procurement entities and SOEs. Disbursement targets in the WBG's portfolio are regularly met, but several challenges throughout the portfolio affect performance: (i) low capacity of procurement officers; (ii) lack of national standard bidding documents that can be used to procure works, goods, and/or services in different specialized areas, with minimum changes; (iii) weak operational practices, such as weak procurement planning, allowing price negotiation that is not regulated under the bidding documents, and weak contract management arrangements, with unclear roles and responsibilities and rejection of bids based on poorly prepared cost estimates; and (iv) bureaucracy that creates delays throughout the procurement process. To overcome these challenges, the World Bank continues to deliver training sessions on its Procurement Framework, on Systematic Tracking of Exchanges in Procurement, and on specific procurement topics, such as evaluation of bids and contract management.

Partnerships

111. ***The WBG will continue to play an active role in the strategic coordination of development partners, while actively supporting the multi-stakeholder country platform led by MOIC.*** Established in 2020 and launched by MOIC, this platform is an important tool in sharing development priorities and facilitating dialogue and coordination with development partners around those priorities. Stakeholder engagement, organized through this mechanism with development partners, civil society, women, and the private sector, contributed to the collaborative design of Egypt's Inclusive Growth for Sustainable Recovery DPF. The WBG will continue to leverage this national platform to consult on its program, while sustaining its active engagement with the long-standing UN-led Development Partners Group, especially at the strategic level through participation in the Executive Committee, and at the technical coordination level through co-chairmanship of relevant Thematic Groups, consistent with CPF sectoral priorities. The World Bank will continue to lead the UN-International Financial Institution Dialogue with the UN Resident Coordinator.

112. ***Partnerships are critical to the WBG's lending program.*** The WBG will sustain efforts to leverage co-financing from bilateral and multilateral development partners to deliver CPF objectives. Partners have expressed interest in providing budget support and policy finance that advances the implementation of the CPF. Under the previous CPF, the WBG portfolio mobilized nearly US\$2.5 billion in co-financing from long-standing and new partners across all lending instruments. Notably, this included US\$1.5 billion from the African Development Bank (AfDB) and an innovative US\$150 million guarantee from the Government of the United Kingdom for the WBG's US\$3.15 billion programmatic DPF, with a joint policy matrix that was fully coordinated with the IMF Extended Fund Facility. A co-financier of the Sustainable Rural Sanitation PforR since 2018, the Asian Infrastructure Investment Bank (AIIB) joined the WBG in the policy space in FY22 as part of the Inclusive Growth for Sustainable Recovery DPF, with a matching commitment of US\$360 million. The WBG is leading development partner support to the new UHIS, with US\$400

million in World Bank-financed IPF using disbursement-linked indicators (DLI) and its supporting ASA serving as a platform for the French development agency (AFD) and Japan International Cooperation Agency (JICA) to provide parallel financing and coordinated technical support. Capitalizing on its convening power, the WBG will systematically explore parallel financing options and guarantees for new operations to deliver results at scale, in alignment with CPF priorities. Joint engagements will particularly be pursued in the context of policy-based and NWE-related operations.

113. ***To support implementation of the lending portfolio and ensure a strong ASA program, the WBG will continue to rely on partnerships with grant-making donors through existing trust funds and umbrella programs.*** Established with the United Kingdom's Foreign, Commonwealth and Development Office in 2017, the Strategic Partnership for Egypt's Inclusive Growth (SPEIG) Trust Fund has supported the delivery of background work for high-quality analytics (Poverty Assessment, Gender Assessment, InfraSAP, CCDR) and targeted, highly customized technical tasks to build capacity in key public entities for the identification and implementation of reforms, many of which were picked up under successive DPFs. The SPEIG TF will remain an important instrument to support the WB's analytical, technical and advisory efforts under the new CPF. IFC will continue to rely on its advisory programs, supported by key donor partners including the Netherlands, Canada, Japan, Denmark, Korea, SECO, the Swedish International Development Cooperation Agency (SIDA), and the United Kingdom, as well as the IFC Support for the G20 Compact with Africa Initiative (ISCA) and the Facility for Investment Climate Advisory Services (FIAS) donors. IFC's cross-sectoral advisory program supports developing and strengthening the financial sector and financial inclusion, enhancing resource efficiency and sustainability, supporting corporate governance and financial management, supporting women, and advancing climate engagement. The WBG is also continuously developing new partnerships. For example, a US\$10 million grant from the SECO, channeled through the Land 2030 Umbrella, will allow the WBG to share global experience with Egypt and develop capacity as the country aims to strengthen its urban and land management framework.

114. ***IFC will continue to rely on its advisory programs, supported by key donor partners.*** These partners include the Netherlands, Canada, Japan, Denmark, Korea, SECO, the Swedish International Development Cooperation Agency (SIDA), and the United Kingdom, as well as the donors involved in the IFC Support for the G20 Compact with Africa Initiative (ISCA) and the Facility for Investment Climate Advisory Services (FIAS). IFC's cross-sectoral advisory program supports efforts to develop and strengthen the financial sector and financial inclusion, enhance resource efficiency and sustainability, support corporate governance and financial management, support women, and advance climate engagement. The WBG is also continuously developing new partnerships. For example, a US\$10 million grant from SECO, channeled through the Land 2030 Umbrella, will allow the WBG to share global experience with Egypt and develop capacity as the country aims to strengthen its urban and land management framework.

IV. MANAGING RISKS TO THE CPF PROGRAM

115. ***The overall risk to the program proposed for the CPF period is assessed as substantial (Table 3).*** The risks that are highly or substantially likely to materialize relate to: (i) political and governance factors; (ii) macroeconomic risks; and (iii) sector strategies and policies.

Table 3. CPF Risk Rating

Systematic Operations Risk Rating Tool	CPF FY23–27
1. Political and governance	S
2. Macroeconomic	H
3. Sector strategies and policies	S
4. Technical design	M
5. Institutional capacity for implementation and sustainability	M
6. Fiduciary	M
7. Environmental and social	M
8. Stakeholders	M
Overall	S

Note: H = high; S = substantial; M = moderate.

116. **Political and governance risks are substantial.** Recent economic developments have raised concerns about the economy’s ability to safeguard the successes of the first wave of economic reforms and to generate sufficient new jobs going forward. Delays in the implementation of further structural reforms enabling private sector investment, job creation, and productivity growth could spill over into deeper economic disruption. Improved governance practices at the sectoral level and a wider institutional framework for the transparency and accountability of public enterprises are key factors in the success of these reforms. The participation of civil society, an important partner in promoting social inclusiveness and fighting corruption, will be critical to help mitigate political and governance risks. In addition, WBG operations and technical assistance will support governance reforms at both the central and subnational levels. Wider and more effective citizen engagement will help to provide feedback on implementation bottlenecks, inform strategic decisions, communicate successes, and manage expectations.

117. **The risk that the macroeconomic policy framework may come under stress during this CPF period is high.** In the shorter term, inflation in Egypt is likely to stay elevated, affecting incomes, purchasing power, and poverty trends; increasing social hardship; and adversely affecting fiscal and external accounts. Such a macroeconomic framework may also limit progress on national projects supported by the WBG, thereby reducing the program’s effectiveness. Measures to mitigate macroeconomic risks include: (i) lending and ASA support, in collaboration with development partners, to advance critical structural reforms and mitigate the distributional implications of such reforms; (ii) continued support to the human capital and social protection agendas, supported by the CPF under HLO 2; and (iii) continued government commitment to fiscal consolidation for fiscal and debt sustainability, supported by the CPF under HLO 3 and Objective 9.

118. **Risks related to sector strategies and policies are substantial.** Given the role of the state in Egypt, the SCD highlights the potential for crowding out private investment. Strengthening the private sector’s contribution to development requires a transformation in the role of state to attract, enable, and retain private investment. Under the previous CPF, a key risk included the level of ambition in shifting to a market-based approach in the energy sector. Five years later, WBG-supported reforms have provided a better enabling environment for the private sector, encouraging the GoE to focus on replicating these successes and strategies in other sectors. Yet failure to adopt sector policies and strategies that support this transformation may constrain the growth of the private sector and its ability to generate job opportunities that meet the needs of Egypt’s growing labor force. The CPF plans to mitigate this risk by working with development partners and the GoE through various instruments to enable and empower the private sector, including through the adoption of private sector-friendly sector policies.

ANNEX 1: Results Framework for Egypt CPF FY23-27

High-Level Outcome 1 (HLO1): More and Better Private Sector Jobs					
The previous CPF was built on three pillars: (1) improved governance; (2) improved private sector job creation; and (3) social inclusion. This HLO takes up the critical agenda covered under the previous pillar 2, given its focus on private sector jobs. There is also some overlap with the previous pillar 1, as this HLO will include some governance-related interventions.					
High-Level Outcome Indicators	Data Source	Current Value			
Proportion of formal private sector (gender disaggregated) in labor force ²⁸	CAPMAS: Labor Force Survey (LFS)	2019 [seeking 2021 data]	Male	Female	Total
			17	10	16
<p>High-Level Outcome Description</p> <p>Rationale: Boosting private sector investment, firm growth, and productivity will be critical to create the number and types of jobs needed in Egypt’s interconnected economy with a rapidly growing youth population. Increased participation in regional and global value chains can be used as a lever to achieve these objectives. This requires a more dynamic environment for business activity, created by addressing unnecessary constraints and unpredictability imposed by the regulatory environment and improving the effectiveness of the judicial sector. Another requirement is to loosen constraints to competition and labor demand in the economy. These constraints arise because markets are protected from external competition and are poorly integrated spatially. Some of the state’s activities can create policy uncertainty and the potential for unfair competition. In infrastructure development, opening up to greater private sector participation could catalyze enhanced service provision and offer a new source of finance to meet the considerable investment needs. This approach is aligned with the government’s strategy of encouraging public-private partnerships (PPPs) and needs to be complemented with wider market opening procedures, for example in gas and electricity markets, and increased contestability in digital infrastructure and water services.</p> <p>WBG engagement: HLO1 focuses on supporting a range of investments and reforms to create a more dynamic business environment through policy reforms and institutional development. Work under HLO1 will be complemented by important contributions to job creation under HLOs 2 and 3, such as improved human capital and resilience to macroeconomic and climate-related shocks.</p> <p>Knowledge gaps: The SCD recognizes that good jobs and incomes are essential elements of economic inclusion that help people escape poverty and create conditions for prosperity that is shared widely. The focus of additional analytical work will be to build on this and the more granular Country Private Sector Diagnostic (CPSD) to unpack this macro assessment and better understand the reforms, institutional changes, and investments needed for private sector job creation. This will include identifying specific reforms to facilitate export growth, options to strengthen performance of state-owned enterprises (SOEs), and publicizing and consulting with stakeholders on sectoral reforms in the areas of infrastructure that will create opportunities for the private sector and improve the well-being of the populace.</p> <p>Associated SDGs: (i) SDG 1 (no poverty); (ii) SDG 5 (gender equality); (iii) SDG 8 (decent work and economic growth); (iv) SDG 9 (industry, innovation, and infrastructure)</p>					

²⁸ Data reflect the proportion of the population aged 15+.

CPF Objective 1. Strengthened Private Sector Environment that Encourages Export Competitiveness

This objective builds on objective 2.1 from the previous CPF, which aimed to create an improved regulatory environment for private investment, as part of Focus Area 2 on improved opportunities for private sector job creation.

Intervention Logic

Rationale: Financial and private sector development are at the heart of the development agenda. The ability to transact, insure, and finance is critical at all levels of the economy, from microenterprises to large firms and government institutions. Inclusive development cannot occur without the creation of sustainable private sector jobs. The climate agenda offers opportunities to enhance competitiveness and exports.

Lessons learned and new knowledge: Interventions draw lessons from the CPSD, which analyzes challenges and highlights opportunities for private sector-led economic development, investment, and job-creating growth. Trade and logistics, and commercial justice, are identified as critical areas in need of reform. The focus for new knowledge will be on a more granular understanding of the reform needs in these three areas.

WBG ongoing and planned support: The CPF will build on previous work undertaken on trade facilitation to support continued improvements in trade logistics, including strengthening the institutional arrangements and reducing non-tariff barriers. CPF support will also work to create a more dynamic business environment by strengthening the quality, development, and implementation of business regulations, including licensing arrangements; boosting firm-level capability and technology adoption as foundational requirements for resilience, inclusion, and competitiveness; and encouraging greater financial engagement, including mobilizing green finance in critical sectors.

Key risks and mitigation: Envisioned reforms may face some challenge from parts of the private sector. To mitigate this risk, the WBG will provide strong analytical support to explain reform objectives and identify potential benefits. Implementation risks associated with the number of government agencies involved will require a strong change management approach. The WBG will mitigate this risk through operational and technical assistance to support reforms.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Objective Indicator 1.1: Average time for release of imports Baseline (2020): 21 days Target (2027): 9 days <i>Source:</i> World Bank survey</p> <p>Objective Indicator 1.2: Private capital mobilized through Catalyzing Entrepreneurship for Job Creation (CEJC) project (W) Baseline (2020/21): US\$5 million Target (2027): US\$89 million</p>	<p>Progress Indicator 1.1: Logistics strategy developed Baseline (2020): No Target (2024): Yes</p> <p>Progress Indicator 1.2. Number of entrepreneurs, including women, receiving financing through CEJC project Baseline (2020): 46,000 (of which 32% women) Target (2024): 67,000 (of which 32% women)</p> <p>Progress Indicator 1.3: Number of private sector companies receiving</p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> - Investments in manufacturing firms including MEG (\$25m), Pasabahce (\$15m) and Globaltronics (\$10m), resulting in increased employment opportunities and promotion of Egypt’s export activities and foreign exchange generation. - Inclusive Growth for Sustainable Recovery DPF - Catalyzing Entrepreneurship for Job Creation - Upper Egypt Local Development Project - Existing MIGA guarantees in the manufacturing sector <p>Financing Pipeline</p> <ul style="list-style-type: none"> - IFC’s Increasing Egypt Accessibility to Regional and Global Markets Project - IFC’s Egypt Textile Value Chain Project - Cairo-Alexandria Trade Logistics Development Project

<p>Objective Indicator 1.3: Improvement in Egypt’s composite score on regulatory governance (<i>G/CE</i>) Baseline (2018): 1.5 Target (2027): 3 <i>Source:</i> World Bank Global Indicators of Regulatory Governance</p> <p>Objective Indicator 1.4: Outstanding SME portfolio (\$) – IFC Baseline (2020): \$800 million (i.e., EGP 24.4 billion as provided by CIB below), as of Dec 2022 Target (2027): \$ 1.5 billion <i>Source:</i> CIB</p>	<p>women’s employment and economic inclusion advisory services Baseline (2021): 0 Target (2025): 4</p>	<ul style="list-style-type: none"> - support manufacturing (including decarbonization and circularity) and infrastructure companies expand and develop their renewable energy business <p>Ongoing ASA</p> <ul style="list-style-type: none"> - IFC’s Increasing Egypt Accessibility to Regional and Global Markets Project (605391) - IFC’s Egypt Textile Value Chain Project - Egypt Women’s Employment Project - IFC’s Women, Business, and the Law project (604817) - Unlocking Private Sector Potential in Egypt - MSMEs facility 2.0 <p>ASA Pipeline Egypt2Inclusion Advisory Project</p>
<p>CPF Objective 2. Strengthened Competition on a Level Playing Field with State-Owned Enterprises</p>		
<p>Work under this objective will build on past efforts to enhance competition as part of both the governance and private sector job creation focus areas of the previous CPF, while the additional focus on state-owned enterprises follows from a key recommendation of the Country Private Sector Diagnostic.</p>		
<p>Intervention Logic</p> <p>Rationale: Achieving sufficient job creation will require a more level playing field for competition. Enhanced competition helps promote productivity, which is critical to export competitiveness and job creation. In sectors where the state has an ownership interest, private sector concerns about unfair competition may dissuade investment and reduce productivity.</p> <p>Lessons learned and new knowledge: Interventions draw lessons from the CPSD, which analyzes challenges and highlights opportunities for private sector-led economic development, investment, and job-creating growth. Competition and the role of the state are identified as critical areas in need of reform. The SCD indicates that SOE reform is essential to ensuring private sector-led, sustainable job creation.</p> <p>WBG ongoing and planned support: The CPF will support regulatory and institutional reforms to enhance competition within the private sector, focusing on both sector-specific and cross cutting reforms to encourage contestability in the economy. Building on the CPSD and technical engagement with the economic ministries, the government has initiated a reform agenda to improve SOE performance and reduce disincentives to private sector development in sectors where SOEs are operating. The CPF will support the agenda to put SOEs on a level playing field with private sector competitors by encouraging a transparent ownership policy that sets out the rationale and strategic objectives of state ownership and how it will be implemented, together with reforms that bring regulatory arrangements for these entities in line with those of private sector competitors. It will encourage additional corporate governance reforms and institutional developments that enhance oversight and transparency of the financial operations of SOEs and Economic Authorities.</p> <p>Key risks and mitigation: There are implementation risks in revising arrangements for SOE ownership and strengthening competition. To mitigate these risks, the WBG will share international experience with similar reforms and provide operational support for strengthening competition and relevant oversight agencies. The WBG will also look to provide technical support and capacity building through operational and technical engagements.</p>		
<p>CPF Objective Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>

<p>Objective Indicator 2.1: Number of anti-competitive practices addressed by Egyptian Competition Authority (<i>G/CE</i>) Baseline (2021): 128 Target (2026): 378 <i>Source:</i> ECA statistics</p> <p>Objective Indicator 2.2: Further separation of ownership and regulatory functions in water, ICT, non-bank financial services and electricity among others by ensuring independence and separation of chairs of regulatory boards from the ownership ministry (<i>G/CE</i>) Baseline (2020): 0 Target (2026): 3 <i>Source:</i> World Bank assessment</p>	<p>Progress Indicator 2.1: Secondary regulations issued for the mergers and acquisition control Baseline (2020): No Target (2024): Yes</p> <p>Progress Indicator 2.2: SOE state ownership policy issued and publicly available Baseline (2020): No Target (2024): Yes</p> <p>Progress Indicator 2.3: Central Bank Competition Regulation issued enacted. Baseline (2020): No Target (2024): Yes</p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> - Inclusive Growth for Sustainable Recovery DPF - MIGA guarantees in the manufacturing sector <p>Ongoing ASA</p> <ul style="list-style-type: none"> - Unlocking Private Sector Potential in Egypt - MSMEs facility 2.0 - Strengthening Public Finance, Administration and Accountability for Improved Service Delivery (TA on SOE oversight and governance) - CBE support for competition regulation <p>ASA Pipeline</p> <ul style="list-style-type: none"> - Poverty assessment
<p>CPF Objective 3. Expanded Infrastructure through Greater Private Sector Participation</p>		
<p>This objective builds on the previous CPF’s focus on opportunities for job creation, within which improvements in energy supply and efficiency and improvements in rail efficiency and safety were objectives. The intention is to move forward more broadly on private sector-led infrastructure development and operation.</p>		
<p>Intervention Logic</p> <p>Rationale: High-quality, resilient infrastructure is a key component in enabling private sector-led growth and job creation while reducing the potential costs associated with rehabilitation and reconstruction efforts over time. Facilitating the development of a green economy can generate growth and improve lives in ways that are consistent with sustainable development. Improving regional multimodal connectivity that leverages cleaner modes of transport, such as rail and e-vehicles, can contribute to strengthening competitiveness. Upgrading rail infrastructure, developing ports, and strengthening port efficiency can help strengthen regional integration with the global supply chain. Dry ports have proven to have a positive effect on the efficiency of the transport and logistics chain, particularly those located at a significant distance from a seaport, help reduce transportation costs and total transit time. Providing the enabling environment for private sector participation in railway freight logistics is necessary for efficient connectivity and to facilitate international trade, while also creating private sector jobs. Digital infrastructure is needed to build a solid foundation that fosters innovation and fuels the digital economy to transform the public and private sectors, generate sustainable job opportunities, and improve quality of life. It is pivotal for Egypt to prioritize reforms to strengthen competition in fixed/ultrafast broadband markets and facilitate private sector investment in fiber optic infrastructure and large-scale green datacenters.</p> <p>Lessons learned and new knowledge: Interventions draw lessons from the CPSD, which highlights the importance of designing and implementing an integrated multimodal transport strategy, introducing a transparent bidding process for concessions, and improving the efficiency and quality of road transport services. Egypt is upgrading its transport regulatory framework to promote and allow private sector participation. On April 2, 2018, for example,</p>		

the government issued Law 20/2018, an update to the sector-specific Law 149/2006 for railways that allows Egyptian National Railways (ENR) to seek direct participation by private investors in developing the railway system, for example through concessions. The law introduced several key amendments: (i) ending ENR’s monopoly on the establishment, management, operation, and maintenance of railway networks; (ii) broadening the ENR concession-based system to allow much broader private sector engagement; and (iii) limiting the concession period to 15 years. These reforms are groundbreaking considering that ENR had never allowed private sector participation in the sector since its inception in 1834.²⁹ However, the private sector has yet to invest in existing railways operated by ENR. Further reforms are needed to level the playing field to promote private sector participation, including the adoption of successful railway reforms in Europe that introduced the Public Sector Obligation, the Multi-Annual Infrastructure Contract, and the Infrastructure Access Charge.

WBG ongoing and planned support: Building on the analysis in the CPSD and earlier experience in the renewable energy area, the CPF will support the implementation of reforms to improve the commercial viability of the infrastructure sector, a critical step in making private sector investment sustainable. The CPF will also support improvements to the legal and institutional arrangements for public-private partnerships to encourage the strongest firms to invest; improved access to land, including through modernization of land registration systems; and adoption of green technology, together with training and job opportunities. The ongoing Egypt National Railways Restructuring Project supports the government and ENR to improve the reliability, efficiency, and safety of railway services by modernizing signals and investing in new tracks.. Finally, the CPF will also support the implementation of energy market reforms, expansion of regional interconnection to enable increased share of renewable energy projects, and decarbonization of energy sectors to reduce the carbon footprint of goods and services produced in Egypt and increase its competitiveness. It will also support reform of the water and wastewater sector that will create a conducive environment for private investment in desalination and wastewater management plants.

Key risks and mitigation: Reforms to encourage private sector participation in infrastructure investment carry both implementation and financing risks. The WBG will use analytical and operational engagements to assist with necessary sectoral reforms and capacity building to mitigate implementation risks. To mitigate the financing risk, the WBG will share advice on innovative financing options and the IFC will play an active role in exploring and supporting investment opportunities. The grace period for implementation of electricity market reforms stipulated by the electricity law was recently extended, which may relieve the urgency of implementation actions. However, many steps have already been taken, and the government has requested World Bank support with the implementation of market reforms and technical assistance on expanding the regional interconnection.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Objective Indicator 3.1: Number of PPP contracts signed during CPF period Baseline (2017-21): 2 Target (2022-26): [PPP unit to advise] <i>Source:</i> PPP unit</p> <p>Objective Indicator 3.2: Increase in renewable energy generation Baseline (2020): 23,700 GWh Target (2026): 34,000 GWh <i>Source:</i> EEHC</p>	<p>Progress Indicator 3.1: Inaugural “list of projects to be implemented as PPPs” issued by interministerial committee Baseline (2020): No Target (2024): Yes</p> <p>Progress Indicator 3.2: Installed capacity of renewable energy projects under construction Baseline (2020): 1,450 MW Target (2025): 3,500 MW</p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> - IFC investment in Metito Utilities (\$20m) (644330) - Green, Inclusive and Resilience DPF - Railway Improvement and Safety for Egypt Project (P175137) - MIGA guarantees to a portfolio of Egypt FiT solar projects and a wind power project - SECI ARC (37580) - Phoenix Power 1 (37591) - Alcazar Egypt (37633)

²⁹ <https://www.sharkawylaw.com/egypts-national-railway-is-now-open-for-business-with-the-private-sector/>.

<p>Objective Indicator 3.3: Private sector investment in water and wastewater projects (including water treatment, desalination, and wastewater treatment), as measured by number of plants in operation Baseline (2020): 1 Target (2026): 10 <i>Source:</i> GoE</p> <p>Objective Indicator 3.4: One multiannual infrastructure contract and one public service obligations contract signed Baseline (2021): 0 Target (2026): 2 <i>Source:</i> Egypt National Railway</p>	<p>Progress Indicator 3.3: Water and sanitation sector strategy in place Baseline (2020): No Target (2024): Yes</p> <p>Progress Indicator 3.4: Power generation (GWh produced through IFC investees) Baseline (2020): 0 Target (2026): 2,700</p>	<ul style="list-style-type: none"> - Delta Solar Egypt (37636) - Acciona Benban 1 (39729) - Acciona Benban 2 (39995) - Acciona Benban 3 (39997) - SECI Arianna (40019) - SP Infra Solar (39728) - TAQA Arabia Solar (37637) - SECI Winnergy (37713) - Alcazar Solar 3 (40386) - Alcazar Solar 4 (40390) - Lekela Wind Farm - Abydos Solar Power - Amunet Wind Power <p>Financing Pipeline</p> <ul style="list-style-type: none"> - Cairo-Alexandria Trade Logistics Development Project - Greater Cairo Green and Inclusive Public Transport Project - Electricity Decarbonization project - Energy transition support project - IFC’s PPP desalination project - IFC investments <p>Ongoing ASA</p> <ul style="list-style-type: none"> - Egypt Local Competitiveness and Livability ASA (P177334) - Greater Cairo Region Mobility Assessment and Public Transport Improvement Study (P161986) - Unlocking the Electric Mobility Development Potential in the MENA Region (Egypt component, P170546) - Economic Impacts Of Women (Lack Of) Mobility In The MNA Region (P173066) - (PPP support, headed by IPG) - Water sector reform assessment <p>ASA Pipeline</p> <ul style="list-style-type: none"> - Regional Railway Connectivity in MENA: Between GCC and Mashreq countries and beyond (P178510)
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High-Level Outcome 2 (HLO2): Enhanced Human Capital Outcomes		
<p>The previous CPF supported human capital under two of the three closely interconnected focus areas: (i) improved governance (focus area 1, objective 1.4), and (ii) social inclusion (focus area 3, objectives 3.1, 3.2, and 3.6). The 2019 CLR, in support of an adjusted CPF, highlighted the need to step up WBG support to the human capital agenda on health, education, and social safety nets, where ambitious reforms and significant operations were underway. This approach responds to the government’s “Egypt Takes Off” program, which includes “promoting human development” as a core focus area.</p>		
High-Level Outcome Indicators	Data Source	Current Value
Geographical gap in Human Development Index	Central Agency for Public Mobilization and Statistics (CAPMAS)	0.086
Total fertility rate ³⁰	CAPMAS/ MOH	2.85
Female labor force participation ²²	CAPMAS	14.3%
<p>High-Level Outcome Description</p> <p>Rationale: Egypt’s Human Capital Index (HCI) is lower than the average for the Middle East and North Africa (MENA) region, although slightly higher than the average for lower-middle-income countries. Gender inequities exacerbate existing gaps. Improvement in the HCI will require adequate, efficient, and effective public investment to strengthen human capital and improve service delivery, especially in rural areas and lagging regions, and human capital utilization. Focussed investments will be particularly important in light of the COVID-19 pandemic, which has reversed gains and underscored stark service delivery inequities, including spatially. This HLO is consistent with Egypt’s centering on human development as a core element of its strategic vision for inclusive and sustainable development.</p> <p>WBG engagement: Interventions, as described under the CPF objectives, aim to improve: (i) access to inclusive quality basic education and higher education and to an integrated, accessible, high quality, healthcare system as well as population-based programs that support achievement of the demographic dividend and (ii) Enhanced access to basic services, including gas, housing.</p> <p>Knowledge gaps: The SCD recognizes that human capital accumulation and protection in health, education, and social safety nets is central to Egypt’s growth pathways. For education and higher education, there is lack of data linking learning outcomes to planning and budgeting that would potentially be addressed under follow-up ASA to the Human Development (HD) PER.</p> <p>Associated SDGs: (i) SDG 1 (no poverty); (ii) SDG 3 (good health and well-being); (iii) SDG 4 (quality education); (iv) SDG 5 (gender equality); (v) SDG 8 (decent work and economic growth); (vi) SDG 10 (reduced inequalities); and (vii) SDG 17 (partnerships for the goals).</p>		
CPF Objective 4. Improved Health and Education Outcomes		
This objective corresponds to the health and education objective areas under Focus Area 3 on Inclusion under the previous CPF.		
<p>Intervention Logic</p> <p>Rationale: Egypt needs improved health and education for a sustainable growth path. Early childhood development, sets the path for human capital accumulation and subsequent productivity growth, including access to quality Kindergarten that improves children’s school readiness and education attainment, which would be reflected in their ability to read and comprehend (learning poverty). Progress in reproductive, maternal, child, and adolescent health, well-being, and nutrition are key factors in harnessing the benefits of education and are central in the health, nutrition and population agenda.</p>		

³⁰ Central Agency for Public Mobilization and Statistics. 2022. *Egypt Family Health Survey 2021*. Cairo, Egypt.

High population growth, longer life expectancy, and rising rates of non-communicable disease increase demand for good-quality, affordable health services. Further, population level demand and supply interventions will be required to induce behavioral change in accessing family planning services and boosting the contraceptive prevalence rate in child-bearing aged women. Education is one of the most powerful instruments in building a dynamic private sector that generates growth and jobs, including green skills transition, and in promoting increased female labor force participation. Addressing poor-quality learning outcomes at all levels of the education system is a strategic priority for the GoE.

Lessons learned and new knowledge: Recent ASA on “The Economic Impact of Population Growth in Egypt” highlights two key findings: (i) Egypt’s inability to cash in a demographic dividend through rising incomes and savings (which would, in turn, finance investment) is a major loss for the country; and (ii) unequal female participation in labor markets is a key element of social exclusion. On the *education* side, the recently completed HD PER points to the need to leverage further existing public spending through efficiency and effectiveness gains to support progress on learning, as well as to carefully planned for additional investment necessary to absorb rapidly increasing enrolments and further improve the quality of education.

WBG ongoing and planned support: To promote human capital accumulation and support Egypt’s multisectoral, multipronged efforts to achieve its demographic dividend for accelerated economic growth, the CPF will continue ongoing support to address significant challenges faced by the health, population, and education systems. The CPF will continue ongoing support to improve access to inclusive, good-quality basic and higher education. It will do so by supporting improved school readiness and investments in raising KG quality, teaching and learning practices, and measurement of learning outcomes in basic education. On higher education, the CPF will explore options to strengthen the quality of higher education programs in priority areas to align with labor market demands, including green and blue economies, digital skills, and medical education. In addition, on health, the CPF will support Egypt in addressing the multiple challenges that affect the ability of the health system to meet the rising demands of the population.

Key risks and mitigation: The scale and nature of the health and education reforms require strong institutional capacity, including to manage change, as well as a buy-in from beneficiaries and communities at large. Targeted technical assistance and funding will be provided to strengthen institutional capacity to implement basic and higher education reforms, with a focus on teaching practices and learning assessment, as well as on change management, monitoring and communications-risks related to the fiscal sustainability of ongoing education reforms (at the basic and higher education levels) will be mitigated by leveraging the findings of the HD PER and engaging in a forward-looking dialogue on the case for continued investment in human capital, with a strengthened focus on equity, effectiveness, and efficiency.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Objective Indicator 4.1: Learning poverty (disaggregated by gender) Baseline (2020): 70 percent (74.1% for boys, and 64.9% for girls) Target (2027): 68 percent (72% for boys, and 63% for girls) <i>Source:</i> World Bank and UHI</p> <p>Objective Indicator 4.2: Percentage of population covered by a good-quality, affordable package of comprehensive</p>	<p>Progress Indicator 4.1: Kindergarten quality assurance system applied to public kindergartens Baseline (2021): Kindergarten quality assurance system being developed Target (2024): Kindergarten quality assurance system applied <i>Source:</i> MOETE</p> <p>Progress Indicator 4.2: Grade 4 national assessment scores for literacy and numeracy</p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> - Supporting Egypt Education Reform Project (P157809) - Transforming Egypt’s Healthcare system project (US\$530 million) - COVID-19 Response Project (US\$50 million) - Supporting Egypt’s Universal Health Insurance project (US\$400 million) - IFC investments in hospitals, clinics and labs including Humania (US\$150 million), Integrated Diagnostic Holdings (US\$80 million) and Hikma (US\$20 million) <p>Financing Pipeline</p>

<p>(preventive, primary, secondary, and tertiary) health services Baseline (2020): 1.9% Target (2027): 45% <i>Source:</i> GOE data (verified and compiled by independent sources and World Bank)</p>	<p>Baseline (2021): for the beginner level (have not acquired grade 4 competencies): 47% of students for literacy (48% for females, 47% for males), and 49% of students for numeracy (47% for females and 49% for males). <i>Source:</i> MOETE</p> <p>Progress Indicator 4.3: Number of vulnerable people enrolled with UHIA and empaneled with a doctor Baseline (2021): Zero Target (2024): 2,620,584 <i>Source:</i> UHIA</p> <p>Progress Indicator 4.4: Contraceptive prevalence (W) Baseline (2021): 58 percent Target (2025): 70 percent <i>Source:</i> CAPMAS; nationally representative surveys</p> <p>Progress Indicator 4.5: Patients served (Number through IFC investees) Baseline (2020): 7.7 million Target (2025): 13 million GOE data (verified and compiled by independent sources and World Bank Group)</p>	<ul style="list-style-type: none"> - CPSD Deep Dive on Healthcare sector in Egypt - IFC to implement quality advisory program - IFC to improve efficiency and productivity of pharma sector clients - Potential IBRD project in education <p>Ongoing ASA</p> <ul style="list-style-type: none"> - Medical Education Policy note ((led by the Education GP) - Supporting COVID TA Activities - - Strengthening Operational and Legislative Frameworks for Addressing Gender Based Violence (P178281) - Advancing Human Capital in Egypt - Technical Assistance for Egypt’s Universal Health Insurance System. - IFC (with IBRD) support to contracting by UHIA with private sector - Healthcare financing reforms: e.g., SSB taxes <p>ASA Pipeline</p> <ul style="list-style-type: none"> - ASA on Higher Education (placeholder) - IFC’s Applied Technology Schools (ATS) Program to prepare youth graduates from TVET schools with the relevant skills for the marketplace. - IFC’s Early Childhood Care and Education - Healthcare services planning - Public health preparedness - Egypt UHIS Governance and Institutional Capacity Building. - IFC to implement quality advisory program <ul style="list-style-type: none"> - IFC to improve efficiency and productivity of pharma sector clients. - Strengthening Operational and Legislative Frameworks for Addressing Gender Based Violence (P178281)
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		- IFC Egypt Women’s Employment Project (ending in December 2022) followed by Egypt2Inclusion Advisory Project (starting in FY22)
CPF Objective 5. Enhanced Inclusion through More Equitable Delivery of Key Services		
This is a new CPF objective area		
Intervention Logic		
<p>Rationale: There are large spatial inequalities in service delivery, with indicators in Upper Egypt lagging behind those in other parts of the country. A growing population and rapid spatial expansion further strain sustainability and inclusion as increased demand for housing needs and basic infrastructure goes unmet. Limited access to water supply, sanitation, and other basic services—especially in rural areas—hinders human development outcomes, deepens regional disparities, and puts a strain on limited resources. Egypt low freshwater availability and poor water quality challenges are deepened by poor rural sanitation. Since the rural areas of Upper Egypt and Lower Egypt governorates are home to a disproportionate share of those living in poverty, weak services connectivity in these areas translates into a higher share of poor people without access to basic services.</p> <p>Lessons learned and new knowledge: Focused and coordinated investments are increasingly important considering the COVID-19 pandemic, which has slowed gains and underscored service delivery inequities. Interventions draw lessons from the CCDD and the CPSD.</p> <p>WBG ongoing and planned support: The CPF will continue to support ongoing investments with the aim of enhancing service delivery: (1) the Upper Egypt Local Development Program for Results is improving local government capacity for delivering good-quality infrastructure and services to citizens and local firms in four of Egypt’s poorest governorates—Qena, Sohag, Minya, and Assuit—which have a combined population of around 20 million inhabitants; (2) the Sustainable Rural Sanitation Services Program will bring sanitation to about 1.73 million people in highly polluted villages and satellite areas of Sharkia, Dakahliya, Beheira, Menoufia, Damietta, and Gharbia governorates in the Nile Delta, through household connections and wastewater treatment facilities; (3) the Inclusive Housing Finance Program-for-Results aims to improve the affordability of formal housing for low-income households in Egypt and to strengthen the Social Housing and Mortgage Finance Fund’s capacity to design policies and coordinate programs in the social housing sector; and (4) the Catalyzing Entrepreneurship for Job Creation Project, which aims to create jobs and improve economic opportunities for Egyptians, with a focus on women and youth. Going forward, the CPF will place a premium on supporting the Hayat Karima rural development program and ensuring the sustainability of its intended outcomes by advancing needed institutional, planning, and fiscal reforms to strengthen local government capacity, enhance local competitiveness, and improve engagement with the community and poor and vulnerable households, particularly in rural areas.</p> <p>Key risks and mitigation: The scale and nature of the interventions require strong institutional capacity including in the targeted governorates, including to manage change, as well as a buy-in from beneficiaries and communities at large. Projects have strong community engagement components as well as technical assistance.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Objective Indicator 5.1: Number of people and businesses, including women and women-owned businesses, in targeted governorates benefiting from improved	Progress Indicator 5.1: New functioning household connections to working sanitation systems (with percentage in satellite areas)	Ongoing Financing <ul style="list-style-type: none"> - Sustainable Rural Sanitation Services PforR (P154112) - Household Natural Gas connection (P146007)

<p>access to good-quality infrastructure and services under the UELDP project (W) Baseline (2022): 5,708,000 Target (2024): 6,500,000 <i>Source:</i> World Bank teams</p> <p>Of which percentage of female beneficiaries Baseline (2022): 49% Target (2024): 50%</p> <p>Objective Indicator 5.2: Percentage of people expressing satisfaction with quality of infrastructure and services provided in program governorates (G/CE,) Baseline (2022): 30 Target (2027): 70 <i>Source:</i> World Bank team</p> <p>Objective Indicator 5.3: People provided with improved sanitation facilities under the World Bank Project Baseline (2020): 331,777 Target (2027):1,726,665 <i>Source:</i> World Bank team</p> <p>Objective Indicator 5.4: Number of targeted households accessing ownership and rental housing units with support from the Affordable Housing Project (of which female) (W) Baseline (2022): 431,774 Target (2025): 1,052,400 <i>Source:</i> World Bank team</p>	<p>Baseline (2022): 81,279 Target (2025): 345,317 GOE data</p> <p>Progress Indicator 5.2: Number of households participating in rental subsidy program Baseline (2022): 2,394 Target (2025): 102,400 GOE data</p>	<ul style="list-style-type: none"> - Upper Egypt Local Development (UELDP) PforR (P157395) - MIGA guarantees to a portfolio of Egypt FiT solar projects and a wind power project <p>Financing Pipeline</p> <ul style="list-style-type: none"> - Improved Management of e-waste and Healthcare waste to reduce emissions and persistent organic pollutants (POPs grant) (P176688) - EG- Sustainable Rural Sanitation (P154201) <p>Ongoing ASA</p> <ul style="list-style-type: none"> - EG- Sustainable Rural Sanitation (P154201) - Clean Tech Entrepreneurship & Market Creation - Banque Misr <p>ASA Pipeline</p> <ul style="list-style-type: none"> - Egypt Sustainable cities review (FY23)
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Of which percentage women Baseline (2022): 22.42 Target (2025): 24		
CPF Objective 6. Strengthened Systems to Promote Inclusive, Efficient, and Effective Social Protection Programs		
This is a new objective area. In the previous CPF key services were under Focus Area 2 and 3.		
<p>Intervention Logic</p> <p>Rationale: Strengthening social protection systems continues to be an important priority for Egypt, especially in view of high poverty rates, enduring spatial disparities, post COVID-19 recovery efforts, and Egypt’s climate vulnerability. These challenges underpin the need for a modern and adaptive social protection (SP) system that is targeted, inclusive, and accessible to those who need it, when they need it. The COVID-19 pandemic has also exposed that the SP system is not fully prepared for crisis and needs to be better adapted to respond to shocks/new risks (for example, the informal sector was excluded from coverage and many poor/vulnerable segments of the population are still not covered under the existing conditional cash transfer program). The SP system remains fragmented, highlighting the need for: (a) better targeting/coordination to shift toward a more integrated and adaptive social safety net system that would align with a national SP strategy, and (b) improved inclusion to ensure that more vulnerable people are covered and protected against various risks throughout their life cycle, including poverty, unemployment, income loss, and climate vulnerability and so on, while also promoting human capital accumulation.</p> <p>Lessons learned and new knowledge: The COVID-19 pandemic highlighted coverage gaps among poor and vulnerable groups and the need to extend social insurance coverage to irregular workers, who have been disproportionately affected by the economic repercussions arising from the crisis. The pandemic and the war in Ukraine have also shown that having a strong delivery system, as exists under the Takaful and Karama cash transfer program (TKP), enables a crucial immediate response to shocks. Nevertheless, there is room to further strengthen institutional arrangements and delivery systems to enhance implementation effectiveness and efficiency, as well as capacity for scaling-up cash plus interventions and adaptability to future shocks. This should include expanded use of digital technologies, most notably digital payments (such as e-wallets), to enhance delivery and financial inclusion. Finally, Egypt’s efforts to establish a robust social registry (which helped the Ministry of Social Solidarity (MOSS) launch several cash plus interventions) and the Unified National Registry (UNR) have proven to be a pivotal component of the SP architecture. As such, there is a need to further develop and leverage the UNR to enhance the targeting and performance of the SP system in Egypt, including ongoing reform efforts to improve targeting of food subsidies where there is huge leakage.</p> <p>WBG ongoing and planned support:</p> <ul style="list-style-type: none"> • The World Bank’s ongoing operation, Strengthening Social Safety Nets Project, supports the rollout of the TKP and pilot implementation of an economic inclusion program, FORSA, which aims to serve as a pathway for graduation from TKP by enhancing the economic resilience and financial independence of beneficiaries. FORSA beneficiaries are supported through two main tracks: (a) facilitating access to wage employment, or (b) facilitating access to self-employment through asset transfer and enhancing linkages to value chains and markets. Services offered will include coaching, technical training, financial literacy training, and efforts to promoting financial inclusion and savings among beneficiaries. • The World Bank will continue support to the Administrative Control Authority (ACA), responsible for validating the accuracy of UNR data and reviewing targeting criteria to ensure synergy between ACA classifications and the Household Income, Expenditure, and Consumption Survey. 		

- Following recommendations of the HD PER and leveraging the data in the UNR, the World Bank will continue to support Ministry of Supply and Internal Trade in the area of **food subsidy reform**
- The World Bank will continue to support the National Organization for Social Insurance to **modernize the social insurance system including addressing the protection of casual/informal workers**. Current support is in the form of TA, but an operation could be plausible, upon government request.
- On the gender front, the World Bank team has a longstanding engagement with the GoE on promoting gender equality and empowerment. Work carried out under the **Gender Assessment ASA** (P161286) provided the analytical underpinnings for future operations, leading to the inclusion of a gender pillar under the Egypt Inclusive Growth for Sustainable Recovery project (P171311).
- The World Bank is exploring potential support for implementation of the **social investment track of the Hayat Karima program**.

Key risks and mitigation: Reform of the SP system may take time, given various challenges and competing priorities, and the decision-making trade-offs the government may need to make in view of limited fiscal space. The World Bank can provide support through relevant TA and analytical work to support evidence-based decision making, help accelerate reform efforts, and help create the needed fiscal space to expand SP coverage. Hayat Karima’s institutional framework is expected to be complex, as already evidenced by the multitude of entities involved (including government institutions, the private sector, civil society, and development partners). The WBG will mitigate these risks by focusing on entry points (with MOSS) where there are already ongoing interventions (packaged/branded as support to Hayat Karima). With regard to gender, the barriers to greater inclusiveness are complex and interlinked, as clarified in the 2019 *Women Economic Empowerment Study*. The ongoing review of gender and social norms will shed light on some of the deeply rooted perceptions and attitudes that can hold back women’s access to jobs.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Objective Indicator 6.1: Number of beneficiaries covered by cash transfer programs and cash-plus interventions, disaggregated by gender and geographic location (W) Baseline (2021): 3.44 million households, 75% of which are headed by women and 67% of beneficiaries are in poorest governorates in Upper Egypt Target (2027): 4.6 million households <i>Source:</i> Ministry of Social Solidarity</p> <p>Objective Indicator 6.2: Number of beneficiaries graduating from cash transfer programs and into economic inclusion interventions (FORSA program) Baseline (2021): 0 Target (2027): 50,000</p>	<p>Progress Indicator 6.1: UNR database validated and leveraged to improve targeting of the food subsidy program to allow for scenarios/simulations tested Baseline: 114 databases are connected under the Unified National Registry (UNR), including 62 main databases. Target: to reach up to 120+ databases <i>Source:</i> The Administrative Control Authority (ACA)</p> <p>Progress Indicator 6.2: Building on the Bank’s HD PER recommendations, and benchmarking to international experiences developing an Adaptive and Integrated Social Protection White Paper/Strategy covering all vulnerable groups including casual/irregular workers to ensure all</p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> - P145699 - Strengthening Social Safety Net Project and Additional Financing Total IPF Loan \$900m (two loans: #IBRD 8496-EG & #IBRD 89970-EG) <p>Financing Pipeline</p> <p>Takaful and Karama Cash Transfer Expansion and Systems Building Project (179665)</p> <p>Ongoing ASA</p> <ul style="list-style-type: none"> - Support to ACA’s Unified National Registry (UNR) - Support to Ministry of Supply and Internal Trade in food subsidy reform - Support to MOSS and MOSIT in developing an Adaptive, comprehensive, and Integrated SP Paper/Strategy - TA for NOSI on pensions reform - IFC’s Women Banking Champions Program - New Programmatic Gender ASA

<p><i>Source:</i> Ministry of Social Solidarity</p> <p>Objective Indicator 6.3: Pilot one-stop shop on merging of public and private pension fund implemented Baseline (2021): No Target (2025): Pilot rolled out and tested <i>Source:</i> NOSI</p> <p>Objective Indicator 6.4: New eligibility criteria for better targeting of the food subsidy program developed, drawing on the validated Unified National Registry (UNR) Baseline (2018): 73 million receiving bread subsidies and 64 million receiving food subsidies with no clear eligibility criteria for inclusion or exclusion Target (2025): New eligibility criteria introduced and applied to improve targeting of the food subsidy program Source: MOSIT</p>	<p>people are covered throughout their lifecycle with efficient, effective and integrated social protection programs Baseline: No Integrated SP Strategy (White Paper) Target: SP Strategy (White Paper) Prepared <i>Source:</i> Ministry of Social Solidarity and Ministry of Supply and Internal Trade</p>	<p>ASA Pipeline</p> <ul style="list-style-type: none"> - TA to support social protection policies and reform, including nexus of social protection and climate change
<p>High-Level Outcome 3 (HLO3): Improved Resilience to Shocks</p> <p>The previous CPF did not explicitly recognize the need for macro resilience, although macroeconomic issues were included as part of the focus area on governance. The previous CPF did recognize that achieving long-term environmental sustainability would be critical to Egypt’s economic development and inclusion goals and the challenges that climate change would bring by exacerbating existing vulnerabilities. It did not focus specifically on climate resilience, however. HLO3 directly responds to Egypt’s climate vulnerabilities and their intersection with development challenges, as well as contributing to efforts to strengthen alignment with WBG corporate commitments on addressing climate change in alignment with CCDD recommendations.</p>		
<p>High-Level Outcome Indicators</p>	<p>Data Source</p>	<p>Current Value</p>
<p>Government Debt as a Percentage of GDP</p>	<p>Ministry of Finance</p>	<p>End of Fiscal Year 2022: 95 percent of GDP</p>
<p>Number of people with reduced exposure to climate risks, pollution, and natural disasters</p>	<p>WB team calculations, drawing from Resilience Inclusion Sustainable and Efficiency (RISE) benchmarking indicators using global and national data sources (CAPMAS and MOPED)</p>	<p>Baseline: 0 Target: TBD</p>
<p>High-Level Outcome Description</p>		

Rationale: Egypt is highly vulnerable to macroeconomic shocks. The SCD identifies the importance of a stable macroeconomic environment for economic growth and poverty reduction. Improving public sector spending efficiency and strengthening macroeconomic resilience is a top priority for promoting growth given the significant role the government plays in the Egyptian economy. Macroeconomic stability is not only good for the private sector; it also helps protect people’s purchasing power (via contained inflation). Russia’s invasion of Ukraine underscores the need to alleviate the fiscal and socioeconomic impacts in Egypt of soaring international prices, and monetary tightening, all of which are driving up the cost of government purchases, subsidies, and interest payments. Russia’s invasion of Ukraine, underlies the need for macro resilience. Egypt is the largest wheat importer with a subsidized bread program serving some 70 million people (two-thirds of the population). Given the concentrated nature of Egypt’s trade and tourism relations with Russia and Ukraine, the size of foreign currency outflows has been large.

Egypt is also highly vulnerable to climate change impacts, particularly increased variability in rainfall, prolonged drought, rising sea levels, and other natural hazards. Limited water availability is already a prime risk for the country’s resilience, and Egypt is considered one of the most water-stressed countries in the world. Climate change will slow productivity growth in agriculture, further amplifying Egypt’s reliance on imports of food to attain food security for its rapidly growing population. In addition, heat waves, sand and dust storms, and flash flooding in coastal areas are on the rise (World Bank 2021a) and deaths attributable to climate change, including heat-related concerns and infectious diseases, are projected rise to 15.2% by 2050 (WHO, 2015).

WBG engagement: Interventions will include a combination of ongoing and planned financing and ongoing/planned ASAs. The Emergency Food Security and Resilience Support Program is a key component. On the macroeconomic issues there will be a continual analytical engagement to improve fiscal management, debt management and to strengthen the oversight and financial performance of SOEs. Efforts to enhance resilience to climate change will include activities that contribute to improved natural resource use and management; strengthening of institutions at national, regional and local levels for climate change adaptation and mitigation; improvements in financing to address climate vulnerabilities through green financing and financing green; and efforts to reduce emissions. The Egypt Sustainable Cities Review focuses on enhancing long-term resilience and sustainability in cities, where over 50 percent of the population lives. The work under this pillar will also support improved natural resource management tackling inefficiencies in resource use, including water, land, and environmental assets through both ASAs and financing. The CPF will support capacity and institution building including for climate change mitigation and adaptation. Improved opportunities for greening finance and financing green will be achieved through support to lay down the foundations for financial, regulatory, and incentive mechanisms that can help GoE reach its climate targets, including through upgrading rail connections for low-carbon transport and strengthening private sector participation in railway freight logistics. Finally, the transition to a low-carbon economy will be supported through a focus on reducing emissions—particularly in highly emitting sectors such as energy, transport, and industry—and making use of technology, finance, and capacity building in relevant sectors. Resilience will also be enhanced by strengthening and expanding regional interconnections with neighboring energy grids.

Knowledge gaps: The SCD recognizes the need for improved public sector spending efficiency as a pathway to enhanced macro resilience. Analytical work will focus on identifying opportunities to strengthen the budget management systems along with improved spending programs at the sector level. The SCD also sees climate change as a threat multiplier, exacerbating vulnerabilities and risks to economic, social, and political stability. The CCDR points at key areas for priority actions for adaptation and mitigation, but deeper understanding of sector specific priorities and policy changes is needed, for example in the Agricultural Sector, where embedding climate on sectoral reforms will be key for building climate resilience.

Associated SDGs: (i) **SDG2** (no hunger); (ii) **SDG3** (good health and well-being); (iii) **SDG6** (clean water and sanitation); (iv) **SDG7** (affordable and clean energy); (v) **SDG9** (industry, innovation and infrastructure); (vi) **SDG11** (sustainable cities and communities); and (vii) **SDG13** (climate action).

CPF Objective 7. Strengthened Macroeconomic Management

This a new objective that has come to the fore recently because of the exogenous shocks confronting Egypt including, COVID and the Russia’s invasion of Ukraine.

Intervention Logic

Rationale: Over recent decades, the Egyptian economy has been prone to periodic macroeconomic shocks that have discouraged investment and led to increased levels of poverty. The March 2022 correction is a further example. During the period of the previous CPF, Egypt embarked on an extensive reform agenda to address macroeconomic imbalances in the economy, including an exchange rate adjustment and steps to consolidate the government’s fiscal books. The reforms helped to stabilize the economy and strengthen its resilience in the face of the COVID-19 crisis, but external financing pressures remained. These were exacerbated by Russia’s invasion of Ukraine, leading to an exchange rate adjustment with significant fiscal implications. This serves as a reminder of the need for policy settings and procedures that maintain flexibility and manage risks to promote stability in the macro environment, which is positive for job creation and poverty reduction.

Lessons learned and new knowledge: The SCD identifies the importance of a stable macroeconomic environment for economic growth and poverty reduction. Improving public sector spending efficiency and strengthening macroeconomic resilience is a top priority for promoting growth given the significant role the government plays in the Egyptian economy. Macroeconomic stability is not only good for the private sector; it also helps protect people’s purchasing power (via contained inflation).

WBG ongoing and planned support: The CPF is expected to continue the World Bank’s wide-ranging support for macroeconomic reform, including analytical support for improving the quality of expenditures (especially fiscal incidence work to support pro-poor expenditures) and enhancing revenue collection. In addition, analytical and technical support is being provided to strengthen debt management and improve the transmission of monetary policy through the financial sector. Selective and limited budget support operations can provide financial support linked to strong and credible policy reforms.

Key risks and mitigation: A critical risk concerns the implementation of important public sector reforms to improve fiscal performance. This risk can be mitigated through World Bank analytical and technical support as part of an enduring, trust-based engagement. Another important risk concerns the financing of the budget and needed reforms. This risk can be mitigated through ongoing WBG lending operations, both for budget support and to invest in specific public sector needs, and by facilitating private sector investment in previously government-dominated sectors, where IFC can play an important role.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Objective Indicator 7.1: Tax to GDP ratio Baseline (2020): 12.6% Target (2026): 15% <i>Source:</i> GoE</p> <p>Objective Indicator 7.2: Private sector share of total bank sector lending Baseline (2020): 30 %</p>	<p>Progress Indicator 7.1: Fiscal strategy document published that includes quantitative or qualitative fiscal objectives for at least the budget year and the following two fiscal years Baseline (2020): No Target (2024): Yes</p> <p>Progress Indicator 7.2: Executive regulations for PFM Law issued, including detailed provisions for fiscal</p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> - Inclusive Growth for Sustainable Recovery DPF - Food Security Project <p>Ongoing ASA</p> <ul style="list-style-type: none"> - Strengthening Public Finance, Administration and Accountability for Improved Service Delivery (TA on tax expenditure analysis, tax microsimulation model, property taxation, and customs services) - HD PER - Debt management ASA

<p>Target (2026): 45% <i>Source:</i> IMF International Finance Statistics</p> <p>Objective Indicator 7.3: Budget transparency score, including comprehensiveness of the content of key budget documents and timeliness of publication (<i>G</i>) Baseline (2020): 43/100 Target (2026): 58/100 <i>Source:</i> Open Budget Initiative</p> <p>Objective Indicator 7.4: Aggregate losses of SOEs (<i>G</i>) Baseline (2019): EGP 13 Target (2026): EGP 6 Billion <i>Source:</i> GoE</p>	<p>transparency and medium-term perspective in budgeting Baseline (2020): No Target (2024): Yes</p> <p>Progress Indicator 7.3: Consolidated report and analysis of SOE financial performance published by MoF Baseline (2020): No report Target (2024): Report published annually</p>	<ul style="list-style-type: none"> - [capital markets support] - Support for fiscal incidence work <p>ASA Pipeline</p> <ul style="list-style-type: none"> - Poverty assessment
<p>CPF Objective 8. Strengthened Adaptation to Climate Change</p>		
<p>While the need to adapt to climate change was recognized in the previous CPF, the objective of strengthening adaptation was not explicitly included. The SCD points at the importance of managing natural resources and the risks that ignoring the impacts of climate pose for economic development goals. The CCDR has also highlighted the need to better manage risks and reduce inefficiencies in the use of resources.</p>		
<p>Intervention Logic</p> <p>Rationale: Climate change exposes Egypt to increased frequency of droughts and heat waves, sea level rise and coastal erosion, increased water stress, land loss, and diminished agricultural productivity. Climate change therefore acts as a threat multiplier, exacerbating pressures on natural resources and deepening risks to economic, social, and political stability. Its effects will place an additional burden on the poor, who disproportionately rely on and obtain income from nature-based sources. Environmental degradation has already taken a toll on Egypt’s economy, as the cost of air and water pollution was estimated to be equivalent to 2.5 percent of GDP in 2016–17, with air pollution representing 54% of this cost.²⁷ The shift toward more efficient and sustainable use of water and less polluting fuels, along with drinking water management and expanded reuse of treated wastewater, could increase the sustainability of Egypt’s development model. Sustainable and resilient urbanization, based on resource-efficient planning and service delivery systems to accommodate a rapidly expanding urban population, will be critical, including climate-risk-informed urban planning, sustainable and resource-efficient waste management with a focus on circular economy, and green municipal infrastructure and service delivery systems. Improving resource use efficiency and management will provide an unprecedented opportunity to boost long-term economic competitiveness and sustainability in the context of a green economy that can generate growth and improve lives in ways that are consistent with sustainable development.</p>		

Lessons learned and new knowledge: The Diagnostics on Irrigation Modernization highlighted the need for a major shift toward an irrigation and drainage service mentality throughout the irrigation sector and all institutions, including Water User Associations connected to the irrigation field. Supporting Egypt’s gold mining sector will help GoE set a master plan for a Gold Hub with the industry services and vocational training needed to attract private investment and create jobs, especially in the eastern desert area. Local governments in Egypt currently play a limited role in climate change action, as public investments for climate change are mobilized and controlled by the central government. Implementation of the Upper Egypt Local Development Program (UELDP) has highlighted the need to prioritize institutional systems development and capacity strengthening, mainstream climate-risk-informed planning approaches into local government planning and investment activities, and improve monitoring and mainstreaming of citizen engagement in the process of local investment planning and implementation. The CCDD stresses the importance of actions to mitigate risks, focusing on improved information and information systems (e.g. hydromet) to allow households, firms and government to take better informed decision. Further, reducing inefficiencies in the way resources are allocated and managed, used, and value can help ensure long term sustainability. Further, strengthening resilience of infrastructure can help Egypt cope with potential losses and damages brought by climate change driven hazards and weather events.

WBG ongoing and planned support: Several past and ongoing WBG engagements contribute to strengthening adaptation to climate change. First, activities such as the Sustainable POPs Management Project (P116230) which was recently closed, the Greater Cairo Air Pollution Management and Climate Change Project (P172548) and Improved Management of E-Waste and Healthcare Waste for Reduction of uPOPs Emissions (P176688, GE) contribute to improving the use and management of natural resources. Moreover, several ASAs have contributed to improving knowledge on pathways to improve the use and management of natural resources and, through that, strengthen resilience to climate shocks, including the AG and Food Systems, Egypt Country Environmental Analysis, and Diagnostics on Irrigation Modernization. Upcoming engagements will contribute to improving efficiency in the use of natural resources, with a focus on waste and water management, and to improvements in service delivery highlighted under HLO2 and also focus on improving adaptation and resilience of agricultural lands and support farmers in improving production and productivity, through the adoption and scale up of climate smart agriculture technologies and practices, and the development of an integrated climate information system, which enables risk management, increased productivity, resource use efficiency and multi-sectoral evidence-based planning. The Egypt Sustainable Cities Review focuses on enhancing long-term resilience and sustainability in cities. The proposed Green, Resilient, and Inclusive Territorial Development Program will support governorates and districts across the country in developing systems and capacities for building climate resilience at the subnational level through institutional reforms, systems development, and priority infrastructure investments. The proposed program will pivot the local planning and service delivery systems toward climate-resilient, green, and sustainable development approaches, build upon the UELDP’s successful experience in implementing critical institutional and governance reforms across all governorates, and enhance the efficiency and sustainability of public investments under Hayat Karima.

Key risks and mitigation: The government has a limited institutional framework and capacity to coordinate cross-cutting issues, such as natural resource management and climate change. To mitigate the risk, the World Bank will play a strong convening role, focus on activities that build skills and capacity, and engage with other partners working on these issues. In addition, the WBG will assist the GoE in identifying and removing bottlenecks to private sector participation. Ongoing discussions and planned support for COP27 and COP28 will contribute to fostering coordination across government sectors and international partners on this agenda.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Objective Indicator 8.1 Total area of wheat production of key staple crops	Progress Indicator 8.1: Sharing of international experiences on adaptation	Ongoing Financing Financing Pipeline

<p>covered with climate-smart agricultural practices Baseline (2020): 1 million feddans Target (2026): 3 million feddans <i>Source:</i> Ministry of Agriculture and Land Reclamation</p> <p>Objective Indicator 8.2: Number of governorates/districts with climate action plans that have been developed in collaboration with communities (<i>G/CE</i>) Baseline (2020): 0 Target (2026): 10 <i>Source:</i> World Bank Team</p> <p>Objective Indicator 8.3: Number of climate adaptation initiatives implemented in collaboration with civil society and community-based organizations (<i>G/CE</i>) Baseline (2020): 0 Target (2026): 5 <i>Source:</i> World Bank Team</p>	<p>through Road to COP27 knowledge sharing sessions Baseline (2020): No Target (2025): Yes <i>Source:</i> WB team</p> <p>Progress Indicator 8.2: Interministerial knowledge sharing event held on adaptation roadmap for Egypt Baseline (2020): 0 Target (2025): 1 <i>Source:</i> WB team</p>	<ul style="list-style-type: none"> - National Program for Green, Resilient and Inclusive Territorial Development - Desalination Project with IFC - Direct investment opportunities including (i) financing permanent working capital of a commodity traders, (ii) increase milling capacities of grains, and (iii) support vegetable processing in the country <p>Ongoing ASA</p> <ul style="list-style-type: none"> - AG and Food Systems (P177657) - Egypt CCDR (P177292) - Supporting Egypt’s Gold Mining Sector (P176321) - Country Environmental Assessment (P177404) - Agriculture and Food Systems Performance and Options for Competitiveness Enhancing Policies (P177657) <p>ASA Pipeline</p> <ul style="list-style-type: none"> - Egypt Sustainable cities review (FY23) - Water Sector Dialogue (FY 23) - Integrated Land and Urban Management in Egypt Technical Assistance (P178659) - COP27 support - IFC’s upstream engagements on access to finance for smallholders, promoting innovative type of financing collateral including warehouse and crop receipts. - IFC’s 30 by 30 Zero Program
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CPF Objective 9. Strengthened Measures to Mitigate Climate Change

Objective 9 was not included in the previous CPF, as no specific objectives on mitigation were included. The SCD points to key challenges brought about by the persistent coupling of GHG emissions and GDP growth. In the context of shifting international markets and global preferences toward greener and lower carbon products, the CCDR stresses the importance of moving toward a low development path to ensure competitiveness in the medium and long term.

Intervention Logic
Rationale: To mitigate the effects of climate change, the country needs to a stronger stance in decoupling its greenhouse gas (GHG) emissions from economic growth. Between 1990 and 2016, emissions in Egypt trended upwards, in both absolute terms (over 40% increase) and intensity (per capita). The largest contributors to national GHG emissions are energy industries with 64.5% of emissions, followed by Industrial Process and Product Use (IPPU) with 14.9%, Agriculture, Forestry, and Other Land Use (AFOLU) with 12.5%, and the Waste Sector with 8.10%. Among the energy sources,

energy industries contributed to 43% of energy emissions, Manufacturing industries and construction contribute 23%, transport 23%, others including residential 8% and fugitive emissions from oil and natural gas 3% (BUR 2018).

Ongoing work under the CCDR suggests that making headway toward the move to a low carbon development path and achieving mitigation goals, accelerating the move toward cleaner energy sources and reducing inefficiencies in electricity use in the energy, industry, and transport and logistic sectors can help achieve mitigation goals while helping local firms leverage opportunities of greener markets. Further, leveraging adaptation actions for mitigation goals provides opportunities for Egypt to strengthen resilience to climate shocks while making headway on its Nationally Determined Contribution commitments. A clear example are actions in the Agricultural sector that are part of this objective but also reflected in Objective 7. Additionally, developing the policies, regulations and institutional capacity enabling the growth of a high-quality voluntary carbon credit market could strengthen the financial viability of critical de-carbonation projects that would attract private sector investments.

Lessons learned and new knowledge: Environmental pollution changes are complex and often need cross-sectoral collaboration. Making headway toward reduction of GHG emissions will require actions across different ministries and stakeholders (MPED, MOF, MOH, MOLD, MOT, MOE). Important steps toward this objective have been taken through efforts to remove fuel subsidies, implementation of Great Cairo Air Pollution Management and Climate Change Project (P172548) and the Railway Improvement and Safety for Egypt Project (P175137). These projects were extremely helpful in developing a roadmap for improving urban air quality and promote livable cities with sustainable urban mobility alternatives as well as prepping the railway sector for reforms needed to mobilize private sector participation to improve sector’s efficiency and competitiveness to promote it as a viable alternative for moving freight.

WBG ongoing and planned support: The WBG is supporting the government in identifying model shift opportunity from trucks to rail for freight transport in reducing GHG emission. By exploring eMobility opportunities in the country, especially in public transport, the WBG is supporting the government in the transport decarbonization agenda. Planned activities will contribute to identifying key institutional gaps for the energy transformation and identify opportunities for improving connectivity while reducing emissions through railway investments. Further, analysis in cities will point at priority actions for a move toward net-zero cities. A review of agricultural policies for a climate smart transformation of the sector will highlight opportunities for emission reductions in the agri-food chain. Activities planned under the Cairo Pollution Project will support improvements to waste management, and through that help make headway toward mitigation goals.

Key risks and mitigation: GoE has been reluctant to quantify and publish information on GHG emission reduction achievements. Support to quantify GHG emission reduction including through clear guidelines can provide GoE with confidence to make this information public.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Objective Indicator 9.1: Decarbonization roadmap developed for the transport sector Baseline (2021): 0 Target (2025): 1 <i>Source:</i> Ministry of Transport</p> <p>Objective Indicator 9.2: Number of electric vehicle charging stations installed by private charging point operators Baseline (2022): 0</p>	<p>Progress Indicator 9.1: NCCS approved by National Climate Change Council and made publicly available, along with accompanying implementation Decree Baseline (2020): No Target (2024): Yes</p> <p>Progress Indicator 9.2: Interministerial committee knowledge sharing event with</p>	<p>Ongoing Financing</p> <ul style="list-style-type: none"> - Greater Cairo Air Pollution Management and Climate Change Project (P172548) - IFC’s investment in Lekela Wind Farm (\$83m) (Project ID 40137) - IFC’s investments in Industrial & Commercial Resource Efficiency (Investments in MEG, Globaltronics, Pasabahce and Unimetco) - MIGA guarantees to a portfolio of Egypt FiT solar projects and a wind power project

<p>Target (2025): 75 public charging stations <i>Source:</i> Cairo Transport Authority</p> <p>Objective Indicator 9.3: Number of climate mitigation initiatives implemented in collaboration with civil society and community-based organizations (<i>G/CE</i>) Baseline (2020): 0 Target (2025): 5 <i>Source:</i> World Bank team</p> <p>Objective Indicator 9.4: Policy and regulatory framework on environmental and financial integrity of carbon credit markets developed Baseline (2020): No Target (2024): Yes</p>	<p>discussion on priority action for transition to low-carbon development path Baseline (2020): 0 Target (2024): 1</p> <p>Progress Indicator 9.3: Knowledge sharing events held on energy transition and opportunities for reducing emissions in energy intensive sectors (such as electricity, transport, industry) Baseline (2020): 0 Target (2025): 3</p> <p>Progress Indicator 9.4: COP27 knowledge exchange on unlocking electric mobility development potential Baseline (2020): 0 Target (2022): 1</p> <p>Progress Indicator 9.5: Green Design-stage Certified Floor Space (m2) Baseline (2020): 0 Target (2024): 355,000</p>	<p>Financing Pipeline</p> <ul style="list-style-type: none"> - Greater Cairo Green and Inclusive Public Transport Project - Improved Management of eWaste and Healthcare waste to reduce emissions and uPOPs (P176688) - IFC’s investment in Egypt’s agri-fintech startups to provide small farmers access to finance <p>Ongoing ASA</p> <ul style="list-style-type: none"> - Greater Cairo Region Mobility Assessment and Public Transport Improvement Study (P161986) - Unlocking the Electric Mobility Development Potential in the MENA Region (Egypt component, P170546) - Egypt CCDR (P177292) - Unlocking the Electric Mobility Development Potential in the MENA Region (Egypt component, P170546) - IFC energy efficient advisory to manufacturing clients aiming to reduce energy consumption and promote cleaner practices (MEG). - IFC’s Egypt Resource Efficiency and Low Carbon Project (ID 605151) - IFC’s Clean Tech Entrepreneurship & Market Creation Project (ID 601695) - IFC’s MAS Pharma North Africa AS Project - IFC’s upstream assessment on e-mobility market in Egypt, with a focus on Electric Vehicles (EVs) as a market potential - Supporting Egypt in its green transition and the preparation for COP27 (P178873) - MENA Green Finance Program (P179896) <p>ASA Pipeline</p> <ul style="list-style-type: none"> - Regional Railway Connectivity in MENA: Between GCC and Mashreq countries and beyond (P178510) - Capacity building and knowledge sharing activities with energy Ministries on Energy transition - IFC’s Egypt Green Building Project
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ANNEX 2: Completion and Learning Review

EGYPT FY15-21 COMPLETION AND LEARNING REVIEW (CLR)

I. INTRODUCTION

- This Completion and Learning Review (CLR) evaluates the performance of the World Bank Group’s (WBG) Egypt Country Partnership Framework (CPF) for FY15-FY21.** The Egypt Country Team delivered a Performance and Learning Review (PLR) of the CPF on April 3, 2019. Based on the PLR’s recommendation, the CPF received a two-year extension from FY19 to FY21.
- This CLR evaluates the CPF’s performance in achieving its stated objectives as defined in the PLR results framework.** In addition, the CLR assesses the WBG’s performance in the design and implementation of the program. The CLR also discusses the CPF program’s alignment with the WBG’s strategic goals of eliminating extreme poverty and boosting shared prosperity in a sustainable manner. Finally, the CLR draws lessons to inform the scope and structure of the new CPF (FY23-26).
- The CPF (FY15-FY21) organized WBG assistance around three interconnected focus areas:** (i) improved governance; (ii) improved opportunities for private sector job creation; and (iii) social inclusion. The PLR affirmed these three focus areas, indicating that they “remain highly relevant and consistent with the Government of Egypt’s (GoE’s) longer-term development strategy, as outlined in 2015 and updated in 2018.” In 2019, The PLR extended the CPF by two years, adjusted several outcome and supplementary indicators, and added interventions to support emerging priorities. Annex 9 summarizes these changes.
- This CLR carries forward the assessment beyond the PLR.** With the benefit of additional information that is now available, a richer discussion of CPF implementation is more feasible. This includes some Implementation Completion and Results (ICR) reports and more recent Implementation Status and Results (ISR) reports as well as the completion of many advisory services and analytics (ASAs). The CLR reviews the results chain through a logical link from objectives to outcomes and impacts. However, where possible or necessary, the CLR assesses the context for some of the CPF program’s achievements and shortcomings.
- The CPF Development Outcome rating is ‘Moderately Satisfactory’.** Of the 16 CPF objectives, the CLR rates 8 as ‘Achieved’, 2 as ‘Mostly Achieved’, and 6 as ‘Partially Achieved’. The three focus areas are rated as follows: Focus Area 1: Improved Governance (**Moderately Satisfactory**), Focus Area 2: Private Sector Job Creation (**Moderately Satisfactory**), and Focus Area 3: Social Inclusion (**Moderately Satisfactory**). Table 1 summarizes the overall ratings.
- Overall WBG performance in designing and implementing the CPF was ‘Good’.** The CPF program aligned closely with the WBG’s corporate and regional priorities, which include a focus on better education, improved service delivery, private sector-led growth, and digital transformation. On the design side, the program of lending and non-lending activities supported by the WBG was relevant. The in-built flexibility of the CPF helped the WBG adapt to changing priorities of the GoE. The CPF correctly identified major risks, particularly political and macroeconomic risks, as well as social risks associated with the adverse impacts of reform initiatives. While political risks receded during CPF implementation, social protection measures mitigated risks associated with reform implementation. The WBG team remained vigilant against high governance and social risks. However, there were areas where the design could have been better, especially on the outcome orientation of results indicators. The implementation was broadly appropriate and catered to client needs and changing conditions in Egypt.

7. **The GoE implemented key macro-fiscal reforms to address some deep-rooted structural issues but progress in some other areas was limited.** Macro-fiscal reforms helped stabilize the economy and led to visible results: growth rebounded, budget deficits narrowed, and foreign reserves have increased. Egypt’s achievements with respect to electricity and fuel pricing reform, the implementation of the value-added tax (VAT), and the realignment of the exchange rate are hugely significant. Social protection schemes to provide focused support for the poor and vulnerable helped complement macroeconomic reforms. Services to support agriculture; micro, small, and medium enterprises (MSMEs); health; and education improved. However, implementation was less effective in other areas. The evidence base for assessing public sector performance remains weak. Reforms of the business environment progressed modestly. Progress was also slow in key services such as transport infrastructure, housing, and sanitation. COVID-19 impeded CPF implementation in some areas such as education sector reform. At the same time, however, the CPF’s flexibility helped mitigate crisis impacts, especially in the health sector.

II. PROGRESS TOWARDS CPF DEVELOPMENT OUTCOMES

8. **The overall Development Outcome rating of ‘Moderately Satisfactory’ reflects substantial progress of the CPF program.** In all three focus areas, progress is evident. Table 1 presents a summary of the CPF outcome ratings. A detailed discussion of this progress follows.

Table 1. Summary of Ratings

Focus Area 1: Improving Governance	MS
CPF Objective 1.1 Improved fiscal management	A
CPF Objective 1.2 Improved fiscal transparency	PA
CPF Objective 1.3: Established evidence base for improved public sector performance	PA
CPF Objective 1.4: Strengthened citizen engagement in service delivery	MA
CPF Objective 1.5: Strengthened energy sector governance	A
Focus Area 2: Improved Opportunities for Private Sector Job Creation	MS
CPF Objective 2.1 Improved regulatory environment for private investment	PA
CPF Objective 2.2 Increased energy generation capacity and energy efficiency	A
CPF Objective 2.3 Enhanced capacity and safety of key transport infrastructure and services	PA
CPF Objective 2.4 Enhanced access to improved agriculture and irrigation services	A
CPF Objective 2.5 Enhanced access to finance for micro, small and medium-enterprises (MSMEs)	A
Focus Area 3: Social Inclusion	MS
CPF Objective 3.1 Improved access to short-term income opportunities for the poor and increased coverage of the Social Safety Net System	A
CPF Objective 3.2 Increased access to quality health care services	A
CPF Objective 3.3 Increased access to housing for low-income households	PA
CPF Objective 3.4 Increased access to sanitation and sewage services in rural areas	PA
CPF Objective 3.5 Increased household access to natural gas	A
CPF Objective 3.6 Improved education sector governance	MA

Ratings: HS=Highly Satisfactory; S=Satisfactory; MS=Moderately Satisfactory; MU=Moderately Unsatisfactory; U=Unsatisfactory; HU=Highly Unsatisfactory; A=Achieved; MA=Mostly Achieved; PA=Partially Achieved; NA=Not Achieved; NV=Not Verified.

9. **While positive results have been achieved across all three focus areas, gaps remain.** The CPF results framework included 16 CPF objectives across the three focus areas. Of the sixteen CPF objectives, eight were “**Achieved**”, two were “**Mostly Achieved**”, and six were “**Partially Achieved**”. These 16 CPF objectives also include 35 CPF outcome indicators. Of these, 26 indicators (74 percent) were “**Achieved**”, six were “**Partially Achieved**”, and three were “**Not Achieved**”. With 74 percent of outcome indicators rated “Achieved”, the overall “**Moderately Satisfactory**” rating for the CPF may seem surprising. However, a mechanical aggregation of CPF outcome indicator ratings would not be appropriate. The ratings for each objective are a result of a review of outcome indicators, team inputs, and project documentation. Ratings for individual objectives were aggregated to yield the overall rating.

10. **The Independent Evaluation Group (IEG) provided the ‘Outcome’ ratings for 20 International Bank for Reconstruction and Development (IBRD), Global Environment Facility (GEF), and Recipient Executed Trust Fund (RETF) projects that closed during the CPF period.** Of these 20 projects, IEG rated ten as ‘Satisfactory’, seven as ‘Moderately Satisfactory’, two as ‘Unsatisfactory’, and one as ‘Highly Unsatisfactory’. In comparison to all other (non-Egypt) Middle East and North Africa (MNA) Region projects in the same period, the Egypt portfolio performed relatively better. While Egypt’s projects rated ‘Moderately Satisfactory’ or better were 85 percent of the total, the corresponding figure for all other MNA countries was 79 percent. Furthermore, 50 percent of the outcome ratings in Egypt’s case were ‘Satisfactory’ or better. The rest of this section provides a brief review of CPF program implementation by focus area.

Focus Area 1: Improved Governance

11. **The CPF portrayed the ‘Improved Governance’ Focus Area as central to its success.** As the CPF noted, “Governance in Egypt lies at the heart of the reform program for the country.” Improving governance involved renewing the social contract between the GoE and the citizens, including through greater citizen participation in service delivery mechanisms. Besides improving the efficiency and transparency of the central administrative functions, the CPF sought to improve Egypt’s macroeconomic and sectoral performance. Stronger fiscal management had broad implications from controlling the public wage bill, increasing tax revenues, and affecting access to foreign exchange. Curbing excessive energy subsidies, facilitating private participation, and improved governance of the energy sector were goals embedded in this focus area. A series of Development Policy Financing (DPFs) on fiscal stabilization and sustainable energy (\$3.15 billion), a DPF on private sector development, a Program for Results (PforR), and several ASAs supported the WBG’s assistance to Egypt in the governance focus area.

12. **CPF Objective 1.1 on improved fiscal management was ‘Achieved’.** The WBG supported the GoE’s fiscal consolidation program through a series of DPFs and ASAs aimed at improving tax administration and compliance. Expenditure on wages and salaries was 8.2 percent of the gross domestic product (GDP) in FY15 and 5 percent of GDP in FY20. This is slightly above the target of 4.9 percent of GDP set in the CPF but a significant achievement. The VAT law, passed by parliament in 2016, replaced the general sales tax. The VAT law contains provisions on tax credits, exemptions, and refunds. Reform measures helped narrow the overall budget deficit to 8.0 percent of GDP in FY20 compared to 12.5 percent of GDP in FY16. The primary fiscal balance target of 1.8 percent of GDP was met. Tax revenue as a share of GDP in FY19 stood at 14 percent against the targeted 14.6 percent of GDP.³¹ This is below target mainly because of a significant drop in tax receipts from sovereign entities, including the Egyptian General Petroleum Corporation (EGPC), Central Bank of Egypt (CBE), and Suez Canal Authority (SCA), and below-potential performance of the VAT. The GoE’s push to diversify its revenue streams led to the introduction of Green Bonds, with the first issuance in Q3 2020 totaling US\$750 million. This was facilitated through the consultation process launched by the International Finance Cooperation (IFC) with the Financial Regulatory Authority (FRA) of Egypt, to implement guidelines to foster the development of the country’s green bond market. This has made Egypt the first MENA country to incorporate the green economy into its state budgeting – in addition to new environmental sustainability guidelines and standards for integration into the state’s sustainable development plans.

13. **CPF Objective 1.2 on improved fiscal transparency was ‘Partially Achieved’.** The objective on fiscal transparency received support through DPFs and technical assistance (TA). A GoE decree created a Public Finance Management (PFM) Unit in the Ministry of Finance (MOF), achieving the CPF target. A new internal audit unit was established in the MOF with an audit charter in line with international standards. MOF hired a qualified internal auditor from the private sector to lead the unit. Other improvements include

³¹ Fifth review under the extended arrangement under the Extended Fund Facility for the Arab Republic of Egypt. International Monetary Fund (IMF).

the annual publication of ‘citizen budgets’ that aim to provide more simplified access to the broader public and increase engagement/inclusion. In line with the CPF, the MOF published a medium-term debt strategy (MTDS) in 2015. However, annual MTDS updates are not published consistently. The GoE established a Fiscal Transparency Unit in 2018, a website for fiscal data dissemination, and adopted a proactive disclosure policy on fiscal dissemination. Government budget documents and information on public debt are now available widely, including online, although there is room for improvement in frequency, timeliness, and disclosure of other information. However, there remain concerns about the lack of transparency around below-the-line spending and off-budget entities, including state-owned enterprises. While Egypt’s transparency score under the Open Budget Index (OBI) has improved from 16/100 in 2015 to 43/100 (61 out of 117 countries) in 2019, it falls short of the OBI threshold of 61 which indicates the adequacy of information to support an informed public debate on the budget. Public participation is only 15/100 although budget oversight is 50/100.³² While not covered in the results framework, there has been some recent progress in enhancing fiscal transparency. In September 2020, amendments to law 203 of 1991 (covering a subset of the SOE universe in Egypt) were ratified which enhanced corporate governance and transparency of these SOEs including making their periodic financial information publicly available in a timely manner. Moreover, in 2021, the Government passed a law (decree 229/2021) agreeing to publish annual debt reports and semi-annual debt bulletins.

14. **CPF Objective 1.3 on establishing an evidence base for improved public sector performance was ‘Partially Achieved’.** The Bank supported this objective through technical assistance products. The CPF program focused on the adoption of a national performance measurement framework. The GoE announced the implementation of this framework starting FY18-19. However, limited coordination between ministries slowed implementation progress. A second indicator focused on deploying a variety of e-services. As of December 2020, the Ministry of Communications and Information Technology indicated incrementally rolling out more than 30 services delivered in the Port Said trial in 5 other governorates including Luxor, Aswan, Ismailia, Suez, and South Sinai. The services include driving license renewals, payment of traffic fines, notary activities, and lawsuit filing online. A third indicator focused on introducing a new e-procurement system. This followed the adoption of a new law in 2018 and the mandated use of an e-procurement solution. Without documentary evidence, it is unclear if the target has been met and what material difference it has made to the GoE’s procurement practices.

15. **CPF Objective 1.4 on strengthened citizen engagement in service delivery is rated ‘Mostly Achieved’.** WBG support for citizen engagement in service delivery was through an IBRD PforR and the Mainstreaming Beneficiary Feedback in Select Sectors TA. The GoE focused on redressing social housing grievances by establishing a grievance redress mechanism (GRM) and transparency and accountability mechanisms at the Social Housing and Mortgage Finance Fund (SHMFF). A citizen feedback survey of the Sustainable Rural Sanitation Service Program for Results (SRSSP) has completed two rounds and the client is currently designing the third round. Overall, there is satisfaction with the redressal of complaints, but the survey also identified the need for enhanced information sharing and diversifying the uptake of the GRM across several locations. The SRSSP has also been successful in enhancing the participation of women in Local Community Committees (LCC), from a baseline of 17 percent in 2015 to 45 percent in December 2020. In connection with the Takaful and Karama cash transfer program, the Ministry of Social Solidarity resolved 97 percent of grievances as of September 2018. The GRM for the sanitation sector is also on track with 87 percent of the complaints being addressed, as per the required standards, as of July 2020.

16. **CPF Objective 1.5 on strengthened energy sector governance is rated ‘Achieved’.** The WBG supported energy sector reforms through a DPF on Fiscal Stabilization, Sustainable Energy, and Competitiveness. The gradual reduction in energy subsidies and increase in electricity tariffs are notable successes. Energy subsidy declined from 6.5 percent of GDP in FY14 to 0.32 percent of GDP in FY20,

³² Open Budget Survey 2019. <https://www.internationalbudget.org/open-budget-survey/country-results/2019/egypt>

well below the target of 3.3 percent of GDP. The average electricity tariff in FY18 was 0.66 LE/ kWh (45 percent higher than the CPF target). Electricity prices are 93 percent of cost recovery. By FY22, the entire subsidy on electricity was to end, but the Government has extended this to FY24-25 because of the COVID-19 pandemic. Automatic price indexation for fuel products is now in place, except for liquified petroleum gas (LPG), and fuel for bakeries and electricity. This mechanism helps factor fluctuations in exchange rates and international crude prices in the selling prices to consumers. The new gas law and new electricity law incorporated energy sector reforms. Establishing the gas regulator is also an outcome of the modernization program. In February 2020, the cabinet approved the sector's state-owned enterprise (SoE) reform plan that aims to enhance the sector's financial sustainability and governance. In addition, the issuance of the Ministerial Decree 463/2020 to support the Egyptian industry and ensure the availability of energy-efficient motors in the Egyptian market is a critical milestone for Egypt's industrial sector at large. The decree received support from IFC's Smart Technology and Energy Efficient Production (STEP) Program, and the decree's issuance was one of the outcomes of the Program. IFC launched the STEP program in 2015 to enhance the competitiveness of Egyptian industries through improved access to energy-efficient technology.

17. **Overall Rating: The rating for the Focus Area on Improved Governance is 'Moderately Satisfactory'.** Of the five objectives listed under this focus area, two were '**Achieved**' and one was '**Mostly Achieved**'. Two objectives were '**Partially Achieved**'. The five objectives under this focus area were tracked by thirteen outcome indicators. Of these, nine were '**Achieved**', one was '**Mostly Achieved**', and three were '**Partially Achieved**'. Progress on one outcome indicator could not be tracked based on available information. That was rated '**Not Achieved**'. While most objectives and outcomes were achieved, some issues with the results framework are worth noting. Several indicators appeared to focus more on inputs rather than on outcomes and impacts. For example, under CPF Objective 1.3, an indicator on national performance measurement was achieved when the GoE announced the launch of a framework. Similarly, conducting a beneficiary survey alone should not be sufficient to convey the outcome of an objective as it conveys little information on either the improvement in service delivery or the sustainability of such improvements. Having said that, there were major achievements in fiscal management and in the important energy sector highlighted under this Focus Area that are noteworthy. This is especially true when viewed in the context of challenges Egypt faced at the start of the CPF period. On balance, the CLR rating for Focus Area 1 is '**Moderately Satisfactory**'.

Focus Area 2: Improved Opportunities for Private Sector Job Creation

18. **The CPF highlighted the fact that the private formal sector has been unable to provide productive employment to the growing labor force.** As a result, the share of low-productivity informal sector employment in small and micro-enterprises, with increased vulnerability to economic shocks, has risen. To help address Egypt's unemployment challenge, the CPF targeted improvements in the regulatory environment for private enterprises, increased efficiencies in the energy sector, greater capacity in transport infrastructure, expanded access to agricultural and irrigation services, and improved access to finance for MSMEs. The DPF series and the DPF on private sector development complemented several ongoing and new IBRD and IFC investments and ASAs to support private sector job creation.

19. **CPF Objective 2.1 on an improved regulatory environment for private investment was 'Partially Achieved'.** The CPF supported reform of the Industrial Licensing Law and Investment Law, and amendment of the Companies Law. The associated outcome indicator was achieved. The Industrial Development Authority (IDA) has streamlined its licensing process. The average duration of the business licensing process has declined from 320 days in 2015 to 250 days in 2020. However, even in 2020, at 250 days, it remained well above the targeted 75 days. It was only in 2021 that the target was achieved. Business-related regulations were made accessible online, industrial licensing procedures were simplified, and there are now more investor service centers. However, the number of firms registered per month remains

unverifiable. Progress in this area is mainly due to WBG's engagement in business regulations, competition policy, and industrial licensing reform. IBRD DPFs, IFC's Sub National Doing Business (SNDB) and competitiveness program, the Equal Access and Simplified Environment project, and other ASA—supported the achievement of CPF objectives of improving the business licensing process. For private sector-led growth, it is crucial that authorities (especially the General Authority For Investments (GAFI) and the Commercial Registrar under the Ministry of Justice) count how many firms/businesses are registered per month/year in Egypt. This focus should be a priority and the Bank should provide support in offering a solution.

20. **CPF Objective 2.2 on increased energy generation capacity and energy efficiency was 'Achieved'**. The targets associated with power generation from conventional and renewable sources were largely met within the established timeframe. Since 2014, capacity from conventional sources increased by 27.5 gigawatts (GW) (from 32 to 59.5 GW), exceeding the target. The Ministry of Petroleum's modernization program, supported by a WB TA, ensured the signing of more than 75 new concession agreements, leading to a significant increase in gas production levels. The IBRD DPF supported the financial closure of 1,500 megawatts (MW) of private sector-owned renewable capacity. A total of (1450) 1,650 MW of solar plants (under the feed-in tariff program) are now in operation. Staff estimates based on Egyptian Electricity Holding Company (EEHC) annual reports indicate that the reduction in greenhouse gases (GHGs) is estimated at 2.8 million total carbon dioxide (tCo₂), exceeding the CPF target of 1.5 million tCo₂. Reforms in the solar and wind energy sector, supported by the WBG, contributed to this achievement. CPF implementation also included the publication of a white paper on the energy sector which informed the GoE during the development of the Energy Strategy 2035 issued in 2015 and updated in 2017. Energy efficiency involved creating an enabling environment in the sector to attract private sector participation, improve sector governance and competitiveness, apply cost-reflective tariffs, increase the capacity of renewable energy, etc. WBG support to the establishment and the implementation of the Feed-in Tariff (FiT) and the upstream policy support opened the market for private production of energy and the creation of the Benban solar energy park with a solar generation capacity of 1,465 MW. Renewable energy (RE) capacities reached 6,128 MW as of Dec 2021, with 3,870 MW projects under construction. The GoE estimates that the total RE capacities will reach 10 GW by end of 2023 when these projects are completed. IFC worked with the Ministry of Trade and Industry (MOTI) to help Egyptian industry adapt to rising energy prices by making available energy-efficient technologies and practices to improve competitiveness, including supporting the preparation of the decree on energy-efficient electric motors issued by MOTI in 2020 under IFC's STEP Program.

21. **CPF Objective 2.3 on enhanced capacity and safety of key transport infrastructure and services was 'Partially Achieved'**. Lending for key infrastructure initiatives spurred substantial progress. Terminal Building 2 (TB2) is handling more than 25,000 passengers every day, thus meeting the CPF target. In the railway sector, the average number of fatalities due to accidents that are a consequence of malfunctioning or staff error measured in fatalities per 1 billion passengers–km is about 1.60 for 2020, above the CPF target of 0.30. The new Railway Improvement and Safety for Egypt (RISE) project, was approved in 2021. It will help improve safety at select stations and junctions using a safe systems approach, including gender, citizen engagement, and disability considerations. It also includes a policy component incorporating reforms that should lead to better incentives for Egypt National Railways (ENR) to deliver services at a lower cost in subsidies (Public Service Obligation and Multi-Annual Infrastructure Contracts). The project builds on railway signaling and track renewal works achieved under the Egypt National Railways Restructuring Project (ENRRP) which closed on December 31, 2020. A new railway law was passed in 2018 allowing private sector investment in the railways. A new law was also passed in June 2019 to create the Land Transport Regulatory Agency (LTRA) to enhance planning and regulation to improve traffic management, safety, and reduce congestion and pollution in Egypt, especially in urban centers. The country has a relatively developed seaports infrastructure network. Egypt's Ports Complex is ranked

number 18 in the world on the Liner Shipping Connectivity Index.³³ IFC has supported enhancing the capacity of the port sector through its investment in Sonker Bunkering Company. The project aims at strengthening the Egyptian port sector and increasing the efficiency and reduction in transport costs through the development of the first dedicated, efficiently managed, state-of-the-art LBT in Sokhna Port. The quality of Egypt's airports per the Global Competition Ranking (GCR) has been improving. Egypt ranked number 46 in the latest rankings compared to number 52 two years ago. Cairo International Airport (CAI) specifically has the potential to become a freight hub for the region given that 99 percent of the country's air cargo volume is handled through it.

22. **CPF Objective 2.4 on enhanced access to improved agriculture and irrigation services was 'Achieved'**. During implementation, the outcomes under Objective 2.4 were redefined to align better with the WBG's engagement in irrigation and agriculture more broadly. The World Bank supported the GoE in providing water users with new/improved irrigation and drainage services: 1,202,647 out of a target of 1,400,000. Improved irrigation and drainage services benefited an area of 696,720 hectares (ha) against a target of 675,000 ha. The number of water users (including landowners and tenant farmers) who had access to improved irrigation and drainage services was 197,663 at project closure, representing a 41 percent increase relative to the target of 140,000 water users. In addition, agricultural services were provided under IBRD's Farm Level Irrigation and Modernization Program (FIMP) which helped demonstrate new technologies in the project areas. Fifteen technologies were demonstrated in the project areas as targeted. The number of farmers trained on aspects of pump operations (including pump activation, operational butterfly valve-settings and electric and diesel-motor maintenance) was 7,534 compared to the target of 7,500 farmers. A survey of FIMP beneficiaries showed that 85 percent of the respondents in the project areas reported satisfaction with agricultural services under the project compared to the target of 70 percent. Bank support for this objective included multiple IBRD operations and ASAs. IFC support included investment in Wadi Group, a major agribusiness player in Egypt and a risk-sharing facility with a regional bank for agricommodities.

23. **CPF Objective 2.5 on enhanced access to finance for micro, small, and medium-enterprises (MSMEs) was 'Achieved'**. Through IBRD operations that supported the Micro, Small and Medium Enterprises Development Agency (MSMEDA) to on-lend to intermediaries, the target of US\$14.5 billion was surpassed. In addition, the number of financed MSME projects through the lifetime of the Promoting Innovation for Inclusive Financial Access Project, including micro-finance revolving loans, is 174,580 where the number of female beneficiaries is 73,323 (42 percent) as of December 2019. There was an increase in the number of SMEs participating in tenders or receiving contracts in line with the CPF target. The number of beneficiaries using electronic or mobile payments also met CPF targets. The Catalyzing Entrepreneurship for Job Creation, Investment Project Financing (IPF) was approved as a follow-on operation to the Promoting Innovation for Inclusive Financial Access IPF. The new operation was declared effective in January 2020, with MSMEDA as an implementing entity. In addition, IFC worked on expanding access to finance for MSMEs through its partnerships with microfinance institutions (MFIs) in Egypt. IFC supported MFIs such as Tadamon and Dakahlya Businessmen Association, through advisory services aimed at enhancing their risk and lending capacity. IFC also provided financing facilities to several banks to help improve access to finance for SMEs.

24. **Overall Rating: The rating for the Focus Area on Improved Opportunities for Private Sector Job Creation is "Moderately Satisfactory"**. Of the five objectives listed under this focus area, three were 'Achieved' and two were rated 'Partially Achieved'. The five objectives under this focus area were tracked by ten outcome indicators. Of these, eight were 'Achieved', one was 'Partially Achieved', and one was 'Not Achieved'. As with the first focus area, there were issues with the results framework that are worth noting. Not only are some of the outcome indicators input/output-oriented, but the connection with the overall objectives of the focus area appears loose. For example, it is unclear how fewer deaths on the rail

³³ The Liner Shipping Connectivity Index is produced by the United Nations Conference on Trade and Development (UNCTAD).

network are linked to improved job prospects (the overarching objective of the focus area). Similarly, the link between reduced greenhouse gas emissions and increased job opportunities is unclear. Several other indicators suffer from a similar shortcoming. This should not be taken to mean that there haven't been improvements because of the WBG program. Reforms of industrial licensing and the competition framework have helped enhance the business environment, a long-term energy sector strategy is in place, and there is greater access to finance for MSMEs. However, the CLR does not find compelling evidence that the private sector jobs scenario has improved significantly as part of the CPF program. It is for this reason that the CLR rating for Improved Opportunities for Private Sector Job Creation is '**Moderately Satisfactory**'.

Focus Area 3: Social Inclusion

25. **The CPF sought to help improve the targeting of subsidies, expansion of the social safety net, expanded expenditure in health and education, better quality of education, more and better targeting of social services, and more gender equality.** In addition to an increased allocation for cash transfers, the GoE piloted a new cash transfer program (Takaful and Karama) in selected Upper Egypt villages with the highest poverty rates, preparing a targeting methodology and unified national registry to identify the poorer households. Noncash payments align with digital transformation and digital financial inclusion. The GoE also announced that over half of the fiscal savings from reduced energy subsidies will be directed to increasing social sector spending and better-targeted infrastructure investments. While nominal increases have happened thanks to savings from energy subsidies, the trends in real terms show a decline in spending on health and education.³⁴

26. **CPF Objective 3.1 on improved access to short-term income opportunities for the poor and increased coverage of the Social Safety Net System was 'Achieved'.** Under this objective, the WBG supported the government in meeting the target of beneficiaries of active labor-intensive public works. In addition to exceeding the target of 185,000 beneficiaries, the program focused on women and youth. Forty-two percent of the beneficiaries were women while 74 percent were youth. The GoE is also developing the Unified National Registry (UNR) with more than 50 national databases connected and covering all Egyptians. The Ministry of Social Solidarity (MOSS) has also developed a social registry covering 29 million individuals from all poor applicants that have applied to Takaful and Karama Program as of December 2019 (accepted and rejected applicants). The Social Safety Net (SSN) project finalized a baseline survey. The endline evaluation will happen in 2021. The Labor Intensive Investment Project, the Social Safety Net Project, Strengthening the Human Capital Development in Egypt (ASA), and trust-funded activities to boost livelihoods and provide safety nets helped achieve this objective. IFC has also been promoting women's empowerment and supporting the expansion of access to financial and non-financial services for underserved/unserved women market segments in Egypt through IFC's advisory engagement with Banque Misr. Under IFC's Egypt Women Employment Project, IFC is working to increase and/or improve the quality of women's employment in the private sector in Egypt.

27. **CPF Objective 3.2 on increased access to quality health care services was 'Achieved'.** There was good progress in increasing access to health care services with all three outcome indicators achieved with support from IBRD's Health Care Quality Improvement Project and the ongoing ASA on Hepatitis C. The achievements included accreditation certificates for 642 facilities in the poorest 10 governorates. Over 3 million people in the poorest villages in Upper Egypt benefited from a basic package of health, nutrition, and population (HNP) services. Thirty million citizens benefited from screening for Hepatitis C and non-communicable diseases. Over 1,000 healthcare facilities have submitted quality improvement and maintenance plans. A new IBRD project to provide universal health insurance is under implementation and

³⁴ Source: Ministry of Finance.

has made quick progress in key areas. Through IFC's financial support to healthcare providers, IFC has been able to develop a network of high-quality tertiary hospitals throughout Egypt in partnership with Humania. The project came as the COVID-19 pandemic put pressure on healthcare services across MENA.

28. **CPF Objective 3.3 on increased access to housing for low-income households was 'Partially Achieved'**. Despite the implications of the COVID-19 pandemic, the overall implementation progress of the Inclusive Housing Finance PforR remains moderately satisfactory, with the program continuing to meet its development objective. The Bank continues to improve housing finance schemes in Egypt through the implementation of the PforR and continues to provide capacity building and advisory services to the Ministry of Housing, Utilities, and Urban Communities and the Social Housing and Mortgage Finance Fund (SHMFF), specifically through the Enhancing Social Housing Governance Trust Fund (TF), which recently closed in December 2020. The delivery of demand-side subsidies for ownership is progressing well with over 314,000 households benefiting from the program since its inception. However, this is below the target of 575,000. The majority of project beneficiaries belong to the bottom 40 percent of the country's population, with 53.2 percent of beneficiaries belonging to the bottom 20 percent of the income distribution (achieving the program's 50 percent target).

29. **CPF Objective 3.4 on increased access to sanitation and sewage services in rural areas was 'Partially Achieved'**. IBRD's primary support to this sector is through the much-delayed Integrated Sewerage Sanitation Project (ISSIP). The number of users in rural areas with access to improved sanitation and sewerage services increased to 163,406. However, this was well short of the target of 2.4 million. It appears that the target may have been overly ambitious. While ISSIP implementation encountered many challenges, lessons learned on social risk management and citizen engagement informed the design of SRSSP. While the SRSSP implementation has been slower than anticipated, it is much better (over 10 percent of the target has been achieved) than the ISSIP as it aligns the incentives of the implementation partners with the program objectives of ensuring complete coverage of the sanitation service chain. The SRSSP is continuing to support the development of a sustainable tariff model. The Upper Egypt Local Development program has been able to benefit 1,810,680 inhabitants, of which 940,000 were residing in the Qena governorate and 870,680 in the Sohag governorate.

30. **CPF Objective 3.5 on increased household access to natural gas was 'Achieved'**. Achievement of expected outcomes on natural gas connections got off to a slow start due to the nature of the project that requires many environmental and social instruments, land acquisitions, and long lead procurement. The project yielded significant savings due to its huge volume, along with other international trade changes. Thus, the project was restructured to raise the target by more than 50 percent (from 1.5 to 2.3 million connections) together with a 40 percent loan reduction (from USD 500 m to USD300m; canceling USD200m), and with an extension in the closing date. The focus shifted to expanding household gas connections and female beneficiaries. The operation connected 1.68 million households as of November 2020, thus achieving the target set under the PLR, with the team's sights on 2.3 million beneficiaries by 2022 (after another project restructuring to extend the closing date to account for the impact of COVID-19 on implementation progress). While the target for the rollout of new connection subsidies to poor households was slow, a renewed communications effort and better targeting methodology are helping to accelerate it, with the target of 400,000 poor households expected to benefit from the subsidies by the extended closing date of this component.³⁵ Along with IBRD, TF, and ASA support, the Multilateral Investment Guarantee Agency (MIGA) provided political risk guarantees covering domestic energy producer Apache in FY2013.

³⁵ This component is funded by EU and managed by AFD, and was extended to close after the current WB closing date.

31. **CPF Objective 3.6 on improved education sector governance was ‘Mostly Achieved’.** World Bank support was instrumental for Egypt’s ambitious education sector reform. In September 2018, Egypt embarked on a major education reform to equip students with higher-order thinking skills, thus preparing them for the job market. As part of the CPF, the World Bank delivered a White Paper on sector-wide education reforms. The white paper proposed policy measures and interventions addressing sector priorities and constraints. Furthermore, the Bank is implementing a five-year project with US\$500 million in financing, using an IPF approach with Disbursement-Linked Indicators (DLIs). Over the last three years, despite challenges, the government made substantial progress in implementing reforms. An impact evaluation of KG1-2 teacher training could serve as a baseline for subsequent evaluations. Data collection associated with an impact evaluation of KG1-2 teacher training was rescheduled due to the COVID-19 pandemic school closures in 2020 and early 2021. In December 2021, the Ministry of Education and Technical Education (MOETE) conducted the Kindergarten (KG) Diagnostic Study to identify strengths and opportunities to further strengthen KG teaching practices in the classroom. This evaluation could serve as a baseline for future assessments.

32. **Overall Rating: The rating for the Focus Area on Social Inclusion is “Moderately Satisfactory”.** Of the six objectives listed under this focus area, three were ‘Achieved’, two were ‘Partially Achieved’ and one was ‘Mostly Achieved’. The six objectives under this focus area were tracked by 12 outcome indicators. Of these, ten were ‘Achieved’ and two were ‘Partially Achieved’. As with the first two focus areas, there were a few problems with the design of the results framework. For example, healthcare facilities receiving accreditation certificates (CPF Objective 3.2) does not provide a sense of impacts on health outcomes in beneficiary regions or how services will be sustained at a presumed higher level. In another instance, the launch of an IBRD project is listed as an outcome indicator (CPF Objective 3.6). Such indicators are best avoided. In fact, such an indicator detracts from the progress the GoE and the WBG are making in the education sector. These shortcomings notwithstanding, there are clear advances in a number of areas including social protection, household gas, education, health, and housing. It is for this reason that the CLR rating for Social Inclusion is ‘Moderately Satisfactory’.

III. WORLD BANK GROUP PERFORMANCE

33. **Overall WBG performance is rated as ‘Good’.** The design of the CPF program was flexible, which allowed for adjustments to adapt to changing government priorities. CPF implementation included the delivery of a large IBRD lending program, a substantive ASA program, a scaled-up IFC program, and private capital mobilization by MIGA that contributed to significant progress in the crucial energy sector. As discussed below, however, there remains room for improvement.

34. **On the design side, the WBG program aligned fully with the government’s priorities and recommendations of the Systematic Country Diagnostic (SCD).** The GoE’s longer-term development strategy, as outlined in 2015 and updated in 2018, focuses on (a) ensuring national security and implementing foreign policy; (b) promoting human development; (c) securing economic development and boosting government performance and efficiency; (d) increasing employment; and (e) enhancing standards of living. To support the Government’s program, the WBG focused on its comparative advantages of promoting governance reforms, boosting private sector activities, and ensuring inclusion and stronger social safety nets for vulnerable people and communities. Working in tandem with the International Monetary Fund (IMF), the WBG supported macroeconomic stabilization, subsidy reforms, and more targeted social safety nets to support the needs of citizens adversely affected by the short-term consequences of the government’s reform program. In addition, WBG engaged with the GoE in several areas including education, health, irrigation, rural sanitation, energy access, and low-income housing to bring greater focus on socially inclusive policies.

35. **The CPF results framework could have been more geared to outcomes.** There are instances where indicators were more input-oriented, for example, the passage of laws. Ideally, the focus in a results framework should be more on what such laws would achieve. The PLR provided an opportunity to not only adjust the CPF program according to changing government priorities but to revise targets that may have been overly ambitious or were no longer relevant. While the PLR was forthright in highlighting all the changes in the results framework, there are instances where new indicators could have been more outcome-oriented. For example, the publication of a policy document was listed as an outcome as was implementing a Bank project. Such indicators are best avoided as they are inconsistent with good practices.

36. **In line with IEG recommendations, lending engagements made a strategic shift toward a greater emphasis on institutional and policy development.** Policy-based lending accounted for over half of the lending in the CPF. As the PLR notes, support through DPFs along with IMF's three-year, US\$12 billion Extended Fund Facility "aimed to correct external imbalances, restore competitiveness, reduce the budget deficit and place public debt on a declining path, boost growth, and create jobs while protecting vulnerable groups." Clearly, policy support was crucial for Egypt and reforms ensued. Overall, annual new commitments increased dramatically from US\$307 million in FY14 to US\$2.1 billion in FY18.

37. **WBG had a solid ASA program focused on strengthening the analytical underpinnings for policymaking** and on identifying and implementing reforms to support the delivery of the lending program. Of the 15 ASAs planned in the CPF, 14 have materialized. Additional ASAs, introduced during the CPF period, helped expand the country program into new strategic areas such as digital transformation, human capital development, electric mobility, energy sector reforms and modernization, and maximizing finance for development (MFD). This expansion is consistent with the MNA Region's enlarged regional strategy.

38. **The Bank was effective at leveraging key partnerships to support the CPF's strategic shift toward policy, institutional, and governance interventions to fight poverty and inequality.** The WBG's US\$3.15 billion programmatic DPF series leveraged US\$1.5 billion from the African Development Bank, with a joint policy matrix across the fiscal, energy, and competitiveness pillars. Extensive dialogue and coordination with the IMF ensured complementarity of the reforms supported under the Extended Fund Facility and the WBG's programmatic DPF series, stand-alone private sector DPF, and broader policy-oriented engagement. As part of a large G7 effort to close Egypt's financing gap under the IMF's program, the Government of the United Kingdom joined forces with the WBG, offering an innovative US\$150 million guarantee to help maximize the availability of IBRD resources for the third operation in the programmatic DPF series.³⁶ In addition, the AIIB provided co-financing of \$300 million to the Sustainable Rural Sanitation Services Program to support the provision of services to Egypt's poorest governorates.

39. **Derived from the World Bank Group CPF 2015-2019, IFC's 2020-24 Egypt strategy which was presented to IFC management in September 2019 and was approved in December 2020** proposed a shift towards supporting sector- and micro-level reforms by focusing on three key pillars: integration, employment, and inclusion. IFC's current investment portfolio in Egypt amounts to US\$1.2 billion. In FY20-FY21, guided by its Country Strategy, IFC committed about US\$643 million in investments in Egypt. IFC provided US\$100 million of financing, as part of IFC's COVID-19 Fast-Track-Facility, to the Commercial International Bank (CIB) to strengthen Egypt's banking sector and improve access to finance. In addition, IFC supported the CIB in issuing the country's first private green bond (US\$100m), which is also the first green bond issued by a bank in Egypt. IFC has also financed the construction of private hospitals and clinics in Egypt through investments amounting to approximately US\$150 million in Humania. A portion of this loan is a green loan, which Humania will utilize to construct several tertiary

³⁶ With US \$20 million funding from the UK Foreign and Commonwealth Office, the Bank established the Strategic Partnership for Egypt's Inclusive Growth Trust Fund (SPEIG TF). Since 2017, the SPEIG TF has helped build capacity in key public entities for the identification and implementation of reforms and programs in several areas of the DPF series and the broader CPF.

hospitals in Egypt using IFC's EDGE green building certification. As well as an investment in Integrated Diagnostic Holdings (US\$80m) to help the company expand access to high-quality diagnostic services. In addition, IFC has been promoting clean energy and working on diversifying the country's energy mix in support of the GoE energy reform by providing financing to Lekela Wind Farm (US\$84m), and Globaltronics (\$10m), a company that manufactures electricity and water measurement solutions. IFC has also continued supporting the growth of the entrepreneurship ecosystem including through investments in venture capital funds and private equity funds such as Lorax (US\$25m), Algebra Ventures (US\$10m), and expanded investments in Flat6Labs. In addition to investments in startups such as Maxab (US\$3m).

40. **MIGA's gross exposure in Egypt was US\$474.2 million as of December 30, 2022**, across 17 active projects in the energy, infrastructure, and manufacturing sectors. MIGA has been, alongside the WB and IFC, a key enabler of Egypt's renewable energy sector. In FY18, MIGA issued US\$210 million in guarantees covering 12 projects in Egypt's Benban Solar Park under the Egypt FiT Program, a portfolio of 32 solar independent power projects awarded by the GoE in 2016. In FY20, MIGA provided an additional US\$76 million in guarantees to two investors covering their investments in the Benban Solar Park. In FY19, MIGA issued US\$122 million in guarantees to support the West Bakr Wind power project in Egypt, complementing IFC's financing of the project. Also in FY19, MIGA provided US\$16.2 million in guarantees covering a glass manufacturing project for a Turkish investor in Egypt. In FY2022, MIGA issued \$98.3 million in guarantees to facilitate the refinancing of six solar FiT projects through a climate-certified bond issuance, the first of its kind in Egypt's renewable energy sector. MIGA's guarantees in combination with an EBRD subordinated liquidity facility, among other transaction features, gave the bonds an investment-grade rating, facilitating the take up of the bonds by institutional investors.

41. **Egypt's World Bank lending portfolio as of March 15, 2021, comprises 14 active projects, of which 11 are IPFs and three are PforRs with commitments totaling approximately \$5.88 Billion.** The overall performance of the portfolio is good, with zero problem projects and a disbursement ratio of 52 percent in FY20. The quality of the IBRD portfolio improved significantly during the CPF period, reaching an unprecedented volume through fewer, more carefully selected, and better-performing operations. Strong portfolio performance was driven by greater discipline from both the WBG and the client side in restructuring and closing problem projects, in line with the Portfolio Improvement Plan outlined in the CPF. Of the 22 projects that were set to close during the CPF period, 11 were not extended from FY15 on, including two problem projects (the Integrated Sanitation and Sewerage Project and the Sanitation Grant) and one that was not aligned with CPF priorities (Giza North). Five were granted only limited extensions. Project restructuring has been undertaken without delay during the CPF period. An additional and unprecedented dimension of proactive portfolio management has been the cancellation of savings, from both closed and active projects; cancellations totaled US\$340 million in FY18.

IV. ALIGNMENT WITH CORPORATE GOALS

42. **The WBG program aligned fully with the corporate goals of eliminating extreme poverty and sustainably increasing shared prosperity.** The CPF identified macroeconomic stability, energy subsidy reforms, and improved public sector governance as critical to overcoming Egypt's development constraints. These priorities also aligned well with the Government's program. The CPF program addressed these priorities along three dimensions. Focus Area 1 helped stabilize the macroeconomic framework, improved fiscal transparency, and improved governance and accountability in the important energy sector. Interventions in Focus Area 2 sought to increase opportunities for private sector job creation by improving the legal and regulatory environment for the private sector. To soften the impact of needed reforms, the CPF's Focus Area 3 supported social inclusion, especially the strengthening of the social safety net and of public service delivery. In each of these areas, however, the development agenda remains substantial.

43. **The WBG program also aligned well with the MNA Strategy.** The CPF focused largely on renewing the social contract with improved public service delivery, employment growth, and social inclusion at the top of the agenda. However, this alignment has not translated into concrete improvements, especially in employment. The employment rate among working-age people fell from 44.2 to 38.9 percent between 2010 and 2019. It declined further to 35 percent in Q2-2020. Female and youth unemployment are significantly high, at 20 and 27 percent respectively, as of end-2019. The critical requirement of stabilizing the government's finances by rationalizing subsidies and reforming the energy sector were important parts of the CPF. Growth rates have improved and the government's finances have stabilized. However, higher poverty numbers are a cause for concern.

44. **The WBG program helped Egypt mitigate the adverse impacts of COVID-19.** In the face of the COVID-19 shock, the macroeconomic environment showed resilience. Macroeconomic and energy sector reforms helped stabilize the economy in recent years, allowing Egypt to enter the pandemic with improved public finances and relatively sufficient foreign reserves. The Bank-supported Egypt COVID Response Project (US\$50 million) approved in May 2020, addressed immediate operational challenges and areas identified as critical gaps in Egypt's national response to the pandemic. In March 2021, the World Bank activated the Contingency Emergency Response Component (US\$7.9 million) under the Transforming Egypt's Healthcare System Project (US\$530 million), to fund emergency response activities related to COVID-19 in Egypt. The CPF program is also supporting new interventions for resilient and sustainable recovery and helping focus attention on the needs of women, who have been affected differently by the pandemic.

V. LESSONS LEARNED

45. The assessment of the design and implementation of the CPF program and the performance of the WBG helped identify the following lessons:

- **Formulation of results frameworks, objectives, and underlying indicators deserves greater attention.** The CPF results framework could have been strengthened in a number of ways. First, the drafting of CPF objectives was not always consistent. In most cases, the objectives were clear and the links to outcome indicators and interventions were easy to follow. In some cases, the objectives were complicated by the inclusion of multiple sub objectives, which then become more difficult to achieve and track. For example, CPF objective 2.4 aimed to provide access to agriculture and irrigation services. The underlying indicators focused on irrigation and drainage services. This seemed to dilute the emphasis on agriculture services. Second, the choice of outcome indicators should be carefully considered. For example, instead of focusing on the number of laws or reforms to be implemented, which are inputs, as happened in a few instances, the focus should be on the impact of such reforms.
- **The inclusion of one or more cross-cutting themes should be carefully assessed in developing CPFs.** Environmental sustainability, a long-term issue for Egypt, was listed in the CPF as a cross-cutting theme for WBG assistance. The CPF document asserted that environmental sustainability "will be integral to WBG initiatives under the CPF." However, environmental sustainability does not appear to have been a big theme of CPF implementation. This is not to suggest that environmental sustainability is not important or that the CPF program had no impact on it. However, to have the desired impact of including a crosscutting theme, it should be systematically included in the CPF program. In selecting a crosscutting theme, CPF teams should think through the interaction of such a theme with CPF pillars and objectives. That will make the inclusion of crosscutting themes more meaningful.
- **Mapping political economy and institutional factors early in the design of an operation are critical, as is the avoidance of complex implementation structures.** Understanding the

institutional framework and the incentives, strengths, limitations, authorities, and mandates of relevant stakeholders is key to designing pragmatic and feasible projects. Considering the competing and occasionally conflicting political economy considerations of various actors, large projects involving multiple implementing ministries and agencies tend to have high transaction costs and lower momentum. This issue is magnified in the absence of leadership oversight or the face of weak inter-ministerial coordination. This lesson was borne out in the Upper Egypt Local Development PforR (UELDP), which involved multiple authorities and faced prolonged delays, leadership changes, and conflicting agendas, requiring adjustments in the implementation structure of the program.

- **To maximize the success of reform in specific sectors, it is critical to invest in a regular, consistent dialogue with key development partners.** This should happen during both the design and implementation of new operations, especially operations that have the potential to disrupt an institutional landscape that benefits from donor support. In particular, upstream engagement is key to ensuring an in-depth understanding of new projects by Bank shareholders, and minimizing the risk of uncoordinated and potentially conflicting efforts. In the DPF series, there was good communication and coordination with development partners. The IMF's three-year Extended Funds Facility included several complementary policy actions on electricity prices, fuel prices, industrial licensing, and land allocation. The AfDB carried out three budget support operations in parallel. Regular coordination included joint missions. Bilateral donors (such as the United Kingdom, France, and Germany) were also brought into the coordination and financial and technical support effort. As in other areas, the Government's leadership has been key to successful donor coordination mechanisms.
- **It is important for the WBG to work as one in maximizing finance for development and mainstreaming the development and facilitation of the private sector focus across the country program.** MFD-supporting activities and projects such as programmatic DPLs, the UELDP, and TA activities such as the Equal Access and Simplified Environment for Investment Project and the Competition and Competitiveness TA have successfully leveraged the strengths of various global practices and institutions of the WBG. The DPF series provides a good example of WBG collaboration in energy and private sector development. Besides coordinated efforts in analytic work and TA, complementary financing played a key role. During the period of the DPFs, the IFC arranged (in 2017) a US\$653 million debt package for the construction of 13 solar power plants, and MIGA provided US\$234 million in political risk insurance to private lenders and investors involved in the solar park. The Government's willingness to pursue meaningful reforms was, of course, a necessary condition for the success of this collaboration.
- **Fully exploiting the potential of the ASA product line maximizes synergies with policy-based and results-based lending.** Capitalizing on grant resources made available under global, regional, or country-specific trusts funds such as the Energy Sector Management Assistance Program, the MENA Transition Fund, the MENA multi-donor trust fund, or the Strategic Partnership for Egypt's Inclusive Growth (SPEIG) Trust Fund, ASAs have prepared the groundwork for reforms that were later incentivized under the DPF series. Once the reforms were approved, ASAs delivered capacity building for their implementation (for example, on the gas law, electricity law, and industrial licensing law). Flexible, just-in-time ASAs have allowed an opportunistic, agile response to challenges facing the client. Starting from relatively modest entry points for capacity building (for example, to improve investment planning mechanisms on a pilot basis in Sohag and Qena governorates under the UELDP), the WBG gradually expanded its TA in response to the client's growing trust and interest, enabling the achievement of significant milestones toward fiscal decentralization under the private sector DPF.
- **A staffing model centered on field-based task team leaders (TTLs) has been key to building a stronger client relationship and maintaining implementation momentum.** The importance of

day-to-day engagement and intensive implementation support applies to all phases of the project cycle. The Egypt country management unit's strategic decision to mainstream field-based TTLs has contributed to strong performance and results under the CPF. Half of TTLs with decision-making responsibility are now based in Egypt, up from 20 percent in FY14, and over 70 percent of those who are not in Egypt have a country-based co-TTL. Only 4 out of the 14 portfolio operations do not have a field-based TTL.

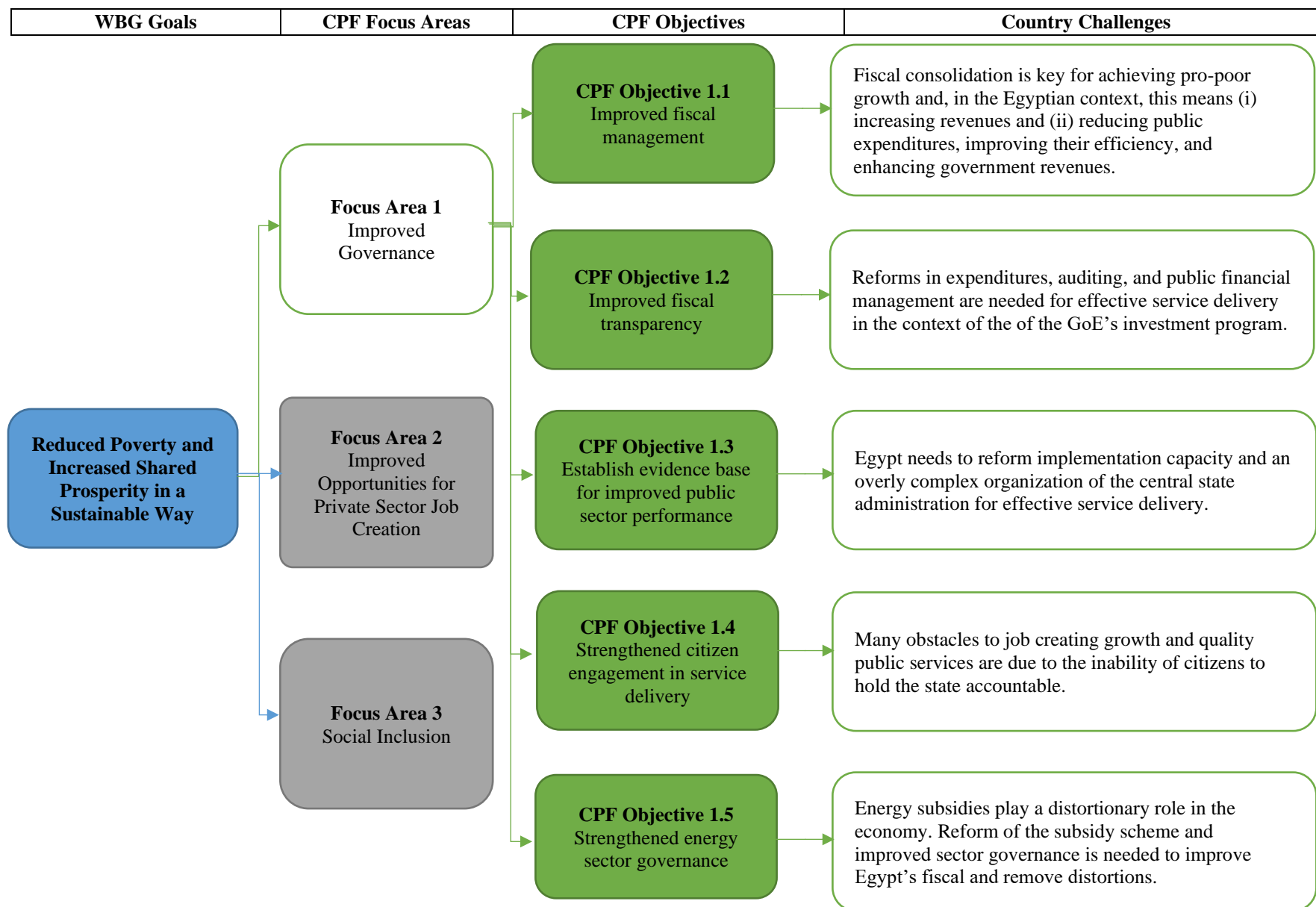
ATTACHMENT 1: Summary of Ratings

Focus Area 1: Improving Governance		MS
CPF Objective 1.1 Improved fiscal management		A
1	1.1.1 Single unified tax rate for all goods and services	A
2	1.1.2 Established tax credit system for direct and indirect inputs	A
CPF Objective 1.2 Improved fiscal transparency		PA
3	1.2.1 Established internal audit function in the Ministry of Finance	MA
4	1.2.2 Reduced central Government wage and salaries bill to nominal GDP	A
5	1.2.3 Publish medium-term debt management strategy	PA
CPF Objective 1.3: Established evidence base for improved public sector performance		PA
6	1.3.1 New: National performance measurement framework in place and connected to ministries, public service authorities, and local governments	PA
7	1.3.2 New: New e-services launched online, and increased number of users of available services	A
8	1.3.3 New: New e-procurement system introduced in government and connects all budgetary spending entities	NA
CPF Objective 1.4: Strengthened citizen engagement in service delivery		MA
9	1.4.1 Percentage of resolved complaints in housing office	A
10	1.4.2 Satisfaction survey undertaken in sanitation sector.	PA
11	1.4.3 Percentage of grievances addressed in stipulated timeframe in the Takaful and Karama cash transfer program	A
CPF Objective 1.5: Strengthened energy sector governance		A
12	1.5.1 Reduction of energy subsidies as proportion of GDP	A
13	1.5.2 Increase in the average electricity tariff	A
Focus Area 2: Improved Opportunities for Private Sector Job Creation		MS
CPF Objective 2.1 Improved regulatory environment for private investment		PA
14	New: 2.1.1 Number of laws and/or regulations enacted to strengthen business regulation	A
15	2.1.2 Average duration of business licensing process	PA
CPF Objective 2.2 Increased energy generation capacity and energy efficiency		A
16	2.2.1 Capacity of power generation constructed - Conventional	A
17	2.2.2 Greenhouse gas reduction relevant to engagements in renewable energy	A
CPF Objective 2.3 Enhanced capacity and safety of key transport infrastructure and services		PA
18	2.3.1 Passengers that can be served through TB2 terminal at Cairo Airport in one day (number)	A
19	2.3.2 Average number of fatalities due to railway accidents on the ENR network (number per billion passenger-km) Baseline: .595 (2014)	NA
CPF Objective 2.4 Enhanced access to improved agriculture and irrigation services		A
20	2.4.1 Water users provided with new/improved irrigation and drainage services (number)	A
21	New: 2.4.2 Area provided with improved irrigation and drainage services	A

CPF Objective 2.5 Enhanced access to finance for micro, small, and medium-enterprises (MSMEs)		A
22	2.5.1 MSME portfolio of Financial Institutions participating in WBG financed interventions	A
23	2.5.2 Women served through the line of credits	A
Focus Area 3: Social Inclusion		MS
CPF Objective 3.1 Improved access to short-term income opportunities for the poor and increased coverage of the Social Safety Net System		A
24	3.1.1 Beneficiaries of Active Labor- Intensive Public Works	A
25	3.1.2 Households registered in unified SSN registry (number)	A
26	3.1.3 Poor households benefiting from the new Cash Transfer Program (number)	A
CPF Objective 3.2 Increased access to quality health care services		A
27	3.2.1 Targeted family healthcare facilities in the poorest ten Governorates receiving accreditation certification	A
28	3.2.2 People with access to a basic package of health, nutrition, or population services	A
29	New: 3.2.3 Citizens screened for Hepatitis C	A
CPF Objective 3.3 Increased access to housing for low-income households		PA
30	3.3.1 Number of targeted households accessing ownership and rental housing units with support from the Program (number) Total	PA
CPF Objective 3.4 Increased access to sanitation and sewage services in rural areas		PA
31	3.4.1 Users in rural areas with access to improved sanitation and sewerage services	PA
CPF Objective 3.5 Increased household access to natural gas		A
32	3.5.1 Households connected to the natural gas networks under program	A
33	3.5.2 (originally 3.5.3) Female project beneficiaries from Household Gas Connections Project	A
CPF Objective 3.6 Improved education sector governance		MA
34	New: 3.6.1 White Paper on Sector-wide Education Reform that proposed policy measures and interventions addressing sector priorities and constraints, developed and furnished	A
35	New: 3.6.2 IBRD results-based project to support Egypt Education Reform program prepared and launched	A

Ratings: HS=Highly Satisfactory; S=Satisfactory; MS=Moderately Satisfactory; MU=Moderately Unsatisfactory; U=Unsatisfactory; HU=Highly Unsatisfactory; A=Achieved; MA=Mostly Achieved; PA=Partially Achieved; NA=Not Achieved; NV=Not Verified.

ATTACHMENT 2: Completion and Learning Review: Achievement of Results under CPS Results Matrix for Egypt



Focus Area 1: Improved Governance

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
CPF Objective 1.1 Improved fiscal management		
<p><i>1.1.1 Single unified tax rate for all goods and services</i> Baseline: No (2015) Target: Yes (2020)</p> <p>Achieved. The Government consolidation program, where progress has been achieved to redress public finances. The introduction, implementation, and increase of a value-added tax have helped to mobilize revenues. The VAT law (with an initial rate of 13 percent, raised to 14 percent in July 2017) introduces a single rate on all goods and services. The Law was approved by the Egyptian parliament on August 29, 2016, signed by the President into law on September 5 and published in the official gazette, and became effective on September 8. The VAT has notably increased tax revenues through a higher tax rate and broader coverage.³⁷</p>	<p>New: DPF on Fiscal Stabilization, Sustainable Energy, and Competitiveness</p> <p>ASA: 1) TA to MOF and ETA on tax administration integration; tax expenditure analysis; analysis of costs of compliance and options to reduce the time cost of paying taxes 2) IFC Advisory Services on Private Sector Development</p>	<p>The process of migration from the GST to the VAT involved consultations with private sector representatives and international organizations to explore best practices and select what suits the Egyptian economy.</p> <p>One of the key benefits of the system is its simplicity; allowing better control over fraud and evasion enhancing compliance which minimizes dead-weight loss.</p> <p>However, the new taxation system was not applied across the board as some products are still subject to excise taxes, such as tobacco.</p>
<p><i>1.1.2 Established tax credit system for direct and indirect inputs</i> Baseline: No (2015) Target: Yes (2020)</p> <p>Achieved. The VAT law provides a conditional list for tax refunds for direct and indirect inputs that have been an incentive for timely and accurate tax filing.³⁸</p>		<p>Tax credits in Egypt are part of the personal income tax system and differ according to different PIT income brackets, however, what the VAT law offers is tax refunds.</p> <p>The VAT law provides a conditional list for tax refunds for direct and indirect inputs that have been an incentive for timely and accurate tax filing.</p>

³⁷ Source: Implementation Completion and Results Report on The First, Second and Third Fiscal Consolidation, Sustainable Energy, And Competitiveness Programmatic Development Policy Financing. September 30, 2020.

³⁸ Source: Implementation Completion and Results Report on The First, Second and Third Fiscal Consolidation, Sustainable Energy, And Competitiveness Programmatic Development Policy Financing. September 30, 2020.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p><u>SUPPLEMENTARY INDICATOR</u> 1) <i>New: Primary fiscal balance:</i> Baseline: -3.5% of GDP (2015) Target: -1.8% of GDP (2019)</p> <p>Achieved. Reform measures adopted by GoE on the revenues and expenditures sides have helped to narrow the overall budget deficit to 8.1% of GDP in FY19, compared to 10.9% of GDP in FY17 and 9.7% of GDP in FY18. Similarly, the primary balance reversed from a 1.8% of GDP deficit in FY17 to 0.1% of GDP and 1.9% of GDP surpluses in FY18 and FY19 respectively.³⁹</p>		<p>The GoE has managed to achieve around 5.5% of GDP fiscal consolidation in the primary balance during the period from FY17 to FY19.</p> <p>The bulk of the consolidation comes from the reprioritization of expenditures rather than mobilizing revenues. On the expenditures side, containment of wages and rationalization of the energy subsidy bill were the main drivers of consolidation. Meanwhile, interest payments were a drag on fiscal consolidation; expanding to reach 10% of GDP; almost 39% of total expenditures in FY19.</p>
<p><u>SUPPLEMENTARY INDICATOR</u> 2) <i>New: Tax to GDP ratio</i> Baseline (2017): 13.3% Target: 14.6% (2019)</p> <p>Partially Achieved. The Egyptian Tax Authority has integrated the VAT and Income Tax departments, adopted a new organigram, and procured an integrated tax administration system.⁴⁰</p> <p>Taxes as percent of GDP stood at 13.8% of GDP in FY19 down from 14.2% in FY18; mainly because of significant drop in tax receipts from sovereign entities (EGPC, CBE and SCA) and below-potential performance of the VAT.⁴¹ The COVID-19 crisis has further affected tax revenues due to forbearance measures. In FY20, tax-to-GDP ratio declined to 12.7%.</p>		<p>Egypt faces a challenge in mobilizing revenues with a tax-to-GDP ratio significantly lower than peers' and even decreasing. The government has been putting efforts to widen the tax base, however, informality and a setback in consumption on the back of diminishing purchasing power are key challenges that should be on top of the reform agenda.</p> <p>Despite revising the customs dollar price to reflect market rate, customs receipts have not been picking up constrained by a decrease in imports and a slight appreciation of the Egyptian pound.</p>

³⁹ Source: Implementation Completion and Results Report on The First, Second and Third Fiscal Consolidation, Sustainable Energy, And Competitiveness Programmatic Development Policy Financing. September 30, 2020.

⁴⁰ Source: Implementation Completion and Results Report on The First, Second and Third Fiscal Consolidation, Sustainable Energy, And Competitiveness Programmatic Development Policy Financing. September 30, 2020.

⁴¹ Source: International Monetary Fund.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
CPF Objective 1.2 Improved fiscal transparency		
<p><i>1.2.1 Established internal audit function in the Ministry of Finance</i> Baseline: No (2015) Target: Yes (2019)</p> <p>Mostly Achieved. A PFM Unit was created in the Ministry of Finance by decree and is effectively implementing some aspects of reform identified in the strategy. A new internal auditor has been hired. The Unit has developed an audit charter in line with international standards, and prepared audit plans and work programs for the first set of audits of selected MOF-affiliated entities.⁴²</p>	<p>New lending: 1) DPF on Private Sector Development for Inclusive Growth (IBRD)</p> <p>ASA: 1) Public Expenditure Review (IBRD ASA) 2) Governance ASA sub-task 2 on Public Resource Management; and sub-task 1 on Strategic Governance advice on admin reform</p>	<p>The PFM unit works on different aspects of fiscal risks management and one of its key products is the contingent liabilities semi-annual report that is circulated internally and takes stock of domestic and external guarantees by sector.</p> <p>A draft of the unified public finance law was published on MOF's website.</p> <p>As of February 2020, the internal audit unit conducted four audits with three of them presented to the Minister of Finance. The audits were conducted for General Authority for Government Service (GAGS), The Egyptian Mint Authority, the Debt Management Unit (DMU), and the Central Department (CD) for Loans under the financing sector (The only audit not presented to the Minister yet).</p>
<p><i>1.2.2 Reduced central Government wage and salaries bill to nominal GDP</i> Baseline: 8.2% (2015) Target: 4.9% (2020)</p> <p>Achieved. Preliminary data indicate that expenditure on wages and salaries was 7.9% of GDP in FY16, 6.5% of GDP in FY17, and 5% of GDP in FY19 and FY20.⁴³</p>		<p>This was done through a set of reforms including delinking variable pay from basic pay in addition to limiting new hires, which significantly controlled the wages growth rates. Starting FY16, wages and compensation of employees have witnessed negative real growth rates with the hikes in inflation that were not matched by an increase in nominal wages. The government granted bonuses with percentages stipulated in laws (Civil service law, 7%, and special cadres laws, 10%) that are not indexed to inflation and</p>

⁴² Source: Implementation Completion and Results Report on The First, Second and Third Fiscal Consolidation, Sustainable Energy, And Competitiveness Programmatic Development Policy Financing. September 30, 2020.

⁴³ Source: Implementation Completion and Results Report on The First, Second and Third Fiscal Consolidation, Sustainable Energy, And Competitiveness Programmatic Development Policy Financing. September 30, 2020.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
		effective only on basic pay (relatively smaller share of the take-home salary). This eroded the purchasing power of government employees and was not compensated by all the exceptional bonuses granted as part of more comprehensive social packages to mitigate against the impact of fiscal measures on the most vulnerable and middle class.
<p><i>1.2.3 Publish medium-term debt management strategy</i> Baseline: No (2015) Target: Yes (2020)</p> <p>Partially Achieved. MTDMS published in 2015. This was intended to be updated and published on an annual basis. This has not happened, but an updated MTDMS was published on MOF's website in May 2019.⁴⁴</p>		Publishing an MTDMS was necessary especially in the years in which debt was significantly inflated up until 108% of GDP in FY17, but it was not done regularly. Also, the published MTDMS focuses on tradable debt and doesn't provide enough substance, if any, on non-tradable debt which constitutes 32.7% of total domestic debt as of the end of June 2018.
<p><u>SUPPLEMENTARY INDICATOR</u> <i>1) MOF adopts decree to establish Fiscal Transparency Unit and policy on fiscal transparency and dissemination</i> Baseline: No (2017) Target: Yes (2019)</p> <p>Partially Achieved. Fiscal Transparency Unit was established by a prime ministerial decree published on November 1, 2018. The Unit is receiving Bank TA under the Governance ASA to set up a website for fiscal data dissemination, adopt a proactive disclosure policy on fiscal dissemination, pilot participatory budgeting in one governorate, and draft a policy on participatory budgeting. However, lack of transparency in public financial support to Economic authorities and state-owned enterprises remains a problem.⁴⁵</p>		

⁴⁴ Source: Implementation Completion and Results Report on The First, Second and Third Fiscal Consolidation, Sustainable Energy, And Competitiveness Programmatic Development Policy Financing. September 30, 2020.

⁴⁵ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019 and CLR stage review.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
CPF Objective 1.3: Established evidence base for improved public sector performance		
<p>1.3.1 New: National performance measurement framework in place and connected to ministries, public service authorities, and local governments Baseline: 0 Target: 30 Ministries; 100 public service authorities; 27 local governments (2020)</p> <p>Partially Achieved, but there is a lack of coordination between entities. Ministry of Planning announced the adoption of performance measurement framework for ministries and issuing quarterly progress reports starting FY18/19 including reporting on KPIs.⁴⁶</p>	<p>ASA: 1) Public Financial Management and Public Investment (IBRD TA) 2) Public Sector Reforms under Governance ASA (IBRD TA)</p>	
<p>1.3.2 New: New e-services launched online, and increased number of users of available services Baseline: 0 (2018) Target: 15 services; 100,000 users (2020)</p> <p>Achieved. As part of the Egypt DECA review, which covers the period until December 2020, the MCIT indicated incrementally rolling out 30+ services delivered in the Port Said trial in 5 other governorates including: Luxor, Aswan, Ismailia, Suez and South Sinai. The services include driving license renewals, payment of traffic fines, notary activities, and lawsuit filing online.⁴⁷</p>		
<p>1.3.3 New: New e-procurement system introduced in government and connects all budgetary spending entities` Baseline: No (2018) Target: (2020)</p> <p>Not Verified.⁴⁸ There is no documentation indicating the achievement of this target.</p>		
<i>SUPPLEMENTARY INDICATOR</i>		

⁴⁶ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019 and CLR stage review.

⁴⁷ Source: Egypt Digital Economy Country Assessment 2020. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/viewer.html?pdfurl=https%3A%2F%2Fthedocs.worldbank.org%2Fen%2Fdoc%2Fb7a35868206ace761909f9bd2daa1f91-0200022021%2Foriginal%2FDigital-Economy-Country-Assessment-May-26-Final.pdf&chunk=true

⁴⁸ Based on CLR stage review.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p><i>New: Administrative Control Authority, Ministry of Planning, Monitoring and Administrative Reform and Ministry of CIT agree on a protocol for establishing a national performance measurement system</i> Baseline: No (2017) Target: Yes (2019)</p> <p>Not Verified.⁴⁹ There is no documentation indicating the achievement of this target.</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> <i>New: Administrative Control Authority, Ministry of Planning, Monitoring and Administrative Reform and Ministry of CIT agree on a protocol for establishing online eservices</i> Baseline: No (2017) Target: Yes (2019)</p> <p>Not Verified.⁵⁰ There is no documentation indicating the achievement of this target.</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> <i>New: New automated business procedures introduced in government agencies (GAFI; IDA; Cairo Economic Court) to work on the following: a) Decreasing the number of days from bid opening to contract signing; b) Regulating and enforcing payment arrangements; and c) Regulating, publishing, and enforcing procedures for evaluation and awards</i> Baseline: No (2017) Target: Yes (2019)</p> <p>Not Verified.⁵¹ There is no documentation indicating the achievement of this target.</p>		
<p>CPF Objective 1.4: Strengthened citizen engagement in service delivery</p>		
<p><i>1.4.1 Percentage of resolved complaints in housing office:</i> Baseline: 0 (2015) Target: 90% (2020)</p>	<p><u>Portfolio:</u></p>	

⁴⁹ Based on CLR stage review.

⁵⁰ Based on CLR stage review.

⁵¹ Based on CLR stage review.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p>Achieved. Regarding social housing, transparency and accountability mechanisms have been achieved through the grievance redress mechanisms (GRM) established at the Social Housing and Mortgage Finance Fund (SHMFF) for resolving complaints. This work is done through the implementation of the Inclusive Housing Finance PforR and the Enhancing Social Housing Governance Trust Fund.⁵²</p>	<p>1) Measures to enhance sector governance and citizen engagement incorporated in project and PforR operations (IBRD)</p> <p>ASA: 1) Mainstreaming Beneficiary Feedback in Select Sectors (MENA MDTF TA)</p>	
<p><i>1.4.2 Satisfaction survey undertaken in sanitation sector.</i> <i>Baseline: 0 (2015)</i> <i>Target: 1 (2020)</i></p> <p>Partially Achieved. While the baseline and follow-up surveys on citizen report card have been undertaken, the citizen satisfaction percentage is not being reported.⁵³</p>		
<p><i>1.4.3 Percentage of grievances addressed in stipulated timeframe in the Takaful and Karama cash transfer program</i> <i>Baseline: 0 (2015)</i> <i>Target: 70% (2020)</i></p> <p>Achieved. The Ministry of Social Solidarity has received 259,105 grievances, and the hotline has received 968,928 grievances. Of the total grievances, 97% have been resolved as of September 2018.⁵⁴</p>		
<p>SUPPLEMENTARY INDICATOR <i>New: 1) Transparency and accountability mechanism established in the housing sector.</i> <i>Baseline: 0 (2015)</i> <i>Target: 1 (2018)</i></p> <p>Achieved.⁵⁵</p>		
<p>SUPPLEMENTARY INDICATOR <i>New: 2) Grievance redress mechanisms functioning in the sanitation sector.</i> <i>Baseline: 0 (2015)</i></p>		

⁵² Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁵³ Based on latest ISR of Sustainable Rural Sanitation Services Program for Results. December 3, 2021.

⁵⁴ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁵⁵ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p><i>Target: 1 (2018)</i></p> <p>Achieved. The GRM diagnostic assessment for the system was conducted at the level of the WSCs under SRSSP. A GRM manual has been developed, including creating and operating a system for project-level complaints. A regular reporting system has been established on the GRM, and regular reports are now being delivered.⁵⁶</p>		
<p>SUPPLEMENTARY INDICATOR</p> <p><i>New: Public disclosure of tariff methodology for computation of electricity tariffs</i></p> <p><i>Baseline: 0 (2015)</i></p> <p><i>Target: Every year since 2016</i></p> <p>Achieved.⁵⁷</p>		
CPF Objective 1.5: Strengthened energy sector governance		
<p><i>1.5.1 Reduction of energy subsidies as proportion of GDP</i></p> <p><i>Baseline: 6.6% (2015)</i></p> <p><i>Target: 3.3% (2019)</i></p> <p>Achieved. Energy subsidy reduced from 6.5% of GDP in FY14 to 3.4% of GDP in FY18 and 1.9% of GDP in FY19.⁵⁸</p>	<p>Portfolio:</p> <p>1) DPF on Fiscal Stabilization, Sustainable Energy, and Competitiveness</p>	<p>Gradual implementation and transparency were the key success factors in the energy subsidy reform. Through 6 consecutive rounds of electricity price adjustments and 5 rounds of petroleum products price adjustments, the government has been able to gradually rationalize the energy subsidies as percent of GDP and reach 100% cost recovery in all petroleum products except for LPG and fuel oil used for electricity generation and bakeries. Electricity subsidies are yet to be fully lifted in FY22. Prices have always been published and transparently communicated to the public on official websites. The automatic adjustment mechanism (fuel price indexation) was also gradually implemented with the plan to revise prices on a quarterly basis –</p>

⁵⁶ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019, and CLR stage review.

⁵⁷ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁵⁸ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
		<p>better for price stability for the citizens but a relatively wide span of time for Brent prices and exchange rate shocks which directly affect cost of production. In the first price revision – before achieving cost recovery – price adjustments were capped at 10 percent to smoothly phase the mechanism in and in light of the mechanism petroleum products prices were revised downwards in September 2019 for the first time in decades.</p> <p>As part of this wider framework, EGPC arrears to foreign partner were reduced from higher than US\$ 6 billion in 2014 to almost US\$ 1 billion in December 2018, attracting more foreign investments and leading to increase in reserves and domestic O&G production</p> <p>Electricity and fuel consumption data reflects a wiser pattern than pre-reform which is key for efficiency.</p>
<p><i>1.5.2 Increase in the average electricity tariff</i> <i>Baseline: 0.226 LE/kWh (2015)</i> <i>Target: 0.451 LE/kWh (2019)</i></p> <p>Achieved. The average electricity tariff in FY18 was around 0.66 LE/kWh (45% higher than the CPF target) due to a 190% increase in electricity tariffs. In addition, there has been an increase of around 200-350% in fuel prices. Average tariff in FY20 is 0.96 LE/kWh. Electricity prices are currently at 93% cost recovery. According to the electricity reform plan which the government has pursued since FY15, prices are expected to reach 100% cost recovery by FY25 (instead of FY22 due to COVID-19 related delays). In addition, automatic price indexation</p>		<p>Strong government ownership was key for the success of the program – which had begun even before the start of the World Bank’s DPF. The importance of a good communication strategy and outreach program (which involved NGOs and citizen groups) was critical in highlighting the need for the increase in prices. Additionally, analytical work led by the World Bank highlighting the financial and opportunity costs of subsidies helped convince the GoE of the need for subsidy reduction and</p>

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
for fuel products is now in place since end of 2018, except for LPG, and fuel for bakeries and electricity which are also increasing gradually. This mechanism ensures that fluctuations in the exchange rate and international Brent prices are factored in the selling prices to consumers. ⁵⁹		encouraged evidence-based public debate on the benefits of removing subsidies.
<p><u>SUPPLEMENTARY INDICATOR</u> <i>New: Notification of New Gas Law, leading to a separate gas transmission tariff, transmission code, market rules, and approval procedures</i> <i>Baseline: 0 (2015)</i> <i>Target: Law and notifications in place (2018)</i></p> <p>Achieved.⁶⁰</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> <i>New: Notification of New Gas Law, leading to a separate gas transmission tariff, transmission code, market rules, and approval procedures</i> <i>Baseline: 0 (2015)</i> <i>Target: Law and notifications in place (2018)</i></p> <p>Achieved.⁶¹</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> <i>New: Dedicated web portal launched with all gas sector rules and regulations</i> <i>Baseline: 0 (2015)</i> <i>Target: Web portal in place (2019)</i></p> <p>Achieved. The website is in operation and is frequently updated with the latest approved regulatory documents, news and events. The link of the website is www.gasreg.org⁶²</p>		
<u>SUPPLEMENTARY INDICATOR</u>		

⁵⁹ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁶⁰ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁶¹ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

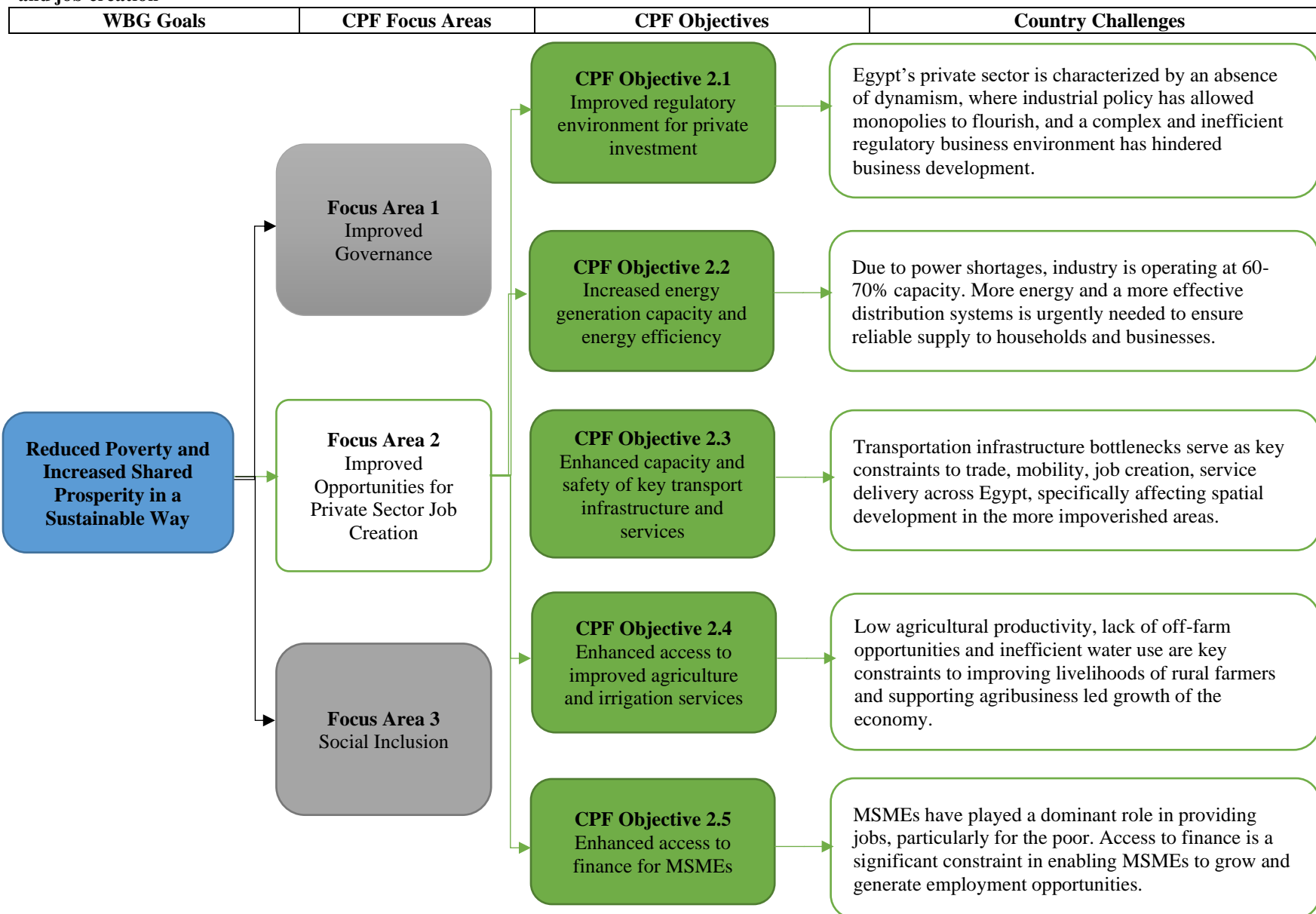
⁶² Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p><i>New: Notification of New Electricity Law clarifying methodology of cost of service and tariff determination with trajectory of zero subsidy by 2022.</i> <i>Baseline: No (2015)</i> <i>Target: Cabinet-approved methodology in place (2019)</i></p> <p>Achieved. The electricity law and its executive regulations were issued in 2015. The cost of service methodology was approved by the cabinet and is being used as the basis for tariff calculation. (please see above on subsidy removal)⁶³</p>		
<p><u>SUPPLEMENTARY INDICATOR</u></p> <p><i>New: Implementation of Ministry of Petroleum's modernization program for greater accountability and transparency</i> <i>Baseline: No (2015)</i> <i>Target: Modernization program being implemented (2019)</i></p> <p>Achieved. The Eastern Mediterranean Gas Forum "EMGF to promote regional cooperation for gas trade. This builds on Egypt's potential to become a regional gas hub, based on the strengths of its domestic gas demand and supply and the ability to share its transportation, processing, and export infrastructure for supplies from neighboring countries. Imports for re-export already started and are under preparation for Cyprus. LNG exports reached a record of 6.8 million tons in 2021, and pipeline exports to Jordan are in place with potential export to Lebanon . The establishment of the gas regulator is also is an outcome of the modernization program. Finally, in Feb. 2020, the cabinet approved the sector's SoE reform plan that aims to enhance the sector's financial sustainability and governance.⁶⁴</p>		

⁶³ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁶⁴ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

Focus Area 2: Improved Opportunities for Private Sector Job Creation Aligned with GoE economic program pillar 2 ‘promoting economic rebound and job creation’



Focus Area 3: Improved Opportunities for Private Sector Job Creation

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
CPF Objective 2.1 Improved regulatory environment for private investment		
<p><i>New: 2.1.1 Number of laws and/or regulations enacted to strengthen business regulation Baseline: 0 (2015) Target: 3 (2019)</i></p> <p>Achieved. Supported reform of the Industrial Licensing Law and Investment Law, and amendment of the Companies Law. IFC’s Egypt SNDB project closed in March 2017. The relevant indicator (2.1.1) was modified to reflect the new program direction. Under the Competition and Competitiveness ASA, the Industrial Licensing Law (15/2017) was ratified in May 2017 and the Executive Regulations (1082/2017) were approved in August 2017. Under IFC’s Egypt Competitiveness Program, the Investment Law (72/2017) was ratified in May 2017.⁶⁵</p>	<p>Portfolio:</p> <ol style="list-style-type: none"> 1) Subnational Doing Business in Alexandria (WB/IFC) 2) Suez Canal Industrial Zone Development RAS (WB/IFC) 3) E4E ICT Sector Egypt – Labor Market information System and Quality Assurance Framework (WB/IFC) 4) Investments in manufacturing/services/chemicals (IFC) 	
<p><i>2.1.2 Average duration of business licensing process Baseline: 320 Days (2015) Target: 75 days (2020)</i></p> <p>Partially Achieved. Under the EASE Project, the Industrial Development Authority (IDA) has streamlined its licensing process. The target of 75 days was not achieved on time. Even by 2020, the average duration of business licensing process was 250 days. However, in 2021, there was substantial progress and the number of days has been cut to 28 as of September 8, 2021.⁶⁶</p>	<p>New:</p> <ol style="list-style-type: none"> 1) Upper Egypt Local Development Program Integrated Agriculture Development Program (IBRD) 2) Equal Access and Simplified Environment (EASE) (IBRD) 3) Expected IFC investments in manufacturing/services/export-oriented and high value-added sectors (IFC) 4) DPF on Fiscal Stabilization and Inclusive Growth (IBRD) 5) Private Sector Development and Inclusive Growth DPF (IBRD) 	
<p><u>SUPPLEMENTARY INDICATOR</u></p> <p><i>1) Business-related regulations made accessible online to the public Baseline: No (2014) Target: Yes (2016)</i></p> <p>Achieved. Under the EASE project, business-related regulations have been made accessible online to the public.⁶⁷</p>	<p>ASA:</p> <ol style="list-style-type: none"> 1) Competitiveness and competition programmatic TA (WB/IFC) 	

⁶⁵ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁶⁶ Based on Implementation Status and Results Report. October 12, 2021.

⁶⁷ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19), April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
	2) ICT investment policy and promotion (IFC) 3) Regional ASA (including Egypt) on privilege-resistant economic policies (WB/IFC)	
<p><u>SUPPLEMENTARY INDICATOR</u> 2) <i>Government has approved simplified industrial licensing procedures</i> Baseline: No (2014) Target: Yes (2016)</p> <p>Achieved. Regulations for business registration (GAFI) and industrial licensing permits (IDA) are published online. The number of days required to comply with industrial licensing requirements fell from 634 days in 2015 to 55 days in 2019.⁶⁸</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 3) <i>Industrial Licensing System Deployed in 10 subnational branches</i> Baseline: No (2014) Target: Yes (2018)</p> <p>Achieved. Under the Competition and Competitiveness ASA Program, the Industrial Licensing Law and its executive regulations were approved in 2017. Implementation of the reformed licensing process is in progress under the EASE project.⁶⁹</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 4) <i>New: Number of GAFI Investor Services Centers offering automated and integrated registration services for companies under both the Investment and Companies Laws</i> Baseline: 0 (2014) Target: 4 (2018)</p> <p>Achieved. Increase from 0 in FY2014/15 to 11 as of FY19.⁷⁰</p>		

⁶⁸ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19), April 3, 2019 and Implementation Completion and Results Report of DPF series and CLR review.

⁶⁹ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19), April 3, 2019.

⁷⁰ Based on Implementation Completion and Results of DPF series and CLR review.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p><u>SUPPLEMENTARY INDICATOR</u> 5) New: Average number of firm registrations per month at the new Investor Service Centers Baseline: 0 (2018) Target: 20 (2020)</p> <p>Not Verified.⁷¹</p>		
<p><u>SUPPLEMENTARY PROGRESS INDICATOR</u> 6) New: Average number of days needed to start a business Baseline: 0 (2018) Target: 20 (2020)</p> <p>Not Verified.⁷²</p>		
<p>CPF Objective 2.2 Increased energy generation capacity and energy efficiency</p>		
<p>2.2.1 Capacity of power generation constructed</p> <p><u>Conventional</u> Baseline: 0 (2014) Target: 5500 MW (2018)</p> <p><u>Renewable</u> Baseline: 0 (2014) Target: 1500 (2020)</p> <p>The targets associated with power generation from conventional and renewable sources were largely met within the established timeframe.</p> <p>Conventional: Achieved. Since 2014, capacity from conventional sources increased by 27.5 GW (from 32 to 59.5 GW), exceeding the target.⁷³</p> <p>Renewables: Achieved. WBG support to the establishment and the implementation of the Feed-in Tariff and the upstream policy support which opened the market for private production of energy and the creation of the Benban solar energy park with the solar generation capacity of 1465 MW. The RE capacities reached 6128 MW as of Dec</p>	<p>Portfolio:</p> <ol style="list-style-type: none"> 1) Ain Sokhna Power Project (IBRD) 2) Wind Power Development Project (IBRD) 3) Giza North Power Project (IBRD) 4) Helwan South Power Project (IBRD) 5) Programmatic DPF series (IBRD) 6) Transition Fund Energy/Social Safety Nets Sector reform (IBRD TF) 7) IFC Investments in and MIGA guarantees of Egypt solar FiT projects 8) IFC financing and MIGA guarantees of the West Bakr Wind power plant (IFC/MIGA) 9) Several investments in Oil and Gas (IFC) <p>New:</p>	

⁷¹ Unable to assess based on information in the ISR for the EASE project.

⁷² Unable to assess based on information in the ISR for the EASE project.

⁷³ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019 and staff assessments at CLR stage.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p>2021, with 3870 MW projects under construction. The GoE estimates that the total RE capacities will reach 10 GW by end of 2023 when these projects are completed.⁷⁴ 30 power plants, under the feed-in tariff program (FiT), successfully reached financial close in October 2017, of which IFC signed loan agreements for 13 projects with a total capacity of 752 MW and total project cost of US\$823 million under the Egypt FiT program. IFC plans to continue supporting renewable energy projects in Egypt. MIGA likewise supported the success of the FiT program by providing US\$234 million in political risk guarantees for cross-border investors.</p>	<p>1) DPF on Private Sector Development and Inclusive Growth (IBRD) 2) Privately negotiated or competitively bid IPPs (gas generation and renewable energy) (IFC) 3) Investing in sustainable energy finance projects directly and through partner FIs (WB/IFC) 4) Investing in thermal and renewable projects under the feed-in tariff framework (IFC)</p>	
<p>New: 2.2.2 Greenhouse gas reduction relevant to engagements in renewable energy Baseline: 0 (2014) Target: 1.5 million tCo2 (2020)</p> <p>Achieved. Staff estimates based on EEHC annual reports indicate that the reduction in GHGs is estimated at 2.8 million tCo2, exceeding the CPF target of 1.5 million tCo2. Reforms in the solar and wind energy sector, supported by the WBG, contributed to this achievement.</p>	<p>ASA: 1) Policy note on PPPs (IFC) 2) TA on Climate Efficient Industries (IFC)</p>	
<p>SUPPLEMENTARY INDICATOR 1) <i>New: Preparation of an energy white paper and energy strategy</i> Baseline: No (2014) Target: Yes (2016)</p> <p>Achieved. The energy white paper was released at a March 2015 conference in Sharm al Sheikh, and the Energy Strategy 2035 was adopted in 2016.⁷⁵</p>		
<p>SUPPLEMENTARY INDICATOR 2) <i>New: Increase in gas production</i> Baseline: 0 (2014) Target: 20% (2018).</p> <p>Achieved. Gas production has increased by 20% from 2014 to 2017, saving foreign exchange that was being paid for expensive LNG imports and reducing power generation from heavy fuel consumption</p>		

⁷⁴ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁷⁵ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
by 15%, thereby reducing greenhouse gas emissions. Once fully commissioned by the end of 2018, Zohr field would annually save over US\$2 billion in fiscal savings in foreign exchange. ⁷⁶		
<p><u>SUPPLEMENTARY INDICATOR</u> 3) <i>Power plants constructed at Giza North by 2016, Ain Sokhna by 2017, and Helwan by 2018</i></p> <p>Achieved. Power plants commissioned at Giza North and Ain Sokhna, with Helwan expected to be commissioned by 2018.⁷⁷</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 4) <i>Completion of transmission infrastructure capable of evacuating 3,000 MW of power</i> <i>Baseline: No (2014)</i> <i>Target: Yes (2018)</i></p> <p>Achieved. Transmission (both power and gas) for evacuation of 7,000 MW of new capacity commissioned since 2014 was completed. Additional transmission evacuation for Siemens' entire 14.4 GW capacity was expected by the end of 2018 (also completed).⁷⁸</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 5) <i>New: Passage of Gas Law to promote private sector participation in the sector</i> <i>Baseline: No (2014)</i> <i>Target: Yes (2016)</i></p> <p>Achieved. Gas Law passed in 2017, allowing private sector participation across the value chain.⁷⁹</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 6) <i>New: Electricity sector restructured, separating Egyptian Electricity Transmission Company from holding company to increase transparency and market orientation</i> <i>Baseline: No (2014)</i></p>		

⁷⁶ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁷⁷ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁷⁸ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁷⁹ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p><i>Target: Yes (2016)</i></p> <p>Partially Achieved. Egyptian Electricity Transmission Company Board (the board has always been separate). A new general assembly was formed (but legal, financial unbundling is on hold) separate from the holding company, EEHC.⁸⁰</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 7) <i>Establishment of Energy Efficiency Unit at Ministry of Electricity and Renewable Energy</i> <i>Baseline: No (2014)</i> <i>Target: Yes (2016)</i></p> <p>Achieved: Energy efficiency unit has been set up in the Ministry of Electricity with WB TA support. IFC has been working with the Ministry of Trade and Industry to help Egyptian industry adapt to rising energy prices by making available energy-efficient technologies and practices to improve competitiveness.⁸¹</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 8) <i>New: Energy audits performed for large consumer and government buildings</i> <i>Baseline: 134 (FY2015)</i> <i>Target: 234 (FY2019)</i></p> <p>Achieved.⁸²</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 9) <i>New: Adoption of energy efficiency standards for motors</i> <i>Baseline: No (2018)</i> <i>Target: Yes (2020)</i></p> <p>Achieved. Under IFC's STEP project, the Ministry of Trade and Industry adopted IEC Standard 60034- 30-1 in May 2017. The standard specifies energy efficiency classes for motors. The project also worked with the ministry and the private sector on a timeline for when the</p>		

⁸⁰ Source: Implementation Completion and Results Report on The First, Second and Third Fiscal Consolidation, Sustainable Energy, And Competitiveness Programmatic Development Policy Financing, September 30, 2020.

⁸¹ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁸² Based on Implementation Completion and Results of DPF series and CLR stage review.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p>standards would become mandatory, thereby enabling access to energy-efficient motors, improving opportunities for trade and local manufacturing, and improving the competitiveness of Egyptian industry. As a result of this, in September 2020, the Government of Egypt issued the Ministerial Decree 463/2020 to ensure the availability of energy efficient motors in the Egyptian market. The significance of this decree, which is in line with IFC’s recommendations and a key outcome of the STEP project, is the need for mandatory and effective implementation of high efficiency motor standards (IE3) in industries.</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 10) <i>New: Support provided for the expansion and acquisition private sector oil and gas assets</i> <i>Baseline: No (2018)</i> <i>Target: Yes (2020)</i></p> <p>Achieved. IFC financed PICO, an Egyptian oil and gas group, for expansion / development capex in their Amal and Zaafarana fields in the Gulf of Suez. In addition, following IFC’s 2015 loan, which was fully prepaid in December 2019, (and indirectly thanks to IFC’s support), PICO was able to acquire two new fields in Egypt (North Bahareya and West El Burullus) in 2016/17.. Also, through environmental support, IFC facilitated their ability to behave in a manner consistent with IFC’s environmental standards, and thereafter to get a refinancing from commercial banks (HSBC). IFC is co-sponsoring Apex to develop oil & gas fields primarily in the Western Desert in Egypt. Apex won two exploration concessions from the 2016 bid round and the assets were awarded in August 2017 for an initial three-year exploration period, which was subsequently extended. Apex committed and invested more than US\$30 million in exploration expenditures, followed by the development of three commercial discoveries. The company is now producing from all three fields, first production having been achieved in 2021 following a fast-track development program. IFC is also working with Apex to acquire mature oil and gas assets in need of development, capital, and carbon emission reduction.⁸³</p>		

⁸³ PICO RBL; IFC Project Information & Data Portal.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
CPF Objective 2.3 Enhanced capacity and safety of key transport infrastructure and services		
<p>2.3.1 Passengers that can be served through TB2 terminal at Cairo Airport in one day (number) Baseline: 21,000 (2013) Target: 25,000 (2017)</p> <p>Achieved. TB2 new terminal was commissioned and is handling more than 25,000 passengers every day.⁸⁴</p>	<p>Portfolio:</p> <ol style="list-style-type: none"> 1) Cairo Airport Development– TB2 (IBRD) 2) Egypt National Railways Restructuring (IBRD) 3) Upper Egypt Local Development Program (IBRD) 	
<p>2.3.2 Average number of fatalities due to railway accidents on the ENR network (number per million passenger–km) Baseline: .595 (2014) Target: 0.3 (2020)</p> <p>Not Achieved. Average number of fatalities due to accidents produced as a consequence of railways malfunctioning or railway staff human error (typical railway accidents) measured in fatalities per 1 billion passengers–km is about 1.34 at the closing of the Egypt Railways Restructuring Project in December 2020, above the target.⁸⁵</p>	<p>Sonker LBT (IFC)</p> <ol style="list-style-type: none"> 4) Business model for freight rail PPPs and assess the potential of rail transport freight demand for the Alexandria – 6th of October Dry Port (IBRD/PPIAF) <p>New:</p> <ol style="list-style-type: none"> 1) Potential investment in transport sector (including ports and airports when feasible) (IFC) <p>ASA:</p> <ol style="list-style-type: none"> 1)TA on Urban Transport (IBRD) 2) Potential investment in transport sector (IFC) 3) TA on Airports Master Plan and potential PPPs (IBRD/PPIAF) 4) Mobility Assessment and Public Transport Improvement Study [MAPTIS] (IBRD/KGGTF, MOLO, UK-WB Strategic Partnership for Egypt’s Inclusive Growth Trust Fund (SPEIG TF) 5) Mobility and Logistics to advise on design and implementation of a Safety Management System for Egypt National Railways (IBRD/MOLO). 	<p>During the period of 2014 to 2020, the Egyptian railways classified accidents as “typical” and “non-typical” but this translation of Arabic is inaccurate. ENR classified accidents (more accurately “incidents”) according to their analysis of the responsible party, either a breakdown of ENR systems (human and physical) or other reasons such as trespass. ENR’s data has been shown to be fragile and in 2021 undertook redefinition to mirror the European standards. Data has been shown to be missing and collected under different definitions. Consequently, the RISE project, which became effective in 2021, adopted measurements and targets consistent with European standards. The data for 2014 to 2020 is highly variable and does not reflect the trend of improvement. For RISE, a 5 year historical average with reworked data was adopted for the baseline and a 4% improvement year on year on that baseline is targeted. This is consistent with the EU improvement target.</p>
SUPPLEMENTARY INDICATOR		The complex institutional structure of the transport system, still under development,

⁸⁴ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁸⁵ Source: Implementation Completion and Results Report on Egypt Railways Restructuring Project. December 31, 2020.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p>1) A new airport terminal completed in Cairo and certified as reaching level B of IATA level of service by 2016</p> <p>Achieved. New terminal T2 commissioned in 2016.</p>	<p>6) Egypt Transport Report ‘Achieving Green, Inclusive, Safe and Effective Transport’ (IBRD)</p> <p>The institutional development of GCTRA was initially prepared with support from the Bank, laying down the foundation and leading to the establishment of the LTRA.</p>	<p>is an impediment to developing and implementing a well-thought-out, coordinated urban transport policy. Issuing a new law regulating this complex institutional setup is a time-consuming process given the need to take internal parliament and presidential approvals. While the LTRA is becoming operational, it still needs extensive technical assistance and empowerment both from the Ministry of Transport and on the local governorates level.</p>
<p><u>SUPPLEMENTARY INDICATOR</u></p> <p>2) 60% of strategic recommendations of the air transport studies/plans implemented by 2016</p> <p>Achieved. 60% of strategic recommendations of the air transport studies/plans implemented in 2016.</p>		
<p><u>SUPPLEMENTARY INDICATOR</u></p> <p>3) Modernized signaling system on Cairo-Alexandria line operational by 2019</p> <p>Not Achieved. While the PLR noted that the signaling system on Cairo - Alexandria would be fully operational by March - April 2020, that had not happened as of December 2020.⁸⁶</p>		<p>The signaling modernization project proved to be much more complex than it was initially estimated. The Bank tried to mitigate the high risks of the project by supporting the competitive selection of some of the most known contractors in the domain of railway signaling. The works contractor (Thales) is one of the most important providers of signaling systems all over the world, including signaling for high speed train systems. The Project Manager (Systra), one of the most skilled supervisory companies for signaling systems was selected to elaborate the technical specifications and to monitor the implementation. Here there are few of the lessons learned. Both contractors (Thales and Systra) did not evaluate correctly the</p>

⁸⁶ Source: Implementation Completion and Results Report on Egypt Railways Restructuring Project. December 31, 2020.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
		<p>difficulties of the system and had to reschedule multiple times the sequence and the duration of activities. Important needs to improve the track condition for safe installation of the signaling equipment have been identified very late during the project implementation. Egypt has a railway with very high traffic density, which allows very limited daily periods for project implementation works (3-4 hours) and also contributed to the longer duration of implementation work. Also, the implementation of the signaling system was severely limited by the weak institutional capacity of ENR and its lack of experience in implementing such a complex project. All safety rules for operating trains had to be introduced in the software of the computers controlling the railway traffic in all stations. This became a huge task as the ENR did not have capacity at the beginning of the project, an updated set of safe operating rules of traffic; it had to be developed from scratch, which added other delays to the project. In addition, the new technology offered new options for operating trains, never used by ENR before, and the resistance to change was strong, taking time to be accepted. Train drivers actively disabled the technology so that they could drive as before, with unfortunate results. These technical difficulties, administrative and bureaucratic aspects, as well as specific local conditions, delayed the project (time-consuming customs procedures for imports, long durations for the approval of</p>

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
		construction works from various local and central authorities, lack of coordination between the different entities and, within ENR, accidental destruction during the digging of cables belonging other entities that were unmarked on maps, stolen components of the system, vandalism, etc.). Lessons learned include preparation of the workforce and stakeholders for advanced technology.
<p><u>SUPPLEMENTARY INDICATOR</u> 4) Studies to support the restructuring of Egypt National Railways completed by 2019</p> <p>Achieved. Various actions for the restructuring of the ENR have been taken.⁸⁷</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 5) A plan for the institutional development of the Greater Cairo Transport Regulatory Agency (GCTRA) has been formally adopted by GCTRA’s supervisory board by the end of 2015</p> <p>Achieved. Law 73 of 2019 established the LTRA, which superseded the Greater Cairo Transport Regulatory Authority, with a broader mandate. The goal of the LTRA is to set policies; plan; organize; set routes; issue licenses; set tariffs; and regulate, monitor, and evaluate the performance of passenger and goods transport activities in all Egyptian governorates in meeting economic and social development needs. As a national regulator, LTRA is also mandated to take over and improve regulatory and enforcement activities that the General Authority for Roads, Bridges and Land Transport (GARBLT) previously conducted.⁸⁸</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 6) New: Increase in number of ridesharing driver licenses issued Baseline: 0 Target: 100,000 (2020)</p>		

⁸⁷ Based on latest ISR of Egypt National Railways Restructuring Project (P101103) and CLR stage review.

⁸⁸ Based on CLR stage review.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p>Not Verified.⁸⁹ There is no documentary evidence indicating the achievement of this target.</p>		
<p>CPF Objective 2.4 Enhanced access to improved agriculture and irrigation services</p>		
<p>2.4.1 <i>Water users provided with new/improved irrigation and drainage services (number)</i> <i>Baseline: 0 (2014)</i> <i>Target: 945,000 (2020)</i></p> <p>Achieved. Water users were provided with new/improved irrigation and drainage services: 1,202,647 against a target of 945,000. (197,453 FIMP; 476,662 IIIMP and 528,532 NDP2).⁹⁰</p>	<p>Portfolio:</p> <ol style="list-style-type: none"> 1) Integrated Irrigation Improvement and Management (IBRD) 2) National Drainage (IBRD) 3) Farm Level Irrigation and Modernization (IBRD) 4) Enhanced Water Resources Management (TF \$6.7m) 5) Investment in Wadi Group, a major agribusiness player in Egypt (IFC) 	
<p><i>New: 2.4.2 Area provided with improved irrigation and drainage services</i> <i>Baseline: 450,000 ha (2014)</i> <i>Target: 675,000 ha (2020)</i></p> <p>2.4.2 Achieved. Area provided with improved irrigation and drainage services: 696,720 ha achieved against a target of 675,000 ha. Target exceeded.⁹¹</p>	<p>New:</p> <ol style="list-style-type: none"> 1) Integrated Agriculture Development Program (IBRD) 2) Potential IFC investments in agribusiness (IFC) and Fast-Moving Consumer Goods (FMCG) sectors 	
<p>SUPPLEMENTARY INDICATOR</p> <p>1) <i>Operational water user associations increased</i> <i>Baseline: 494 (2014)</i> <i>Target: 12,830 (2016)</i></p> <p>Milestone 1: Achieved. The number of operational water user associations grew to more than 1,500 by 2016 (up from 494 in 2014). The indicator did not consider the water user associations that were strengthened (e.g. through training), which is what the irrigation projects were measuring. This result was 13,965. This explains the significant disparity between the target and the result. The indicator should be rephrased to: “operational water user associations established and/or strengthened.”⁹²</p>	<p>ASA:</p> <ol style="list-style-type: none"> 1) Land Acquisition and Institutional Reform 	

⁸⁹ Based on CLR stage review.

⁹⁰ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁹¹ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁹² Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p>SUPPLEMENTARY INDICATOR</p> <p>2) 15 new technologies demonstrated in the project areas by 2016</p> <p>Milestone 2: Achieved 15 new technologies demonstrated in the project areas under IBRD’s Farm Level Irrigation and Modernization Program (FIMP).⁹³</p>		
<p>CPF Objective 2.5 Enhanced access to finance for micro, small and medium-enterprises (MSMEs)</p>		
<p>2.5.1 MSME portfolio of Financial Institutions participating in WBG financed interventions</p> <p>Baseline: \$3.2 billion (2014)</p> <p>c) Bank: \$1.9 bln</p> <p>d) IFC: \$1.3 bln</p> <p>Target: \$14.5 billion (2020)</p> <p>c) Bank: \$12.5 bln</p> <p>d) IFC: \$2.0 bln</p> <p>Achieved: IFC helped expand the MSME portfolio of financial institutions participating in WBG financed interventions. Through IBRD Projects that supported MSMEDA to on-lend to Intermediaries, the target was achieved and surpassed to reach approximately \$32 billion. However, around \$13 billion were funds made available by the CBE under the MSME initiatives that were fully allocated during its lifetime.⁹⁴</p>	<p>Portfolio:</p> <p>1) Enhancing Access to Finance for MSEs Project (IBRD)</p> <p>2) Promoting Innovation for Inclusive Financial Access Project (IBRD)</p> <p>Inclusive Regulations for Microfinance (IBRD Transition Fund)</p> <p>3) Potential debt/equity investments in finance institutions to support MSMEs including with GTFP support (IFC) Regional MENA MSME Facility (joint World Bank/IFC)</p> <p>4) Private Sector Development and Inclusive Growth DPF (IBRD)</p> <p>5) Debt/equity/GTFP investments to support MSMEs including 1) National Bank of Kuwait Egypt US\$50 million senior loan split evenly between SEF and SMEs in addition to US\$50 million GTFP. 2) Arab African International Bank: US\$100 million senior loan split between SEF and SMEs.</p>	<p>In Jan 2020, a US\$ 200 million Catalyzing Entrepreneurship for Job Creation project became effective, and it aims to provide a comprehensive package and financial and non-financial support to targeted beneficiaries. An Impact Evaluation (funded through the UK SPEIG TF) is also envisaged and planned to be conducted.</p>
<p>2.5.2 Women served through the line of credits</p> <p>Baseline: 2,963 (2014)</p> <p>Target: 35,000 (2018)</p> <p>Achieved Total number of financed MSME projects through the lifetime of the Promoting Innovation for Inclusive Financial Access Project, including micro-finance revolving loans, is 174,580 projects where the number of female beneficiaries is 73,323 (42%) as of December 2019.⁹⁵</p>	<p>Pipeline:</p>	
<p>SUPPLEMENTARY INDICATOR</p>		

⁹³ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁹⁴ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁹⁵ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p>1) <i>Development of a strategy to expand access to finance, especially in the underserved regions</i> Baseline: No (2015) Target: Yes (2019)</p> <p>Achieved. National SME Strategy was developed in 2019, as part of the Egypt Vision 2030.⁹⁶</p>	<p>1) Catalyzing Private Investments and Financing for Women and Youth Entrepreneurs</p> <p>ASA:</p> <p>1) Microfinance (IFC TA) 2) SME banking through IFC Business 3) Edge/Toolkit (IFC TA) 4) Corporate Governance (IFC TA) 5) SME banking (IFC TA)</p>	
<p><u>SUPPLEMENTARY INDICATOR</u></p> <p>2) <i>A developed NBFi regulator and a sounder Egyptian Financial Supervisory Authority (EFSA)</i> Baseline: No (2015) Target: Yes (2019)</p> <p>Achieved. The Egyptian Financial Supervisory Authority (EFSA) was announced to be changed to the Financial Regulatory Authority (FRA) that regulates the Non-bank Financial Institutions and Markets in Egypt.⁹⁷</p>		
<p><u>SUPPLEMENTARY INDICATOR</u></p> <p>3) <i>New: Percentage increase in the number of SMEs participating in public tenders and/or being awarded contracts</i> Baseline: 0 (2015), Target: 20% (2020)</p> <p>Achieved.⁹⁸</p>		
<p><u>SUPPLEMENTARY INDICATOR</u></p> <p>4) <i>New: Number of published collateral registrations used by MSME, corporate, individual debtors and syndicated loans</i> Baseline: 0 (2015) Target: 20,000 (2020)</p> <p>Achieved.⁹⁹</p>		
<p><u>SUPPLEMENTARY INDICATOR</u></p>		

⁹⁶ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁹⁷ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

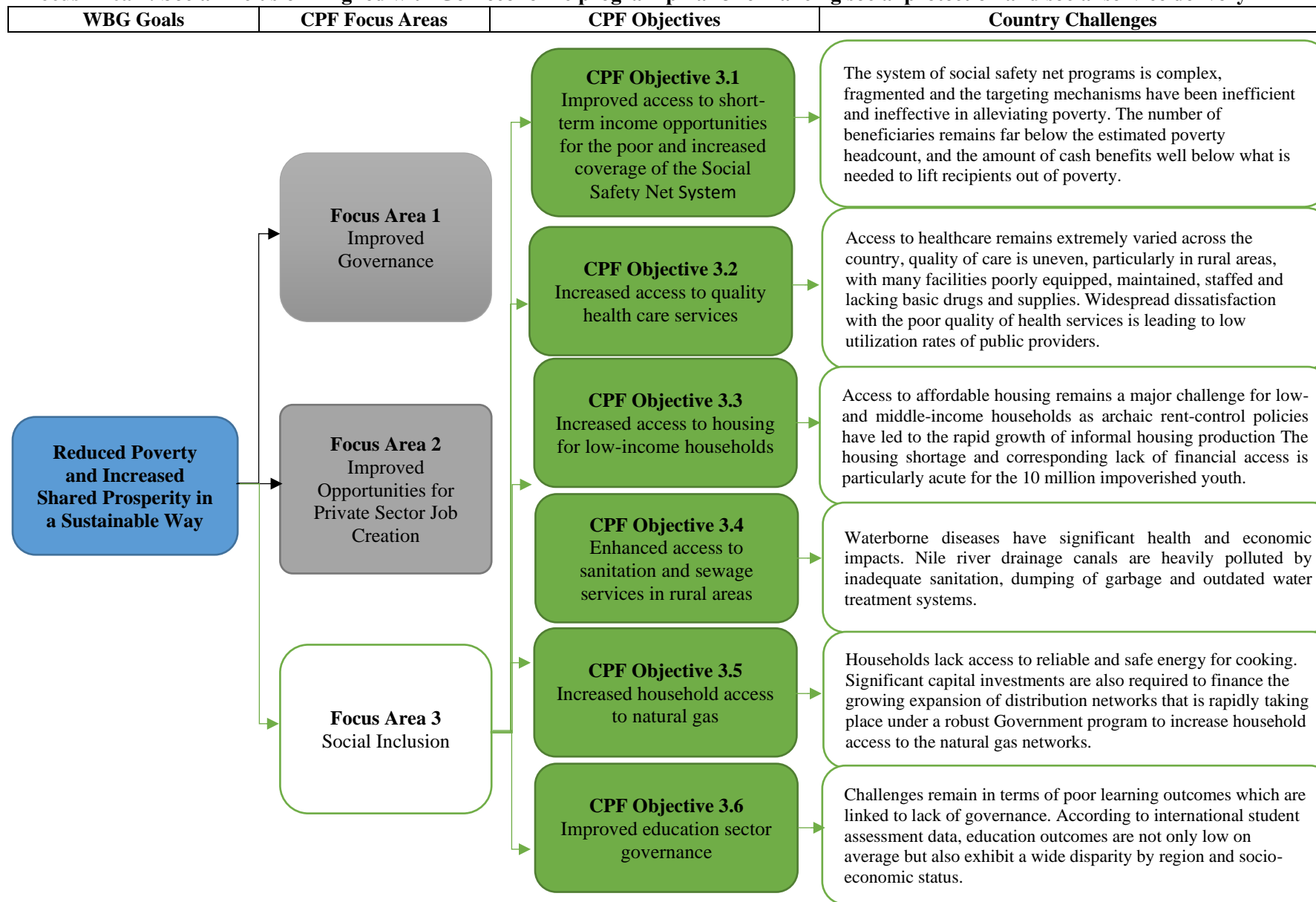
⁹⁸ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

⁹⁹ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p>5) <i>New: Number of microfinance beneficiaries using mobile payment or e-payment</i> <i>Baseline: 0 (2015)</i> <i>Target: 600,000 (2020), of which 40% female and 20% are outside Greater Cairo and Alexandria</i></p> <p>Achieved.¹⁰⁰</p>		

¹⁰⁰ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

Focus Area 4: Social Inclusion Aligned with GoE economic program pillar 3 ‘enhancing social protection and social service delivery’



CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
CPF Objective 3.1 Improved access to short-term income opportunities for the poor and increased coverage of the Social Safety Net System		
<p><i>3.1.1 Beneficiaries of Active Labor- Intensive Public Works</i> Baseline: 0 (2014) Target: 185,000, of which: 40% female 60% youth</p> <p>Achieved. Beneficiaries of Active Labor-Intensive Works: 191,865, of which: 42% female; 74% youth.¹⁰¹</p>	<p>Ongoing:</p> <ol style="list-style-type: none"> 1) Labor-Intensive Investment Project (IBRD) 2) Emergency Employment Investment Project (IBRD EU TF) 3) Transition Fund Grant to support implementation of unified registry and Technical 	<p>Labor-intensive public works can be a valuable response to situations of crisis where temporary employment creation is a desired objective. Longer-term objectives such as supported employability of youth can also be pursued in conjunction with an emergency response.</p>
<p><i>3.1.2 Households registered in unified SSN registry (number)</i> Baseline: 0 (2014) Target: 10 million (by 2016)</p> <p>Achieved. The Unified National Registry (UNR) is under development led by the Administrative Control Authority (ACA). Progress has been made with more than 50 national databases connected. The Registry itself covers all Egyptians based on the unique ID with approximately 23 million families constituting around 100m individuals. While the overall connection is in progress, MOSS has also developed a social registry covering 29 million individuals from all poor applicants that have applied to Takaful and Karama Program as of December 2019 (accepted and rejected applicants).¹⁰²</p>	<ol style="list-style-type: none"> 4) Working Group on Cash 5) Transfer Program (IBRD TF) 6) Social Safety Nets Project (IBRD) - Additional Financing under preparation <p>ASA:</p> <ol style="list-style-type: none"> 1) Strengthening the Human Capital Development in Egypt (new) 2) UK Trust Fund: Social Safety Nets, UNR with ACA 	<p>Documenting the case study of UNR in Egypt is important and will serve in disseminating the achievements and challenges of these integrated national information systems as well as exchanging knowledge with other countries; particularly in Africa and the Middle East. Similarly, having a clear legal framework is crucial for the development of the UNR.</p>
<p><i>3.1.3 Poor households benefiting from the new Cash Transfer Program (number)</i> Baseline: 0 (2014) Target: 1.5 million (2020)</p> <p>Achieved. Households benefiting from Social Safety Nets (Takaful and Karama): 2,540,988 (around 8 million individuals) by December 2019).¹⁰³</p>		<p>Institutionalizing TKP processes and regulations is key to share the knowledge/the best practices of the program, avoid any operational ambiguity and keep a solid institutional memory. Adopting an integrated approach to provide income support and increase the employability/productivity of beneficiaries is significant. Combining interventions providing safety nets, livelihood development, and economic inclusion will eventually prepare</p>

¹⁰¹ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹⁰² Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹⁰³ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
		households for sustainably moving out of poverty and reducing dependency on cash transfers over time. This has been strongly reflected in the design of the new additional financing for \$500M.
<p>SUPPLEMENTARY INDICATOR 1) Labor Intensive Public Works Subprojects under implementation Baseline: 0 (2015) Target: 1,380 (2017)</p> <p>Achieved. Redefined in line with 3.1.1 from 1380 to 850.¹⁰⁴</p>		
<p>SUPPLEMENTARY INDICATOR 2) Action plan in place by 2016 to adopt the unified registry under coordination of MOAD Baseline: No (2015) Target: Yes (2017)</p> <p>Achieved. An action plan is in place and under implementation for the Unified Registry (UNR) under coordination of ACA (see above).¹⁰⁵</p>		
<p>SUPPLEMENTARY INDICATOR 3) A baseline survey of beneficiaries to identify under-coverage of poor and vulnerable in existing programs Baseline: No (2014) Target Yes (2016)</p> <p>Achieved. A baseline survey for the SSN project was finalized and the endline evaluation is expected to kick-off in 2021.¹⁰⁶</p>		Impact of TKP on household consumption, nutrition, diet quality and poverty is positive and helped households cope with shocks. However, the impact on women's control over decision-making is mixed given that a transfer to women is not necessarily sufficient to ensure that women make the decisions about how to spend that cash.
<p><u>SUPPLEMENTARY INDICATOR</u> 4) A communication strategy for fuel subsidy reform including public consultation is prepared Baseline: No (2014) Target: Yes (2016)</p>		

¹⁰⁴ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹⁰⁵ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹⁰⁶ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p>Achieved. A White Paper and communication strategy were undertaken jointly with the energy team on fuel subsidy reform and the mitigation of social impacts.¹⁰⁷</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 5) An energy pricing and fuel switching strategy, including action plan to mitigate the impact of subsidy removal developed Baseline: No (2014) Target: Yes (2016)</p> <p>Achieved. A White Paper and communication strategy were undertaken jointly with the energy team on fuel subsidy reform and the mitigation of social impacts.¹⁰⁸</p>		<p>Communication strategy was developed and used by the government to inform the public about energy subsidy reform and announce a new cash transfer program, Takaful and Karama, which was launched as a mitigation measure to target the poor and vulnerable.</p>
<p>CPF Objective 3.2 Increased access to quality health care services</p>		
<p>3.2.1 Targeted family healthcare facilities in the poorest ten Governorates receiving accreditation certification Baseline: 0 (2014) Target: 400 (2017)</p> <p>Achieved. 642 facilities have received accreditation certificates in the poorest 10 governorates¹⁰⁹</p>	<p><u>Ongoing:</u> 1) Healthcare Quality Improvement Project (IBRD closed) 2) Portfolio investments in Maghrabi Egypt, Dar Al Fouad and Humania (IFC) 3) IFC supported Public-Private Partnerships in Alexandria Hospitals (IFC) 4) Transforming Egypt's Healthcare System (IBRD) 5) Supporting Egypt's Universal Health Insurance System</p>	<p>Accreditation is NOT the only measure to ensure sustained improvement in the quality of services. Emphasis should be targeted at clinical and process quality, patient satisfaction feedback-loops and customer voice inclusion are also mandatory.</p>
<p>3.2.2 People with access to a basic package of health, nutrition or population services Baseline: 0 (2015) Target: 1,000,000 (2017)</p> <p>Achieved. 3,110,000 people in the poorest villages of Upper Egypt have access to a basic package of HNP services.¹¹⁰</p>	<p><u>TA:</u> 1) Investing in Nutrition in Egypt</p>	<p>Physical access to well-equipped and functional facilities is essential, however, financial protection is equally important, especially for poor citizens.</p>
<p>3.2.3 Citizens screened for Hepatitis C Baseline: 0 (2014) Target: 30 million (2020)</p>	<p>1) Investing in Nutrition in Egypt Community Health Worker's role in Universal Health Coverage Engaging</p>	<p>Strong political and government commitment are essential for program success.</p>

¹⁰⁷ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹⁰⁸ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹⁰⁹ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹¹⁰ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p>Achieved. Under THES, 30 million citizens have so far been screened for Hepatitis C and non-communicable diseases.¹¹¹</p> <p>SUPPLEMENTARY INDICATOR 1) Targeted family healthcare facilities in the poorest ten Governorates that have submitted Quality Improvement and Maintenance Plans by 2016 Baseline: 0 (2014) Target: 1,000 (2016)</p> <p>Achieved. 1,043 healthcare facilities have submitted quality improvement and maintenance plans.¹¹²</p>	<p>men and boys to reduce fertility rates and gender-based violence in Egypt</p> <p>New: 1) IFC's health quality advisory project to increase access to safe and quality healthcare by improving the quality assurance processes and practices of healthcare service providers in Egypt.</p>	<p>Service mapping, decentralized self-assessment exercises, and facility autonomy are crucial for any envisaged quality improvement efforts in the healthcare sector.</p>
<p>CPF Objective 3.3 Increased access to housing for low-income households</p>		
<p>3.3.1 Number of targeted households accessing ownership and rental housing units with support from the Program (number) Total Baseline: 0 (2015) Target: 575,000 (2019) Of which in the bottom 20% of the income distribution Baseline: 0 (2015) Target: 50% (2019) Of which female-headed households Baseline: 0 (2015) Target: 20% (2019)</p> <p>Partially Achieved. Progress towards achievement of this objective was partial. The delivery of demand-side subsidies for ownership is progressing well with over 373,022 households benefiting from the Program since its inception. However, this is below the target of 575,000. The majority of project beneficiaries belong to the bottom 40% of the country's population, with 53.2% of beneficiaries belonging to the bottom 20% of the income distribution (achieving the 50% target).¹¹³</p>	<p>Ongoing: 1) Inclusive Housing Finance Program (IBRD \$500m) - Additional Financing</p>	<p>There has been a lack of progress on both private sector participation in affordable housing and affordable rental components, with the DLIs not reaching their targets. To address this, the World Bank team has been working consistently with the government to take steps to correct this trajectory. Significant progress has been made in the area of private sector participation in affordable housing, with government counterparts and private sector developers reaching an agreement on new guidelines for a Public-Private Partnership (PPP) in October 2019. The new guidelines have been approved by the Board of SHMFF and New Urban Communities Authority (NUCA). The Government has also agreed to continue exploring new actions to move forward with the implementation of the revamped rental component, which is part of the proposed Additional</p>

¹¹¹ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹¹² Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹¹³ Based on latest ISR of Inclusive Housing Finance Program (P150993) dated September 22, 2021 and CLR stage review.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
		Financing. The World Bank team jointly with the Government of Egypt will continue supporting the effective implementation of the Program, specifically in the context of the AF as it also addresses the performance of these two components.
<p><u>SUPPLEMENTARY INDICATOR</u> 1) Number of targeted households residing in “new” units with support from the program Baseline: 0 (2014) Target: 110,000 (2016)</p> <p>Achieved. This 2016 target has been achieved, with the current number of targeted households residing in "new units" reaching 289,290. The end target is 725,000 by the PforR's closing date of April 30, 2022.¹¹⁴</p>		The World Bank team will continue working with the implementing entity and the Government of Egypt to achieve the end target by the closing date.
<p><u>SUPPLEMENTARY INDICATOR</u> 2) Number of targeted households residing in “previously existing” units with support from the Program Baseline: 0 (2014) Target: 20,000 (2016)</p> <p>Achieved. This 2016 target has been achieved, with the number of targeted households residing in "previously existing" units reaching 76,236.¹¹⁵</p>		The World Bank team will continue working with the implementing entity and the Government of Egypt to address the vacancy issue throughout the lifetime of the PforR and the proposed AF.
<p><u>SUPPLEMENTARY INDICATOR</u> 3) Housing M&E system functioning and informing the Multi-Year Plan and Annual Targets Baseline: No (2014) Target: Yes (2016)</p> <p>Achieved. This target has been achieved in the context of the completion of DLI 2 of the PforR: Establishment and functioning of a housing monitoring and evaluation system and an M&E unit within</p>		The World Bank team will continue working with the implementing entity to ensure the functioning of the M&E system put in place, in addition to continue placing emphasis on institutional strengthening and capacity building DLIs in both the parent PforR and the proposed AF.

¹¹⁴ Based on Project Paper of Inclusive Housing Finance Program – Additional Financing and CLR stage review.

¹¹⁵ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
SHF, and the preparation of the Multi-Year Plan and Annual Targets informed by the M&E system. ¹¹⁶		
CPF Objective 3.4 Increased access to sanitation and sewage services in rural areas		
<p>3.4.1 Users in rural areas with access to improved sanitation and sewerage services Baseline: 0 (2014) Target: 2,483,000, (2019)</p> <p>Partially Achieved. The number of users in rural areas with access to improved sanitation and sewerage services increased to 68,406 by the end of the first Integrated Sanitation and Sewerage Infrastructure Project. Under ISSIP-I and as of November 30, 2021, 217,255 users in rural areas were provided with access to improved sanitation and sewerage services. This remains well below the revised target. Under both ISSIP-I and ISSIP-II, more connections were achieved after the project closing date but there is an absence of a mechanism for tracking such achievements.¹¹⁷ As of August 2021, 5 million citizens in Sohag and Qena have benefited from upgrades of water and sanitation networks, and other services such as roads, firefighting and traffic units, and substantial progress has been achieved in improving the state of local industrial zones and government to business services. These improvements happened under the Upper Egypt Local Development program.</p>	<p>Portfolio: 1) Integrated Sanitation and Sewerage Infrastructure I & II (IBRD Closed), Rural Sanitation (IBRD)</p>	<p>1) To focus on the entire cluster from household to WWTP as partial completion of only networks or only the WWTP does not achieve the target of access to improved sanitation and sewerage services; 2) The lack of achievements is due to internal and external factors. Internal factors include a) lengthy design period; delays in land acquisition; long drawn out procurement process; poor performance of public sector companies; separation of responsibilities for WWTP and networks led to poor accountability of institutions to achieve results; contracts did not have the flexibility to address unforeseen events, and b) revolution in Egypt and civil unrest; macroeconomic conditions such as devaluation and inflation led to delays in implementation.</p>
<p><u>SUPPLEMENTARY INDICATOR</u> 1) New National Tariff Structure to allow for sustainable cost recovery prepared and approved Baseline: No (2014) Target: Yes (2017)</p> <p>Achieved. A new tariff was prepared, approved, and implemented in 2016. The tariff currently ensures achievement of O&M cost recovery in some of the WSCs but not all. The tariffs do not yet ensure recovery of full costs. The tariff system is being revised to accommodate for recent economic events such as devaluation and adjustment for</p>		<p>1) Focusing on cost recovery increases the tendency to minimize expenditure on rehabilitation; 2) Egypt has a national tariff structure while the costs are different across governorates. This requires a national financing scheme to provided differentiated grants to different governorates, which is not present; 3) Any tariff reform needs to be informed by rigorous analytical work based on data on costs and revenue</p>

¹¹⁶ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹¹⁷ Based on ISR of Sustainable Rural Sanitation Services Program for Results (P154112) dated December 8, 2021 and CLR stage review.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
inflation. The SRSSP is continuing to support the development of a sustainable tariff model ¹¹⁸		
CPF Objective 3.5 Increased household access to natural gas		
<p>3.5.1 Households connected to the natural gas networks under program Baseline: 0 (2014) Target: 1.5 million (2020)</p> <p>Achieved. As of November 2020, the number of household connections in 11 governorates has reached 1.68 million and is still ongoing to reach 2.3 million by 2021. However, COVID-19 has led to delays in 2020, resulting in need to extend the project closing date to June 2022.¹¹⁹</p>	<p>Ongoing:</p> <ol style="list-style-type: none"> 1) Household Natural Gas Connections Projects (IBRD) 2) Transition Fund Energy/Social Safety Nets Sector reform (IBRD TF) 3) Political risk guarantees covering domestic energy producer Apache (MIGA) <p>ASA:</p> <ol style="list-style-type: none"> 1) Programmatic TA Energy Dialogue (IBRD) 	<p>The original design of the project, which included a large national footprint, and the procurement approach that relies on many small packages have made the implementation of the project very complex. Implementing the Bank's E&S framework on such a large scale by an implementing entity that is not experienced with it also proved very challenging. These lessons should be taken into account in the design of future projects that support construction activities and require targets on the consumer level.</p>
<p>3.5.2 (originally 3.5.3) Female project beneficiaries from Household Gas Connections Project Baseline: 0 Target: 50% (2020)</p> <p>Achieved.¹²⁰</p>		<p>The underpinning analytical work on gender including the Gender Assessment launched in 2019 entitled Women Economic Empowerment Report and subsequently, the follow-up surveys and policy briefs produced in collaboration with the National Council for Women, under the Egypt National Observatory on Women, provided critical entry opportunities for World Bank's engagement on gender both at the operational- and policy-level.</p>
<p>SUPPLEMENTARY INDICATOR</p> <p>1) 4,500 km of new household gas distribution networks installed in target areas by 2019</p>		

¹¹⁸ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹¹⁹ Based on latest ISR of Household Natural Gas Connection Project (P146007) and CLR stage review.

¹²⁰ Based on latest ISR of Household Natural Gas Connection Project (P146007) and CLR stage review.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p>Achieved. 5,476 km of new household gas distribution networks have been installed as of Nov. 2020 although the target is set at 8,500 by June 30, 2022.¹²¹</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 2) <i>Financial management plan and reporting systems in place for targeted state-owned enterprises by 2016.</i> Achieved.¹²²</p>		
<p><u>SUPPLEMENTARY INDICATOR</u> 3) <i>Government annual savings from reduction in LPG imports due to decreased LPG consumption in the targeted project areas. (LE)</i> <i>Baseline: 0 (2014)</i> <i>Target: 298 million (2018)</i></p> <p>Not verified. This indicator proved difficult to verify because of a lack of data. The team reports that replacing LPG with natural gas as new gas household connections remains on target and is expected to achieve the LPG savings targets. This indicator was not changed at the PLR stage and is therefore rated as Not Verified.</p>		
CPF Objective 3.6 Improved education sector governance		
<p>New: 3.6.1 <i>White Paper on Sector-wide Education Reform that proposed policy measures and interventions addressing sector priorities and constraints, developed and furnished</i> <i>Baseline: 0 (2015)</i> <i>Target: 1 (2017)</i></p> <p>Achieved. The white paper was delivered October 2016.¹²³</p>	Supporting Egypt Education Reform Project (IBRD).	Internal going back and forth between management team because SCD did not get into education. The current team is engaging differently. The lesson here is that the lead and GPs need to be effectively involved.
<p>New: 3.6.2 <i>IBRD results-based project to support Egypt Education Reform program prepared and launched</i> <i>Baseline: 0 (2015)</i> <i>Target: 1 (2017)</i></p> <p>Achieved. The Bank is supporting a five-year project to support the MOETE's education reform program with US\$500 million, using an IPF approach with Disbursement-Linked Indicators (DLIs). The new</p>		

¹²¹ Based on latest ISR of Household Natural Gas Connection Project (P146007) and CLR stage review.

¹²² Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹²³ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

CPF outcome/cluster of outcomes and milestones Status and Evaluation Summary	WBG Activities that contributed to the Outcome	Lessons
<p>project's development objective is to improve teaching and learning conditions in public schools through five components: (a) improved early childhood education to enhance children's readiness for learning; (b) effective teachers and education leaders through the reform of professional development systems; (c) comprehensive assessment reform for improved student learning; (d) enhancing education service delivery through connected systems, to include the intensive use of education technology; and (e) project management, communication, and monitoring and evaluation.¹²⁴</p>		
<p>1) <i>New: Capacity building and technical advice for development of the Project Operations Manual by MOETE.</i> Baseline: No (2017) Target: Yes (2019) Achieved.¹²⁵</p>		<p>In situations where institutional capacity is limited, the task teams are encouraged to provide extensive implementation support. The Bank should not be too prescriptive in indicators but generic for placeholders.</p>
<p>2) <i>New: Technical advice to help MOETE develop a communication strategy and communication plan for the reform program.</i> Baseline: No (2017) Target: Yes (2019) Achieved.¹²⁶</p>		<p>We are supporting homegrown reforms.</p>
<p>3) <i>New: Impact Evaluation of the KG1-2 teacher training</i> Baseline: No (2017) Target: Yes (2020) Partially Achieved. The team agreed with the Client to primarily focus on KG diagnostics of in-service teaching practices, with additional funding from the UK TF. Despite progress made in the research design developed by the WB team (using UK TF), data collection was not possible as it overlapped with school closures due to COVID-19 on March 15, 2020. Due to the second closures since January 2, 2021, due to the second wave of COVID 19 and extended mid-year recess from January 17-February 20, 2021, it was not feasible to proceed with data collection despite MOETE's confirmed commitment to the study.¹²⁷</p>		

¹²⁴ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹²⁵ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹²⁶ Source: Performance and Learning Review (PLR) of the Country Partnership Framework (FY15-19). April 3, 2019.

¹²⁷ Source: Staff assessment and CLR stage review.

ANNEX 3: Selected Indicators of Bank Portfolio Performance and Management

As of Date 02/17/2023

Indicator	FY20	FY21	FY22	FY23
Portfolio Assessment				
Number of Projects Under Implementation ^a	12.0	13.0	13.0	15.0
Average Implementation Period (years) ^b	4.0	3.7	3.6	3.7
Percent of Problem Projects by Number ^{a, c}	0.0	0.0	0.0	0.0
Percent of Problem Projects by Amount ^{a, c}	0.0	0.0	0.0	0.0
Percent of Projects at Risk by Number ^{a, d}	0.0	0.0	0.0	0.0
Percent of Projects at Risk by Amount ^{a, d}	0.0	0.0	0.0	0.0
Disbursement Ratio (%) ^e	52.1	24.2	19.4	4.7
Portfolio Management				
CPRP during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by OED by Number	135	10
Proj Eval by OED by Amt (US\$ millions)	15,063.0	4,009.1
% of OED Projects Rated U or HU by Number	22.3	20.0
% of OED Projects Rated U or HU by Amt	11.4	14.8

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year. Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

ANNEX 4: Operations Portfolio (IBRD/IDA and Grants)

As of 01/31/2023

Closed Projects 147

IBRD/IDA*

Total Disbursed (Active)	4,050.23
of which has been repaid(1)	141.05
Total Disbursed (Closed)	15,587.64
of which has been repaid	7,861.68
Total Disbursed (Active + Closed)	19,637.87
of which has been repaid	8,002.72
Total Undisbursed (Active)	
Total Undisbursed (Closed)	
Total Undisbursed (Active + Closed)	

Active Projects

Project ID	Project Name	Last PSR			Original Amount in US\$ Millions					Difference Between Expected and Actual	
		Supervision Rating		Fiscal Year	IBRD	IDA	Grants	Cancel.	Undisb.	Disbursements ^a	
		Development Objectives	Implementation Progress							Orig.	Frm Rev'd
P177932	CATLDP	S	S	2023	400.0	0.0		0.0	400.0	1.2	0.0
P172548	EG: Egypt Air Pollution & Climate Change	S	MS	2021	200.0	0.0		0.0	184.1	50.8	0.0
P173912	EG: Egypt COVID 19	HS	S	2020	50.0	0.0		0.0	7.0	7.0	4.2
P171311	EG: Egypt DPF - Supporting Reforms 2.0	#	#	2022	360.0	0.0		0.0	0.0	0.0	0.0
P162835	EG: Entrepreneurship for Jobs	S	S	2019	200.0	0.0		0.0	34.6	-21.1	-22.1
P150993	EG: Inclusive Housing Finance Program	MS	MS	2015	1,000.0	0.0		0.0	371.8	0.0	4.9
P145699	EG: Strengthening Social Safety Net Proj	S	S	2015	900.0	0.0		0.0	28.7	0.0	28.7

As of 01/31/2023

Active Projects

Project ID	Project Name	Last PSR			Original Amount in US\$ Millions					Difference Between Expected and Actual	
		Supervision Rating		Fiscal Year	IBRD	IDA	Grants	Cancel.	Undisb.	Disbursements ^a	
		Development Objectives	Implementation Progress							Orig.	Frm Rev'd
P172426	EG: Support'g Universal Health Insurance	MS	MS	2020	400.0	0.0		0.0	299.7	225.4	0.0
P157809	EG: Supporting Egypt Education Reform	MS	MS	2018	500.0	0.0		0.0	220.9	144.2	49.9
P154112	EG: Sustainable Rural Sanitation Svcs	S	S	2016	850.0	0.0		0.0	129.0	-171.0	80.6
P167000	EG: Transforming Egypt's Healthcare Sys	MS	MS	2018	530.0	0.0		0.0	212.8	107.8	151.1
P157395	EG: Upper Egypt Local Development Pfo	MS	MS	2017	500.0	0.0		0.0	33.1	0.0	22.1
P178926	Egypt Food Crisis Response	S	S	2022	500.0	0.0		0.0	498.8	252.1	0.0
P179665	Egypt TKP Expansion and System Buildr	#	#	2023	500.0	0.0		0.0	500.0	25.0	0.0
P175137	RISE Project	S	S	2021	440.0	0.0		0.0	351.0	61.2	0.0
Overall Result					7,330.0	0.0		0.0	3,271.4	682.5	319.4

* Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

ANNEX 5: Statement of IFC's Held and Disbursed Portfolio

As of 01/31/2023
(In USD Millions)

FY Approval	Company	Committed					Disbursed Outstanding				
		Loan	Equity	**Quasi Equity	*GT/RM	Participant	Loan	Equity	**Quasi Equity	*GT/RM	Participant
FY18	ACCIONA EGYPT SO	9.19	0.00	2.53	1.00	16.85	9.19	0.00	2.53	0.64	16.85
FY18	ALCAZAR EGYPT	10.39	0.00	0.00	1.00	0.00	10.39	0.00	0.00	0.65	0.00
FY22	ALGEBRA II	0.00	15.00	0.00	0.00	0.00	0.00	1.85	0.00	0.00	0.00
FY17	ALGEBRA VENTURES	0.00	11.33	0.00	0.00	0.00	0.00	10.62	0.00	0.00	0.00
FY18	ALMARAI	50.00	0.00	0.00	0.00	0.00	50.00	0.00	0.00	0.00	0.00
FY23	ALMARAI	75.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FY18	APEX INTERNATION	0.00	75.00	0.00	0.00	0.00	0.00	38.95	0.00	0.00	0.00
FY18	ARC FOR RE	9.86	0.00	3.04	1.00	13.97	9.86	0.00	3.04	0.89	13.97
FY18	ARINNA SOLAR POW	4.90	0.00	1.18	0.50	4.90	4.90	0.00	1.18	0.26	4.90
FY23	ASPC	88.00	0.00	0.00	10.00	36.00	0.00	0.00	0.00	0.00	0.00
FY12	AUB EGYPT	0.00	5.03	0.00	0.00	0.00	0.00	5.03	0.00	0.00	0.00
FY15	AUB EGYPT	0.00	5.45	0.00	0.00	0.00	0.00	5.45	0.00	0.00	0.00
FY23	AWPC	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FY17	AXA EGYPT	0.00	8.29	0.00	0.00	0.00	0.00	8.29	0.00	0.00	0.00
FY18	AXA EGYPT	0.00	0.36	0.00	0.00	0.00	0.00	0.36	0.00	0.00	0.00
FY19	AXA EGYPT	0.00	0.20	0.00	0.00	0.00	0.00	0.20	0.00	0.00	0.00
FY08	BANK ALEXANDRIA	0.00	196.67	0.00	0.00	0.00	0.00	196.67	0.00	0.00	0.00
FY09	BELTONE EGYPT	0.00	2.27	0.00	0.00	0.00	0.00	1.97	0.00	0.00	0.00
FY22	BRIMORE	0.00	5.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00
FY23	BRIMORE	0.00	0.00	1.50	0.00	0.00	0.00	0.00	1.00	0.00	0.00
FY16	CARBON HOLDINGS	0.00	0.00	2.81	0.00	0.00	0.00	0.00	2.81	0.00	0.00

FY Approval	Company	Committed					Disbursed Outstanding				
		Loan	Equity	**Quasi Equity	*GT/RM	Participant	Loan	Equity	**Quasi Equity	*GT/RM	Participant
FY09	CITADL MENA JI F	0.00	1.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FY17	CMRCL INTL BANK	0.00	0.00	100.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00
FY21	CMRCL INTL BANK	100.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
FY18	DELTA SOLAR EGYPT	10.17	0.00	0.00	1.00	0.00	10.17	0.00	0.00	0.63	0.00
FY19	EDITA	9.00	0.00	0.00	0.00	0.00	9.00	0.00	0.00	0.00	0.00
FY10	EFG HERMES	0.00	4.31	0.00	0.00	0.00	0.00	4.31	0.00	0.00	0.00
FY22	EL SEWEDY ELECTR	95.00	0.00	0.00	0.00	55.00	0.00	0.00	0.00	0.00	0.00
FY22	EZDEHAR MID-CAP	0.00	20.00	0.00	0.00	0.00	0.00	2.11	0.00	0.00	0.00
FY21	FAWRY	0.00	1.02	0.00	0.00	0.00	0.00	1.02	0.00	0.00	0.00
FY22	FAWRY	0.00	0.40	0.00	0.00	0.00	0.00	0.40	0.00	0.00	0.00
FY20	GLOBALTRONICS	0.00	0.00	9.99	0.00	0.00	0.00	0.00	9.99	0.00	0.00
FY19	HASSAN ALLAM HLD	0.00	0.35	0.00	0.00	0.00	0.00	0.35	0.00	0.00	0.00
FY21	IDH LABS	45.00	10.97	0.00	0.00	0.00	0.00	10.97	0.00	0.00	0.00
FY22	IDH LABS	0.00	0.00	0.00	0.00	15.00	0.00	0.00	0.00	0.00	0.00
FY19	LEKELA EGYPT	23.55	0.00	0.00	1.85	19.93	23.55	0.00	0.00	1.85	19.93
FY20	LORAX II	0.00	25.00	0.00	0.00	0.00	0.00	10.03	0.00	0.00	0.00
FY19	MEG	25.00	0.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00
FY10	NPC EGYPT	0.00	3.30	0.00	0.00	0.00	0.00	3.30	0.00	0.00	0.00
FY07	OMAR EFFENDI	0.00	-5.67	0.00	0.00	0.00	0.00	-5.67	0.00	0.00	0.00
FY10	ORIENT LTD	0.00	75.36	0.00	0.00	0.00	0.00	75.36	0.00	0.00	0.00
FY19	ORIENT LTD	0.00	2.53	0.00	0.00	0.00	0.00	2.53	0.00	0.00	0.00
FY20	PASABAHCE EGYPT	30.00	0.00	0.00	0.00	0.00	30.00	0.00	0.00	0.00	0.00

FY Approval	Company	Committed					Disbursed Outstanding				
		Loan	Equity	**Quasi Equity	*GT/RM	Participant	Loan	Equity	**Quasi Equity	*GT/RM	Participant
FY18	PHOENIX POWER 1	10.81	0.00	2.91	1.00	11.83	10.81	0.00	2.91	0.72	11.83
FY18	RISING SUN ENERG	9.07	0.00	2.49	1.00	16.63	9.07	0.00	2.49	0.64	16.63
FY21	SGH	11.00	0.00	0.00	0.00	0.00	11.00	0.00	0.00	0.00	0.00
FY16	SONKER EGYPT	57.76	0.00	21.26	0.00	0.00	57.76	0.00	21.26	0.00	0.00
FY18	SP ENERGY	10.43	0.00	2.87	1.00	0.00	10.43	0.00	2.87	0.68	0.00
FY15	SPHINX GLASS	0.00	21.27	0.00	0.00	0.00	0.00	21.27	0.00	0.00	0.00
FY18	SUNRISE ENERGY	9.09	0.00	2.50	1.00	16.66	9.09	0.00	2.50	0.64	16.66
FY18	TAQA ARABIA SOLA	12.92	0.00	0.00	1.00	3.07	12.92	0.00	0.00	0.75	3.07
FY19	VEZEETA	0.00	1.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00
FY18	VINAVIL EGYPT	3.80	0.00	0.00	0.00	0.00	3.80	0.00	0.00	0.00	0.00
FY18	WADI GROUP	8.53	0.00	0.00	0.00	0.00	8.53	0.00	0.00	0.00	0.00
FY18	WINNERGY SOLAR	4.92	0.00	1.19	0.50	4.92	4.92	0.00	1.19	0.00	4.92
Total Portfolio:		773.39	486.43	154.27	21.85	214.76	420.39	401.37	153.77	8.35	108.76

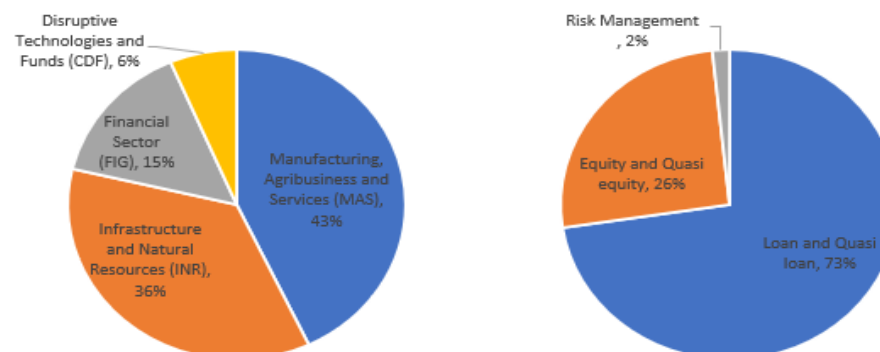
ANNEX 6: IBRD's Active Portfolio in Egypt (As of January 2023)

Project ID	Project Name	Approval Date	Closing Date	Commitment	Undisb. Bal.
P145699	Strengthening Social Safety Net Project	10-Apr-2015	31-Dec-2023	900,000,000	28,732,659
P150993	Inclusive Housing Finance Program	05-May-2015	31-Dec-2024	1,000,000,000	371,786,005
P154112	Sustainable Rural Sanitation Services Program for Results	28-Jul-2015	31-Dec-2024	850,000,000	129,040,588
P157395	Upper Egypt Local Development PforR	29-Sep-2016	31-Oct-2023	500,000,000	33,120,000
P157809	Supporting Egypt Education Reform Project	13-Apr-2018	03-Mar-2025	500,000,000	220,850,441
P162835	Catalyzing Entrepreneurship for Job Creation	17-Apr-2019	30-Jun-2025	200,000,000	34,614,121
P167000	Transforming Egypt's Healthcare System Project	27-Jun-2018	31-Dec-2023	530,000,000	212,780,076
P171311	Egypt Inclusive Growth For Sustainable Recovery	26-Oct-2021	31-Mar-2023	360,000,000	0
P172426	Supporting Egypt's Universal Health Insurance System	16-Jun-2020	31-Oct-2024	400,000,000	299,719,571
P172548	Greater Cairo Air Pollution Management and Climate Change Project	30-Sep-2020	31-Dec-2026	200,000,000	184,059,916
P173912	Egypt COVID-19 Emergency Response	14-May-2020	30-Jun-2023	50,000,000	6,999,999
P175137	Railway Improvement and Safety for Egypt Project	05-Mar-2021	30-Sep-2027	440,000,000	351,765,921
P177932	Cairo Alexandria Trade Logistics Development Project	29-Sep-2022	28-Sep-2029	400,000,000	400,000,000
P178926	Emergency Food Security and Resilience Support Project	28-Jun-2022	15-Jun-2026	500,000,000	498,750,000
P179665	Takaful & Karama Cash Transfer Expansion and Systems Building Project	22-Dec-2022	31-Dec-2026	500,000,000	500,000,000
Total				7,330,000,000	3,272,219,297

ANNEX 7: IBRD's ASA Portfolio in Egypt (As of January 2023)

Task ID	Task Name
P179602	Advancing Human Capital in Egypt
P177657	Agriculture and Food Systems Performance and Options for Competitiveness Enhancing Policies
P180023	Building the Capacity of Public Procurement Officials in Egypt
P179201	Decarbonizing Transport and Unlocking Private Sector Potential in Egypt
P178307	Egypt Country Economic Memorandum
P177404	Egypt Country Environmental Analysis
P177358	Egypt FCCL and PPP prioritization support
P156756	Egypt Government Debt and Risk Mgmt
P179243	Egypt InfraSAP Climate Transition Module: An Integrated Roadmap to Enable and Mobilize Private Capital for Green Infrastructure
P179530	Egypt Poverty and Equity Work
P179686	Egypt Promoting Women's Economic Empowerment
P172041	Egypt Public Procurement Modernization Project
P178613	Egypt Sustainable Cities Platform (ESCP)
P176443	Egypt: Financial Inclusion Global Initiative 2.0
P178659	Integrated Land and Urban Management in Egypt Technical Assistance
P177334	Local Competitiveness and Livability in Egypt
P178281	Strengthening Operational and Legislative Frameworks for Addressing Gender Based Violence
P177925	Strengthening Public Finance, Administration and Accountability for Improved Service Delivery
P178873	Supporting Egypt in its green transition and the preparation for COP 27
P176321	Supporting Egypt's Gold Mining Sector / Decarbonization of the O&G Value Chain
P175643	Technical Assistance for Egypt's Universal Health Insurance System
P177519	Unlocking Egypt Private Sector Potential
P177541	Water Sector Dialogue

ANNEX 8: IFC's Investment Portfolio in Egypt (As of January 2023)



Historical Investment Program Commitments by Fiscal Year (as of Jan 31, 2023)

	FY18	FY19	FY20	FY21	FY22	FY23 YTD
Long Term Finance (LTF)	1,189.2	169.1	458.5	218.8	232.6	829.4
<i>of which IFC Own Account</i>	547.7	124.1	226.8	212.8	162.6	224.7
<i>of which Core Mobilization</i>	641.6	45.0	231.7	6.0	70.0	604.7
Short Term Finance (STF)	-0.0	12.0	10.6	-	0.5	2.6

Investment Portfolio by Industry Group (as of Jan 31, 2023)

Industry Group	FIG	MAS	INR	CDF	Total
Committed Exposure	216.9	626.3	520.9	93.4	1,457.4
<i>Portfolio Outstanding</i>	216.9	309.2	332.5	40.3	898.9
<i>of which Loan Outstanding</i>	200.0	159.0	273.2	5.0	637.2
<i>of which Equity Outstanding</i>	16.9	150.2	59.3	35.3	261.7
<i>Undisbursed</i>	0.0	317.1	188.4	53.1	558.5
Top 3 exposures (project names and outstanding amounts)	<ol style="list-style-type: none"> 1. Almarai (committed exposure: \$200mn outstanding portfolio: \$50mn) 2. CIB (committed exposure: \$200mn outstanding portfolio: \$200mn) 3. ASPC (committed exposure: \$98mn outstanding portfolio: -) 				

ANNEX 9: IFC's Advisory Portfolio in Egypt (As of January 2023)

Project	Sector	Business Area	Total Funds Managed by IFC (US\$ million)
Egypt Green Building	Construction and Real Estate	CB-GB	0.9
Capital Med CFS	Health Care	CTA-CFS	0.5
Egypt Solar Auction	Electric Power	CTA-PPP	1.7
Ismailia Desalination PPP	Utilities	CTA-PPP	1.2
Matrouh Desalination PPP	Utilities	CTA-PPP	1.2
Egypt CPSD Phase 2 Deep Dive	Non-Sector Specific Advisory Services	EPS-CEA	0.2
Corporate Governance Egypt and Levant	Non-Sector Specific Advisory Services	ESG-CG	2.7
Egypt Women Employment	Non-Sector Specific Advisory Services	ESG-Gen	1.0
30 by 30 Zero Egypt	Finance & Insurance	FIG	4.0
EMF Graduation ¹²⁸	Microfinance	FIG	0.6
Al Tadamun 3	Finance & Insurance	FIG	0.7
Banque Misr	Finance & Insurance	FIG	0.5
DBACD Phase II	Finance & Insurance	FIG	0.6
Egypt MSME 2.0 new financial technology and data to increase MSME Finance	Non-Sector Specific Advisory Services	FIG	0.6
Egypt MSME 2.0 Supply Chain Finance Project	Finance & Insurance and Public Administration	FIG	0.8
Egypt Secured Transactions Project	Finance & Insurance	FIG	0.9

¹²⁸ This project has been added manually into IFC's advisory portfolio as it is reflected as part of the pipeline under Client preparation Concept Note on the system.

Project	Sector	Business Area	Total Funds Managed by IFC (US\$ million)
Embedded Finance Egypt	Finance & Insurance and Non-Sector Specific Advisory Services	FIG	0.2
Tanmeyah	Finance & Insurance	FIG	0.5
Clean Tech Entrepreneurship & Market Creation	Electric Power	MAS	1.5
Egypt Resource Efficiency and Low Carbon Project	Chemicals, Food & Beverages, Industrial & Consumer Products, Nonmetallic Mineral Product Manufacturing, Plastics & Rubber, Primary Metals and Textiles, Apparel & Leather	MAS	1.8
Health Quality Egypt	Health Care	MAS	1.4
MAS Advisory - Financial Management Program - MENA	Non-Sector Specific Advisory Services	MAS	1.9
MAS Pharma North Africa	Chemicals	MAS	1.6
MaxAB Women's Retailer Development	Wholesale and Retail Trade	MAS	0.5
Egypt Textile Value Chain Project	Textiles, Apparel & Leather	REG	1.0
Enhancing Women Economic Participation in Egypt Project	Non-Sector Specific Advisory Services	REG	0.6
Fintech Acceleration Program	Non-Sector Specific Advisory Services	REG	1.4
Increasing Egypt Accessibility to Regional and Global Markets	Non-Sector Specific Advisory Services	REG	1.7
Total Egypt, Arab Republic of Advisory Portfolio			32.1

ANNEX 10: MIGA's Portfolio in Egypt (As of January 2023)

FY	Project	Effective Date	Expiry Date	Outstanding Gross Exposure (USD)	Description
FY13	Apache Corporation	Oct-12	Dec-24	60,000,000	This project entailed the reinsurance (for OPIC) of a pool of new and existing investments by Apache, an energy company.
FY14	Manufacturing of Flexible Packaging Materials	Jun-14	Jun-29	531,731	The project involved the construction of a new packaging plant near Cairo. The company's main products are used for packaging cleaning, personal hygiene, and food products.
FY18	ACWA Ben Ban One for Energy	Dec-17	Jan-36	29,333,619	The projects are part of Egypt's Feed-in-Tariff Round Two program and consist of design, development, construction, operation and maintenance of three greenfield solar IPP facilities with installed capacities of 400 MW located in the Benban solar complex in the Aswan Governorate of Egypt.
FY18	TK Company for Solar and Renewable Energy Syste	Dec-17	Jan-36	11,870,206	
FY18	Alcom Energy	Dec-17	Jan-36	30,845,033	
FY18	AI Subh Solar Power	Jan-18	Jan-33	10,105,407	
FY18	Sunrise Energy S.A.E.	Jan-18	Jan-33	10,217,574	
FY18	Rising Sun Energy S.A.E.	Jan-18	Jan-33	10,217,574	
FY19	250 MW Lekela Egypt Wind Power	Jun-19	Jun-39	122,000,000	The project consists of the design, development, construction, operation and maintenance of a greenfield wind independent power producer facility with an installed capacity of 250 MW located in the Gulf of Suez area, in Gebel El Zeit approximately 30km north-west of Ras Ghareb on the Red Sea, in Egypt.
FY20	Zafarana Solar Power S.A.E.	Mar-20	Mar-35	12,487,497	The Projects consist of the development, design, construction, operation and maintenance of six power plants of 65 MW each and are located in the Benban Solar Park in the Aswan Governorate, in Upper Egypt. The Projects were developed under the second round of Egypt's solar FIT Program.
FY20	Aswan PV Power S.A.E.	Mar-20	Mar-35	13,653,426	
FY20	Daraw Solar Power S.A.E.	Mar-20	Mar-35	12,599,995	
FY20	Kom Ombo for Renewable Energy S.A.E.	Mar-20	Mar-35	12,599,999	
FY20	Red Sea Solar Power S.A.E.	Mar-20	Mar-35	12,487,494	
FY20	Upper Egypt Solar Power S.A.E.	Mar-20	Mar-35	12,599,995	
FY22	Benban Solar Power Farm	May-22	Mar-41	96,502,569	The Project consists of the refinancing of the debt related to the six operational solar power plants covered in FY20, as part of a US\$334.5 million refinancing plan. This is the first private green project bond issuance in Egypt and the southern and eastern Mediterranean region.
FY22	Pearl Glass - Expansion	Jun-22	Nov-33	16,193,715	The project consists of an acquisition of the operating assets of Pearl Glass Manufacturing Co., a local glass producer, and operation of a glass manufacturing plant located in an industrial area outside Cairo. The Project was originally approved in 2018 but the Contrat of Guarantee was updated in 2022 to reflect changes in ownership and in the form of investment.
Total Portfolio				474,245,834	