

## PCR EVALUATION NOTE

### 1. Basic Project Data

Country:	<b>Egypt</b>	Project SAP Reference:	2000130000080	
Project Title :	<b>Financial Sector Reform Programme (FRSP-1)</b>			
Sector :	<b>Financial</b>		<b>Appraisal</b>	<b>Actual</b>
Theme		Project Costs (MUA)	US\$ 9.2 billion	
Amount cancelled	None	Loan	US\$ 500 Million	US\$500 Million
PCR Date		Co-financing/USAID World Bank GoE	US\$ 1.2 billion US\$ 1 billion US\$ 6.5 billion	
PCR Evaluation Note Date	January 2011	Board Approval Date		
Partners		Signature Date		
		Effective Date	31 October 2006	09 May 2007
		Project Completion Date	30 June 2010	30 June 2010
Project Officers (Names)		Designation (HQ or FO)	<b>From (mm/yy)</b>	<b>To (mm/yy)</b>
R. Rakotobe		Sector Director	2007	
-		Division Manager	2007	
T. Adeniji		Task Manager	2007	
J. Kolster		Regional Director	2010	
G. NEGATU		Sector Director	2010	
-		Division Manager	2010	
C. Muthuthi		Task Manager	2010	
Evaluator/consultant: <b>Judith OFORI</b>		Peer Reviewer/Task Manager: <b>T. Foday.</b>		

### 2. Project Description (summary from Appraisal Report including addendum/corrigendum or loan agreement)

#### a. Rationale and Expected Impacts:

The project is the result of the Government of Egypt's effort to strengthen reform and the financial sector to contribute more positively to the country's economic growth and development to reduce poverty of its population. It is in appreciation of the strategic linkages between an efficient financial system, economic growth/development, and poverty reduction that the GOE is devoting substantial resources to improve the functioning of its financial sector.

Expected impact is increase in Financial Sector contribution to Gross Domestic Product (GDP).

#### b. Objectives / Expected Outcomes:

The objective of the program is to improve the performance and soundness of the financial sector and foster an enabling environment for the emergence of an efficient, increasingly private sector-led, financial system that could serve Egypt's development and growth objectives.

Expected outcomes were: i) Private sector ownership and control in the financial sector increased; ii) Intermediation efficiency of the financial sector improved; iii) Performance of the banking system improved; iv) Growth and efficiency of the insurance sector achieved; v) Increased depth of the capital market achieved, and the operational efficiency improved and vi) Egypt positioned as a financial hub within the MENA region

#### c. Outputs and Intended Beneficiaries:

Planned project outputs are: i) No state-owned bank in Egypt has shares in private sector banks by 2008; ii) A strategic investor acquires a majority stake (75%-80%) of the Bank of Alexandria by end 2007; iii) The operations of Banque Misr and Banque du Caire integrated by year end 2008; iv) National Bank of Egypt and the merged Banque Misr/Banque du Caire meet the restructuring objectives as contained in the framework for their financial, operational and institutional restructuring; v) The National Bank of Egypt and the merged Banque Misr/Banque du Caire have capital adequacy ratio not less than 10%; vi) The Banking Supervision Department of the CBE adopts risk-based supervisory methods by end 2008; vii) Making a meaningful progress in the privatization of the whole public sector insurance companies, with at least one company offered for privatization by the end of 2008; viii) Capacity building program for EISA approved and implemented; ix) Enactment of the following three (3) laws to assist the development of the insurance sector in Egypt by end 2008: a) Law on stamp duties taxation of insurance premiums; b) Law on insurance brokerages; and c) Law on the compulsory Motor Third Party Liability (MTPL) Insurance; x) Funding level studies of the private pension funds undertaken by end 2008; xi) New regulations on the professional management of private pension funds approved by end 2008; xii) Capacity building program for the CMA approved and implemented through 2008; xiii) New membership

rules approved for the Cairo and Alexandria Stock Exchange (CASE) by end 2007; xiv) Introduce framework for margin trading, securitization instruments, and prepare plans to gradually introduce derivative products such as futures, options and swaps into the capital market by 2008; and xv) The equity market capitalization as a percent of GDP increases progressively through to 2008

Intended project beneficiaries:

The immediate beneficiaries of the loan were: the Banking sector; Non-Bank Financial Sector including the insurance sector; in the long term the entire country.

d. Principal Activities/Components:

Planned project activities were: i) Divestiture of the shares of state-owned banks in Joint Venture banks; ii) Privatization of the Bank of Alexandria completed; iii) Merger of Bank Misr and Banque du Caire successfully completed; iv) Financial, institutional and operational restructuring of the two state-owned commercial banks undertaken; v) The non-performing loans problem of state-owned enterprises resolved; vi) The Banking Supervision Department of the CBE strengthened; vii) Making a meaningful progress in the privatization of the whole public sector insurance companies, with at least one company offered for privatization by the end of 2008; viii) The regulation and supervision of insurance activities in Egypt is enhanced; ix) The operations of private pension funds is improved; x) strengthening of the regulatory and supervisory regime of the capital market; and xi) the development of the non-cash segment of the capital market.

The Program did not have components but was designed along four main pillars as follows: i) Introducing a comprehensive and transparent Monetary Policy Framework; ii) Improving the functioning of the Foreign Exchange Market; iii) Implementing a Banking Sector Reform; and iv) Strengthening the Non-Bank Financial Sector.

### 3. Evaluation of Design and Implementation

a. Relevance of Project Design:

The program design was relevant to the country's development priorities as defined in the country's long term Development Vision 2022. As part of a wider reform program, the FRSP was already being implemented with support from other development partners including The European Union (EU), the United States Agency for International Development (USAID), and the World Bank (WB).

The project was also consistent with the Bank Group's updated Country Strategy Paper for Egypt (2000-2) and the Financial sector policy approved in 2003.

There were no reported changes to program design, apart from the waiver of the first condition precedent to disbursement.

b. Project Cost (including Borrower Contribution), Disbursements, and Adherence to Schedules (as relevant to project performance):

This was a single tranche disbursement loan, which was disbursed in May 2007.

The PCR did not give details of actual Borrower contributions.

The project became effective in 9 May 2007, 6.3 months later than the planned date of 31 October 2006; it was closed on the scheduled date of 30 June 2010.

c. Implementation Arrangements, Conditions and Covenants, and related Technical Assistance:

As a single tranche policy based loan, the PCR's adequately discussed key implementation issues such as: i) arrangements' was fair; i) waivers of conditions loan (in this case one condition, and reasons for the waiver); ii) timing of tranche releases; iii) effectiveness of Bank supervision; iv) participation of field office in continuous supervision/in donor coordination arrangements/ and in ensuring effective policy dialogue, and v) effectiveness of Borrower oversight.

d. Monitoring & Evaluation Design, Implementation, & Utilization:

The PCR's over-all rating of M&E is '**very good**' based on design and implementation; which were both rated 'very good'. The Review Note's over-all assessment of M&E is '**fair**'; the Review note rated M&E design as 'fair'; the M&E Implementation and use was not rated the PCR did not give adequate information to enable an adequate rating.

e. Other Issues (such as Safeguards, Fiduciary):

The PCR's assessment of fiduciary requirements, safeguards and covenants as well as harmonisation was satisfactory.

### 4. Evaluation of Performance

a. Relevance of project objectives:

The project objectives were relevant at design, during implementation and will ex-post to the Egypt's development priorities set in its Long Term Vision 2022.

The objectives were equally relevant to the Bank's updated Country Strategy Paper for Egypt (2000-2) and ex-post to the current CSP (2007-11) with priority on support for the financial sector reform program needed to provide the necessary anchor for growth and poverty reduction; (See assessment in annex 1 for details).

b. Effectiveness in Delivering Outputs:

Most of the planned outputs were achieved (10 out of the 15); those were mainly in the Banking sector targets; the reforms and restructuring to the Insurance sector as well as pension funds, even though ongoing has been slower. (See PCR/Evaluation note's annex).

c. Effectiveness in Achieving Outcomes:

The achievement of project outcomes was mixed; even though the over-all outcome was '**good**'; as in outputs; the achievements of outcomes in relation to Banking sector were better than Insurance sector and pension funds. (See PCR/The Evaluation note's annex).

d. Efficiency in Achieving Outputs and Outcome:

This is a single tranche disbursed loan. The outputs and outcomes realized were achieved without any reported cost overruns. No rates of returns of the program were calculated; but the PCR gave a summary of the 'Current Macroeconomic Framework' of the country together with Egypt's macroeconomic indicators for the period 2005/06 to 2010/11 adapted from the IMF's April 2010 review.

The over-all assessment of the efficiency project outputs and the outcomes based only on timeliness is rated as '**good**'.

e. Project/Development Outcome (PO):

The assessment of project outcome is rated as '**Good**' by the Evaluation Note. (See above and appendix).

f. Risk to sustained achievement of Project Outcomes:

Risks to sustaining development outcomes' is rated moderate. PCR reiterated the IMF's view that sustaining rapid growth being crucial to reducing the Egypt's relatively high unemployment rate. The PCR also gave recommendations to address the challenge.

g. Additional Outcomes/Impacts:

The PCR did not give additional outcomes, but commented on the programme's actual or expected effect on poverty, gender, access to public service, inclusion of vulnerable groups and other key social dimensions. It noted that FSRP's design did not incorporate social development outcome indicators. The program however altered a predominantly state-owned banking system to a market-oriented one that is expected to increase access to financial services by socially disadvantaged groups, particularly the poor. In addition, the reforms under FSRP did prepare the country's financial system to better weather the global financial crisis.

h. Performance of Borrower:

Both the PCR and the Review Note rated Borrower performance as '**good**'; even though the Review Note's rating is marginally lower than the PCR.

Details of the assessment and ratings of PCR and Evaluation scores are included in annex I.

i. Bank Performance

Both the PCR Evaluation note and the PCR rated Bank's performance was rated as '**good**' even though the evaluation note's rating is marginally lower than the rating given by the PCR .

Details of the assessment and ratings of PCR and Evaluation scores are included in annex I.

i. Overall Assessment:

The Financial Sector Reform Program (FSRP) had made varying levels of progress in the four key areas for which the loan was secured as follows: i) Significant progress has been made in increasing private sector participation in the financial sector

with the reduction in ownership of government Banking stock from 65% in 2004 to 53% at the end of June 2007 (7% less than the set target); additionally the government has implemented a divestiture of a 94% of the portfolio of state owned Banks in joint venture holdings; ii) Some progress has been made in the financial, institutional and operational restructuring of the state owned banks {Bank of Alexandria (BoA), Bank Misr (BM) and Banque du Caire (BdC)}; most of the restructuring activities of Human Resource, Risk Management, and Information Technology is reported to be advanced, and key positions filled with qualified staff; however the restructuring is yet to be completed; iii) the regulatory framework and supervisory capabilities of financial sector regulatory agencies have been vastly improved through the technical capacity building support from EU, USAID and the World Bank; and iv) All the laws required to restructure the insurance industry were enacted; but the planned privatisation of the sector is yet to take place; and (v) deepen the capital market.

### 5. Key Lessons, and Recommendations

The PCR gave six (6) lessons learnt including one recommendation on how the Bank could assist in increasing the value proposition to the program.

The lessons learned during implementation included. i) There need for the Bank to eliminate the use parallel systems with of the Government's; ii) The need for the Bank to strengthen its internal capacity at EGFO to a knowledge provider; iii) The availability of local expertise in specific areas of the financial sector was an asset that helped the Government to expedite implementation and guaranteed sustainability of the reform effort; and v) Existence of a coordinated policy reform matrix – designed by the Government itself – and that informed all DPs' interventions fostered joint-operations, and eliminated duplication of interventions.

The lessons and recommendations are summarised in the annexes under 'Quality of PCR' – Lessons learnt.

6. Ratings:	PCR	OPEV Review	Reason for Disagreement/Comments
Relevance:	4	4	The project was relevant to Egypt's development priorities. It is also relevant to the Bank's country strategy of 2000-2.
Effectiveness in delivering outputs:	3.1	3.2	Good. Mixed results with most of the financial sector outputs were achieved some progress made in the non-lending sector .
Effectiveness in achieving outcomes:	2.75	2.85	Good. The project has shown some good outcomes, but a number of the planned outcomes are yet to be realised.
Efficiency in achieving outputs & outcomes -Timeliness:	4	3	
Efficiency in achieving outputs & outcomes –other criteria	-	NA	
Overall efficiency in achieving outputs & outcomes	-	3	This is based only on timeliness
Risk to Development outcome:	-	3	The risks to development outcome are moderate
Borrower Performance:	3.2	2.7	Good
Bank Performance:	3.3	2.8	Good
Quality of PCR:	-	3	Satisfactory

### 7. Comments on PCR Quality and Timeliness

The PCR was well written; all sections were completed. Adequate evidence was provided to substantiate the ratings of the various sections; the team also made reference to world Bank reports as source of evidence.

Most of the 15 outputs and 8 outcomes were well analysed and adequately rated.

The PCR rating of the component texts are mostly consistent with their corresponding ratings.

The PCR's assessment of safeguards and fiduciary issues as well as harmonisation and alignment were satisfactory.

Enough data was generated which was well analysed.

No rated rates of return were calculated, the PCR however gave a summarised assessment of the macroeconomic development status of the country as well as a list of selected macroeconomic indicators covering a five year period.

The amount of evidence provided by the PCR was satisfactory.

The PCR gave six lessons learnt including some recommendations.

PCR timeliness: the PCR mission was undertaken before the program completion; and the report produced submitted within the six months guideline.

Details of PCR quality assessment as well as compliance with PCR guidelines and pertinent OPEV guidelines can be found in the attached annex I of the Evaluation Note.

**8. Priority for Future Evaluative work: Project for Performance Evaluation Report, Impact Evaluation, Country/Sector reviews or Thematic Evaluation Studies:**

- Project is part of series and suitable for cluster evaluation
- Project is a Success Story
- High priority for impact evaluation
- Performance evaluation is required to sector/country reviews
- High Priority for thematic or special evaluation studies (Country )
- PPER is required because of incomplete validation rating

**Major areas of focus in future evaluation work:**

**Follow Up Action by OPEV:**

**There are no major outstanding issues. A PPER is not recommended for the program. It could be included in a study of Financial Sector Reform Programs.**

**Division Manager Clearance**

**Director Signing Off**

**Data sources for validation:**

- **Task managers/Bank staff interviewed/contacted (by email)**
  - i) Task Manager, C. Muthuthi; by email and phone.
- **Documents/reports and database**
  1. PCR – June 2010
  2. Project Appraisal Report October 2006
  3. CSP 2000-2002/ 2007-2011
  4. Project Supervision Reports
  5. Aide Memoires and BTORs
  6. Quarterly Project Reports

**Attachment: PCR Evaluation Note Validation Sheet of Performance Ratings**

## PROJECT COMPLETION REPORT EVALUATION NOTE

### Validation of PCR Performance Ratings

PCR Rating Scale:

Score	Description
4.	<b>Very Good</b> – Full achieved with no shortcomings
3.	<b>Good</b> – Mostly achieved despite a few shortcomings
2.	<b>Fair</b> – Partially achieved. Shortcomings and achievements are roughly balanced
1.	<b>Poor</b> – Very limited achievement with extensive shortcomings
UTS	Unable to score/rate
NA	Non Applicable

Criteria	Sub-Criteria	PCR Work Score	OPEV Review	Reason for deviation/ Comments
<b>Relevance of project Objectives &amp; Design</b>	<b>Relevance of project Objectives</b>			
	1. Project objectives were relevant to country development priorities.	4	4	The project was relevant to and consistent with Egypt's development priorities which is defined in the country's Long-Term Development Vision 2022 within which 5-year medium-term Plan for Socio-Economic Development covers the period 2002-2007, as well as the Ten-Point Action Plans.
	2. Project Objectives could in principle be achieved with the project inputs and in the expected time frame.	2	2	Even though the program ended on schedule; a small but significant amount of outputs were not achieved as the PAR however failed to identify and address the pace of privatization reforms in Egypt which is far slower than the timeframes set in the program, which according to the PCR is mainly because of resistance from dissenting voices of interest groups. The Review note is of the view that there may also be some capacity issues that may have affected the pace of the reforms and the planned restructuring activities, in addition to bureaucratic delays in passing reforms through parliament/legislature.
	3. Project Objectives were consistent with the Bank's country or regional strategy	4	3	This programme is in line with the CSP for Egypt 2000-2002 to assist the Government's development programme of private sector led economic growth and sustainable poverty reduction through employment creation.
	4. Project Objectives were consistent with the Bank's corporate priorities	4	3	The project is also consistent with the strategic priorities of the Bank's CSP for Egypt 2000-2002 and the Bank Groups' Financial Sector policy approved in 2003.
	5. Ex-post Relevance of objectives	-	3	The project is relevant ex-post as at design as articulated in the CSP 2007-2011 with the strategic objectives of i) promoting private sector development and (ii) promoting social development and protection; in particular support for the financial sector reform program needed to provide the necessary anchor for growth and poverty reduction.
	<b>Relevance of project Design -Project Design &amp; Readiness for Implementation</b>			
	1. The log frame presents a logical causal chain for achieving the project development objectives.	4	4	The Appraisal Report produced a log-frame that set out project outputs; outcomes as well as indicators stated in a logical manner to achieve the project's development objectives.
	2. The log frame expresses objectives and outcomes in a way that is measurable and quantifiable.	4	3	The log-frame gave clearly defined verifiable indicators as well as means of verification to aid monitoring the achievement of programme objectives.
	3. The log frame states the risks and key assumptions.	4	3	The log-frame made assumptions linked to the programme objective and some of the outputs/activities. It however

				only linked one four (4) risks it stated in the report; loss of political support and commitment to the reform measures (see 5 below for details of the risks identified).
	4. Project complexity was matched with country capacity and political commitment.	3	3	<p>The FSRP is a major part of the GOE's medium and long-term economic development strategy that was to significantly contribute to achieving the Government's objective of accelerating economic growth from 4.9% to an average of 5.6% over two years from 2005 to 2007. The GOE has demonstrated its commitment to the program in concrete terms by taking a range of measures to initiate the implementation of the program. Within the context of the program, the GOE has also shown strong public commitment to pursue economic reforms that will encourage private sector development, accelerate economic growth and employment creation.</p> <p>The programme complexity mostly matched the country's capacity, and where there were weaknesses in some specialist areas expertise was provided through technical capacity support from the EU, USAID and the World Bank.</p>
	5 Project design includes adequate risk analysis.	3	3	<p>The project design within the Appraisal Report (PAR) addressed four (4) key risks on: i) loss of political support and commitment to the reform measures; ii) a deterioration in the country's macroeconomic conditions; iii) ability to build and maintain credible and independent regulatory and supervisory authorities; and iv) continued state control of major financial sector institutions.</p> <p>The PAR however failed to identify and address the pace of privatization reforms in Egypt which is far slower than the timeframes set in the program, mainly because of resistance from dissenting voices of interest groups.</p>
	6. Project procurement, financial management, monitoring and/or other systems were based on those already in use by government and/or other partners.	2	2	<p>Apart from M&amp;E that was to be country systems and indicators agreed; the PAR did not clearly set out systems to be used in procurement services and financial management.</p> <p>According to the PCR, the use of country systems was mixed. Although both the procurement of goods and services, and the monitoring and evaluation, used systems in place in the country, the Bank's external audit requirements did impose extra burden and disputes with the borrower, ex-post during implementation.</p>
	7. Responsibilities for project implementation were clearly defined.	4	4	<p>The design did set out the implementation arrangements for the various bodies and agencies to be involved in the execution of the project, such as the Central Bank of Egypt (CBE) and Ministry of Investment (MoI) as joint the Execution Agency for banking sector and the non-financial sector aspects of the project respectively. A steering committee and other sub-committees were stated, together with their roles and responsibilities given.</p>
	8. Necessary implementation documents (e.g. specifications, design, procurement documents) were ready at appraisal.	2	2	<p>Documents specific to the project were not available at appraisal; even though some standard project documents such as Public Procurement &amp; Disposal of Public Assets Authority documents and standard Bank procurement documents were available both at the Bank and the Public Procurement &amp; Disposal of Public Assets Authority.</p>
	9. Monitoring indicators and monitoring plan were agreed upon during design.	4	2	<p>A monitoring plan was put in place at Appraisal. FSRP's design did not incorporate social development outcome indicators. Even though some monitoring indicators relating to key activities were agreed with the Government</p>

				and the World Bank, and set in the PAR, the monitoring indicators which are part of loan conditions was not fulfilled as it was waived. The roles of the key partners (The Bank, the World Bank, Egypt Country Office and the Executing Agencies) were also set.
	10. Baseline data were available or were collected during design.	4	3	The project design used baseline data was readily available from GoE, and the World Bank for the PAR. According to the PCR, unavailable data was collected during program design.
<b>Achievement of Project Outputs</b> *	<b>Output 1</b> Divestiture of shares of state-owned bank in Egypt has shares in joint venture/private sector by 2008.	4	4	The Government has implemented a divestiture of 94% of the portfolio of state-owned banks' holdings in joint venture banks. Further, it has retained an adviser to finalize the divestiture of the remaining 20 percent of its shares in the Bank of Alexandria (WB, 2010a).
	<b>Output 2</b> Privatisation of Bank of Alexandria (BoA) completed - A strategic investor acquires a majority stake (75%-80%) of BoA by end of 2007.	4	4	<b>The output was achieved in 2006.</b> 80% of the shares of BoA were acquired by Italy's Bank San Paolo (later merged with Intesa to form Intesa San Paolo) and ownership transferred in 2006.
	<b>Output 3</b> Merger of Bank Misr (BM) and Banque du Caire (BdC) successfully completed; with the operations of BM and BdC integrated by year end 2008.	4	4	The output was achieved in 2007 when BM acquired BdC.
	<b>Output 4</b> Financial, institutional and operational restructuring of the two state-owned commercial banks undertaken; National Bank of Egypt (NBE) and the merged BM/BdC meet the restructuring objectives as contained in the framework for their financial, operational and institutional restructuring.	2	2	<b>Achievement of the output is mixed; mostly unmet.</b> Most of the BM's restructuring activities of HR, Risk Management, and IT is reported to be advanced, and key positions have been filled with qualified staff. The restructuring at NBE, is however slower than initially envisaged. Though an advisor has been retained, new personnel installed, and according to World Bank and CBE's reports (WB, 2010a; CBE, 2009), notable progress has been made in introducing best practices in information technology, and human resources, the reforms over risk management systems have proved more difficult because of the complex nature of NBE's operations.
	<b>Output 5</b> The National Bank of Egypt and the merged BM/BdC have capital adequacy ratio of not less than 10%.	4	4	<b>The capital adequacy ratio of not less than 10% was achieved.</b> BM/BdC are reported to have been recapitalized; and the NBE has been capitalized organically, with capital gained from the sale of its own investment and income retained from shareholders. According to the PCR; an IMF Report stated that as at July 2008, all banks in Egypt had a capital adequacy ratio higher than 10%; the overall capital adequacy ratio reached 15.3 percent in 2008/09, higher than the 10% target.
	<b>Output 6</b> The Banking Supervision Department of the CBE adopts risk based supervisory methods by end 2008.	4	4	<b>The output was achieved by July 2008.</b> When the On-Site Supervision Department of the CBE had implemented risk-based supervision. The PCR reports that European Central Bank (ECB) experts, under a Euro system technical assistance program are supporting the CBE to enhance its Basel II risk-based supervisory and regulatory frameworks for the banking sector from January 2009 to December 2011.
	<b>Output 7</b>	1	2	Even though no state-owned insurance company was

	Making a meaningful progress in the privatization of the whole public sector insurance companies, with at least one company offered for privatization by the end of 2008.			privatized by end of 2008, some progress was made. I) The legal merger of the three state-owned insurance companies into one Company happened; ii) Law 10-1981 was revised to create a market-based insurance system; and iii) plans to enact Article 27 of Insurance Law 118 of 2008 to separate life from the non-life insurance business is on-going. <b>The Review Note increased the rating based on the progress made towards achieving the objective set.</b>
	<b>Output 8</b> Capacity building program for the Egyptian Insurance Supervisory Authority (EISA) approved and implemented.	4	4	<b>The outputs were achieved as stated by the PCR as follows:</b> Three regulators of the non-bank financial services, namely EISA, the Capital Market Authority (CMA), and the Mortgage Finance Authority (MFA), were in July 2009, replaced by the Egyptian Financial Supervisory Authority. Before, the merger, a capacity building plan for EISA was in place and good progress had been made in its implementation, in several fronts, including human resources, and information technology infrastructure. Furthermore, through USAID, EISA had secured resources for training 30 of its staff in the USA over a period of two years.
	<b>Output 9</b> The following laws required to assist the development of the insurance sector in Egypt are enacted by end 2008: (i) Law on stamp duties taxation of insurance premiums; (ii) Law on insurance Brokerages; (iii) Law on the compulsory Motor Third Party Liability (MTPL) Insurance.	4	4	<b>The output was achieved</b>  According to a World Bank report (WB, 2007); The three Insurance sector laws were enacted.
	<b>Output 10</b> Funding level studies of the private pension funds undertaken by end 2008.	1	1	The comprehensive actuarial assessment studies funds that would result in elimination of actuarial imbalances' is yet to be undertaken. The PCR however reports that under EISA guidelines there are continued efforts to undertake actuarial assessment of private pension funds.
	<b>Output 11</b> New regulations on the professional management of private pension funds approved by end 2008.	1	2	A draft law that has been submitted to State of Council for review is yet to be approved by the Cabinet for action by the Parliament. <b>The Review note increased the ratings, as the draft law has been completed and submitted for approval.</b>
	<b>Output 12</b> Capacity building program for the Capital Market Authority (CMA) approved and implemented through 2008.	4	4	<b>The outputs were achieved as stated by the PCR as follows:</b> Several measures have been taken to improve the capacity of CMA to deliver on its mandate of effectively overseeing the Egyptian financial markets. At the institutional level, a new department that is responsible for the human resources was established. A comprehensive training program for staff was introduced and the management function enhanced through recruitment of several experts.
	<b>Output 13</b> New membership rules approved for the Cairo and Alexandria Stock Exchange (CASE) by end 2007.	4	4	No date was given; but according to the PCR; the CMA approved amendments of issuing companies' listing /delisting rules allowing holding companies and large entities to list and trade their securities in the Egyptian Exchange (EGX) (formerly known as Cairo and Alexandria Stock Exchange, CASE).
	<b>Output 14</b> New provisions to improve	4	4	<b>The output was achieved.</b> The said new requirements were added to a chapter in the

	confidence in the market by addressing price manipulation and insider trading are added to the Executive regulations of the Capital Market Law (CML) by end 2008.			Executive Regulations; additionally new rules were issued to force companies whose securities are traded in the over-the-counter (OTC) market to prepare certain reports disclosing essential information affecting share price. A code of Ethics for market participants was also issued.
	<b>Output 15</b> Introduce framework for margin trading, securitization instruments, and prepare plans to gradually introduce derivative products such as futures, options and swaps into the capital market by 2008.	2	2	In 2005, CMA issued the regulatory framework allowing for same day trading, and securitization was introduced through incorporation of the first securitization company. Further, in 2006, regulatory framework for margin trading was introduced. Despite these gains, a short selling market is yet to be fully developed. In this regard, a committee comprising industry professionals and experts drawn from the CMA, EGX and MCDR (Misr for Central Clearing, Depository and Registry) was established to work on this initiative.
	Overall Output weighted Score	<b>3.1</b>	<b>3.2</b>	<b>Good</b> <b>Most of the outputs were achieved.</b>
Achievement of Project Outcomes	<b>Outcome 1</b> State-owned banks market share of deposits reduces from 58% to 48% by end 2007.	3	4	According to a World Bank report (WB, 2010a); the market share of State-owned banks deposits as 45.5% in December 2009; which is lower than the 48% rate set by the appraisal report. The rate at the end of 2007 was not given, but the target has been met and exceeded.
	<b>Outcome 2</b> Consolidation achieved in the banking sector with number of banks reduced from 57 to 35 by end 2007.	3	3	The number of banks were reduced to 39 by end-December 2009; not quite achieving the 35 target set.
	<b>Outcome 3</b> The market share of private sector banks' total loans to reach at least 60% by end 2008.	3	3	Even though there was a significant reduction in state ownership of banking stock from 65% in 2004 to 53% at the end of June 2007; 7% less than the target of 40%. This was not achieved for a myriad of reasons, including the impact of global financial crisis. The country is making good progress. The PCR gives a good assessment of the situation.
	<b>Outcome 4</b> The share of non-performing loans (NPLs) as a proportion of all loans in the banking system shall be reduced by 50% from the baseline of financial year end 2004 by year end 2008.	2	2	<b>Even though progress was made, the set target was not achieved as stated by the PCR – below:</b> NPLs as a percentage of total loans dropped from 24.2% in 2003/04 to 14.8% and 14.7% in 2007/08 and September 2009, respectively (IMF, 2007 & 2010), which is a reduction of less than 50% that was envisaged.
	<b>Outcome 5</b> Insurance premiums as a percentage of GDP increase from 0.8% to 1.0% by 2008.	2	2	The PCR reported progress based on World Bank reports; however the progress was below expectations and target. The gross premium-to-GDP ratio increased slightly to 0.9% and 0.83% in 2007/08 and 2008/09, respectively, compared to 0.8% in 2004/05 (WB, 2010a).
	<b>Outcome 6</b> State-owned insurance companies account for less than 30% of total insurance premiums by end 2008.	1	1	Even though the sector reportedly being transformed to a market based on through regulatory reforms and restructuring of state-owned insurance companies; the planned privatisation of state owned insurance companies have not taken place. The PCR reports of slow progress in the area.
	<b>Outcome 7</b> Steady increases in the turnover ratio of CASE through 2008.	4	4	<b>Even though no target increase range was given but the increases in turnover as well as volume of trade was good.</b> EGX's turnover expanded to LE 280 billion in 2008/09, compared to LE 72.8 billion in 2004/05. From a low of LE 2.3 billion in 2004/05, volume of trading in EGX reached

				LE 19.6 billion and LE 25.9 billion in 2007/09 and 2008/09, respectively (WB 2010a). However, due to the effects of the global financial crisis, foreigners' transactions in EGX dropped to LE 25.6 billion in 2009/10 fiscal year, compared to LE 41.7 billion in the previous year (CBE, 2010).
	<p><b>Outcome 8</b> Two major Initial Public Offerings (IPOs) issued through the capital market annually, while the capitalization of the bond market increases by 20% from LE 52 billion to LE 62 billion by 2008.</p>	4	4	<p><b>The outputs were achieved as stated by the PCR as follows:</b> The capitalization of the bonds market stood at LE 73 billion in March 2008, above expectation. Indeed, treasury bonds issued through the dealers system reached LE 111 billion by end-September 2009 (CBE, 2010). Furthermore, 22 and 20 IPOs were issued in 2006 and 2007, respectively. To further deepen the bond market, Egypt announced recently that it is putting in place a new legal framework for its secondary bond market, as well as taking other measures that would allow non-Egyptian organizations such as the Bank, the World Bank, and the International Financial Corporation to issue bonds denominated in Egyptian pounds (AfDB 2010).</p>
	<b>OVERALL PROJECT OUTCOME SCORE</b>	<b>2.75</b>	<b>2.85</b>	<b>Good</b>
Additional Outcomes (not captured in the log-frame)	<b>Institutional Development</b>	-	3	<p>The loan was to support a reform program, covering legal, regulatory and policy measures, complemented with institutional strengthening and capacity building programs. Institutional development activities were part of: i) the financial, institutional and operational restructuring of the state-owned banks; ii) upgrading the regulatory and supervisory capabilities of financial sector regulatory agencies; and iii) restructuring the insurance industry and reduce the dominance of the state in the sector through privatization.</p> <p>Other capacity building aspects of the reform program were undertaken by the technical capacity support from the EU, USAID and the World Bank.</p>
	<b>Gender</b>	-	2	<p>The program design considered its impact on gender and different sectors of the community. On a general note, the improved economic opportunities offered by the FSRP would serve to ensure that the increased enrolment of females in educational institutions at all levels, currently almost at par with males, would translate into narrowing the economic gaps between men and women by improving the opportunities for gainful employment to the crop of educated women.</p> <p>The PCR however did not discuss any gender impacts.</p>
	<b>Environment &amp; Climate Change</b>	-	2	<p>This is a support to reform program, to restructure the financial sector management and good governance.</p> <p>There is no direct environmental impact.</p> <p>The indirect environmental impact could be positive in the sense that the monitoring of the environmental impact of physical investment projects to ensure compliance with the provisions of the Environmental protection Act, including the implementation of mitigating measures wherever adverse impacts are likely will be reinforced under the ISP.</p>
	<b>Poverty Reduction</b>	-	2	<p>Bank restructuring as proposed in this program would normally be associated in the short term with staff redundancies and redeployment. Training and re-training programs in such circumstances are offered to staff to enable them achieve proficiency in new areas where employment opportunities are available. The PCR did not elaborate on this.</p> <p>The FSRP Program is expected to expand economic</p>

				opportunities and create employment that in the long term would contribute to poverty reduction.
	<b>Private Sector Development</b>	-	3	The program set out to privatise all state owned Banks – with 94% success rate, at the target date. The insurance industry is also targeted for restructuring and privatisation. The program is a big boost to private sector development.
	<b>Regional Integration</b>	-	-	N/A
	<b>Other (Specify)</b>	-	-	N/A
	<b>OVERALL PROJECT ADDITIONAL OUTCOME SCORE</b>	-	<b>2.4</b>	<b>Fair</b>
Efficiency in achieving outputs & outcomes	Timeliness	4	3	The Program was scheduled to close on 30 June 2010, and it did, even though some planned activities are still outstanding yet to be completed. Details of which are in the outputs table.
	Rates of returns (Specify if applicable)	-	NA	
	Other Criteria (Specify)	-	-	
	<b>OVERALL PROJECT EFFICIENCY</b>	<b>4</b>	<b>3</b>	<b>Good</b> <b>This is only based on timeliness.</b>
Risk to Development Outcome	Key Risks (Specify common risk factors to be a basis for rating)	-	3	The PCR reiterated the IMF's view that sustaining rapid growth being crucial to reducing the Egypt's relatively high unemployment rate, and to create economic growth opportunities that will help reduce poverty. The PCR also gave recommendations to address the challenge that the Bank may consider supporting the Government's measures to promote macroeconomic stability, consolidate fiscal performance, enhance trade competitiveness, deepen the financial sector and improve the investment climate. <b>The risk is moderate.</b>
<p>*The output ratings have to be weighted by the relative output costs (see PCR format). The Overall rating is given Very Good, Good, Fair and Poor. Overall rating is the sub-criteria average.</p> <p>(i) <b>Very Good (HS) : 4</b>  (ii) <b>Good (H) : 3</b>  (iii) <b>Fair (US) : 2</b>  (iv) <b>Poor (HUS): 1</b>  (v) <b>UTS</b>  (vi) <b>TA</b></p>				

Criteria	Sub-Criteria	PCR Work Score	OPEV Review	Reason for disagreement/ Comments
Bank Performance	<b>Design and Readiness</b>			
	1. Project Objectives were relevant to country development priorities.	4	4	The project was relevant to and consistent with Egypt's development priorities which is defined in the country's Long-Term Development Vision 2022 within which 5-year medium-term Plan for Socio-Economic Development covers the period 2002-2007, as well as the Ten-Point Action Plans.
	2. Project Objectives could in principle be achieved with the project inputs and in the expected time frame.	2	2	Even though the program ended on schedule; a small but significant amount of outputs were not achieved as the PAR however failed to identify and address the pace of privatization reforms in Egypt which is far slower than the timeframes set in the program, which according to the PCR is mainly because of resistance from dissenting voices of interest groups. The Review note is of the view that there may also be some capacity issues that may have affected the pace of the reforms and the planned restructuring activities, in addition to bureaucratic delays

				in passing reforms through parliament/legislature.
3. Project Objectives were consistent with the Bank's country or regional strategy	4	3		This programme is in line with the CSP for Egypt 2000-2002 to assist the Government's development programme of private sector led economic growth and sustainable poverty reduction through employment creation.
4. Project Objectives were consistent with the Bank's corporate priorities	4	3		The project is also consistent with the strategic priorities of the Bank's CSP for Egypt 2000-2002 and the Bank Groups' Financial Sector policy approved in 2003.
5. The log frame presents a logical causal chain for achieving the project development objectives.	4	4		The Appraisal Report produced a log-frame that set out project outputs; outcomes as well as indicators stated in a logical manner to achieve the project's development objectives.
6. The log frame expresses objectives and outcomes in a way that is measurable and quantifiable.	4	3		The log-frame gave clearly defined verifiable indicators as well as means of verification to aid monitoring the achievement of programme objectives.
7. The log frame states the risks and key assumptions.	4	3		The log-frame made assumptions linked to the programme objective and some of the outputs/activities. It however only linked one four (4) risks it stated in the report; loss of political support and commitment to the reform measures (see 5 below for details of the risks identified).
8. Project complexity was matched with country capacity and political commitment.	3	3		The FSRP is a major part of the GOE's medium and long-term economic development strategy that was to significantly contribute to achieving the Government's objective of accelerating economic growth from 4.9% to an average of 5.6% over two years from 2005 to 2007. The GOE has demonstrated its commitment to the program in concrete terms by taking a range of measures to initiate the implementation of the program. Within the context of the program, the GOE has also shown strong public commitment to pursue economic reforms that will encourage private sector development, accelerate economic growth and employment creation. The programme complexity mostly matched the country's capacity, and where there were weaknesses in some specialist areas expertise was provided through technical capacity support from the EU, USAID and the World Bank.
9. Project design includes adequate risk analysis.	3	3		The project design within the Appraisal Report (PAR) addressed four (4) key risks on: i) loss of political support and commitment to the reform measures; ii) a deterioration in the country's macroeconomic conditions; iii) ability to build and maintain credible and independent regulatory and supervisory authorities; and iv) continued state control of major financial sector institutions. The PAR however failed to identify and address the pace of privatization reforms in Egypt which is far slower than the timeframes set in the program, mainly because of resistance from dissenting voices of interest groups.
10. Project procurement, financial management, monitoring and/or other systems were based on those already in use by government and/or other partners.	2	2		Apart from M&E that was to be country systems and indicators agreed; the PAR did not clearly set out systems to be used in procurement services and financial management. According to the PCR, the use of country systems was mixed. Although both the procurement of goods and services, and the monitoring and evaluation, used systems in place in the country, the Bank's external audit requirements did impose extra burden and disputes with the borrower, ex-post during implementation.

	11. Responsibilities for project implementation were clearly defined.	4	4	The design did set out the implementation arrangements for the various bodies and agencies to be involved in the execution of the project, such as the Central Bank of Egypt (CBE) and Ministry of Investment (MoI) as joint the Execution Agency for banking sector and the non-financial sector aspects of the project respectively. A steering committee and other sub-committees were stated, together with their roles and responsibilities given.
	12. Necessary implementation documents (e.g. specifications, design, procurement documents) were ready at appraisal.	2	2	Documents specific to the project were not available at appraisal; even though some standard project documents such as Public Procurement & Disposal of Public Assets Authority documents and standard Bank procurement documents were available both at the Bank and the Public Procurement & Disposal of Public Assets Authority.
	13. Monitoring indicators and monitoring plan were agreed upon during design.	4	2	A monitoring plan was put in place at Appraisal. FSRP's design did not incorporate social development outcome indicators. Even though some monitoring indicators relating to key activities were agreed with the Government and the World Bank, and set in the PAR, the monitoring indicators which are part of loan conditions was not fulfilled as it was waived. The roles of the key partners (The Bank, the World Bank, Egypt Country Office and the Executing Agencies) were also set.
	14. Baseline data were available or were collected during design.	4	3	The project design used baseline data was readily available from GoE, and the World Bank for the PAR. According to the PCR, unavailable data was collected during program design.
	<b>Project Design and Readiness Sub-Score</b>	<b>3.4</b>	<b>3</b>	<b>Good</b>

Criteria	Sub-Criteria	PCR Score	OPEV Review	Justification/ Reason for deviation/Disconnect/ Comments
<b>Bank Performance</b>	<b>Supervision</b>			
	1. Bank complied with:			
	<ul style="list-style-type: none"> <li>Environmental Safeguards</li> </ul>	NA	3	The project was category III classified, with no 'direct' adverse environmental impacts; but as a loan to strengthen the institutions for better business practices; the program has the potential to positively impact on the environment with better policy development for a more positive environmental impact.
	<ul style="list-style-type: none"> <li>Fiduciary Requirements</li> </ul>	1	1	The borrower is reported to have difficulties complying with the special external audit reports to be conducted. and at the end did not conduct such special audits. Contrary to the requirement; the CBE submitted its own external audit reports for 2007 and 2008, which were aligned with country systems. According to the PCR, the issue was only closed by the Bank in April 2010.
	<ul style="list-style-type: none"> <li>Project Covenants</li> </ul>	3	3	The borrower failed to fulfil the first of the 10 conditions precedent to disbursement of the single tranche loan; which through negotiation the Bank later waived.
	2. Bank provided quality supervision in the form of skills mix provided and practicality of solutions.	4	3	In the PCR's view; the Bank performed well maintaining a very close relationship with the Egyptian authorities involved in the implementation of the program. In this regard, the Bank conducted four supervision missions that involved teams of several experts, each with a different set of skills and area of speciality.
	3. Bank provided quality	4	3	The PCR reported that the Bank gave a timely respond to all

	management oversight.			enquiries from the Government and made the disbursement in a timely manner. The Bank management of the program was further enhanced by the presence of the Bank's Field Office that closely followed up and coordinated the events leading to signature of the loan, and maintained regular contacts with the Government and other development partners.
	4. PCR was delivered on a timely basis	4	4	The PCR was written with data gathered during two Bank missions to Egypt in 2008 on April, 20-24; and July, 27 - August 15, and subsequent desk reviews of information available at program ending. The PCR mission team was a multidisciplinary team of a Chief Financial Economist (Task Manager), a Financial Economist (Consultant), a Lead Economist, and a Socio-economist, together with contributions from other Country Office staff. The PCR was Peer Reviewed by the Chief Credit Risk Officer, FFMA; Principal Financial Analyst, FTRY.4; the Principal Country Program Officer, Sudan; a Principal Country Economist, OREB; a Senior Financial Economist, OSGE; a Governance Expert (OSGE/MWFO); and Economist, MZFO.
	<b>Supervision Sub-Score</b>	3.2	2.6	Good
	<b>OVERALL BANK PERFORMANCE SCORE</b>	<b>3.3</b>	<b>2.8</b>	<b>Good</b>
The Overall rating is given Very Good, Good, Fair and Poor. Overall rating is the sub-criteria average.				
(i) <b>Very Good (HS) : 4</b>				
(ii) <b>Good (H) : 3</b>				
(iii) <b>Fair (US) : 2</b>				
(iv) <b>Poor (HUS): 1</b>				

Criteria	Sub-Criteria	PCR Score	PCR-EVN Validation	Justification/ Reason for deviation/Disconnect/ Comments
<b>Borrower Performance</b>	<b>Design and Readiness</b>			
	1. Responsibilities for project implementation are clearly defined	4	4	The design did set out the implementation arrangements for the various bodies and agencies to be involved in the execution of the project, such as the Central Bank of Egypt (CBE) and Ministry of Investment (MoI) as joint the Execution Agency for banking sector and the non-financial sector aspects of the project respectively. A steering committee and other sub-committees were stated, together with their roles and responsibilities given.
	2. Necessary implementation documents (e.g. specifications, design, procurement documents) are ready at appraisal.	2	2	Documents specific to the project were not available at appraisal; even though some standard project documents such as Public Procurement & Disposal of Public Assets Authority documents and standard Bank procurement documents were available both at the Bank and the Public Procurement & Disposal of Public Assets Authority.
	3. Monitoring indicators and monitoring plan are agreed upon and baseline data are available or are being collected	4	2	A monitoring plan was put in place at Appraisal. FSRP's design did not incorporate social development outcome indicators. Even though some monitoring indicators relating to key activities were agreed with the Government and the World Bank, and set in the PAR, the monitoring indicators which are part of loan conditions was not fulfilled as it was waived. The roles of the key partners (The Bank, the World Bank, Egypt Country Office and the Executing Agencies) were also set.

	<b>Project Design and Readiness Sub-Score</b>	<b>3.3</b>	<b>3</b>	<b>Good</b>
	<b>Implementation</b>			
	1. Borrower complied with:			
	<ul style="list-style-type: none"> <li>Environmental Safeguards</li> </ul>	NA	3	The project was category III classified, with no 'direct' adverse environmental impacts; but as a loan to strengthen the institutions for better business practices; the program has the potential to positively impact on the environment with better policy development for a more positive environmental impact.
	<ul style="list-style-type: none"> <li>Fiduciary Requirements</li> </ul>	2	1	The borrower is reported to have difficulties complying with the special external audit reports to be conducted. It did not conduct such special audits. Contrary to the requirement; the CBE submitted its own external audit reports for 2007 and 2008, which were aligned with country systems. According to the PCR, the issue was only closed by the Bank in April 2010. According to the PCDR, the external audit reports were submitted to the Bank after the set deadlines.
	<ul style="list-style-type: none"> <li>Project Covenants</li> </ul>	3	3	The borrower failed to fulfil the first of the 10 conditions precedent to disbursement of the single tranche loan; which through negotiation the Bank later waived.
	2. Borrower was responsive to Bank supervision findings and recommendations.	4	3	According to the PCR, the Borrower complied with Bank supervision recommendations. The Egyptian authorities and the Bank worked as partners during the implementation of the program. There were however some delays in implementing some of the recommendations.
	3. Borrower collected and used of monitoring information for decision-making.	4	UTS	There is no available evidence to rate the component. According to the PCR, the Bank used Egypt's own reports to monitor progress (see Annex 4). This does not state whether the Borrower collected and used of monitoring information for decision-making or not.
	<b>Implementation Sub-Score</b>	<b>3.23</b>	<b>2.5</b>	<b>Good</b>
	<b>OVERALL BORROWER PERFORMANCE SCORE</b>	<b>3.2</b>	<b>2.7</b>	<b>Good</b>
The Overall rating is given Very Good, Good, Fair and Poor. Overall rating is the sub-criteria average.				
(i) <b>Very Good (HS) : 4</b>				
(ii) <b>Good (H) : 3</b>				
(iii) <b>Fair (US) : 2</b>				
(iv) <b>Poor (HUS) : 1</b>				

### M & E Design, Implementation & Utilization

Criteria	Sub-Criteria	PCR Score	PCR-EVN Validation	Justification/ Reason for deviation/Disconnect/ Comments
M & E Design	<b>M &amp; E Design</b>			
		4	2	A monitoring plan was put in place at Appraisal. FSRP's design did not incorporate social development outcome indicators. Even though some monitoring indicators relating to key activities were agreed with the Government and the World Bank, and set in the PAR, the monitoring indicators which are part of loan conditions was not fulfilled as it was waived. The roles of the key partners (The Bank, the World Bank, Egypt Country Office and the Executing Agencies) were also set.
	<b>Design Score</b>	<b>4</b>	<b>2</b>	Fair
M & E Implementation	<b>M &amp; E Implementation</b>			
		4	UTS	There is no evidence of M&E implementation; the first and only

				condition waived was “Submission to the Bank of a detailed time-bound action plan including benchmark & monitoring indicators... ..” And according to the PCR, the Bank used Egypt’s own reports to monitor progress. This does not give adequate information on M&E implementation and use.
	<b>Implementation Score</b>	<b>4</b>	<b>UTS</b>	
<b>M &amp; E Use</b>		-		No information on M&E use.
	<b>Use Score</b>			
	<b>OVERALL M &amp; E PERFORMANCE SCORE</b>	<b>4</b>	<b>2</b>	<b>Fair - Only based on M&amp;E design.</b>
<p>The Overall rating is given Very Good, Good, Fair and Poor. Overall rating is the sub-criteria average.</p> <p>(v) <b>Very Good</b> (HS): 4  (vi) <b>Good</b> (H): 3  (vii) <b>Fair</b> (US): 2  (viii) <b>Poor</b> (HUS): 1</p>				

### PCR Quality Assessment

Criteria	PCR-EVN (1-4)	Comments
<b>QUALITY OF PCR</b>		
1. Extent of quality and completeness of the PCR evidence and analysis to substantiate the ratings of the various sections:	3	The PCR was well written; all sections were completed. The team produced the evidence in most to back the report; in a number of cases reference was made to World Bank reports to substantiate the ratings of the various sections.
2. Extent of objectivity PCR assessment scores	3	All sections of the report were objectively analysed; the 15 outputs and 8 outcomes were properly assessed and adequately rated.
3. Extent of internal consistency of PCR assessment ratings; inaccuracies; inconsistencies (in various sections; between texts and ratings; consistency of overall rating with individual component ratings)	3	The PCR rating of the component texts are mostly consistent with the ratings given to them.
4. Extent of identification and assessment of key factors (internal and exogenous) and unintended effects (positive and negatives) affecting design and implementation:	3	There was a six month delay in project effectiveness due mainly to the fact that the GoE’s delay in fulfilling the first loan condition, which was eventually waived. This is a single tranche disbursement loan; which after disbursement did not adversely affect implementation of the program’s activities.
5. Adequacy of treatment of safeguards, fiduciary issues, and alignment and harmonization	3	The PCR’s assessment of safeguards and fiduciary issues was satisfactory; it adequately covered challenges and other issues faced by the borrower in relating to compliance of fiduciary requirements; its assessment of environmental safeguards is fair. The PCR’s assessment of harmonisation is good; it applied the Paris Declaration principles; how or whether the Bank adhered to the Principles.
6. Extent of soundness of data generating and analysis processes (including rates of returns) in support of PCR assessment:	3	The PCR generated a sufficient amount of data, which was adequately analysed in the report. No rates of returns were calculated; it however gave Assessment of Macroeconomic Developments which outlined the key characteristics of the macro economy before, during and after the reforms. The assessment stated the extent to which the country is on track with any IMF program.
7. Overall adequacy of the accessible evidence (from PCR including annexure and other data provided)	3	The amount of evidence provided by the PCR fair. No additional information was given outside the PCR apart from the mandatory enclosures in the annexes. In addition to the Assessment of Macroeconomic Developments; a list of selected macroeconomic indicators over a 5-year period were given showing changes.
8. Extent to which lessons learned (and recommendations) are clear and based on the PCR assessment (evidence & analysis):	3	The PCR gave six (6) lessons learnt including one recommendation on: i) How to increase value proposition to the program, to which the PCR proposes the Bank would need to engage the Government much earlier in design of the reform program. Which would require upstream analysis, for example, in the political economy of privatization reforms, as that was lacking. The PCR is of that the Bank is perceived

		<p>by other development partners (DPs) and the Government only as a “financier”.</p> <p>Lessons learned during implementation included. i) There need for the Bank to eliminate the necessity to use parallel systems which differ from those of the Government as in line with the provisions of the Paris Declaration. Any departures from use of country systems need to be clarified with the authorities during program design and loan negotiations; ii) The need for the Bank to strengthen its internal capacity at EGFO to transform itself to a knowledge provider; iii) Best outcomes emerge where there is a shared and mutual commitment between the Bank and the Government; iv) The availability of local expertise in specific areas of the financial sector was an asset that helped the Government to expedite implementation and guaranteed sustainability of the reform effort; and v) Existence of a coordinated policy reform matrix – designed by the Government itself – and that informed all DPs’ interventions was an important factor for success that fostered joint-operations, and eliminated duplication of interventions.</p>
9. Extent of overall clarity and completeness of the PCR	3	All the sections of the PCR were completed as required, the report is easy to read and easily followed.
Other (to be specified)	-	
PCR Quality Score	<b>3</b>	<b>Satisfactory</b>
<b>PCR Compliance with Guidelines (PCR/OM; OPEV)</b>		
<b>1. PCR Timeliness</b>	4	The PCR was written with data gathered during two Bank missions on April, 20-24; and July, 27 - August 15 to Egypt in 2008 as well as with desk reviews of information available at program ending – June 2010. The PCR was produced soon after and was cleared by the sector manager; Regional Director and Sector Director on 30 September 2010; 21 June 2010 and 21 June 2010 respectively.
<b>2. Extent of participation of Borrower, Co-financiers &amp; field office in PCR preparation</b>	2	<p>The PCR mission team was a multidisciplinary team of a Chief Financial Economist (Task Manager), a Financial Economist (Consultant), a Lead Economist, and a Socio-economist, together with contributions from other Country Office staff. The PCR was Peer Reviewed by the Chief Credit Risk Officer, FFMA; Principal Financial Analyst, FTRY.4; the Principal Country Program Officer, Sudan; a Principal Country Economist, OREB; a Senior Financial Economist, OSGE; a Governance Expert (OSGE/MWFO); and Economist, MZFO.</p> <p>There was no reference to or evidence of Borrower or other co-financiers participation in the production of the PCR.</p>
<b>3. Other aspect (Specify)</b>	-	
<b>PCR Compliance Score</b>	<b>3</b>	<b>Good</b>