

Language: English
Original: English



**AFRICAN DEVELOPMENT
BANK GROUP**

PROJECT: Economic Governance and Energy Support Program Phases I-III- (EGESP I-III)

COUNTRY: Arab Republic of Egypt

PROJECT COMPLETION REPORT

Date: November 2019

PROGRAM COMPLETION TEAM	Task Manager:	Carina SUGDEN	Principal Governance Officer, ECGF
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EGYPT: Economic Governance and Energy Support Program I-III (EGESP) PROJECT COMPLETION REPORT (PCR)



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I BASIC DATA

A Report data

Report date	Date of report:	19/11/2019	
	Mission date (if field mission)	From: 21 st January 2019	To: 29 th January 2019 <i>NB: PCR completed over 1 mission and desk review in ugust 2019</i>

B Responsible Bank staff

Positions	At approval	At completion
Regional Director	<i>Kolster Jacob</i>	<i>El Azizi Mohamed</i>
Country Manager	MOKADEM Leila	BLOMBERG Malinne
Sector Director	MUKETE Jacob Diko	COULIBALY Abdoulaye
Sector Manager	ABIOLA Wilfrid	ABIOLA Wilfrid
Task Manager	IJEH Samuel	SUGDEN Carina
Alternate Task Manager	KOMA Baboucarr	KOMA Baboucarr
PCR Team Leader		SUGDEN Carina
PCR Team Members		El-ASKARI Khaled; STOLLIG Olivier; FALL Malik; BERTIN Sara

C Project data

Project name: Economic Governance and Energy Support Program (EGESP I-III)		
Project code: P-EG-K00-009/010/011	Instrument number(s): 1:2000130014680 2:2000200000652 3: 2000200002201	
Project type: Program Based Operation	Sector: Multi-Sector (Budget Support)	
Country: Arabic Republic of Egypt	Environmental categorization (1-3): 3	
Processing milestones – Bank approved financing only (add/delete rows depending on the number of financing sources)	Key Events (Bank approved financing only)	Disbursement and closing dates (Bank approved financing only)

Financing source/ instrument1:	Financing source/ instrument1:		Financing source/ instrument1:	
Date approved: 15.12.2015	Cancelled amounts: 0		Original disbursement deadline: 31.12.2016	
Date signed: 15.12.2015	Supplementary financing:0		Original closing date: 31.12.2016	
Date of entry into force: 04.01.2016	Restructuring (specify date & amount involved): N/A		Revised (if applicable) disbursement deadline: None	
Date effective for 1st disbursement: 04.01.2016	Extensions (specify dates): None		Revised (if applicable) closing date: None	
Date of actual 1st disbursement: 07.01.2016				
Financing source/ instrument2:	Financing source/ instrument2:		Financing source/ instrument2:	
Date approved: 13.12.2016	Cancelled amounts:		Original disbursement deadline:	
Date signed: 19.12.2016	Supplementary financing:		Original closing date:	
Date of entry into force: 22.03.2017	Restructuring (specify date & amount involved):		Revised (if applicable) disbursement deadline:	
Date effective for 1st disbursement:22.03.2017	Extensions (specify dates):N/A		Revised (if applicable) closing date:	
Date of actual 1st disbursement: 31.03.2017				
Financing source/ instrument3:	Financing source/ instrument3:		Financing source/ instrument3:	
Date approved: 17.01.2018	Cancelled amounts:		Original disbursement deadline: 31.12.2018	
Date signed: 11.09.2018	Supplementary financing:		Original closing date: 31.12.2018	
Date of entry into force: 11.09.2018	Restructuring (specify date & amount involved):		Revised (if applicable) disbursement deadline:	
Date effective for 1st disbursement: 11.09.2018	Extensions (specify dates):		Revised (if applicable) closing date:	
Date of actual 1st disbursement:28.09.2018				
Financing source/instrument (add/delete rows depending on the number of financing sources):	Disbursed amount (amount, USD):	Percentage disbursed (%):	Undisbursed amount (USD):	Percentage undisbursed (%):
Financing source/ instrument1:	500,000,000	100	0	0
Financing source/ instrument2:	500,000,000	100	0	0
Financing source/ instrument3:	500,000,000	100	0	0
Government:				
World Bank:	3,000,000,000	100		
TOTAL	4,500,000,000	100	0	0

Financing source/instrument (add/delete rows depending on the number of financing sources):	Committed amount (UA):	Percentage committed (%):	Uncommitted amount (UA):	Percentage uncommitted (%):
Financing source/ instrument1:	358500035			
Financing source/ instrument2:	354828866			
Financing source/ instrument3:	368500571			
TOTAL	1081829472			
Co-financiers and other external partners: World Bank				
Executing and implementing agency (ies): Ministry of Investment and International Cooperation				

D Management review and comments

Report reviewed by	Name	Date reviewed	Comments
Country Manager	BLOMBERG Malinne		
Sector Manager	ABIOLA Wilfrid		
Regional Director (as chair of Country Team)	El-AZIZI Mohammed		
Sector Director	COULIBALY Abdoulaye		

II Project performance assessment

A Relevance

1. Relevance of project development objective

Rating*	Narrative assessment (max 250 words)
4 (HS)	<p>The program based operation (PBO) was designed to support Egypt during a critical period, where it was facing considerable macro-economic issues and structural challenges. Following the 2011 revolution, fiscal revenue, and foreign exchange earnings deteriorated, while expenditure rose disproportionately, causing inflation, budget deficit and sizable external imbalances and external reserve loss.</p> <p>The new government under President Sisi, first elected in May 2014, developed strategic plans centered on structural reform and investment promotion to raise growth and create jobs, and fiscal adjustment to bring the budget deficit and public debt under control. The plans also sought to tackle longstanding structural economic issues predating 2011, such as unsustainable high energy subsidies, a large public sector, unfavourable business enabling environment and low access to finance.</p> <p>The objective of the EGESP was to support the implementation of the government medium-term development agenda to promote inclusive and resilient growth through fiscal consolidation, improved governance, efficiency and private sector engagement in the energy sector, and improved business environment.</p> <p>It was considered highly relevant to the needs and aligned with the priorities of the country at the time. Its timing was also considered critical in providing the much needed injection of liquidity and signaling a confidence in the Governments reform program, thereby paving the way for additional support, including an integrally linked IMF Extended Fund Facility program.</p>

	The program was also aligned with the Bank’s strategy for Egypt (2015-2019), which has as a strategic objective to (i) achieve high and well diversified growth that creates jobs and higher value added and (ii) achieve social justice and inclusion while insuring sound macroeconomic management.
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* For all ratings in the PCR use the following scale: 4 (Highly satisfactory), 3 (Satisfactory), 2 (Unsatisfactory), 1 (Highly unsatisfactory)

2. Relevance of project design

Rating*	Narrative assessment (max 250 words)
4 (HS)	<p>The Government adopted a Sustainable Development Strategy (SDS) “Vision 2030” and an economic recovery plan in 2015, with focus on 1) restoring macroeconomic stability- and generating higher and sustainable level of growth that creates jobs and higher value added; 2) improving public service delivery and 3) achieving social justice and inclusion. In line with these strategies, particular focus was given to the energy sector due to significant energy shortage, unsustainable subsidies and weak private sector participation. In order to boost private sector led growth and job creation, the Government also prioritized business facilitation reforms; access to credit and competitiveness.</p> <p>In line with the Governments reform priorities for the period, EGESP I-III was designed as a three year mult-sector programmatic operation around three main components of : 1) Advancing fiscal consolidation; 2) Ensuring sustainable energy supply; and 3) enhancing the business environment. The use of programmatic approach and defining measures to be achieved across a three year span, contributed to having a sustained and robust dialogue across all three areas throughout the program.</p> <p>The overall program contained policy measures considered critical towards achieving results in each of the three areas of reform. Particularly important and substantive policy actions contained in the program, included the introduction of VAT; actions to contain the wage bill; revision of the electricity tariffs and streamlining of industrial licencing.</p> <p>Finally the program was designed and implemented jointly with the World Bank, which facilitated coordination with the Government and contributed towards a more robust dialogue around the policy reforms being supported.</p>

3. Lessons learned related to relevance

Key issues (max 5, add rows as needed)	Lessons learned	Target audience
1. Ensure alignment to Government priorities for commitment to reform priorities	1. Align to Government Priorities: The programme was aligned to the priorities of the Government and covered essential reform areas. It was built on multi-year reform programme, which had wide support from both IFIs and other development partners. There was therefore strong commitment to implementation.	GoE and AfDB
2. Programmatic approach- 3 years	2. Programmatic Approach assures sustained support and dialogue- It was clear that the design of the program as a three year programmatic PBO was critical to ensuring a strong and continuous dialogue and commitment to the reform program. It also allowed the program to remain flexible and adjust to evolving policy directions, and provided sufficient time for reforms to bear fruit and determine impact	GoE and AfDB

3. Select policy actions that will deliver results- high level of causality	3. The program contained policy actions that were considered to be critical to achieving the outcomes sought- number of the policies supported were long overdue areas of reform that the government had not been able to address before- such as the issue of unsustainable wage bill and energy subsidies weighing heavily on the state budget.	
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B Effectiveness

1. Progress towards the project’s development objective (project purpose)

Comments
<p><i>Provide a brief description of the Project (components) and the context in which it was designed and implemented. State the project development objective (usually the project purpose as set out in the RLF) and assess progress. Unanticipated outcomes should also be accounted for, as well as specific reference of gender equality in the project . The consistency of the assumptions that link the different levels of the results chain in the RLF should also be considered. Indicative max length: 400 words.</i></p>
<p>The purpose of EGESP was to promote inclusive and resilient growth through fiscal consolidation, improved governance, efficiency and private sector engagement in the energy sector, and improved business environment. The program was designed around three main components: 1) Advancing fiscal consolidation; 2) Ensuring sustainable energy supply; and 3) enhancing the business environment.</p>
<p>EGESP was designed jointly with the World Bank, and provided at a time when Egypt was facing considerable fiscal challenges, following years of a deteriorating macro-economic situation and pervasive development challenges. In 2014/15, the Government launched a critical and ambitious reform program aimed at restoring macro-economic stability and promoting inclusive growth.</p>
<p>Fiscal Consolidations: Egypt has achieved very good progress on its fiscal consolidation plan- the aim was to cut the budget deficit from 13.1% of GDP in FY 2013/2014 to around 9% by FY 2017/18. Already by 2016/17 the deficit had been reduced to 10.9% and 9.8% of GDP was achieved by 2017/2018. The measures taken, which were supported under the EGESP have contributed effectively to this goal- tax revenues increased; energy subsidies have been reduced from 6% in 2014/15 to 32% in 2017/18. The public wage bill has been contained.</p>
<p>Energy Sector Governance: Aside from reigning in subsidies, a significant sector reform program was initiated during the program, aimed towards enhancing competitiveness of the sector to attract private sector investment; reducing vulnerability to externalities- by strengthening price adjustment mechanisms to correlate more closely with global fluctuations. Significant areas of results include in gas sector- where new legislation and regulations, including around tariff structures, have contributed to significant private sector investment growth in the sector. The reforms in the energy sector and the discovery of the Zhor gas field are transforming Egypt into a regional gas hub and exporter- foreign direct investments in upstream oil and gas (exploration, development & operation costs) reached USD 23.7 billion during the EGESP implementation period (FY 2015/16 - FY 2017/18)</p>
<p>Business environment: A major focus of Governments reform agenda has been private sector led growth to create jobs. The program has significantly contributed to improving the business enabling environment.. The Government has implemented business-friendly reforms, passing numerous laws aimed at removing bottlenecks and attracting investments (such as the adoption of the new companies act and significant streamlining of industrial licences). Egypt’s ranking in the World Bank Doing Business Indicators went up 8 notches between (2015-2019).</p>
<p>Real GDP growth is gaining momentum and projected to reach 5.5 % in 2018/19, compared to 4.2% in 2014/15. The Government had also anticipated and mitigated the difficult impacts of some of the reforms on the low-income segments of society. These impacts have been mitigated through critical and well targeted social programs and initiatives such as the improvement of the food</p>

subsidy system, the increase in cash transfer programs, the eradication of unsafe informal settlements, and increased MSME financing opportunities. Despite these efforts, poverty remains a critical challenge in Egypt, the *2018 Income, Expenditure and Consumption Survey* highlights an increase in poverty to 32.5% in 2017/2018 up from 27.8% in 2015. There has also been little progress on addressing gender inequalities. This program did contribute to addressing one area of inequality- relating to access to finance.

Overall EGESP is considered to have successfully achieved its targeted objective.

2. Outcome reporting

Outcome indicators (as per RLF; add more rows as needed)	Baseline value (Year) (A)	Most recent value (B)	End target (C) (expected value at project completion)	Progress towards target (%) realized [(B-A)/(C-A)]	Narrative assessment (indicative max length: 50 words per outcome)	Core Sector Indicator (Yes/No)
Outcome 1: Fiscal Consolidation and budget credibility enhanced-						
1.1 Total tax revenue of goods and services as a % of GDP	5.1% (FY 2014/15)	6.7% of GDP (2017/18)	6.7% of GDP (2017/18)	100%	Total tax revenue of goods and services target was achieved. Data Source: MoF Sept.2018. Projections for the future are positive- with revenues expected to reach 7.7% of GDP for 2018/19 and 11% for 2019/20	
1.2 Reduced central government wages and salaries as a % of GDP	8.1% (2015)	5.4% (2017/18)	7.4% (2017/18)	385%	Government wages and salaries were reduced beyond the target of 7.4% by 2% of GDP	
1.3 Fiscal deficit/ GDP	13.1% (FY 2013/14)	9.5% (2017/18)	9.3% (2017/18)	87%	Fiscal deficit was reduced to 9.5% 2017/18 and has been projected by the IMF to decrease further to 7.6% for 2018/19..	
1.4 Percent % of budget allocated for social expenditure	16.9% (FY2013/14)	26.7% (2017/18)	18.4% (2017/18)	100%	It is unclear which expenditure lines were used to estimate the baseline. Social expenditure could broadly be considered to include Subsidies, grants and social benefits- however, petrol subsidies weigh heavily under this category, which constituted 26.7% of expenditures in 2017/18 according to MoF data.	
Outcome 2: Improved energy security and greater role for the private sector						
2.1 Operating Reserve	11% (2014)	31% (2017/18)	30% (2018)	105%	Egypt has been able to turn a power shortage of more than 6,000 MW in 2014 to more than 10,000 MW of surplus capacity at present.	

Outcome indicators (as per RLF; add more rows as needed)	Baseline value (Year) (A)	Most recent value (B)	End target (C) (expected value at project completion)	Progress towards target (% realized) [(B-A)/(C-A)]	Narrative assessment (indicative max length: 50 words per outcome)	Core Sector Indicator (Yes/No)
					Compared to a peak load for 2017/18 reaching 30,800 MW, there is currently sufficient operating reserve to ensure the reliability and quality of power supply.	
2.2 New private investments in upstream oil and gas sector	USD 2.4 billion (2014)	USD 8.1 billion 2016/17	Cumulative investments of USD 15 billion between 2015 and 2018		The reforms have contributed to renewed investor confidence in the sector, as a result, FDI in upstream oil and gas (exploration, development & operation costs) reached USD 23.7 billion during the EGESP implementation period (FY 2015/16 - FY 2017/18). About 20 new concession agreements have also been concluded with IOCs during the same period, which will bring more private investment in the sector and increase the potential for additional domestic production of oil and gas. Thanks to the significant gas discoveries in Zohr, Atol, Alexandria North and Nawras, among others, domestic gas production in Egypt increased by 31% from BCF1 1472 in FY 2015/16 to BCF 1929 in FY 2017/18, ending the need for importing expensive LNG. The ongoing energy sector reforms and the reinforced energy infrastructure in Egypt are among the main building blocks upon which the government of Egypt is planning to establish the country as a regional energy hub. The recent gas-centred collaboration agreements with neighbouring Mediterranean countries are concrete steps toward realising this goal.	
Outcome 3 Competitiveness of the private sector and financial inclusion enhanced						
3.1 Increase in the number of anti-competitiveness practices prevented/eliminated	9 (2013-2015)	15 (2017)	11 (2015-2017)	300 %	The PBO supported the strengthening of the mandate of the Egyptian Competitiveness Agency, which has been able to effectively prevent 15 anti-competitiveness practices in various sectors, including telecommunications, medical supplies, insurance, textiles and fertilisers. The target has therefore been exceeded. In terms of global indexes on competitiveness- GCI- Overall Egypt in 17/18 ranked 100/137-	

¹ Billion Cubic Feet

Outcome indicators (as per RLF; add more rows as needed)	Baseline value (Year) (A)	Most recent value (B)	End target (C) (expected value at project completion)	Progress towards target (% realized) $[(B-A)/(C-A)]$	Narrative assessment (indicative max length: 50 words per outcome)	Core Sector Indicator (Yes/No)
					slipping from 118/148 (3 places), however in terms of scores- Egypt is on an overall upward trend.	
3.2 Average number of days to comply with industrial licensing requirements	634 days (2015)	7 Days for low risk and 30 days for high risk (2018)	160 days (2018)	127%	The licensing law reform in 2017 and the Industrial Development Authority law in 2018, have reduced the waiting period for issuance of industrial licenses from an average of 634 days in 2015 to 7 days for low risk industries (80% of all industries) and max of 30 days for high risk industries in 2017, this has led to an increase in the number of operating licenses and permits of nearly 20-fold from 2017 to 2018, while the number of building licenses have increased almost 8-fold during the same period. Effectively the Industrial Development Authority have increased the number of issued licenses from 29 in May 2017, to 1711 licenses in December 2018 with a target of 6,000 per year.	
3.3 Number of licensed microfinance providers	26 (2015)	916 NGOs and 9 companies (2018)	150 NGOs and 2 companies (2018)	700%	Since adoption of the regulatory framework for micro-finance, a total of 916 NGOs and 9 companies are now registered to provide micro-finance. The Financial Regulatory Authority achieved this remarkable result through sensitization campaigns, which encouraged registrations. The value of outstanding loans at the end of 3 rd quarter of 2018 had reached EGP 10,6 billion.	
3.4 % of loans issued to women by licensed microfinance providers	26% (2015)	69% of borrowers were women, total loans to women represent 52% of total volume (2018)	50% (2018)	179%	According to Egyptian microfinance indicators as at 3 rd quarter of 2018, women constitute 68.79% of the total borrowers (A total of 1.8 million women). Statistics on micro-finance are published quarterly on the FRA website. The FRA has granted 2 licences to NGOs wanting to use mobile money transactions and 4 more licences are pending. For Micro-leasing the FRA has received 5 applications for licences. The uptake of micro-insurance remains low.	

Outcome indicators (as per RLF; add more rows as needed)	Baseline value (Year) (A)	Most recent value (B)	End target (C) (expected value at project completion)	Progress towards target (% realized) [(B-A)/(C-A)]	Narrative assessment (indicative max length: 50 words per outcome)	Core Sector Indicator (Yes/No)
Rating* (see IPR methodology)	Narrative assessment					
4(HS)	Three outcomes were targeted by the program. The vast majority of the targets were surpassed across all of the outcomes. Only a few targets were off target- including the fiscal deficit target- which was short by 0.5% GDP. It was also difficult to appreciate progress with regards to social expenditure, as the sources of the baseline was unclear. Observing other indicators do suggest significant improvement in this area. Overall at the outcome level progress can be considered highly satisfactory.					

3. Output reporting

Output indicators (as specified in the RLF; add more rows as needed)	Most recent value (A)	End target (B) (expected value at project completion)	Progress towards target (% realized) (A/B)	Narrative assessment (indicative max length: 50 words per output)	Core Sector Indicator (Yes/No)
1.1 Revenue enhancement and improved revenue collection:	Presidential decree issued amending the law unifying top income tax rate at 22.5% for all economic actors in Egypt Issued (2015/16); The VAT Law was approved by Parliament on the 29th of August 2016; Tax dispute settlement processes were	1)unification of top income tax rate at 22.5%; 2) introduction of VAT; 3) streamlining of tax dispute settlement processes; 4) simplified tax regime for micro and small businesses	75%	The Tax related policy measures targeted by EGESP have all been implemented, with the exception of the simplified tax regime for micro and small businesses, which has been delayed- as the plan is to have this as part of a wider SME development strategy, which remains under finalisation with the Ministry of Industry and Trade. Revenue mobilisation continues to be a key priority of the Government, other reforms undertaken have included the restructuring of fees and licenses. Other taxation laws are in process of being revised (tobacco, electronic trade), and work is underway to develop a Medium Term Revenue Strategy, which will lay out targeted tax administration reforms for the coming years. Efforts also underway to deal with tax arrears- with fines to be applied fiscal year (2018/19). GOE is targeting a 1.5 % increase in non-sovereign tax for 2018/19.	NO

Output indicators (as specified in the RLF; add more rows as needed)	Most recent value (A)	End target (B) (expected value at project completion)	Progress towards target (% realized) (A/B)	Narrative assessment (indicative max length: 50 words per output)	Core Sector Indicator (Yes/No)
	introduced in 2016.				
1.2 Improved expenditure efficiency and reduces fiscal risk on the payroll of the budget.	Special bonuses and rewards frozen and wage bill fully automatised	Freezing of special bonuses and rewards for all employees in 2015/16 & automation of the wage bill	100%	All of the measures aimed at reeling in the wage bill have been implemented. The restructuring of the wage bill, in particular the simplification and streamlining of salaries (removal of allowances, benefits etc), has not only supported the gradual reduction of the wage bill, but significantly contributed to reducing the variation between planned budget and actual expenditure. The automation process has contributed to greater transparency and efficiency gains in the administration of salary payments. Meanwhile, it remains separate to the integrated financial management system (GFMS). The Government continues to enforce strict guidelines on new recruitments, which is contributing to reducing the size of civil service, in particular through attrition. (170,000 retire annually- 30,000 new recruits yearly).	No
1.3 Enhanced budget transparency and strengthened controls over the use of public resources	a)Decree issued institutionalizing the systematic and timely publication of Citizens Budget issued by MoF (2015) (b)Establishment of a PFM unit 2016; (c) Internal audit function established (d) Monitoring of SOE fiscal risks and contingent liabilities and enhancing go accounting	Budget transparency and cotrols enhanced	100%	All of the policy measures targeted by the program where met, and have contributed to improved PFM. The citizens budget has been issued and is published systematically on Government website since the passing of the decree 2014/15 and 2015/16, which has greatly contributed towards enhance budget transparency – as measured by the open budget index. http://www.mof.gov.eg/English/Pages/TheCitizenBudget.aspx The PFM unit has been established and is functioning. A lot of focus devoted to strategic planning within MoF through this unit. The unit continues to work on rolling out program based budgeting. Meanwhile, the	No

Output indicators (as specified in the RLF; add more rows as needed)	Most recent value (A)	End target (B) (expected value at project completion)	Progress towards target (% realized) (A/B)	Narrative assessment (indicative max length: 50 words per output)	Core Sector Indicator (Yes/No)
	and financial control			<p>Internal audit function was established in December 2017 and the head of internal audit appointed in November 2018- Ahmed Kottab). The unit has benefited from trainings. An internal audit charter has been drafted, work has also been done on developing a risk assessment tool and developing risk based audit plan. Manuals and guidelines need to be developed.</p> <p>The Monitoring of SOE and fiscal risks has been enhanced with the setting up pf a committee, monitoring system and reporting system- now features in budget. Fiscal transparency was also recently boosted through publication for the first time in 2019 of the financial data of the 300 State Owned Enterprises. The plan is to publish updated data annually. This was one of the measures of the IMF program.</p>	
Output 2 2.1 Gradual liberalisation of the gas sector	Legal framework in place	Legal framework for the liberalization and regulation of the gas sector	100%	A new Gas Law has been enacted on 1 Aug 2017 that provides for enabling third party access to the gas infrastructure and the establishment of an independent gas sector regulator. The executive regulations of the law have been issued in Feb 2018. Accordingly, the new gas regulator (GasReg) is currently fully functional and its board is meeting regularly. A gas network code, gas transmission tariff methodology and license templates have been drafted and are in the process of being finalized by the regulator. GasReg has issued the 2019 transmission and distribution tariffs on its web site and approved and published the license templates and application procedures.	
2.2 Improved sustainability of the energy sector through subsidy reform	Graduel increase in electricity tariff	Reduction of energy subsidies as a percentage of GDP by gradual increase in electricity tariff	100%	Government has been implementing a plan for gradual electricity tariff increase. The plan was extended in 2017 by 3 more years ending in 2021/22. The tariff increase aims to achieve cost recovery and contribute to reducing the regressive subsidy to 0.5% of GDP in 2020/21. Other measures taken, include the development of a policy on fuel price indexation. As a result of the reform	

Output indicators (as specified in the RLF; add more rows as needed)	Most recent value (A)	End target (B) (expected value at project completion)	Progress towards target (% realized) (A/B)	Narrative assessment (indicative max length: 50 words per output)	Core Sector Indicator (Yes/No)
				efforts Energy subsidies have been reduced from 6.6% of GDP in FY 2013/14 to 3.2% in FY 2017/18 (and are expected to come further down to 2.5% in the current FY). These are considerable reductions in the subsidy levels given the large devaluation of the EGP in 2016.	
Output 3- 3.1 Streamlined and transparent industrial licensing regime	Industrial licensing regime simplified	Simplified industrial licensing process in place- supported by easy access to all requirements relating to establishment , operation and termination of industrial industries- accessible on-line	100%	IDA has consolidated all licensing procedures into one process, since ratification and regulations were passed in August 2017-Sept 2018 14,000 licensees issued- huge improvement. Factors that contributed to this success have been structural reforms in IDA- moving to use of electronic licensing to decentralized levels. New law passed in June 2018 granting IDA full independence.	
3.2 Enhanced and open competition	Framework for enhanced competitiveness and investment established	Revised companies act; inventory of investment incentives and eligibility criteria published on-line by GAFI All licensing and permit procedures on-line by GAFI by 2017	100%	A new competition framework and SME investment regime has been put in place Comprehensive companies act which includes provisions for the establishment of sole- proprietorships- it provides better protection for small companies and minority investors and increases corporate transparency – reflected in corporate transparency index. DB index on minority protection registered improvement in 2018. General Authority for Investment and free Zones (GAFI) has worked to greatly simplify the procedures of registering businesses through publication of all licensing permit procedures on-line and the establishment of a one-stop-shop. Egypt’s ranking in the World	

Output indicators (as specified in the RLF; add more rows as needed)	Most recent value (A)	End target (B) (expected value at project completion)	Progress towards target (% realized) (A/B)	Narrative assessment (indicative max length: 50 words per output)	Core Sector Indicator (Yes/No)
				Bank Doing Business Indicators went up 8 notches between (2015-2019).	
3.3 Improve access to credit for MSMEs and women entrepreneurs	Micro finance framework strengthened	Framework for at least one microfinance product, such as micro – leasing by 2016 and independent unit monitoring microfinance activities established. Online secured lending registry in place.	100%	The new micro-finance framework has contributed to expansion of regulated micro-financing activities, through reducing risks involved- the Banking sector is more engaged in providing loans than previously. While the regulatory framework for mobile transactions is in place- the uptake has been slow- Alexandra Business Association has agreement with Vodafone and about to launch. Secure lending register (I-Score) is advancing well- 30 million EGP registered under micro-assets.	
Rating* (see IPR methodology)	Narrative assessment				
4(HS)	All of the outputs have been met to a highly satisfactory degree. Only one sub-output/ policy measure was delayed, but good progress was made towards its objective. The output targets were considered as priority and were also included in EGESP I-III as prior actions.				

4. Development Objective (DO) rating

DO rating (derived from updated IPR)*	Narrative assessment (indicative max length: 250 words)
4 (HS)	The development objective of the program was fully met. The outcomes and outputs have all been realized.

5. Beneficiaries (add rows as needed)

Actual (A)	Planned (B)	Progress towards target (% realized) (A/B)	% of women	Category (eg. farmers, students)
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<p>Private sector operators, MSMEs, beneficiaries of micro-finance</p> <p>Civil society (through a greater access to budgetary information).</p> <p>The Egyptian population, users of publically provided social services, tax payers, domestic and foreign investors,</p> <p>Public institutions, including Ministry of Finance; Financial Regulatory Authority; EEHS</p>	<p>MoF and ministries and public entities in charge of the energy sector (e.g. EEHC, EGAS, sector regulators, etc.), and the Egyptian people, particularly the most vulnerable, who will benefit from fiscal consolidation, as resultant fiscal space is directed to fund pro-poor expenditures and social services delivery. The private sector has also benefited, and will continue to benefit, from reliable and affordable electricity, improved industrial licensing and investment regimes, improved access to finance, especially by SMEs including women-owned enterprises, as well as from more transparent and efficient PFM system.</p>	<p>The savings from fiscal consolidation efforts, including the energy subsidy cuts, enabled the budget to nearly double allocations for education and health from 5.2% of GDP in FY 2013/14 to 10.2% in FY 2017/18, as well as allocation to social protection programs targeting the poor. The program is therefore considered to have made an important contribution toward addressing social equality and inclusion by .e.g. redirecting the savings from the rather regressive energy subsidies to the sectors that benefit mainly the poor.</p> <p>The industrial licensing reforms have reduced the waiting period for issuance of industrial licenses from an average of 634 days in 2015 to 7 days for low risk industries (80% of all industries) and max of 30 days for high risk industries in 2017, this has led to an increase in the number of operating licenses and permits of nearly 20-fold from 2017 to 2018, while the number of building licenses have increased almost 8-fold during the same period.</p> <p>Since adoption of the regulatory framework for micro-finance, a total of 916 NGOs and 9 companies are now registered to provide micro-finance. The value of outstanding loans at the end of 3rd quarter of 2018 had reached EGP 10,6 billion. Women constitute 68.79% of the total borrowers.</p>	<p>NA</p>	<p>Private sector actors</p> <p>Government Agencies and Departments</p> <p>Citizens at large</p>
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6. Gender equality

Assessment on the performance of gender equality in the operation (indicative max length: 250 words)

Gender inequality remains a critical issue in Egypt. Egypt currently ranks 135th, out of 144 countries, **on the Global Gender Gap Report** by the World Economic Forum down 3 ranks from 132 in 2016. EGESP aimed to contribute to addressing gender inequalities, in particular the issues relating to access to finance. The policy reforms targeting the micro-finance sector directly contributed to increasing access to finance for women, with the majority of micro-loans granted to women. Finally, the PBO is expected to have indirectly contributed to addressing gender inequality through enhancing the reliability and quality of energy supply and generating additional revenues for programs targeting vulnerable segments of the population.

7. Unanticipated or additional outcomes (add rows as needed)

Description	Type (eg. gender, climate change, social, other)	Positive or negative	Impact on project (High, Medium, Low)
Social Impacts of Governments economic reform program: In 2016 the government devalued the Egyptian pound to nearly half its former value. A direct consequence was increased inflation, as the prices of basic goods and services- food, beverages and transportation soared. This contributed to the sharp rise in poverty, despite Governments commendable actions to support social protection programs.	social	negative	High (an impact target of the PBO was to reduce poverty- this was not realistic within such a short timeframe)

8. Lessons learned related to effectiveness (add rows as needed)

Key issues (max 5, add rows as needed)	Lessons learned	Target audience
1. Ensuring ownership of the reform agenda and commitment by all the implementing agencies.	1. There was broad Government commitment to the reform program.	AfDB and GoE
2. Complementarity and harmonisation with DPs	2. Lessons – PBO effectiveness can be enhanced through strong coordination with DPs. The AfDB and the World Bank worked closely together on the design and implementation of the program-, which ensured a more coherent and consistent dialogue around the reform program.	AfDB and GOE
3. Programmatic approach	3. The PBO was designed as a programmatic PBO- over a three year period, which ensured support to a more substantive reform program and facilitated regular dialogue and helped push for stronger and bold reforms over the years.	AfDB and GoE
4. Complementary TA interventions	4. A number of the policy reforms supported by the program would not have been implemented without technical and financial support- the World Bank had a number of complementarity TA projects, which provided this support, including to the Industrial Development Agency, the Competition Agency and the Ministry of Finance.	AfDB and GoE
5. Focus of Program	5. EGESP covered three broad topics, the AfDB at the time of the design of the program did not have experts with competencies in all these areas available in the field office. While mission with all required experts were regularly fielded to Egypt, it was noted that the Bank was better able to ensure closer dialogue in the energy sector due to the presence of an expert in COEG. For other sectors the Bank's office in Cairo worked closely with the local experts of the World Bank.	AfDB and GoE

C Efficiency

1. Timeliness

Planned project duration – years (A) (as per PAR)	Actual implementation time – years (B) (from effectiveness for 1st disb.)	Ratio of planned and actual implementation time (A/B)	Rating*
36 months	36 months	1	4
Narrative assessment (indicative max length: 250 words)			
The PBO was timely and designed around priority reforms for that period- in line with Governments development policy and budget. Disbursement of Phase III was delayed by nine months due to long process of ratification of the loan agreement.			

2. Resource use efficiency

Median % physical implementation of RLF outputs financed by all financiers (A) (see II.B.3)	Commitment rate (%) (B) (See table 1.C – Total commitment rate of all financiers)	Ratio of the median percentage physical implementation and commitment rate (A/B)	Rating*
NA	NA	N	
Narrative assessment (indicative max length: 250 words)			

3. Cost benefit analysis

Economic Rate of Return (at appraisal) (A)	Updated Economic Rate of Return (at completion) (B)	Ratio of the Economic Rate of Return at completion and at appraisal (B/A)	Rating*
NA	NA	N	
Narrative assessment (indicative max length: 250 words)			

4. Implementation Progress (IP)

IP Rating (derived from updated IPR) *	Narrative comments (commenting specifically on those IP items that were rated Unsatisfactory or Highly Unsatisfactory, as per last IPR). (indicative max length: 500 words)
3	Compliance with covenants was satisfactory. All measures preliminary to Board presentation and conditions for entry into force and disbursement for EGESP- I and II were fulfilled within the timeframes prescribed in the Loan agreement. Meanwhile, EGESP III endured some delays in disbursement due to the long ratification process of the loan agreement, which meant that disbursement was done 9 months after approval.

5. Lessons learned related to efficiency

Key issues (max 5, add rows as needed)	Lessons learned	Target audience
1. Client responsiveness	1. Important to be able to respond swiftly and in collaboration with other partners to needs of clients, in particular when it is an opportunity to support critical reforms. The Bank in collaboration with the World Bank was able to respond swiftly in response to the Governments request for support- the Bank was the	GoE and AfDB

	first IFI to disburse funds to Egypt through the program.	
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D Sustainability

1. Financial sustainability

Rating *	Narrative assessment (indicative max length: 250 words)
3	EGESP had as one of its main objectives to ensure fiscal consolidation through an expanded tax base, improved revenue collection and more efficient public expenditure. This was achieved and the Government remains committed to furthering these reforms, in particular to improve domestic revenue mobilisation through adoption of medium term revenue strategy. The Government has also embarked on process to address debt vulnerabilities and fiscal contingencies and risks posed by state owned enterprises, which also weight heavily on the budget.

2. Institutional sustainability and strengthening of capacities

Rating *	Narrative assessment (indicative max length: 250 words)
3	The Governments capacity to lead and implement reforms has been significantly strengthened in the areas targeted by the EGESP I-III, including in PFM, energy sector reforms and industrial licencing and business enabling environment. The Ministry of Finance has achieved significant progress on PFM reforms, supported by institutional restructuring and the creation of new units (such as internal audit) considered as critical for enhanced transparency and accountability in public finance. The Industrial Development Agency has greatly benfitted from the streamlining and automation processes of industrial licencing, greatly enhancing efficiency of the organisation. The Minsitry of International Cooperation and investment has also achieved significant progress in facilitating business registration and advising investors through establishment of one-stop shop and greatly easing access to information through improved websites. Technical assistance packages were designed by the World Bank to strengthen capacities and support the implementation of these key reforms.

3. Ownership and sustainability of partnerships

Rating *	Narrative assessment (indicative max length: 250 words)
4	The successful implementation of the EGESP was largely due to the high level of ownership and commitment by the Government and the stakeholders directly concerned by the proposed policy actions. The Ministry of Investment and International Cooperation provided leadership on the implementation of the programme and monitored its implementation. Significant efforts were also deployed to engage all the concerned stakeholders, to ensure their active involvement and contribution to the shaping and implementation of the reform agenda.

4. Environmental and social sustainability

Rating *	Narrative assessment (indicative max length: 250 words)
	The program is expected to yield positive impacts on social sustainability- the reforms have ensured more budget to socil sectors and a better targetting of subsidy programs, in particular towards vulnerable populations. Furthermore the measues supported addresses issues of access to finance- in particular micro-credits- in particular targeting

women. The EGESP is expected to contribute positively to the environment by encouraging more efficient use of energy through reforming the energy subsidies.

5. Lessons learned related to sustainability

Key issues (max 5, add rows as needed)	Lessons learned	Target audience
1. Importance of following through on reforms	1. Sustainability will to a large extent also depend on continuation of the reform program- a lot of progress was achieved, but many of the reforms can not be considered as completed- continuity will be critical for sustainability and results.	AfDB and GoE
2. Ownership and leadership of Government	2. Critical that Government leads the policy reform process and takes the lead on coordinating assistance and support from DPs.	
3. Capacity to implement reforms	3. To ensure the successful implementation and sustainability of the various outputs targeted, assess implementation capacity and if required provide the needed TA aimed at strengthening national capacity. The TA provided by the World Bank was essential in this regard. The AfDB should have made available more TA linked directly to the reform areas.	

III Performance of stakeholders

1. Bank performance

Rating *	Narrative assessment by the Borrower on the Bank's performance, as well as any other aspects of the project (both quantitative and qualitative). See guidance note on issues to cover. (indicative max length: 250 words)
3 (s)	<p>Quality at entry- The Bank engaged a wide range of experts for the design and implementation of the program. The PBO fully responded to the Governments needs and financial requirements at the time, and supported the Government reform agenda.</p> <p>Dialogue- The Bank was engaged on close dialogue with the Government to ensure the timely delivery of the PBO. The first phase of support was designed by a multi-sectoral team of experts in collaboration with the World Bank. The country offices of both institutions worked very closely and ensures a continuous and coordinated dialogue with the authorities. There were some limitations in sustaining the intensity of the dialogue on a day-to-day basis after program approval, as the AfDB did not have all the required experts based in the country office or the North Region. Meanwhile, these were deployed from HQ or other Regions for the official supervision and preparation missions.</p> <p>Responsiveness- The Bank responded swiftly to the request for support from the Government for budget support.</p> <p>Comments to be inserted by the Bank on its own performance (both quantitative and qualitative). See guidance note on issues to cover. (indicative max length: 250 words)</p> <p>Agree with assessment above.</p>
Key issues (related to Bank performance, max 5, add rows as needed)	Lessons learned
<ol style="list-style-type: none"> 1. Analysis/ Advisory services 2. Policy dialogue 	<ol style="list-style-type: none"> 1. The Bank deployed a large team of experts to design the PBO, which was coordinated by the DG and Country manager. The Country Office played a significant role in ensuring that

	<p>the Bank provided the necessary technical expertise and responded in a timely manner for support.</p> <p>2. The Bank coordinated its dialogue around the government reform agenda with other development partners (IMF & WB); dialogue was constant and constructive in order to maintain the momentum on reforms.</p>
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2. Borrower performance

Rating *	Narrative assessment on the Borrower performance to be inserted by the Bank (both quantitative and qualitative, depending on available information). See guidance note. (indicative max length: 250 words)	
3 (S)	<p>The borrower's performance was satisfactory. There was Government commitment and leadership for the reform programme that was supported by the Bank. The Ministry of Investment and International Cooperation (MolIC), coordinated the monitoring and reporting on the overall reform programme, and facilitated all interactions with other Ministries. MolIC followed up on the policy actions included in the framework, ensured that the required evidence was submitted in a timely manner, to enable timely Board presentation and disbursement. The loan Protocol agreement for the third phase of support was ratified with some delay, due to the elections which took place soon after the Board approval of the loan. This was out of the control of MolIC.</p> <p>Recommendations and advice provided during supervision missions was followed.</p>	
	<p>Comments to be inserted by the Borrower on its own performance (both quantitative and qualitative). See guidance note on issues to cover. (indicative max length: 250 words)</p> <p>Agree with assessment above.</p>	
Key issues (related to Borrower performance, max 5, add rows as needed)	Lessons learned	
1. Ownership and participation of stakeholders	1. The Government ensured good coordination of the overall program through the Ministry of Investment and international cooperation. Ministers were highly engaged and committed to the PBO.	

3. Performance of other stakeholders

Rating *	Narrative assessment on the performance of other stakeholders, including co-financiers, contractors and service providers. See guidance note on issues to cover. (indicative max length: 250 words)		
3(S)	The Development Partners harmonised their support to the Government. The policy actions and disbursement triggers for the various DPs were complementary, and ensured broad coverage of the Government of Egypt's reform agenda. Similarly TA packages were provided by the various DPs in a complementary and coordinated way.		
Key issues (related to performance of other stakeholders, max 5, add rows as needed)	Lessons learned (max 5)	Target audience (for lessons learned)	
1. Ensuring package of support to reform agenda	1. The fact that other development partners, in particular the World Bank was providing complementary TA to support the key institutions responsible for designing and implementing the reforms was critical- including the Inclusive regulations for micro-finance project; Energy/social safety nets- TA; EASE project	1. All	

IV Summary of key lessons learned and recommendations

1. Key lessons learned

Key issues (max 5, add rows as needed)	Key lessons learned	Target audience
1. Lessons have been incorporated into the recommendations below 2(1.1-1.3)	1.	

2. Key recommendations (with particular emphasis on ensuring sustainability of project benefits)

Key issue (max 10, add rows as needed)	Key recommendation	Responsible	Deadline
1. 1. Focus of future PBO support and dialogue	<p>1. It would be important for the Bank to remain engaged in the areas supported by EGESP. Policy reforms that could be supported by the Bank to sustain and consolidate the results of EGESP include:</p> <ol style="list-style-type: none"> 1) Introducing modern and effective tax regime for SMEs with a reduced flat tax rate on annual recorded turnover levels; 2) Enhancing the effectiveness and support the Industrial Development Authority (IDA) institutional reform; 3) Enhancing the institutional and financial independence of the Egyptian Competition Authority; 4) Support to industrial competitiveness through the National Industrial Localization programme; 5) Support to industrial zones/cluster development; 6) Improving the SME ecosystem through: Enhancing the role of Micro, Small, and Medium Enterprise Development Agency; increased land allocation for SMEs, industrial skills development and TVET governance reform, the development of an interactive platform to provide services to SMEs and an updated and modernized database for SMEs; 7) Public procurement: Promoting and facilitating SME participation in public procurement; Reforms to the SOE procurement process which would help open new markets to the private sector. 8) Reviewing and enhancing the current Export promotion scheme in a way that links support to growth in exports receipts and opening new markets; 9) Deepening and sustaining the energy sector reforms by continuing to the support government efforts for improving the sustainability and governance of the electricity sector, and further promoting private sector investment in clean energy and energy efficiency for fostering green growth. 	AfDB and GoE	
2. Respond to TA needs, ensure complementarity and synergies across Bank portfolio.	<p>2. The success of EGESP was in large part due to a significant package of TA provided by other DPs. The Bank's policy dialogue with Government would be greatly enhanced if it was also engaging TA and providing advisory services. While the Bank has a number of TA and Institutional support projects in Egypt, none of them were directly linked to the areas targeted by the PBO- the Bank</p>		

3. Ensuring adequate expertise available for sustained dialogue	should strive to ensure greater synergies and complementarities across its portfolio.		
4. Ensuring ownership of the reform agenda and commitment by all the implementing agencies.	3.The Country office was critical towards ensuring a sustained dialogue on the reforms supported by EGESP, meanwhile the office did not have all the required expertise resident in Cairo (except for Energy), which made it difficult to engage continuously on all the reform areas. This was compensated through frequent missions from HQ. Meanwhile, the Bank should consider strategically placing critical staff with required expertise in Regional and Country offices to positively influence policy dialogue, when there are such multi-year operations.		
5. PBO design- multi-year programmatic approach	4. The PBO supported priority reforms according to the government medium-term development agenda. The strong ownership and leadership in all the ministries and other public sector institutions that were responsible for delivering the reforms were instrumental for the success of the program. 5.The multi-year programmatic approach, assured continuity and consistency on the reform programme. Future PBOs to Egypt should maintain this design.		

V Overall PCR rating

Dimensions and criteria	Rating*
DIMENSION A: RELEVANCE	4
Relevance of project development objective (II.A.1)	4
Relevance of project design (II.A.2)	4
DIMENSION B: EFFECTIVENESS	3
Development Objective (DO) (II.B.4)	3
DIMENSION C: EFFICIENCY	3
Timeliness (II.C.1)	3
Resource use efficiency (II.C.2)	NA
Cost-benefit analysis (II.C.3)	NA
Implementation Progress (IP) (II.C.4)	3
DIMENSION D: SUSTAINABILITY	3
Financial sustainability (II.D.1)	3
Institutional sustainability and strengthening of capacities (II.D.2)	3
Ownership and sustainability of partnerships (II.D.3)	3
Environmental and social sustainability (II.D.4)	3
AVERAGE OF THE DIMENSION RATINGS	3,25
OVERALL PROJECT COMPLETION RATING	3

VI Acronyms and abbreviations

ADF	African Development Fund	MIC TAF	Middle Income Country Technical Assistance
AfDB	African Development Bank	MOIIC	Ministry of Investment and International Cooperation
CFRA	Country Fiduciary Risk Assessment	MoF	Ministry of Finance
CSO	Civil Society Organization	MTR	Mid-Term Review
CSP	Country Strategy Paper	PBO	Program Based Operation
DO	Development Objective	PCR	Project Completion Report
DPs	Development partners	PFM	Public Financial Management
ECA	Egyptian Competition Authority	PPPs	Public Private Partnerships
EE	Energy Efficiency	PSD	Private Sector Development
EFSA Authority	Egyptian Financial Supervisory Authority	RE	Renewable Energy
EGPC Corporation	Egyptian General Petroleum Corporation	SDS	Sustainable Development Strategy
ESW	Economic and Sector Work	SME	Small and Medium Enterprises
EU	European Union	SoE	State-Owned Enterprise
FDI	Foreign Direct Investment	TA	Technical Assistance
FY	Fiscal Year	UA	Bank Group Unit of Account
GBS	General Budget Support	USD	United States Dollar
GCI	Global Competitiveness Index	VAT	Value-added Tax
GDP	Gross Domestic Product	WB	World Bank
GIFMIS	Government Integrated Financial Management Information Systems		
GoE	Government of Egypt		
IMF	International Monetary Fund		
IPPs	Independent Power Producers		
LE	Egyptian Pound		
MENA	Middle East and North Africa		

Required attachment: Updated Implementation Progress and Results Report (IPR)

Implementation Progress and Results Report (IPR)



A Report summary and proposed actions

Report data

ψ Report type:	Date of report: 20/09/2018- updated 20/01/2019	Mission date (if field mission)	
	Launching/field supervision/MTR/Desk/Review/ other (specify): Field Supervision and Desk Review	From: 15/09/2018	To: 20/09/2018
ψ Prepared by:	Task Manager: Carina Sugden Team: Khaled El-Askari;	Alternate Task Manager: Baboucarr KOMA	Division Manager: Wilfrid Abiola

Project data

Project code: P-EG-K00-011	Project name: Economic Governance and Energy Support Program Phase III	
Instrument number(s): 2000200002201	Country: Egypt	
	Sector: Multi-Sector/ Governance	
Processing milestones – Bank approved financing only (add/delete rows depending on the number of financing sources)	Key Events (Bank approved financing only)	Disbursement and closing dates (Bank approved financing only)
Financing source/instrument 1: ADB Loan Date approved: 17 th January 2018 Date signed: 28/01/2018	Financing source/instrument 1: ADB Loan Cancelled amounts: NA Supplementary financing: N/A	Financing source/instrument 1: ADB Loan Original disbursement deadline: 31/12/2018 Original closing date: 31 st December 2018

Date of entry into force: 11 th September 2018	Restructuring (specify date & amount involved): N/A		Revised (if applicable) disbursement deadline: N/A	
Date effective for first disbursement: 11 th September 2018	Extensions (specify dates): N/A		Revised(if applicable) closing date: N/A	
Date of actual first disbursement: 28 th September 2018				
Financing source/instrument (add/delete rows depending on the number of financing sources):	Foreign currency (UA):		Local currency (UA):	TOTAL (UA)
Financing source/instrument 1: ADB Loan	USD 500,000.00/ UA 351.000		0	500,000.00
TOTAL:	USD 500,000.00		0	500,000.00
Financing source/instrument (add/delete rows depending on the number of financing sources):	Disbursed to date (amount, UA):	Disbursed to date (%):	Undisbursed to date (amount, UA):	Undisbursed to date (%):
Financing source/instrument 1: <ENTER # HERE>	<ENTER HERE>	<ENTER HERE>	<ENTER HERE>	<ENTER HERE>
TOTAL:	<ENTER HERE>	<ENTER HERE>	<ENTER HERE>	<ENTER HERE>
Executing and implementing agency (ies):				
Ministry of Investment and International Cooperation				
Co-financiers and other external partners:				
World Bank				

Performance status

Progress towards development objective			
Rating on Development Objective (DO)	Performance rating		Summary of key findings
	Current	Previous	
	4	<ENTER HERE>	
Implementation progress			
Rating on Implementation Progress (IP)	Performance rating		Summary of key findings
	Current	Previous	

	3	<ENTER HERE>	Main issue was the delay in ratifying the loan agreement, which impacted on the timing of the disbursement.
Overall project performance classification			
Overall Project Performance Classification (PP, PPP or NPPP)	Project status		Summary of key findings
	Current	Previous	
	NPPP	<ENTER HERE>	

Issues, risks and actions for management consideration

Issues affecting project implementation

(Report major challenges to project implementation and proposed actions for management attention. Completed actions can be removed from future IPRs)

Key issues	Corrective actions	Responsible	Deadline	Status (Completed, In Progress, Not yet initiated)
<ENTER HERE>	<ENTER HERE>	<ENTER HERE>	<DD/MM/YYYY>	<ENTER HERE>
<ENTER HERE>	<ENTER HERE>	<ENTER HERE>	<DD/MM/YYYY>	<ENTER HERE>
<ENTER HERE>	<ENTER HERE>	<ENTER HERE>	<DD/MM/YYYY>	<ENTER HERE>

Main risks and mitigation

(Report major risks to project implementation and proposed actions for management attention)

Risks	Mitigation measures applied or proposed	Responsible	Deadline
<ENTER HERE>	<ENTER HERE>	<ENTER HERE>	<DD/MM/YYYY>
<ENTER HERE>	<ENTER HERE>	<ENTER HERE>	<DD/MM/YYYY>
<ENTER HERE>	<ENTER HERE>	<ENTER HERE>	<DD/MM/YYYY>

Management review and comments

Report reviewed by	Name	Date reviewed	Comments
Country Manager	Malinne Blomberg	<DD/MM/YYYY>	<ENTER HERE>
Regional Director	Mohamed El Azizi	<DD/MM/YYYY>	<ENTER HERE>
Sector Manager	Wilfrid Abiola	<DD/MM/YYYY>	<ENTER HERE>
Sector Director	Abdoulaye Coulibaly	<DD/MM/YYYY>	<ENTER HERE>

B Results reporting and assessment

Progress towards development objective (project purpose)

State the project development objective (usually the project purpose as set out in the Results-based Logframe) and assess progress

The purpose of the three phase program is to promote inclusive and resilient growth through **fiscal consolidation, improved governance, efficiency** and private sector engagement in the energy sector, and improved business environment.

Fiscal Consolidations: Egypt has achieved very good progress on its fiscal consolidation plan- the aim was to cut the budget deficit from 13.1% of GDP in FY 2013/2014 to around 9% by FY 2017/18. Already by 2016/17 the deficit had been reduced to 10.9%. The measures taken, which were supported under the EGESP have contributed effectively to this goal- tax revenues increased; energy subsidies have been reduced from 6% in 2014/15 to 3.31% in 2016/17. The public wage bill has been contained. These measures has been taken hand-in hand with measures to maintain and better focus social protection expenditures. Going forward Governments focus has shifted to enhancing expenditure management and effectiveness, rather than curbing expenditure.

IMF July 2018: The economic situation has continued to improve during 2018. Strong program implementation and generally positive performance has been instrumental in achieving macroeconomic stabilization, with external and fiscal deficits narrowing, inflation and unemployment declining, and growth accelerating.

Energy Sector Governance: Aside from reigning in subsidies, a significant sector reform program is being implemented. Significant areas of results include in gas sector- where new legislation and regulations, including around tariff structures, have contributed to significant private sector investment growth in the sector.

Business environment: A major focus of Governments reform agenda has been private sector led growth to create jobs. The program has significantly contributed to improving the business enabling environment and tackling the issues of access to finance- which has in particular affected SME growth. Through the reforms undertaken- micro finance sector has experiencesda rapid expansion, which has in particular benefitted women led businesses.

Outcome reporting

Outcome indicators (as specified in the RLF, add rows as needed)	Baseline value (a)	Most recent value (b)	End target <i>(expected value at project completion)</i> (c)	Progress towards end target <i>(% realized)</i> (b-a/c-a)	Assessment
Outcome 1: Fiscal Consolidation and budget credibility enhanced- 1.1 Total tax revenue of goods and services as a % of GDP	5.1% (FY 2014/15)	6.7%of GDP (2017/18)	6.7% of GDP (2017/18)	100%	Total tax revenue of goods and services target was achieved. Data Source: MoF Sept.2018

1.2 Reduced central government wages and salaries as a % of GDP	8.2% (2015)	5.4% (2017/18)	7.4% (2017/18)	385%	Government wages and salaries were reduced far beyond the target to 5.4% of GDP
1.3 Fiscal deficit/ GDP	13.1% (FY 2013/14)	9.8% (2017/18)	9.3% (2017/18)	87%	According to recent IMF (July 2018) it was projected at 9.7%- data provided by MoF on preliminary actuals in Sept 18 had rate of 9.8% overall deficit.
1.4 Percent % of budget allocated for social expenditure	16.9% (FY2013/14)		18.4% (2017/18)		It is unclear which expenditure lines were used to estimate the baseline. Social expenditure could broadly be considered to include Subsidies, grants and social benefits- however petrol subsidies weigh heavily under this category, which constituted 26.7% of expenditures in 2017/18 according to MoF data.
Outcome 2: Improved energy security and greater role for the private sector	11% (2014)		30% (2018)		
Operating Reserve					
New private investments in upstream oil and gas sector	USD 2.4 billion (2014)	USD 8.1 billion 2016/17	Cumulative investments of USD 15 billion between 2015-2018		
Outcome 3 Competitiveness of the private sector and financial inclusion enhanced	9 (2013-2015)	15 (2017)	11 (2015-2017)	300 %	The DPF of the World Bank contained specific measures aimed towards strengthening the mandate of the Egyptian

3.1 Increase in the number of anti-competitiveness practices prevented/ eliminated					Competiveness Agency, which has been able to effectively prevent 15 anti-competitiveness practices in various sectors, including telecommunications, medical supplies, insurance, textiles and fertilisers. The target has therefore been exceeded. In terms of global indexes on competitiveness- GCI- Overall Egypt in 17/18 ranked 100/137- slipping from 118/148 (3 places), however in terms of scores- Egypt is on an overall upward trend.
3.2 Average number of days to comply with industrial licensing requirements	634 days (2015)	7 Days for low risk and 30 days for high risk (2018)	160 days (2018)	127%	Based on the new law-licensing for high risk industries will be guaranteed within 30 days
3.3 Number of licensed microfinance providers	26 (2015)	900 NGOs and 7 companies (2018)	150 NGOs and 2 companies (2018)	700%	The number of licensed MFIs has reached 900 NGOs and 7 companies, of which 3 are operating. source. FRA meeting sept 2018
3.4 % of loans issued to women by licensed microfinance providers	26% (2015)	69% of borrowers were women, total loans to women represent 52% of total volume (2018)	50% (2018)	179%	According to Egyptian microfinance indicators as at end 2 nd quarter 2018- majority of loans are given to women.
Outcome rating					

Rating on project outcomes	This report	Previous report	Justification <i>(A rating of 2 or 1, along with proposed remedies, must be discussed in the Issues, Risks and Actions for Management section)</i>
	4		The outcomes targeted by the program have all been achieved, and in many instances surpassed.

Output reporting

Output indicators (as specified in the RLF, add rows as needed)	Most Recent Value	Annual Target	End Target <i>(expected cumulative value at completion)</i>	Progress towards annual target <i>(% realized)</i>	Progress towards end of project target <i>(% realized)</i>	Assessment
Output 1						
1.1						
1.1 unification of the top income tax rate at 22.5% for all economic actors in Egypt	Achieved		Presidential decree issued amending the tax law unifying top income tax rate at 22.5% for all economic actors in Egypt Issued (2015/16)		100%	This was a prior condition for EGESP phase I- the decree was issued in June 2015. Reforms in areas of tax administration have continued- including decree to develop medium term revenue mobilization strategy. Efforts also underway to deal with tax arrears- with fines to be applied this fiscal year (2018/19).
1.2 Freezing of special bonuses and rewards for all employees in 2015/16 & automation of the wage bill	Achieved		Wage bill automatised		100%	The wage bill was fully automated by 2017/18. Wages as percentage of GDP are now considered to be at stable levels.
1.3 (a) institutionalization of publication of citizens budget	Achieved		Decree issued institutionalizing the systematic and timely publication of		100%	Citizens budget has been issued and published systematically on Government website since the passing of the degree 2014/15 and 2015/16

			Citizens Budget issued by MoF (2015)			http://www.mof.gov.eg/English/Pages/TheCitizenBudget.aspx
1.3 (b) Establishment of a PFM unit			PFM unit was institutionalized by decree in 2016		100%	The PFM unit has been established and is functioning. A lot of focus devoted to strategic planning within MoF through this unit. Unit continues to work on rolling out program based budgeting.
© Internal audit function			Internal audit office was established and staffed by decree in December 2017		100%	Internal audit function was established in December 2017 and the head of internal audit appointed in November 2018- Ahmed Kottab). The unit has benefited from trainings. An internal audit charter has been drafted, work has also been done on developing a risk assessment tool and developing risk based audit plan. Manuals and guidelines need to be developed.
(d) Monitoring of SOE fiscal risks and contingent liabilities and enhancing go accounting and financial control	Achieved		Monitoring has improved- Section in budget statement for 2017/18 on fiscal risks		100%	The Monitoring of SOE and fiscal risks has been enhanced with the setting up of a committee, monitoring system and reporting system- now features in budget. A report on the financials of SOEs was published in June 2018. This was one of the measures of the IMF program.
Output 2 2.1 Legal framework for the liberalization and regulation of the gas sector	Achieved		Gas law and regulations that provide for open access to gas infrastructure; establishment of gas sector regulator		100%	
2.2 Reduction of energy subsidies as a percentage of GDP by gradual increase in electricity tariff	Achieved		Energy subsidies reduced from 6.6% of GDP in FY 14 to 3.3% in FY 16			Government is implementing a gradual tariff increase plan- it was extended in 2017 to be completed over another 3 years ending 2021/22

			Electricity tariff increases over 3 years 15/16-17/18 Fuel price indexation policy			
Output 3- Enhancing the Business Environment 3.1 New industrial licensing scheme	Achieved		Simplified industrial licensing process in place- supported by easy access to all requirements relating to establishment, operation and termination of industrial industries- accessible on-line		100%	IDA has consolidated all licensing procedures into one process, since ratification and regulations were passed in August 2017-Sept 2018 14,000 licensees issued- huge improvement. Factors that contributed to this success have been structural reforms in IDA- moving to use of electronic licensing to decentralized levels. New law passed in June 2018 granting IDA full independence.
3.2 new competition framework and SME investment regime put in place	Achieved		Revised companies act; inventory of investment incentives and eligibility criteria published on-line by GAFI All licensing and permit procedures on-line by GAFI by 2017			Comprehensive companies act which includes provisions for the establishment of sole- proprietorships- it provides better protection for small companies and minority investors and increases corporate transparency – reflected in corporate transparency index. DB index on minority protection registered improvement in 2018.
3.3 framework for micro finance products put in place; online secured money lending and mobile money transactions facilitated	Achieved		Framework for at least one microfinance product, such as micro –leasing by 2016 and independent unit monitoring microfinance activities established. Online secured lending registry in place.		100%	The new micro-finance framework has contributed to expansion of regulated micro-financing activities, through reducing risks involved- the Banking sector is more engaged in providing loans than previously. While the regulatory framework for mobile transactions is in place- the uptake has been slow- Alexandra Business Association has agreement with Vodafone and about to launch. Secure lending register (I-Score) is advancing well- 30 million EGP registered under micro-assets.

Output rating			
Rating on project outputs	This report	Previous report	Justification
			<i>(A rating of 2 or 1, along with proposed remedies, must be discussed in the Issues, Risks and Actions for Management section)</i>
	4		The outputs targeted by the program were also prior conditions to board approval of the operation, meanwhile progress has continued- with policies being implemented.

Development objective (DO) rating

Development objective rating	This report	Previous report	Justification
			<i>(A rating of 2 or 1, along with proposed remedies, must be discussed in the Issues, Risks and Actions for Management section)</i>
	4		Both outcomes and output targets have been met and in several cases surpassed.

Additional and/or unanticipated outcomes/outputs (optional)

Indicator	Baseline	End target	Most recent value
1.	1.	1.	1.

C Project implementation progress reporting and assessment

Compliance with covenants

Criteria	Number/Percent of conditions complied with	Rating		Assessment <i>With explanation in particular (a) ratings of 2 or 1 and (b) ratings lower than in the previous report</i>
		This report	Previous report	
Compliance with project covenants <i>(full report on compliance with covenants to be reported in Annex-2)</i>	100%	2		All prior actions were met by Board approval. Delay was experienced on the fulfillment of the conditions precedent to disbursement of the funds. The conditions were met by September

				2018, meanwhile this was 9 months after approval and a waiver had to be requested to avoid cancellation of the loan (signed and undisbursed for 90 days- and cumulative of 180 day elapsed since approval without disbursement)
Compliance with environmental and social safeguards (full report on compliance with covenants to be reported in Annex-3)	NA			<See staff guidance>
Audit compliance				<See staff guidance>

Project systems and procedures

Criteria	Rating		Assessment <i>With explanation in particular (a) ratings of 2 or 1 and (b) ratings lower than in the previous report</i>
	This report	Previous report	
Procurement			N/A
Financial management			N/A
Monitoring and evaluation			N/A

Project execution and financing

Criteria	Total approved amount (a)	Cumulative amount to date (b)	Cumulative amount at beginning of the year (c)	Annual projection (expected cumulative amount at end of year) (d)	Progress towards annual projection (% realized) (b-c)/(d-c)	Progress towards total (% realized)	Rating	
							This report	Previous report
Disbursement (Bank approved financing only)	500000000	500000000	5000000	500000000	100%	100%	4	

Budget commitments (Bank approved financing only)								
Counterpart funding disbursements								
Co-Financing disbursements						100%	4	

Criteria	Assessment
	<i>With explanation in particular for (a) ratings of 2 or 1 and (b) ratings lower than in the previous report</i>
Disbursement (Bank approved financing only)	3
Budget commitments (Bank approved financing only)	<See staff guidance>
Counterpart funding disbursements	<See staff guidance>
Co-Financing disbursements	<See staff guidance>

Overall implementation

IP rating	This report	Previous report	Justification
			<i>(A rating of 2 or 1, along with proposed remedies, must be discussed in the Issues and Actions for Management section.)</i>
	3		Overall there were no implementation issues, the program fully disbursed, however there was some delay due to difficulties in meeting the conditions precedent to disbursement- specifically the ratification of the loan agreement by parliament.

Lessons learned during implementation

Key issues (add rows as needed)	Lessons learned	Target audience
1. Lengthy loan ratification process	1. Ratification of loan agreements can be a lengthy process over which the Bank has no control, this needs to be discussed with Government to avoid delays	1. Bank and GoE