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IMPLEMENTATION COMPLETION AND RESULTS REPORT

(TF016152)

ON A

GRANT

IN THE AMOUNT OF US\$6.5 MILLION

TO THE

ARAB REPUBLIC OF EGYPT

FOR AN

ENERGY/SOCIAL SAFETY NETS SECTOR REFORMS TECHNICAL
ASSISTANCE PROJECT (P144305)

May 1, 2019

Energy and Extractives Global Practice
Middle East And North Africa Region



CURRENCY EQUIVALENTS

(Exchange Rate Effective July 31, 2018)

Currency Unit = Egyptian Pound (EGP)

EGP 17.86 = US\$1

FISCAL YEAR

July 1 – June 30

ABBREVIATIONS AND ACRONYMS

ACA	Administrative Control Authority
CPF	Country Partnership Framework
CT	Cash Transfer
CTP	Cash Transfer Program
DPFL	Development Policy Financing Loan
EEHC	Egyptian Electric Holding Company
EETC	Egyptian Electricity Transmission Company
EEU	Energy Efficiency Unit
ERP	Enterprise Resource Planning Program
FSC	Family Smart Card System
GDP	Gross Domestic Product
ISR	Implementation Status and Results Report
MoERE	Ministry of Electricity and Renewable Energy
MO	Market Operator
MOP	Ministry of Petroleum
MoPMAR	Ministry of Planning, Monitoring and Administrative Reform
MOSS	Ministry of Social Solidarity
MSAD	Ministry of State for Administrative Development
NEEAP	National Energy Efficiency Action Plan
PAD	Project Appraisal Document
PD	Program Document
PDO	Project Development Objective
PMT	Project Management Team
PMU	Project Management Unit
SAC	Social Accountability Committee
SSN	Social Safety Net
SSNP	Strengthening Social Safety Net Project
T&K	Takaful and Karama
TKP	Takaful and Karama Programs
TSO	Transmission System Operator
TWU	Technical Working Unit
UNR	Unified National Registry

Regional Vice President: **Ferid Belhaj**

Country Director: **Marina Wes**

Senior Global Practice Director: **Riccardo Puliti**

Practice Manager: **Erik Magnus Fernstrom**

Task Team Leader(s): **Mohab Awad Mokhtar Hallouda, Khalid Ahmed Ali Moheydeen**

ICR Main Contributors: **James Sayle Moose, Matuna Mostafa**

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DATA SHEET

BASIC INFORMATION

Product Information

Project ID	Project Name
P144305	EGYPT Energy/Social Safety Nets Sector Reforms Technical Assistance
Country	Financing Instrument
Egypt, Arab Republic of	Investment Project Financing
Original EA Category	Revised EA Category
Not Required (C)	Not Required (C)

Organizations

Borrower	Implementing Agency
Dr Sahar Nasr, Minister of Ministry of Investment and International Cooperation	Ministry of Electricity and Renewable Energy

Project Development Objective (PDO)

Original PDO

The proposed project will strengthen the Government of Egypt's capacity to (i) design a comprehensive fuel subsidy reform strategy, (ii) establish concrete measures for improved financial viability of key energy sector actors and (iii) identify households that would be most vulnerable to the impacts of the fuel subsidy reform.

**FINANCING**

	Original Amount (US\$)	Revised Amount (US\$)	Actual Disbursed (US\$)
World Bank Financing			
TF-16152	6,500,000	6,483,426	6,483,426
Total	6,500,000	6,483,426	6,483,426
Non-World Bank Financing			
Borrower/Recipient	0	0	0
Total	0	0	0
Total Project Cost	6,500,000	6,483,426	6,483,426

KEY DATES

Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
26-Nov-2013	08-Jan-2014		30-Dec-2016	31-Jul-2018

RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US\$M)	Key Revisions
27-Oct-2016	1.98	Change in Results Framework Change in Components and Cost Change in Loan Closing Date(s) Reallocation between Disbursement Categories Change in Implementation Schedule

KEY RATINGS

Outcome	Bank Performance	M&E Quality
Satisfactory	Satisfactory	Substantial

**RATINGS OF PROJECT PERFORMANCE IN ISRs**

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US\$M)
01	15-Mar-2014	Satisfactory	Satisfactory	0
02	01-Nov-2014	Satisfactory	Moderately Satisfactory	.09
03	11-Jun-2015	Moderately Satisfactory	Moderately Unsatisfactory	.23
04	07-Jan-2016	Moderately Satisfactory	Moderately Satisfactory	.86
05	12-Dec-2016	Moderately Satisfactory	Moderately Satisfactory	2.17
06	06-Jun-2017	Moderately Satisfactory	Moderately Satisfactory	2.85
07	20-Dec-2017	Moderately Satisfactory	Moderately Satisfactory	3.73

SECTORS AND THEMES**Sectors**

Major Sector/Sector	(%)
Energy and Extractives	69
Public Administration - Energy and Extractives	41
Other Energy and Extractives	28

Social Protection

Social Protection	31
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Themes

Major Theme/ Theme (Level 2)/ Theme (Level 3)	(%)
Private Sector Development	6
Jobs	6
Job Creation	6



Public Sector Management	37
Public Administration	33
Transparency, Accountability and Good Governance	33
Data Development and Capacity Building	4
Data production, accessibility and use	4
Social Development and Protection	52
Social Inclusion	4
Other Excluded Groups	4
Social Protection	48
Social Safety Nets	32
Social protection delivery systems	16
Urban and Rural Development	4
Urban Development	2
Urban Infrastructure and Service Delivery	2
Rural Development	2
Rural Infrastructure and service delivery	2

ADM STAFF

Role	At Approval	At ICR
Regional Vice President:	Inger Andersen	Ferid Belhaj
Country Director:	Hartwig Schafer	Marina Wes
Senior Global Practice Director:	Junaid Kamal Ahmad	Riccardo Puliti
Practice Manager:	Charles Joseph Cormier	Erik Magnus Fernstrom
Task Team Leader(s):	Husam Mohamed Beides	Mohab Awad Mokhtar Hallouda, Khalid Ahmed Ali Moheyddeen
ICR Contributing Author:		James Sayle Moose



I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

A. CONTEXT AT APPRAISAL

Country Context

1. Following the January 2011 revolution, Egypt faced a deteriorating security situation that led to an economic slowdown and social unrest. The historically poor balance of payments position deteriorated as international reserves declined to US\$14 billion in June 2013, representing a loss of more than US\$30 billion of foreign reserves since the revolution. The overall budget deficit in FY2012 reached 10.8 percent of gross domestic product (GDP) and was projected to reach 12 percent in FY13. The higher deficit resulted from lower-than-expected tax revenues due to weak growth and higher spending on salaries and pensions and from the ongoing legacy of huge energy and fuel subsidies. Furthermore, unemployment had risen to 13 percent by December 2011,¹ and poverty rates increased from 21 percent before the revolution to 25 percent by December 2012.² At the time of project appraisal, the country was experiencing both an increase in chronic poverty as well as transitory poverty resulting from the economic shocks. There were, however, some signs of improvement with an interim Government which took power in July 2013 and a large aid package (US\$12 billion) pledged from the Gulf States (Saudi Arabia, Kuwait, and United Arab Emirates).

Sectoral and Institutional Context

2. At the time of the project appraisal in 2013, Egypt was suffering from power shortages and very large budget subsidies for energy supplies, and the power sector was in poor financial condition. Peak power demand could not be met and there were rolling blackouts. Electricity and petroleum products were priced below cost. Government subsidies for energy were about 7 percent of GDP and larger than Government expenditures on health and education combined. The Egyptian Electric Holding Company (EEHC) was deeply in debt and unable to fund its capital investment program without Government support.

3. Recognizing the budget burden of fuel subsidies, according to the Project Appraisal Document (PAD) "the Government developed a program in 2012 aimed at reforming electricity tariffs and fuel subsidies."³ Phase 1, that started in November 2012, involved several reforms for electricity and petroleum pricing, as further explained in the PAD (page 6):

- Heavy fuel oil prices were increased by 130 percent including for the electricity sector.
- Natural gas price for households were raised, keeping the first block (up to 30 m³ per month) unchanged and increasing the price of the second block by about 50 percent, while natural gas prices for the electricity sector were almost doubled.
- Electricity tariffs were raised by 15.6 percent on average, with budgetary transfers to compensate the electricity sector for the increase in input costs (heavy fuel oil and natural

¹ Central Agency for Public Mobilization and Statistics (CAPMAS), Labor Force Survey, July–September 2011.

² World Bank. *Poverty in Egypt 2008–09: Withstanding the Global Economic Crisis*. January 2011.

³ PAD November 26, 2013, page 5, paragraph 19.



gas). “For households, the first tariff block (up to 50 kWh) remained unchanged, while the price for the second block (50–200 kWh per month) increased by 9.1 percent. The highest block (over 1000 kWh) saw a price increase of 39.6 percent. Prices for commercial users rose 15 percent”.

- The subsidy for 95 octane gasoline was eliminated, with the price increasing by more than double, and LPG prices were also raised.

4. Further to the above measures, according to the PAD⁴ “the Government of Egypt is very keen to develop a comprehensive energy pricing strategy that ensures price levels are reflective of the economic costs of different fuels and explicitly considers and carefully and effectively manages the potential negative impacts of subsidy reform on the economy as a whole and on vulnerable customers, in particular.” The Government was also interested in developing a plan to improve the financial performance of EEHC and the power sector in general.

5. **Social protection.** Historically, Egypt’s social protection programs received inadequate Government funding and the many existing programs were poorly targeted and fragmented. In the years preceding the energy sector reforms, increases in budget allocations for social safety nets focused mainly on expanding the food subsidy program, specifically the Baladi (local) bread and ration cards, which combined accounted for around 1.5 percent of GDP. In addition, the bread subsidies were available for purchase by all Egyptians, both the wealthy and the poor, while the ration card program had serious administrative and governance challenges. In contrast, spending on cash transfers (CTs) to the poor and vulnerable amounted to only 0.1 percent of GDP. Despite the several rounds of energy sector reforms, energy subsidies still represented the largest burden on the Government’s budget at around 7 percent of GDP.

6. The need to strengthen and focus social protection services combined with the gradual removal of energy subsidies, which was expected to have the greatest adverse impact on the poor, made it critical for the Government to implement a well-designed social safety net that would provide better protection to existing poor and vulnerable families as well as mitigate the adverse impacts of energy subsidy reform. (Fuel purchases constituted 12 percent of household expenditure for the bottom quintile of the income distribution.) A targeted social protection program focusing on CTs was thus envisaged to alleviate some of the burden on the poor.

Theory of Change (Results Chain)

7. The desired long-term objective or outcome of this technical assistance project was to improve the welfare of the Egyptian people by supporting energy sector reforms that would lead to (a) a more efficient electricity supply system, (b) more cost-reflective pricing for energy (which would allow some of the untargeted energy subsidies to be used in targeted CTs to the poor and vulnerable and result in more economic pricing for energy), and (c) a reduced burden of fuel subsidy on the Government deficit while mitigating its social impact on vulnerable and poor households. The Project Development Objectives (PDOs) followed from this overall objective and were to strengthen the Government of Egypt’s capacity to (a) design a comprehensive fuel subsidy reform strategy, (b) establish concrete measures for improved

⁴ PAD page 6, paragraph 21.

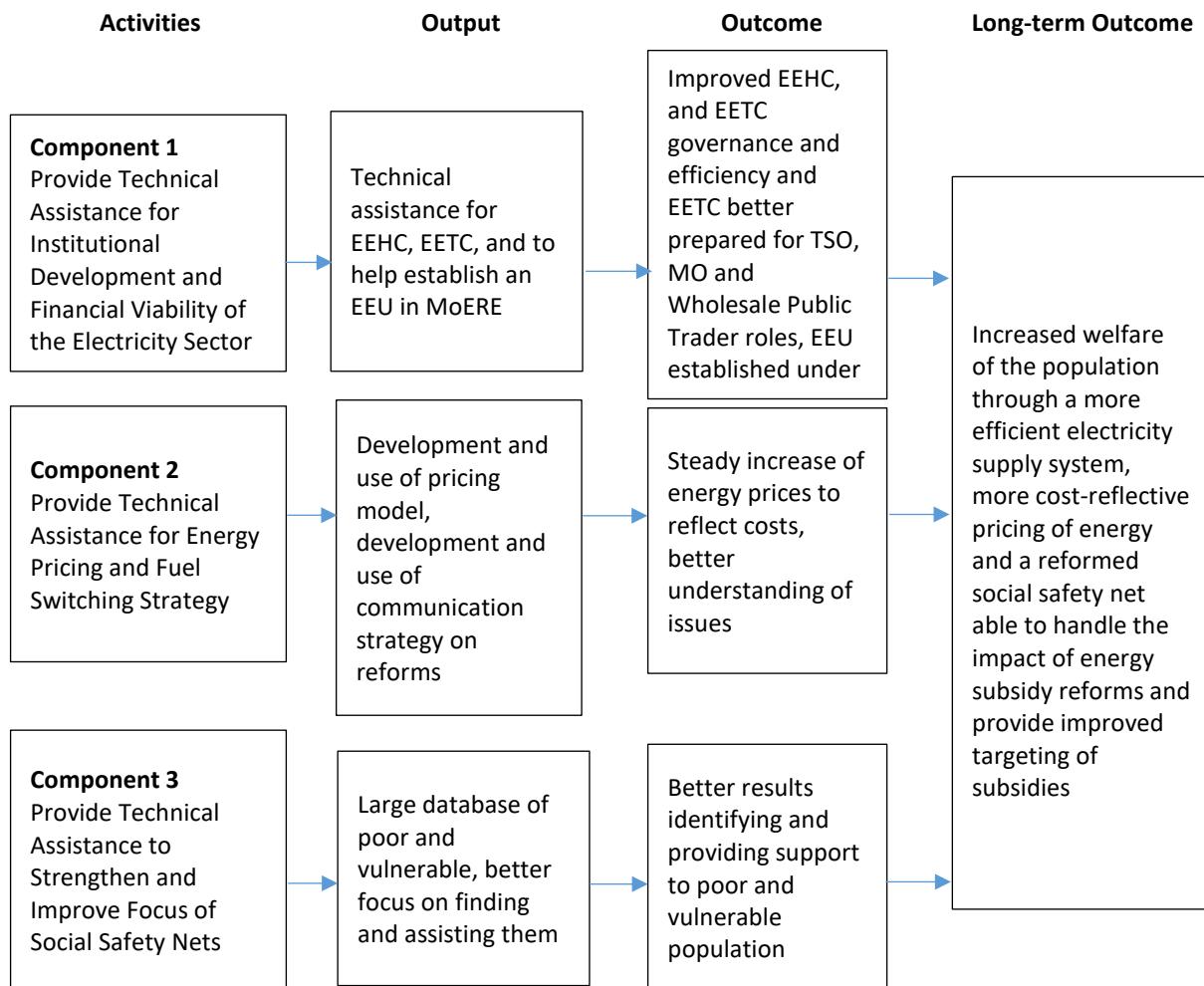


financial viability of key energy sector actors, and (c) identify households that would be most vulnerable to the impacts of the fuel subsidy reform.

8. More specifically, the project was designed to improve the governance and financial viability of the EEHC and help prepare its key subsidiary, the Egyptian Electricity Transmission Company (EETC) to operate efficiently in a competitive electric market. Secondly, the project was to produce a strategy to phase out subsidies and make electricity and other energy prices more cost reflective. Finally, it was important to ensure that as energy subsidies were phased out, the poor and vulnerable did not suffer. Thus, the project included the development of a database of the poor and vulnerable so that CTs could be targeted to them. The project in practice went beyond these objectives and helped to develop an efficient means of providing benefits to the poor and vulnerable. It also laid the ground work for at least four large loans to Egypt—three Fiscal Consolidation, Sustainable Energy and Competitiveness Development Policy Financing Loans (DPFLs) 2015–17 and the Strengthening Social Safety Net Project (SSNP) 2015.



Figure 1. Theory of Change



Note: EEU – Energy Efficiency Unit; MoERE - Ministry of Electricity and Renewable Energy

Project Development Objectives (PDOs)

9. The PDOs as presented in the PAD and the Grant Agreement⁵ were the same and were to strengthen the Government of Egypt's capacity to "(i) design a comprehensive fuel subsidy reform strategy; (ii) establish concrete measures for improved financial viability of key energy sector actors; and (iii) identify households that would be most vulnerable to the impacts of the fuel subsidy reform." These objectives were not changed during the course of the project.

Key Expected Outcomes and Outcome Indicators

10. The expected outcomes of the project were to (a) improve the governance and financial viability of EEHC and EETC and the latter company's ability to function in a market environment; (b) provide a plan

⁵ Grant Agreement Schedule 1. Also, PAD, page 9.



for more cost-reflective energy prices and a reformed fuel subsidy system; since energy prices were below costs, the existing subsidy system was not well targeted and quite expensive; and (c) help provide a database of those likely to be negatively affected by any subsidy reform—the poor and vulnerable. The PAD stated that the achievement of the PDOs would be measured with regard to the following eight indicators. One of these indicators (strategy for fuel supply to power generation) was dropped when the project was restructured. All the remaining indicators were achieved. These indicators are discussed at more length in the section on Efficacy.

Table 1. PDO Indicators and Achievements

PDO Indicator Name	Baseline	Original Target	Restructure October 2016	Actual Achievement at Completion
Number of direct project beneficiaries	0	500	—	700–800 separate individuals benefited, (see Efficacy section for discussion)
Percent female beneficiaries	0	35 percent	—	40 percent
Reform options to improve the financial visibility and governance of EEHC are prepared	No	Yes	—	Yes
A long-term strategy for the fuel supply to power generation is prepared	No	Yes	Dropped	Not applicable
An action plan is prepared for (i) the establishment of an EEU at the Ministry of Electricity, and (ii) at least two of the energy efficiency projects in National Energy Efficiency Action Plan (NEEAP)	No	Yes	—	Yes—both achieved
A comprehensive energy pricing and fuel switching strategy for Egypt including detailed action plan for compensatory measures to mitigate the impact of subsidy removal is developed.	No	Yes	—	Yes
A communication strategy for fuel subsidy reform including public consultation is prepared	No	Yes	—	Yes
A database of the poor and vulnerable is developed with 10 million households registered in the new poverty database.	No	Yes10 Million Households	No change	Yes, database developed. Yes, 5.5 million households in Takaful and Karama (T&K) database over 13 million households in Unified National Registry (UNR) database



Components

11. The project was divided into three technical assistance components. These components were (a) Power Sector Institutional Development and Financial Viability, (b) Energy Pricing and Fuel Switching Reform, and (c) Strengthening Social Safety Nets (SSN). Technical Assistance Each of the components was divided into two to four subcomponents, which were then further divided into tasks. These various subcomponents are discussed in detail in the Efficacy section and are shown in Table 2.

12. Each of the components was designed to achieve one of the PDOs. Component 1 was designed to achieve PDO (ii), "establish concrete measures for improved financial viability of key energy sector actors". Component 2 was designed to achieve PDO (i), "design a comprehensive fuel subsidy reform strategy". Component 3 was designed to achieve PDO (iii), "identify households that would be most vulnerable to the impacts of the fuel subsidy reform.

Table 2. Components and Subcomponents of the Project

Component 1: Power Sector Institutional Development and Financial Viability, designed to achieve PDO (ii)
1.1 Technical Assistance for Electric Utilities Financial Management and Governance
1.2 Fuel for Power Study Replaced at Restructuring by Technical Assistance for EETC to Operate in New Market Structure.
1.3 Establish Energy Efficiency Unit (EEU) in MoERE
1.4 Technical Assistance for Project Management Team (PMT) in MoERE
Component 2: Energy Pricing and Fuel Switching Reform , designed to achieve PDO (i)
2.1 Produce Energy Pricing and Fuel Switching Reform Strategy
2.2 Development of Communication Strategy for Fuel Reform
Component 3: Strengthening Social Safety Nets Technical Assistance, designed to achieve PDO (iii)
3.1 Support the Establishment of the Data Base of the Poor and Vulnerable
3.2 Baseline Survey of Beneficiary Families
3.3 Establishment of a Technical Working Unit (TWU) to Support Social SSN Reform

13. Table 3 provides information on the amount allocated to each component in the PAD, the amount reallocated to each component when the project was restructured in 2016 (described below) and the amount disbursed.

Table 3. Allocation and Disbursements by Component⁶

Component	Allocation in PAD (US\$, millions)	Revised Allocation (US\$, millions) (2016)	Disbursed (US\$, millions)
Component 1	2.70	3.30	3.425
Component 2	1.80	1.30	1.282
Component 3	2.00	1.90	1.776
Total	6.50	6.50	6.483

⁶ Spent and committed as of July 31, 2018 closing date. Data from PAD, Restructuring Paper, and PMT.

**B. SIGNIFICANT CHANGES DURING IMPLEMENTATION (IF APPLICABLE)****Revised PDOs and Outcome Targets**

14. The PDOs were not changed. One outcome indicator was dropped at the request of the Government of Egypt in 2016. This indicator was “A long-term strategy for the fuel supply to power generation is prepared”. The fuel to power study was no longer timely in 2016 due to changes in Egyptian Law and the known resource base, as is discussed below. There were no changes in the end targets for the outcome indicators.

Revised PDO Indicators

15. The fuel for power generation strategy study (Subcomponent 1.2) was dropped at the request of the Government during the project restructuring in October 2016. This was done for two reasons. First, the Government had passed an Electricity Law in July 2015, which would open electricity generation and distribution to competition and would establish the EETC as an independent transmission system operator (TSO) and market operator (MO). This enhanced role for the EETC necessitated the company having substantial technical assistance and the Government prioritized the EETC's technical assistance over the fuel for power generation study. Second, large new gas discoveries were made following a period of gas shortages and the extent of these discoveries was uncertain. Therefore, establishing a fuel for power strategy was premature, and the fuel for power generation strategy study was cancelled. The indicator for this strategy study (see Indicator 4 in Table 1) was dropped since the study would no longer be undertaken.

Revised Components

16. The components were not changed but one subcomponent was. The Level 2 restructuring in October 2016 included changes in subcomponents as well as the indicators (above). The change in subcomponents was the substitution of Subcomponent 1.2 from the fuel for power generation study to technical assistance to EETC and is discussed in the paragraph immediately above. There were six tasks in the technical assistance for EETC which are specified in the Restructuring Paper⁷, and later two additional tasks were added. These tasks are discussed in the section on efficacy of the project.

Other Changes

17. The October 2016 restructuring also changed the closing date of the loan from December 30, 2016, to July 31, 2018. In addition, there was a reallocation of funds between disbursement categories (shown in Table 2) to account for differences between cost estimates and actual bids and the replacement of one subcomponent by another.

⁷ Restructuring Paper Report RES24846, October 26, 2016 .



Rationale for Changes and their Implication for the Original Theory of Change

18. The changes were made at the request of the Government of Egypt and were necessitated by the approval of the new Electricity Law in 2015 and large new gas discoveries. The law was designed to improve the efficiency and efficacy of the electricity sector by restructuring it into generation companies, distribution companies, and a transmission company (EETC). The transmission company was to function as a TSO and eventually as a MO when a market was established where electricity could be bought and sold. Given that the EETC is to play such a central role in the restructured industry, it needed technical assistance for its new role. Also, with large, new gas discoveries of uncertain size, the fuel to electric power generation study was premature. As a result, the fuel to power study was replaced by technical assistance to the EETC. The closing date was changed to take into account the time required to undertake the new subcomponent dealing with the EETC.

19. The project restructuring had no impact on the original theory of change although it probably increased the likelihood that change would occur by focusing on actionable issues important to the Government of Egypt.

II. OUTCOME

A. RELEVANCE OF PDOs

Assessment of Relevance of PDOs and Rating

20. The relevance of the PDOs is rated High. The PDOs remain highly relevant to the World Bank's Country Partnership Framework (CPF)⁸ for Egypt 2015–2019, which was approved November 20, 2015. The CPF states "the World Bank Group support under the CPF is organized under three closely interrelated focus areas: (i) improving governance, (ii) private sector job creation, and (iii) social inclusion." The report goes on to expand on these focus areas.

- In the focus area on improving governance, the CPF specifically mentions "strengthening governance in the energy sector through energy policy and subsidy reforms." This ties very closely to PDOs 1 and 2. PDO 1 aims to establish a subsidy reform strategy while PDO 2 aims, among other things, at strengthening governance in EEHC and EETC.
- In the second focus area of private sector job creation, the CPF specifically mentions "The World Bank Group may support investments in institutions and capacities that contribute to competitiveness ...ensuring Egypt's energy security and diversification through enhanced energy efficiency and supporting financial sustainability of the energy sector." This again ties closely to PDOs 1 and 2 which are aimed at improving governance and therefore efficiency as well as developing a strategy to reduce subsidies.
- In the third focus area of social inclusion the CPF specifically states "improving social inclusion will be addressed by strengthening the targeting of the social safety net system (SSN)." This is tied very closely to PDO 3 which aims at identifying poor and vulnerable

⁸ Country Partnership Framework, Report 94554 –EG



households as these are likely to be most impacted by the reform of fuel subsidies.

21. Although Egypt is making progress, the issues and PDOs from project appraisal in 2013 remain highly relevant today.

B. ACHIEVEMENT OF PDOs (EFFICACY)

22. One PDO indicator was dropped during the restructuring. However, this does not trigger a split rating as the World Bank's guidelines specifically state "Dropping indicators and/or adding new ones does not trigger a split rating."⁹ The PDOs remained unchanged. The components of the project were not changed. The targets for the other seven indicators were not changed. The scope of the project was, if anything, made slightly more ambitious with an actionable restructuring program for the EETC replacing another study of fuel supplies for generation.

Assessment of Achievement of Each Objective/Outcome

23. The PDOs were to strengthen the Government of Egypt's capacity to "(i) design a comprehensive fuel subsidy reform strategy; (ii) establish concrete measures for improved financial viability of key energy sector actors; and (iii) identify households that would be most vulnerable to the impacts of the fuel subsidy reform." There is a one-to-one correspondence of each PDO with one of the components in the project.

Project Development Objective/Outcome (ii), "Establish concrete measures for improved financial viability of key energy sector actors" (this objective/outcome corresponds to project Component 1).

24. Four pieces of technical assistance were undertaken to implement the above objective/outcome.

25. **Technical Assistance for Electricity Utilities Financial Management and Governance (Subcomponent 1.1).** This technical assistance was split into four separate tasks for the EEHC focusing on (a) corporate governance (which is important for financial viability), (b) financial management, (c) financial planning, and (d) capacity building.

26. The consultant (a major accounting firm) is viewed as having done a good job on task (a), providing a corporate governance code, a Chief Executive Officer contract, an audit committee charter for the Board of the EEHC, and other draft documents to improve the governance of the EEHC. It also helped establish internal audit departments within the EEHC and each of its subsidiaries. For task (b), bidding documents were prepared for an Enterprise Resource Planning (ERP) program for the EEHC. However, the EEHC stopped the process at that point, as it had decided among other things that it needed to reevaluate its assets first and split them among the distribution, transmission, and generation subsidiaries (without which no accurate balance sheets for these subsidiaries can be produced). They are currently receiving bids from consulting firms for the reevaluation work. The EEHC reports that it will issue the request for the ERP program after the valuation and separation of the assets (which will take some time) is completed. For task (c), the EEHC basically wanted a financial forecasting model. The consultant was unable, after several tries, to produce a model that satisfied the EEHC and was asked to refrain from further effort.

⁹ World Bank Guidance Implementation Completion and Results Report (ICR) for Investment Project Financing (IPF), July 5, 2017, page 18.



(However, a financial forecasting model for the EETC was produced under task 1.2 below and can be expanded to include the rest of the EEHC.) Task (d) was completed with generally satisfactory results. The EEHC found some of the training quite useful (for example, the difference between Egyptian and International Accounting Standards, and valuation of assets) and others not as helpful (cost determination). There were nine training sessions in total and 452 people attended these sessions.

27. Fuel for power study replaced at restructuring by technical assistance for the EETC to operate in new market structure (Subcomponent 1.2). A new Electricity Law was passed in July 2015, which provided for the unbundling of Egypt's electricity sector by opening electricity generation and distribution to competition and establishing an independent TSO and MO to provide non-discriminatory third-party access to the grid and electricity market, when it was established. Also, large new gas discoveries in Egypt, whose extent was uncertain, made the fuel for power study premature. The Government therefore requested Subcomponent 1.2 to be changed from a fuel for electric power generation study to technical assistance for restructuring the transmission company (EETC) to reflect changed priorities in the reform program and the opening of the electricity market. The World Bank agreed, and this subcomponent was revised in October 2016 to provide technical assistance on the restructuring of EETC. The consultant, a subsidiary of an electric utility, undertook the following tasks of which the last two (g and h) were added toward the end of the consultant's work:

- (a) Do a gap analysis of EETC overall organization, human resources, and governance.
- (b) Provide power market rules, contracts and power supply code, and market operating system design.
- (c) Prepare a functional specification for the required IT and billing systems for market operation and settlement;
- (d) Assist with unbundling of accounts and recommendations on financial restructuring.
- (e) Provide capacity building including internal training sessions, workshops, and overseas training.
- (f) Provide terms of reference for the implementation of phase 2 of market liberalization.
- (g) Build a strategic financial model for EETC operations and planning.
- (h) Provide Support for financial reporting systems.

28. All this work was completed and mostly accompanied by training sessions with 21 training sessions held and 425 people attending these sessions. The EETC was very pleased with the work of the consultant, especially since the consulting company had considerable hands-on experience with unbundling. The consultant's parent utility had been through an unbundling procedure, which was similar to that proposed for the EEHC and EETC with the creation of a TSO and an MO.

29. This consulting work helped establish the EETC as quasi-independent of the EEHC. The EETC has its own Board of Directors, is owned by the Government not the EEHC, signs contracts to offtake power from private companies, and buys and sells electricity at prices set by the regulator and approved by the



Government. However, its assets are intertwined with those of the EEHC especially on the distribution side, and it still works closely in conjunction with the EEHC. The planned complete separation of the EETC from the EEHC has been delayed from 2018 to 2022, although much of the ground work for this separation has been prepared by the consultant. One of the major reasons for this delay is the Asset Evaluation Study mentioned above, without which no reliable balance sheet for EETC can be produced. (The issue is not only the value of the assets but also who they belong to, the EEHC or EETC). Also, there does not appear to be any sense of urgency to fully separate the EETC from the EEHC. The consultant's work is viewed as very good by the EETC and the PMT, but implementation is slower than would be desired.

30. Establish an Energy Efficiency Unit (EEU) in MoERE (Subcomponent 1.3). The objective here was to establish a unit that would help reduce energy usage, especially electric energy, where the EEHC was selling it for less than economic costs. There were five tasks for the engineering consulting firm which undertook this technical assistance. They were:

- (a) Help establish the EEU in the MoERE
- (b) Provide a business plan for this unit
- (c) Assist the unit to build capacity
- (d) Help with the procurement of the required software and hardware
- (e) Provide support for one year in the implementation of the business plan

31. The EEU has been established and a business plan prepared, and the unit is working on various programs. One of these is the distribution of LED bulbs for both public lighting (2.6 million bulbs) and public housing (11 million bulbs). This program is run with the electricity distribution companies which are part of the EEHC. The unit is also the main author of the second NEEAP, which has been approved by the Cabinet. In the process of establishing the EEU, four workshops were held with 94 persons attending, and hardware and software were acquired. The consultant also arranged for a study tour to India for 8 persons to view energy efficiency-related equipment and software and their utilization. Implementation support to the EEU was provided for one year. Moreover, an Energy Efficiency Fund is expected to be established to help implement the plan. This technical assistance was successfully completed, but the staff of the EEU were stretched thin with the business plan, second NEAAP, and other duties.

32. Technical Assistance for Project Management Team (PMT) in MoERE (for implementing the entire project) (Subcomponent 1.4). This technical assistance consisted of the services of an experienced Egyptian consultant for about four years to work with the project team in the MoERE. This was a difficult and time-consuming job involving a lot of procurement and financial management. Some of the major tasks for the PMT were to

- (a) Help write Terms of Reference (TORs) and select and contract six consulting firms and 41 individual consultants (the individuals were mostly for Component 3);
- (b) Review the consultants' work to see that it complies with the TORs;
- (c) Procure six packages of goods through shopping and one through national competitive



bidding;

- (d) Prepare an operational manual and a financial manual;
- (e) Prepare progress reports, minutes of meeting, and quarterly reports, including financial reports;
- (f) Arrange for annual audits of the project accounts; and
- (g) Arrange and monitor over 50 training sessions and workshops

33. This technical assistance involved a lot of discussions and negotiations with four other ministries and other organizations, with the PMT having very limited authority outside the electricity and renewable energy areas (and limited authority even within those areas). Monitoring the 47 consultants and consulting firms was also a major task as were the large number of training sessions and workshops. The consultant and the rest of the PMT performed well under difficult circumstances and there do not appear to have been any major issues.

34. **Achievement of the Project Development Objective/Outcome associated with this component is rated as Substantial.** The PDO for this component was “establish concrete measures for improved financial viability of key energy sector actors.” There were two PDO indicators provided in the PAD. These were “reform options to improve the financial viability and governance of EEHC are prepared” and “An action plan is prepared for the (a) establishment of an EEU at the Ministry of Electricity (now MoERE) and (b) for at least two of the energy efficiency projects in NEEAP.” Both these indicators were met although later than would have been desired. One indicator was dropped (the preparation of a fuel supply strategy for power generation) when the project was restructured in 2016 and Subcomponent 1.2 was changed from such a study to technical assistance with restructuring of the EETC. The technical assistance provided by this component made a substantial contribution to achievement of the Objective/Outcome (PDO (ii)) above.

Project Development Objective/Outcome (i) “Design a Comprehensive Fuel Subsidy Reform Strategy” (this objective/outcome corresponds to project Component 2).

35. **Produce Energy Pricing and Fuel Switching Reform Strategy (Subcomponent 2.1).** This technical assistance involved three closely related tasks for the consultant, a specialist in electricity sector issues, which were to

- (a) Develop a comprehensive energy pricing strategy including costs of major fuels and options,
- (b) Provide a road map for the reduction and/or elimination of energy subsidies, and
- (c) Provide institutional support and capacity building.

36. It took some time before agreement was reached on a model for energy pricing. The Ordena Model, developed by the consultant, was finally accepted, but it had the disadvantage of requiring a lot of data, the acquisition of which was slow. Using the model, the financial and economic costs of various energy sources (natural gas, petroleum products, and electricity) were estimated to 2030. (The model is



indexed to crude prices since Egypt is a net importer and cannot determine these prices.) The consultant provided five laptops with the model installed and a total of seven licenses for use by the participants in the study, mainly the MoERE, EEHC, Ministry of Petroleum (MOP), Egyptian Electric Utility and Consumer Protection Regulatory Agency (Egypt ERA-Electricity Regulator), Egyptian Natural Gas Holding Company (EGAS-state gas company), and Egyptian General Petroleum Company (EGPC-state petroleum company). A five-day training session was arranged for 10 staff from the various ministries and organizations.

37. A road map, making use of the model, was provided for reducing and or eliminating subsidies including the socioeconomic impact of subsidy reform. This included devising an energy pricing strategy, identifying appropriate mitigation measures for subsidy reform, and preparing a monitoring and evaluation framework for energy pricing.

38. In addition to training on the Ordена Model, the consultant arranged 2 study tours to Spain for 15 participants each to see a liberalized market in operation. The consultant also undertook to provide training on two other models that were used, the CGE model and the SUBSIM model, with the latter focusing primarily on poverty and inequality related issues.

39. The technical assistance took substantially longer than anticipated due to (a) the need to work with various organizations in the Government that were busy with other projects, (b) the amount of time required to decide on a model, and (c) the need to get the large amounts of data required for the Ordena Model once it had been chosen. The Ordena Model is still being used by the MoERE and MOP, but keeping the model updated is a major task and it was recommended by the PMT that a special group be set up for this purpose.

40. **Development of Communication Strategy for Fuel Reform (Subcomponent 2.2).** This technical assistance involved four tasks which were to

- (a) Undertake a stakeholders and institutional analysis,
- (b) Develop a communication strategy plan and implementation program,
- (c) Establish and build the capacity of a Core Communication Unit, and
- (d) Launch a communication framework for the MOP's Modernization Strategy (this was added after the initial contract was signed).

41. The consultant was a joint venture of a foreign firm and an Egyptian firm. As a result of their work, the communication strategy for fuel (pricing and subsidy) reform was developed, an analysis of stakeholders and institutions was undertaken, a communication strategy was developed, the Communication Unit was set up, and the communication framework for the MOP's Modernization Strategy was launched. In addition to training on communications in Egypt, some training abroad was provided by the consultants. The PMT was pleased with the work of the consultants. This strategy was very important in explaining to the public that the purpose of the reduction in energy subsidies was to replace them over time with targeted CTs, which would provide more help to the poor and vulnerable. The PMT especially credited the Egyptian partner who had more understanding of the local situation than the foreign partner. (However, the foreign partner had experience with this issue outside of Egypt.)



42. This technical assistance was somewhat delayed in part because the general parameters of the fuel reform strategy had to be decided before the strategy for communicating it could be fully developed. As its four tasks were satisfactorily completed, this technical assistance is viewed as satisfactory.

43. **Achievement of the Project Development Objective/Outcome associated with this component is rated as Substantial.** The PDO associated with this component was to “design a comprehensive fuel subsidy reform strategy.” There were two PDO indicators provided in the PAD. The first was ‘A comprehensive energy pricing and fuel switching strategy for Egypt including detailed actions plans for compensatory measures to mitigate the impact of subsidy removal is developed’. The second indicator was ‘A communication strategy for fuel subsidy reform including public consultation is prepared’. Both indicators were met. However, much of the design for compensatory measures was done in Component 3. The achievement of this component is rated as Substantial since the technical assistance took place and the indicators were achieved. In the longer run, it is important that a major effort is made to update the Ordena Model since it will soon become outdated and no longer helpful. (This is true of almost any forecasting model unless it is regularly updated.)

Project Development Objective/Outcome (iii) “Identify households that would be most vulnerable to the impacts of the fuel subsidy reform” (this objective/outcome corresponds to project Component 3).

44. The aim of this technical assistance was to strengthen Egypt’s SSN programs by improving targeting of existing fragmented SSN programs. In particular, this technical assistance would assist in developing a database of the poor and vulnerable, undertake a baseline survey of beneficiary families, and establish a TWU to support SSN reform.

45. **Support the Establishment of the Database of the Poor and Vulnerable (Subcomponent 3.1).** According to the PAD, this technical assistance was designed to provide support to the Ministry of State for Administrative Development (MSAD) to establish a database of the poor and vulnerable by analyzing Egypt’s Family Smart Card System (FSC) database (with information on 80 percent of Egyptian citizens, poor and non-poor, all of whom received a food subsidy), as Egypt had no means of identifying inclusion and exclusion errors of social programs. The World Bank team subsequently advised the MSAD to instead align and connect relevant social protection databases that would enable cross-checking of administrative data, as this would help support a better targeting mechanism for social programs. An Egyptian IT Consulting Firm¹⁰ and eight local consultants were hired for assessment of the databases, and the resulting document identified 18 steps to be undertaken to enable linkage of nine databases from various entities, which is referred to as the Unified National Registry UNR.

46. Initially, the MSAD was the implementing agency for this technical assistance. Following a government organizational change, the MSAD became the Ministry of Planning, Monitoring and Administrative Reform (MoPMAR). However, both the old and new ministries faced challenges in linking all the various databases and only managed to connect four of them. In May 2017, the Administrative Control Authority (ACA) was mandated by the President’s Office to assess the quality of all government databases, due to public complaints about exclusion errors of social assistance programs such as the food subsidy program. Furthermore, the Ministry of Social Solidarity (MOSS) database for the Takaful and Karama programs (TKP) (the main programs supporting the poor and elderly respectively) benefited from

¹⁰ Informatique submitted the confidential report to the World Bank in December 2016.



ACA support and validation in addition to the validation of the FSC database. This encouraged other agencies to seek validation of their databases. The ACA began to link the various databases and took over the development of the national database of all government program beneficiaries and the UNR, albeit without a formal decree.

47. This technical assistance achieved significantly more than planned. Instead of linking only 9 databases, as recommended by the Egyptian IT Consulting Firm, the ACA has linked 39 databases to date, including the FSC (containing information on 80 percent of citizens). The UNR is periodically refined to filter out households ineligible for SSN programs and improve targeting of the poor for social assistance programs. The T&K database has also been linked to the UNR and uses its verification and cleaning procedures.

48. **Baseline Survey of Beneficiary Families (Subcomponent 3.2).** According to the PAD, this technical assistance was to support a nationally representative survey to gauge the efficiency in social service delivery and evaluate the medium-term and long-term impacts of the reform initiative. Initially, the World Bank provided US\$0.4 million in financing and significant technical assistance to the Project Management Unit PMU at the MOSS to survey and register beneficiaries for a national cash transfer program (CTP). The technical assistance financed five salaries for the PMU at MOSS, design of beneficiary survey forms, the CTP procedure, hundreds of consultants (social workers and enumerators) who conducted the survey fieldwork, and IT equipment. In March 2015, this work helped pave the way for the World Bank to approve US\$400 million for a targeted social safety net program, the Strengthening Social Safety Net Project (SSNP, P145699), providing technical assistance and financing for implementation of the T&K programs. Takaful is a family income support, CTP with co-responsibility (conditional) aimed at reducing poverty and producing human development improvements (in health and education) for families with children. Karama is an unconditional income support (pension) system aimed at the protection and inclusion of the poor elderly (above age 65 years) and poor persons with severe disabilities.

49. This technical assistance achieved significantly more than planned and established the TKP as Egypt's largest CTP for the poor and vulnerable. With 41 consultants and staff from MOSS, the program is managing the following activities: (a) TKP design and roll out; (b) review of household applications, enrolments, and rejections; (c) grievance resolution; (d) communications and community outreach; (e) management information systems and use of the UNR; and (f) monitoring and evaluation. In October 2017, due to a request from MOSS, MoPMAR transferred the remaining funds budgeted for the development of the UNR to support activities related to this subcomponent.

50. As of April 2018, the T&K programs are operating in all 27 Governorates of Egypt, covering 345 districts and 5,630 villages. Over 2.27 million beneficiary households have been enrolled (compared to an initial target of 1.5 million households) and a total cumulative of EGP 18.38 billion in cash payments have been made benefiting around 9.5 million family members. Of the T&K beneficiaries, 87 percent are Takaful beneficiaries, 13 percent are Karama beneficiaries, and 88 percent are female. In addition, over 462,000 grievances and inquiries have been resolved at the national and local levels; nearly 2,000 Social Accountability Committees (SAC) have been activated in 20 governorates; and over 150 workshops held for the committee members, with onboarding and capacity building training completed for 15,701 SAC members. The core database and functionality modules were updated, including those related to registration, internal validation, external validation, proxy means testing, grievance redress, and card



delivery systems. Findings of the impact evaluation,¹¹ which also evaluated the targeting, found that Takaful's targeting is pro-poor with 68 percent of households being below the 2015 Egyptian poverty line adjusted to 2017 prices (using CPI inflator¹²), and 45 percent of households in the poorest quintile are covered by the program.

51. Establishment of a Technical Working Unit (TWU) to Support Social SSN Reform (Subcomponent 3.3). This technical assistance supported the establishment of a TWU to support SSN reform. A TWU was formed at the Prime Minister's Office which supported the SSN reform in its initial development phases, and the PMU set up at MOSS, with assistance from the World Bank, registered and targeted poor and vulnerable people, and designed and is implementing the TKP. This unit has also taken a leading role in driving the social protection strategy in Egypt and is reforming other social protection programs.

52. In addition, the Government has established an inter-ministerial committee for Social Justice, housed at the Ministry of Finance, which is leading the design and coordination of the social protection and SSN program. The committee is led by the Prime Minister and consists of the Minister of Social Solidarity (member and secretary) as well as Ministers of Planning, Supply, Finance, Local Development, Information and Communication Technology, and Labor Force. Support for this subcomponent also resulted in the establishment of the PMU at MOSS for the development and implementation of the TKP. The World Bank is continuing to support this committee through other programs and continues to provide technical assistance support as needed.

53. On December 31, 2018, the Prime Minister made changes to the mandate of the Social Justice Committee. The Committee secretariat is now led by the Minister for Social Solidarity, and is now responsible for taking the lead on social justice policies to assist all socially and economically vulnerable people, approving the targeting approaches for these programs, reviewing all subsidy programs (and not just energy subsidy programs), and approving all new social protection programs and their budgets.

54. Achievement of the Objective/Outcome associated with this component is rated as High. The Objective/Outcome associated with this component is "identify households that would be most vulnerable to the impacts of the fuel subsidy reform." The indicator associated with this PDO is "A database of the poor and vulnerable is developed with 10 million households registered in the new poverty database." To this end, two different systems have been developed, the UNR platform and the TKP database. The TKP originally aimed to support 1.5 million beneficiaries, but as of April 2018, it provided CTs to 2.27 million households, with around 5.5 million households registered in the database. The UNR links 39 databases (including the TKP and the FSC database) and contains information on Egypt's 100 million citizens, including the poor and non-poor, and also has registered details of 5.5 million TKP households, 2.6 million Daman household beneficiaries (old social pension program), and about 70 million food subsidy beneficiaries for a total of around 13 million registered households. The UNR platform is being used to verify data of the TKP; in addition, selected databases that are connected to the UNR were used to eliminate non-poor and ineligible households from the Ministry of Supply and Internal Trade's food ration/smart cards, which includes information on about 17 million families. A decision was taken in

¹¹ Impact Evaluation of Egypt's Takaful and Karama Cash Transfer Program, the International Food Policy and Research Institute, 2018.

¹² CPI inflator is a factor by which the 2015 poverty line was adjusted to the level of 2017 prices for consumer goods. CPI stands for consumer price index.



March 2019 to remove ineligible households based on publicly announced criteria, including those that (a) consume more than 650 kilowatts per month of electricity, (b) whose mobile bill exceeds EGP 800 per month, (c) who pay school fees of EGP 30,000 or more per year per child, (d) own a luxury car or car of year 2014 or newer, and (e) are senior-level job holders. Furthermore, the proxy means test developed for TKP targeting is being modified and will be applied to target beneficiaries for other Government programs. The development of the UNR also led to the harmonization of different databases and has significantly improved targeting efficiency.

55. From the above, it is clear that the first part of the indicator was achieved with the establishment of the TKP database for Egypt's largest CTP and the development of the UNR for improving targeting of social protection and other programs. The second part of the indicator has also been achieved with around 5.5 million households registered in the TKP database, 2.6 million households in the Damam database, and more than 13 million households registered in the food subsidy program that was connected to the UNR, exceeding the target of 10 million households. Moreover, the project has achieved far more under this PDO than initially planned, including (a) the development of the UNR that links 39 databases, including the TKP and FSC databases, and information on all Egyptian citizens; (b) development of the World Bank's Egypt SSNP (P145699) in 2015 for US\$400 million providing technical assistance and other support for the implementation of the TKP, and (c) development of the capacity of the PMU at MOSS, which developed and is implementing the TKP.

56. **Other indicators.** There are two PDO indicators that are not specific to one of the components of this project. First is the number of beneficiaries of the project defined in the PAD as "staff of the stakeholder ministries and utilities that will be receiving capacity building through training workshops, study tours etc." (PAD footnote 3 page 10). The target is 500 persons. The PMT calculates that over 1,497¹³ staff attended capacity-building events, mostly seminars and training. However, some individuals attended more than one capacity-building event. The PMT estimates that there were 700–800 separate individuals who attended at least one event. Of these individuals who attended capacity-building events, the PMT estimates that about 40 percent were female (including the head of the PMT). The target for female attendance was 35 percent. Thus, the project met these two indicators.

57. This training and capacity building along with hands-on experience produced a clear increase in capacity. This is shown by (a) the energy efficiency projects produced by the EEU such as LED bulbs for public housing and public lighting as well as NEAAP2, (b) the new databases for the poor and vulnerable and new approaches to CTs developed by the PMU at MOSS, (c) the enhanced capabilities of the EETC as a TSO and eventually as an MO, and (d) the increased corporatization of the EEHC. Although not as clear, the capacity to implement reform programs of the individuals and organizations which participated in the project was enhanced.

Justification of Overall Efficacy Rating for the Project

58. **The overall efficacy rating for this project is Substantial.** This project achieved its PDOs and met all its indicators. One of the tasks under the contract for technical assistance with electric utilities financial management and governance (Subcomponent 1.1) was not completed,¹⁴ although a smaller model has

¹³ MoERE/PMT Final Report Section 3.

¹⁴ This is the construction of a financial forecasting model where the consultant (an international accounting firm) could not



been developed under Subcomponent 1.2 which could be expanded to cover all EEHC. On the other hand, the project exceeded its objectives by helping set up a cash transfer mechanism for the poor and vulnerable (instead of just identifying them) who would be negatively affected by the elimination of fuel subsidies. Based on these results, the overall efficacy rating for the project is rated as Substantial, meaning that the project almost fully achieved its objectives/outcomes and that for one objective/outcome, it has significantly exceeded its goals.

C. EFFICIENCY

Assessment of Efficiency and Rating

59. As a technical assistance project, a calculation of the net present value or economic rate of return was not required, and none was done. It would also have been very difficult if not impossible to do one that was realistic since the size of the benefits is unknown. However, the PAD did mention certain benefits that were likely to accrue from the project without quantifying them (page 19). According to the PAD, the project will

- “Contribute to greater fiscal stability while also supporting the Government’s commitment to address the country’s most pressing economic and social needs;”
- Improve “the electricity sector transparency and public management and the financial sustainability of EEHC;”
- Reduce “the fiscal burden of subsidies;” and
- Strengthen the SSN which “will provide a mechanism for mitigation against adverse impacts of fuel subsidy reform programs developed and implemented by the Government.”

60. Increases in costs may reduce efficiency. However, overall costs of the project remained essentially unchanged from the PAD to restructuring to the final disbursements. Table 3 shows that the estimated costs of the individual components changed at project restructuring and that actual disbursements by component were quite close to the estimated costs of the components at restructuring. The delays in project closing may have reduced efficiency since salaries in the PMT continued longer. The long service of the main consultant and staff in the PMT contributed to efficiency by reducing learning time and costs. Also, the presence of a task team leader (TTL) in Cairo made communications easier and more efficient. In general, however, it is hard to know the impact of changes in costs on efficiency since any cost increase could contribute more than proportionally to benefits, which are not measured.

61. The gradual shift from energy subsidies to targeted CTs undoubtedly increased efficiency in terms of benefits delivered to the poor. While the energy subsidies helped the poor, they also helped the rich while the CTs were much better targeted and helped the population accept the reduction in energy subsidies.

produce a model satisfactory to EEHC. However, a satisfactory model was produced for EETC under another component which could be expanded to cover EEHC.



62. **The efficiency of the project is rated as Substantial since all the benefits mentioned above appear to be occurring and there were no major unanticipated cost increases.** However, this result is indicative since there are no quantitative measures of efficiency.

D. JUSTIFICATION OF OVERALL OUTCOME RATING

63. **The overall outcome rating is Satisfactory based on a High rating for relevance and Substantial ratings for both efficacy and efficiency.** The project started slow and, as late as December 2017, was rated Moderately Satisfactory, in part because only about 57 percent of the grant had been disbursed. However, the project accelerated and by its end 99.7 percent of the grant was disbursed. The project had a substantial impact on Egypt's energy reform process including assisting with the SSN. The project remains highly relevant to the Egyptian economy and to the World Bank's program in the country. It met all its objectives/outcomes and all its indicators. Some technical assistance substantially exceeded expectations. It appears to be economically efficient although there are no quantitative measures. Also, as discussed below, it helped prepare the way for four large World Bank loans to assist the Egyptian economy, the three DPFL loans (US\$3.15 billion), and the SSNP (US\$400 million). For these reasons, the project is rated as Satisfactory.

E. OTHER OUTCOMES AND IMPACTS (IF ANY)

Gender

64. The project over achieved its one gender-related indicator with 40 percent of the beneficiaries (staff who received training) being female compared with a target of 35 percent. Also, 88 percent of the beneficiaries of the TKP are female. The TKP impact evaluation study found that the impact of giving the CTs to women is not necessarily sufficient to increase women's decision-making role in the household, as preexisting household dynamics often determine who the decision maker is. However, the qualitative study found evidence that the Takaful transfers had empowered some women, as they had more control over spending the transfers than over general household spending.

Institutional Strengthening

65. The EEHC, the electric holding company, was set up more as an arm of the Ministry of Electricity than as a separate corporation prior to the project. The project contributed to the institutional strengthening of the EEHC and EETC, its transmission subsidiary. The organization of the EEHC was formalized and a number of governance-related documents were produced such as a Chief Executive Officer contract, the set-up for internal audit departments in the EEHC and its subsidiaries, establishment and charter for an audit committee of the Board and amended articles of Association, and so on. For the EETC, a number of steps were taken toward its transition from the transmission subsidiary of the EEHC to an independent, government-owned TSO and MO. These steps included an organizational restructuring plan, financial planning model, review of electricity market design and operating rules, billing and settlement rules.

66. MOSS, specifically the PMU for the TKP, which had overall responsibility for the implementation of the beneficiary survey, benefitted from the World Bank's technical assistance and capacity building that was provided for the TKP program design and implementation, beneficiary survey, and review of



household applications. MOSS is using tools developed for the TKP, such as the UNR, and beneficiary survey forms to recertify beneficiaries and reform other programs, such as the Daman pension program.

67. The EEU was established in the MoERE and has helped put together programs, working with the electricity distribution subsidiaries of the EEHC and helping prepare NEAPP2.

Mobilizing Private Sector Financing

68. Although this project was not designed specifically to attract private investment in the electricity or energy sectors, it does serve to foster private investment. The restructuring of the EEHC and the development of the EETC as a TSO and MO would make it easier for private companies to invest in electricity generation in Egypt. With an independent TSO they can sell electricity to private purchasers more easily and when the market is established with the EETC as the market operator, it will be possible to sell electricity in the market when needed, for example, when a generator has excess capacity.

Poverty Reduction and Shared Prosperity

69. Component 3 of this project is aimed at poverty reduction, especially at reducing the impact of the energy subsidy reform on the poor and vulnerable population. A major and successful effort was made under this project to produce an improved database, so that the poor and vulnerable can be more accurately identified and to help roll out the T&K CTP. The technical assistance provided by this project, including the large number of consultants, made a substantial contribution to this process.

Other Unintended Outcomes and Impacts

70. **Improved targeting of subsidies.** As noted earlier, the aim of PDO (iii) was simply to identify households that would be most vulnerable to the impacts of the fuel subsidy reform by developing a new poverty database and to register 10 million households. The project achieved far more. The project developed the capacity of the PMU at MOSS, which oversaw registration of poor beneficiaries on the TKP database and designed and is implementing the TKP. The TKP is supporting over 2.27 million poor and vulnerable households and benefiting around 9.5 million family members. About 88 percent of all payments are registered to female beneficiaries, with evidence showing the Takaful transfers have empowered some women, as they had more control over spending the transfers than general household spending.¹⁵ The impact evaluation also found that Takaful has significantly reduced the prevalence of poverty among beneficiaries as it (a) increased consumption by 8.4 percent and helped the poor cope with rising prices, (b) increased the value of the monthly food consumption by 0.6 percent to 8.9 percent and improved the quality of their diet, (c) significantly increased spending on children's school supplies and transportation, and (d) had a positive impact on child nutritional status. In addition, the proxy means test, developed for improving targeting of TKP beneficiaries, is being used by MOSS and other ministries to better target other social programs.

71. **Helped lead to other large projects.** This project helped lead to four large World Bank loans/projects—the Fiscal Consolidation, Sustainable Energy and Competitiveness Programmatic Development Policy Financing Loans DPFL 1, 2, and 3 in 2015, 2016, and 2017, totaling US\$3.15 billion,

¹⁵ Impact Evaluation of Egypt's T&K CTP, the International Food Policy and Research Institute, 2018.

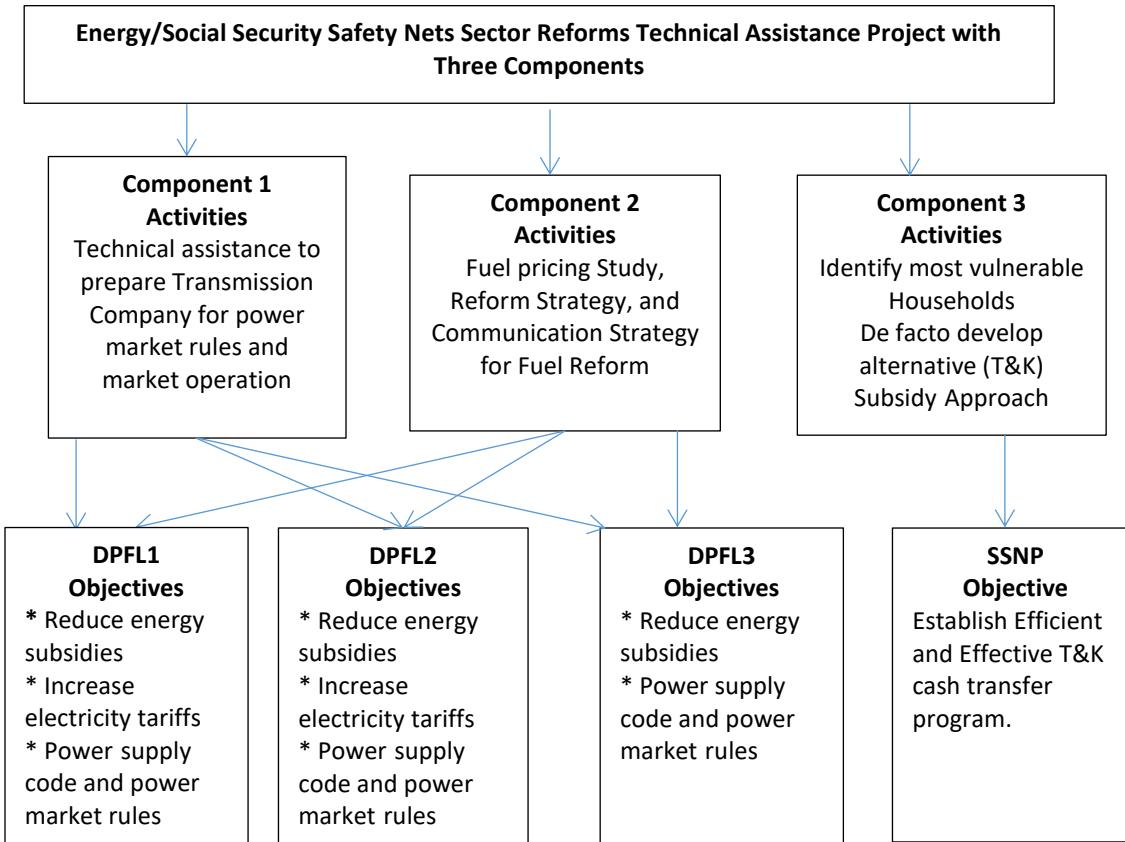


and the SSNP 2015 totaling US\$400 million. The DPFLs , according to their Program Documents (PDs) are “built around three pillars, which are also the Program Development Objectives (PDOs) of the operation: (1) to advance fiscal consolidation through higher revenue collection, greater moderation of the wage bill growth, and stronger debt management, (2) to ensure sustainable energy supply through private sector engagement, and (3) to enhance the business environment through investment laws, industrial license requirements as well as enhancing competition” (page 7 PD for DPFL1, page 6 for DPFL2, page 5 for DPFL3). Within each of these pillars are different objectives. The second pillar has several objectives which change somewhat between the three DPFLs but are quite similar. Moreover, achievement of several of these objectives needs the successful completion of this technical assistance project. For example, one of the objectives of all three DPFLs is “reduce energy subsidies as a percentage of GDP.” Achievement of this objective needs the plan for repricing energy and the communication strategy produced in Component 2 of this project. Another objective of Pillar 2 of the DPFLs is “Operationalization of power supply code and power market rules,” which is part of the work done in Subcomponent 1.2 of this project on establishing and operationalizing the EETC. All three of the PDs for the three DPFLs mention this project, with the number of references increasing between the first DPFL and the third. The SSNP PAD also references this project saying (on page 19) “A US \$ 2 Million component of the \$6.5 Million grant financed by the MENA Transition Fund has financed the technical work to design the new cash transfer program, Takaful and Karama, develop the targeting methodology and launch the UNR”. Also, the PDO of the SSNP, “to establish an efficient and effective Takaful and Karama cash transfer program” (page 20 SSNP PAD), is very similar to what Component 3 of this project was starting to implement.

72. Figure 2 shows the relations between this project and the large loans it contributed to. Activities in Components 1 and 2 of the project provided input for DPFLs 1–3. All three DPFLs had, as part of Pillar2, to reduce energy subsidies and produce power supply codes and power market rules, which were part of the work performed under this project. The SSNP had as its PDO “an efficient and effective cash transfer program,” which was largely designed under Component 3 of this project.



Figure 2. Interrelation of Projects



73. **Coordination.** Both for the World Bank and the Egyptian Government, the project required coordination between different groups and the breaking down of silos. Two groups from the World Bank, those dealing with Energy and Social Issues, and five Egyptian ministries or authorities worked on the project. Two of the latter were energy related (MOP, MoERE), one was social sector related (MOSS), and two were administrative (MoPMAR and ACA). The key representatives of these ministries or authorities worked together to study the impact of energy tariff reform and coordinated to mitigate its impact. Also, within the World Bank, the Energy and Social teams needed to coordinate.

III. KEY FACTORS THAT Affected IMPLEMENTATION AND OUTCOME

A. KEY FACTORS DURING PREPARATION

74. The following factors or actions taken during the preparation stage of the project had a significant impact on its successful outcome. They are:

- **The PDOs selected for the project were realistic and achievable.** The PDOs were to design a comprehensive fuel subsidy reform strategy, establish concrete measures for improved financial viability of key energy sector actors, and identify households that would be most vulnerable to the impacts of the fuel subsidy reform. These objectives could all be achieved



with a technical assistance project while more ambitious objectives, such as getting reforms implemented would take longer and be more difficult.

- **The project concept was straightforward.** The energy sector, especially the electricity sector was, and to some extent still is, a major issue for Egypt. Subsidies were around 7 percent of GDP (more than government spending on health and education combined), prices were often below costs, consumption of energy and electricity were growing rapidly, and the sectoral companies were inefficient. The project was designed to provide technical assistance for each of these issues and simultaneously help in protecting the poor and vulnerable from the impact of subsidy reforms.
- **A number of risks were recognized and to the extent possible mitigated.** Some of the key risks identified in the PAD¹⁶ were (a) “the project would be implemented by a new and inexperienced PMT”, (b)“the implementation will require very close coordination and cooperation between several sector ministries”, (c) the MOEE (now MoERE) in the past “did not perform any selection of consultant activities and procurement activities were limited to office supplies and stationary” , and (d) there was a reputational risk if “the envisaged recommendations relating especially to the fuel subsidy reform are not implemented effectively and efficiently”.

75. The project took several steps to mitigate these risks. The PMT was given training on the World Bank procurement and financial management procedures. A multi-ministerial Project Steering Committee was set up to help maintain ownership and commitment of key stakeholders to the project and to ensure that the PMT was provided with sufficient resources. The World Bank provided regular implementation support and training. Finally, an outreach and communication strategy was part of the project, which would include full participation of relevant stakeholders including consultation and information dissemination to the public.

B. KEY FACTORS DURING IMPLEMENTATION

76. Implementation of the project was slower than planned but did not run into any major obstacles. There were five factors that slowed the project.

- **Implementation of the project was quite involved.** Several groups took part in the project which made its operations very involved. There were five independent ministries, several state companies, six major consulting firms, 41 individual consultants, the PMT, and assorted working groups and steering committees. Coordination among these groups and people slowed the project. Also, contracts had to be negotiated and signed with each of the consulting firms and individuals. There were far more contracts than in a typical World Bank investment project where there are a few large contracts This also slowed the project. Finally, there were a large number of training sessions to set up and reports to review. Altogether the PMT and its full-time consultant were very busy with an unusually large number of different activities.

¹⁶ PAD p 17–18



- **The addition of the technical assistance for the EETC (Subcomponent 1.2) in the October 2016 restructuring further slowed the project** since this was not anticipated in the PAD. A consulting firm to do this work had to be procured to complete the assigned tasks. Providing time for this consulting firm to work was the main reason given for extending the closing date.
- **The project was suspended for four months.** In January 2015, when the project was just getting under way, it was suspended by the Government because of concern over a potential procurement issue. During that time, very little was done. However, by April an investigation showed no wrongdoing or mis-procurement, and work was resumed.
- **Flexibility by the World Bank and the relevant Egyptian Government ministries enabled the successful implementation of Component 3 in a very dynamic environment.** The MoPMAR was initially the lead agency for Component 3. However, MOSS became more important in the safety net sector and took on a bigger role for the component.
- **Procurement was slow.** The PMT had no hands-on experience with the World Bank procurement when the project started. Given this lack of experience, the different procurement rules and procedures used by the different ministries involved in the project, and the large number of consulting contracts that needed to be arranged, procurement proceeded slower than expected. (See discussion of procurement below.)

IV. BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME

A. QUALITY OF MONITORING AND EVALUATION (M&E)

M&E Design

77. **M&E Design is rated Substantial.** The PDO indicators that were chosen were generally reasonable and relatively easy to monitor. These indicators, according to the Restructuring Paper (p11-13) were (a) “number of direct project beneficiaries (defined as Government staff who received training), (b) percentage of beneficiaries who were female, (c) reform options to improve the financial viability and governance of EEHC are prepared, (d) An action plan is prepared for the establishment of an EEU in MoERE and for at least two of the energy efficiency projects in NEAAP P, (e) a comprehensive energy pricing and fuel switching strategy is developed for Egypt including detailed action plans for compensatory measures to mitigate the impact of subsidy removal is developed (f) a communication strategy for fuel subsidy reform including public consultation is developed, and (g) a database of the poor and vulnerable is developed with at least 10 million households registered in the new poverty database.” All these indicators could and would be achieved in the course of the project.

78. The three intermediate indicators were also reasonable and fit in with the theory of change and the design of the project. These indicators were (a) EEHC capacity building program in finances and governance is developed and number of training workshop/events for EEHC, (b) capacity building occurs for EETC to function as a TSO, and (c) inter-ministerial coordination is established and maintained to facilitate and implement energy subsidy and communication strategies and social safety net program.



M&E Implementation

79. **M&E Implementation is rated Substantial.** The status of the project was regularly reviewed based on the status of achievement of the PDO indicators and information provided by the PMT on the various components and subcomponents. Implementation Status and Results Reports (ISRs) were issued regularly. While no document called Mid-term Review seems to have been issued, a large mission was held in May 2017 which did a detailed review of the project and could be viewed as a Mid-term Review.

M&E Utilization

80. **M&E Utilization is rated Substantial.** The information obtained from M&E was reported regularly to the management in ISRs, Aide Memoires, and emails. It was also used to discuss the progress of the project with the PMT, EEHC, EETC, MOP, MoPMAR, MOSS, and other stakeholders. When M&E information showed that the project was falling behind schedule, the ratings for the project were lowered and discussions about what could be done to accelerate the project were undertaken between the World Bank Staff and management, on the one hand, and MoERE, EEHC, MoPMAR, MOSS, MOP, and other governmental units on the other.

Justification of Overall Rating of Quality of M&E

81. **The overall quality of M&E is rated Substantial** based on Substantial ratings for M&E design, implementation, and utilization. The M&E system was simple and robust and was adequate to assess progress toward achieving the PDOs. The PDOs, M&E data, and results were regularly discussed and disseminated to the main project stakeholders. Intermediate indicators were added to further reflect progress of the project

B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE

82. **Environmental and social safeguards.** Overall there were no safeguard compliance issues. In accordance with the World Bank Safeguard Policy OP 4.01 on Environmental Assessment, the project was classified as Environmental Category C, indicating that the project would not have any adverse environmental impacts. The project did not present any significant social issues and did not trigger any World Bank Social Safeguard Policies. The project did provide technical assistance aimed at strengthening SSNs in Egypt and at developing a communications strategy for consultation, participation, and dissemination of information on the energy sector and subsidy reforms. In the ISRs, the environmental and social risk for the project was first rated in June 2015, as Moderate. It was changed to a Low risk rating in June 2017 and remained the same.

83. **Financial Management/Fiduciary.** There was no significant fiduciary issues. As reported in the last Aide Memoire, "For accounting, recording and reporting purposes, the project management utilized a manual accounting system in collaboration with Excel spreadsheets for reporting. The system is capable of generating the quarterly Interim Financial Reports and annual Financial Statements required under the Grant Agreement. As per the project Grant Agreement, the project management contracted with an Independent External Auditor who is responsible for reviewing the project Interim Financial Reports and auditing annual financial statements. All previous reports were received, reviewed, and found acceptable. The project management maintains acceptable records and adheres to the arrangements stated in the



project's Grant Agreement hence, the project's FM arrangements are found to be Satisfactory." In the ISRs, the fiduciary risk was first rated in June 2015, as Moderate. It remained Moderate through the remainder of the project.

84. **Procurement.** The PMT was inexperienced in the World Bank Procurement Procedures. Although training of the PMT was done at the start of the project, the PMT had no hands-on experience with the World Bank Procurement when the project began. Given this lack of experience, the different procurement rules and procedures used by the different ministries involved in the project, and the large number of consulting contracts that needed to be arranged, procurement proceeded slower than expected, although it accelerated as experience was gained and as some more experienced staff was brought in (as they became available). Given their lack of experience, the PMT staff did an acceptable job. Although some minor mistakes were made, there were no serious issues.

C. BANK PERFORMANCE

Quality at Entry

85. **The quality of the project at entry is rated Satisfactory.** The project was designed to provide a plan to help resolve a series of major problems in the energy sector of Egypt. These were high energy subsidies which absorbed 7 percent of GDP and were not targeted to the poor or vulnerable, prices for energy which were not cost reflective, and a Government-owned integrated power company which was a quasi-monopoly and inefficient and needed to be restructured. Also, the subsidy reform plan was to be designed so that it would not negatively affect the poor and vulnerable, who needed to be identified. The project was consistent with the CPF, which mentioned these issues. The design was simple and robust. Long-term beneficiaries would include the entire population of Egypt since with an energy subsidy reform plan, funds could be shifted from energy subsidies to more targeted benefits or social goods such as education and health. Also, the economic cost of electricity production could be reduced with a more efficient electricity sector. No environmental safeguards were waived. The M&E design was also simple and robust.

86. Risks were identified and discussed in some detail. The project was rated High risk in the PAD (p 17–18) because of the need for "close coordination between the participating ministries including sustained ownership and commitment of the Government to support policies and reform programs." A potential reputational risk was also identified "in the event that the envisaged recommendations relating specially to fuel subsidy reform are not implemented effectively and efficiently."

87. For the SSN component, the World Bank utilized its long-term engagement with policy dialogue on safety nets in Egypt and its experience with multiple smaller Government projects, which were not well aligned and poorly targeted. The World Bank used knowledge from these experiences, especially its insights on the shortcomings of on-going programs to help the Government in the design, targeting, and implementation of the national TKP.

Quality of Supervision

88. **The quality of supervision is rated Satisfactory.** The project was regularly supervised by two TTLs. One of these TTLs covered the energy components of the project, Component 1 and 2, whereas the



second covered the SSN component, Component 3. ISRs were produced regularly, and when issues emerged, they were resolved efficiently. One of the TTLs was based in Egypt, which made supervision easier.

89. A project restructuring was undertaken in October 2016 because the Government had passed an Electricity Law in July 2015, which would establish the EETC as an independent TSO and a MO. This enhanced role for the EETC necessitated the company having substantial technical assistance and the Government prioritized the EETC's technical assistance over the fuel for power generation study. The World Bank team responded to this change in priorities and arranged for the restructuring and replacement of the fuel for power generation study, which overlapped somewhat with Component 2, with technical assistance for the EETC.

90. For the SSN component, the World Bank provided more assistance than was initially planned including (a) the development of the UNR that links 39 databases, including the TKP and the FSC database (with information on 80 percent of Egyptian citizens, including the poor and non-poor); (b) development of the World Bank's SSNP (P145699) for Egypt in 2015 for US\$400 million; and (c) capacity development of the PMU at MOSS, which is implementing the TKP.

Justification of Overall Rating of Bank Performance

91. **The World Bank's performance is rated as Satisfactory.** The project was well designed, supervision was efficient and effective, and the project met all its indicators.

D. RISK TO DEVELOPMENT OUTCOME

92. There is no risk to the development outputs of the policy, the reports, manuals, training sessions and database. The outcomes, however, depend ultimately on the Government. If it continues to follow the plan to reduce energy subsidies in part replacing them by the TKP, as well as restructuring the energy sector to encourage private investment, and improving efficiency and governance in the state-owned companies then the outcomes will be safe. If, however, the reform process stalls or, even worse, goes into reverse, the outcomes are in danger. So far, the Government is continuing the reform program and all indications are that it will continue with the reform program.

V. LESSONS AND RECOMMENDATIONS

93. **Management of the project was complex and somewhat daunting but might have been simplified.** Five ministries, several state-owned companies, six consulting firms, 41 individual consultant were involved Coordinating and ensuring the cooperation of each of these groups or persons was a major task. The World Bank's convening power was helpful. However, it was not possible to avoid a lot of complexity since the various ministries and state-owned companies needed to be kept aware of what was going on and what they needed to do. However, it might have been possible to hire an Egyptian consulting firm to handle the 41 individual consultants. The PMT could have selected them and then turned them over to the consulting firm to arrange the terms of service and the consulting contracts, or they could be people that the consulting firm selected. Either of these alternatives might have been easier than for the PMT to handle all these consultants itself.



94. **Flexibility to accommodate a dynamic environment is essential.** The PAD identified the implementing agencies for Component 3—MSAD for Subcomponent 3.1, an unknown entity for Subcomponent 3.2, and the Prime Minister's Office for Subcomponent 3.3. However, all the responsible agencies changed several times until ACA became the implementing agency for Subcomponent 3.1 and MOSS for Subcomponents 3.2 and 3.3. The World Bank worked flexibly and proactively engaged with the required agencies in a dynamic environment without requiring project restructuring to take place. This stopped further delays and built effective partnerships with the relevant ministries, which enabled the component to achieve far more than initially planned.

95. **The coordination required by the project helped break silos in the Government and in the World Bank and facilitated subsidy reform.** To reform subsidies in the energy sector to free up funds that could be used to provide more targeted social protection CTs, teams from the World Bank's energy and social protection sectors collaborated on the project, as did energy and social protection agencies in the Government and the ACA. Breaking of silos and cross-collaboration enabled the success of the project. Partnerships with an approach such as this are being explored and copied by other World Bank-led projects in the region (Tunisia, Jordan, Algeria).

96. **A high degree of coordination was also required in the various aspects of the project.** It was necessary to (a) reduce energy subsidies, (b) build beneficiary databases, (c) establish a CTP targeted at the poor and vulnerable, and (d) develop a communication strategy for this reform. All these activities had to be carried on in concert so that as energy subsidies were reduced, the CTs would be increased with a communication program to explain what was going on.

**ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS****A. RESULTS INDICATORS****A.1 PDO Indicators**

Objective/Outcome: Design a comprehensive fuel subsidy reform strategy

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Reform options to improve the financial viability and governance of EEHC are prepared.	Yes/No	N 25-Nov-2013	N 25-Nov-2013	Y 31-Jul-2018	Y 31-Jul-2018

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
A communication strategy for fuel subsidy reform including public consultation is prepared.	Yes/No	N 25-Nov-2013	N 25-Nov-2013	Y 31-Jul-2018	Y 31-Jul-2018

Comments (achievements against targets):



Objective/Outcome: Establish concrete measures for improved financial viability of key energy sector actors

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Reform options to improve the financial viability and governance of EEHC are prepared.	Yes/No	N 25-Nov-2013	N 25-Nov-2013	Y 31-Jul-2018	Y 31-Jul-2018

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
An action plan is prepared for the 1) establishment of an Energy Efficiency Unit at the Ministry of Electricity and 2) for at least two of the energy efficiency projects in NEEAP.	Yes/No	N 25-Nov-2013	N 25-Nov-2013	Y 31-Jul-2018	Y 31-Jul-2018

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
A comprehensive energy pricing and fuel switching strategy for Egypt including	Yes/No	N 25-Nov-2013	N 25-Nov-2013	Y 31-Jul-2018	Y 31-Jul-2018



detailed action plans for compensatory measures to mitigate the impact of subsidy removal is developed.					
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Comments (achievements against targets):

Objective/Outcome: Identify households that would be most vulnerable to the impacts of the fuel subsidy reform

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Direct project beneficiaries	Number	0.00 25-Nov-2013	500.00 25-Nov-2013	500.00 31-Jul-2018	800.00 31-Jul-2018
Female beneficiaries	Number	0.00 25-Nov-2013	0.00 25-Nov-2013	35.00 31-Jul-2018	40.00 31-Jul-2018

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
A database of the poor and vulnerable is developed with 10 million households registered in the new poverty database.	Yes/No	N 25-Nov-2013	N 25-Nov-2013	Y 31-Jul-2018	Y 31-Jul-2018



Comments (achievements against targets):

A.2 Intermediate Results Indicators

Component: Power Sector Institutional Development and Financial Viability

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
EEHC Capacity building program in financial and governance is developed and number of training workshops/events for EEHC.	Yes/No	N 25-Nov-2013	N 25-Nov-2013	Y 31-Jul-2018	Y 31-Jul-2018

Comments (achievements against targets):

Component: Energy Pricing and Fuel Switching Reform Strategy

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Capacity building of TSO	Yes/No	N 25-Nov-2013	N 25-Nov-2013	Y 31-Jul-2018	N 05-Dec-2017

Comments (achievements against targets):

**Component: Strengthening Social Safety Nets (SSN) Technical Assistance**

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Inter-ministerial coordination is established and maintained to facilitate and implement energy subsidy and communication strategies and social safety nets program.	Yes/No	N 25-Nov-2013	N 25-Nov-2013	Y 31-Jul-2018	Y 31-Jul-2018

Comments (achievements against targets): The government has established an inter-ministerial committee for Social Justice, housed at the Ministry of Finance, which is leading the design and coordination of the social protection and social safety net program. The committee is led by the Prime Minister and consists of Minister of Social Solidarity (member and secretary) as well as ministers of Planning, Supply, Finance, Local Development, ICT, and Labor Force.

**B. KEY OUTPUTS BY COMPONENT**

Objective/Outcome 1 “Design a comprehensive fuel subsidy reform strategy”	
Outcome Indicator	<ol style="list-style-type: none">1. A comprehensive energy pricing and fuel switching strategy for Egypt including detailed actions plans for compensatory measures to mitigate the impact of subsidy removal is developed.2. A communication strategy for fuel subsidy reform including public consultation is prepared
Intermediate Results Indicators	<ol style="list-style-type: none">1. Inter-ministerial coordination is established and maintained to facilitate and implement energy subsidy and communication strategies and social safety nets programs
Key Outputs by Component (linked to the achievement of the Objective/Outcome 1)	<ol style="list-style-type: none">1. Strategy for energy pricing and fuel switching with compensatory measures is developed2. Communication Strategy is developed and implemented3. Inter-ministerial Coordinating Committee established and maintained
Objective/Outcome 2 “establish concrete measures for improved financial viability of key energy sector actors”	
Outcome Indicators	<ol style="list-style-type: none">1. Reform options to improve the financial viability and governance of EEHC are prepared.2. At least 500 Government staff benefit from training (beneficiaries)3. At least 35 percent should be female4. An action plan is prepared for the establishment of an EEU at MoERE and for at least two Energy Efficiency Projects in NEAAP
Intermediate Results Indicators	<ol style="list-style-type: none">1. EEHC capacity building program in financial and governance is developed and a number of training workshops/events for EEHC held2. Capacity building for TSO (in EETC)
Key Outputs by Component (linked to the achievement of the Objective/Outcome 2)	<ol style="list-style-type: none">1. Governance and Management Papers for EEHC2. Organizational, billing and other TSO and MO systems for EETC3. At least 1,497 beneficiaries of training of whom 700–800 separate individuals, 40 percent female.4. EEU is established.4. EEU has at least two projects in NEAAP and is a major author of NEAAP2.



Objective/Outcome 3 'identify households that would be most vulnerable to the impacts of the fuel subsidy reform'

Outcome Indicators	1. A database of the poor and vulnerable is developed with 10 million households registered in the new database.
Intermediate Results Indicators	1. Inter-ministerial coordination is established and maintained to facilitate and implement energy subsidy and communication strategies and social safety nets programs.
Key Outputs by Component (linked to the achievement of the Objective/Outcome 3)	1. Developed new database for the poor and vulnerable 2. T&K database is 5.468 million households in April 2018, Daman database had 2.6 million, and UNR had an additional 13 million or so households.



ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION

A. TASK TEAM MEMBERS

Name	Role
Preparation	
Supervision/ICR	
Mohab Awad Mokhtar Hallouda, Khalid Ahmed Ali Moheydeen	Task Team Leader(s)
Basheer Ahmad Fahem Sadeq Jaber, Ashraf Ahmed Hasan Al-Wazzan	Procurement Specialist(s)
Gustavo C. Demarco	Team Member
Enas Shaaban Mahmoud	Team Member
Ashish Khanna	Team Member
Ehab Mohamed Mohamed Shaalan	Environmental Safeguards Specialist
Wael Ahmed Elshabrawy	Team Member
Amal Nabil Faltas Bastorous	Social Safeguards Specialist
Hebatallah Mohamed Mady Abdelz Aboelleil	Team Member
Joern Torsten Huenteler	Team Member
Marwa Mostafa Mohamed Mohamed Khalil	Team Member
Elisabeth Maier	Team Member
James S. Moose, Matuna Mostafa	ICR Principal Author(s)

B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US\$ (including travel and consultant costs)
Preparation		
FY13	18.450	108,998.50
FY14	8.623	49,348.46
FY15	0	31,926.06



Total	27.07	190,273.02
Supervision/ICR		
FY14	15.487	77,135.77
FY15	27.784	134,171.16
FY16	21.329	66,509.13
FY17	18.686	70,108.03
FY18	9.647	37,811.48
FY19	8.450	46,469.86
Total	101.38	432,205.43



ANNEX 3. PROJECT COST BY COMPONENT

Components	Amount at Approval (US\$, millions)	Actual at Project Closing (US\$, millions)	Percentage of Approval
Power Sector Institutional Development and Financial Viability	2.70	3.425	127. percent
Energy Pricing and Fuel Switching Reform	1.80	1.282	71 percent
Strengthening Social Safety Nets Technical Assistance	2.00	1.776	89 percent
Total	6.50	6.483	99.7 percent

**ANNEX 4. EFFICIENCY ANALYSIS**

1. No efficiency analysis was prepared in the PAD or the ICR since this is a technical assistance project and the benefits are hard to quantify. Nevertheless, there are major benefits. According to the PAD, the project will

- “Contribute to greater fiscal stability while also supporting the Government’s commitment to address the country’s most pressing economic and social needs.”
- Improve “the electricity sector transparency and public management and the financial sustainability of EEHC.”
- Reduce “the fiscal burden of subsidies”,
- Strengthen the SSN which “will provide a mechanism for mitigation against adverse impacts of fuel subsidy reform programs developed and implemented by the Government.”

2. These benefits are likely to far outweigh the costs, assuming the Government continues with its reform program.

3. Increases in costs may reduce efficiency. Table 3 in this report show that the overall cost of the project did not change significantly from the PAD to the Restructuring Paper to the actual final costs. The cost of the individual components changed significantly from the PAD to the Restructuring Paper. However, they changed very little from the Restructuring Paper to the final results. It is not clear what the impact on efficiency is since there is no measure of benefits. The delays in project closing probably reduced efficiency since salaries in the PMT continued longer. The long service of the main consultant and staff in the PMT contributed to efficiency by reducing learning time and costs. Also, the presence of the TTL in Cairo made communications easier and more efficient.

4. Arguably, the project made Government subsidies more efficient by gradually replacing energy subsidies with CTs to the poor and vulnerable.

**ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS**

1. **Energy Analysis Unit needed.** The borrower mentioned to the World Bank team which was preparing the ICR, that an energy unit to gather and maintain data and make forecasts would be useful. They were concerned that all the work that was done gathering data for the Ordena Model and using it to make forecasts would be lost in the longer term. Every time good energy forecasts were needed, this work would mostly have to be done over again. They suggested that such a unit could be placed in the MoERE and would in some sense be similar to the Energy Information Administration attached to the US Department of Energy, but the Egyptian unit would be much smaller.
2. **Management of multidisciplinary, complex projects.** Five ministries or authorities, numerous working groups, and a large number of consultants benefitted from this project. The PMT thought that the project could have moved more rapidly if there was (a) a fully dedicated core team in the PMT (some of the team members including the leader had other responsibilities), (b) a clear communication strategy signed by representatives of all of the beneficiaries so that everyone knew what was going on, (c) more frequent meetings between the PMT and the working groups, (d) more involvement of the Steering Committees, (e) more involvement by the World Bank Staff, and (f) more training for the PMT by the World Bank staff.
3. **Designated Account.** The PMT would like a simpler procedure for withdrawing funds from the Designated Account, including more control over it.
4. **Individual consultants.** The PMT had different contracts for many of these consultants with the length, payment method, payment currency, and other varying terms. Based on this experience, they recommend a hiring plan for consultants and a standard contract.

**ANNEX 6. SUPPORTING DOCUMENTS**

- World Bank, November 2013, Project Appraisal Document (PAD) on a Proposed Grant in the Amount of US\$6.5 Million from the MENA Transition Fund to the Arab Republic of Egypt for an Energy/Social Safety Nets Sector Reforms Technical Assistance Project
- Middle East and North Africa Transition Fund (MENA) November 2013 Grant Agreement for an Energy/Social Safety Nets Sector Reforms Technical Assistance Project between the Arab Republic of Egypt and the International Bank for Reconstruction and Development and International Development Association acting as Implementation Support Agency of the Transition Fund
- World Bank, October 2016, Restructuring Paper on a Proposed Project Restructuring of Energy/Social Safety Nets Sector Reforms Technical Assistance Project
- PMT, July 2018, Power Point Presentation on Summary of Project Progress
- PMT, October 2018, Expenditures table broken down by component and type of expenditure
- PMT, October 2018, Procurement Spread Sheet with all consulting contracts
- PMT, July 2018, Draft Project Final Report
- Mostafa Shawki Inc. Audit Report, Cumulative since inception
- World Bank, ISRs from 2014 to 2018