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INTERNATIONAL FINANCE CORPORATION**

**INTERIM STRATEGY NOTE  
FOR THE  
ARAB REPUBLIC OF EGYPT  
May 31, 2012**

**Egypt Country Management Unit  
Middle East and North Africa Region  
World Bank**

**Strategy Unit  
Middle East and North Africa Region  
The International Finance Corporation**

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## The date of the CAS Progress Report for the Arab Republic of Egypt was July 17, 2008

### CURRENCY AND EQUIVALENTS

Unit of Currency = Egyptian Pound (LE)  
(Exchange Rate as of May 31, 2012: US\$1= 6.04 LE)  
Fiscal Year: July 1 – June 30

### ABBREVIATIONS AND ACRONYMS

AAA	Analytical and Advisory Activity	ICA	Investment Climate Assessment
AfDB	African Development Bank	IDA	International Development Association
AUC	American University In Cairo	IFC	International Finance Corporation
CAS	Country Assistance Strategy	IFIs	International Financial Institutions
CAPMAS	Central Authority for Public Mobilization and Statistics	IMF	International Monetary Fund
CBE	Central Bank of Egypt	ISN	Interim Strategy Note
CPS	Country Partnership Strategy	MENA	Middle East and North Africa
CSOs	Civil Society Organizations	MIGA	Multilateral Investment Guarantee Agency
CTF	Clean Technology Fund	MSME	Micro, Small, and Medium Enterprises
DPL	Development Policy Loan	NGO	Non-Government Organization
e4e	Education for Employment	OECD	Organization for Economic Cooperation and Development
ECE	Early Childhood Education	NGO	Non-Government Organization
EIB	European Investment Bank	OECD	Organization for Economic Co-operation and Development
EU	European Union	SCAF	Supreme Council of the Armed Forces
FDI	Foreign Direct Investment	SMEs	Small and Medium Enterprises
FJP	Freedom and Justice Party	PMU	Project Management Unit
FY	Fiscal Year	TA	Technical Assistance
GAFI	General Authority for Investment and Free Zones	UNDP	United Nations Development Program
GDP	Gross Domestic Product	USAID	US Agency for International Development
IBRD	International Bank for Reconstructions and Development		

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**ARAB REPUBLIC OF EGYPT  
INTERIM STRATEGY NOTE  
July 1, 2012- December 31, 2013**

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## I. Introduction

1. ***In January 2011, Egypt erupted in large-scale anti-Government demonstrations, resulting in the resignation of President Mubarak and the collapse of the regime that had been in power for 30 years.***

Although economic growth had been strong in the previous six years and the Government had begun a process of economic liberalization and privatization, citizens were frustrated by a lack of Government transparency and disrespect for personal rights and dignity, and perceptions of corruption were widespread. The Supreme Council of Armed Forces (SCAF) assumed executive and legislative powers until elections are concluded for parliament and a president, and a new constitution is in place. Although conditions leading to the Revolution were specific to Egypt, the Revolution has been similar to and concurrent with widespread civil unrest and fundamental political changes in other countries in the Region, collectively referred to as the Arab Spring.

2. ***Given the political and economic uncertainties facing Egypt in the near term, the Bank Group presents this Interim Strategy Note (ISN) as an indicative program of support over an 18-month period, from June 2012 through December 2013.*** A new Government is expected to be in place toward the beginning of the 18-month period covered by the ISN, but the drafting and approval of the constitution may take some time, and the economic situation is fragile<sup>1</sup>. In the face of these uncertainties, the short-term program presented in this ISN will remain flexible and responsive to requests from the new Government. After the interim period, the Bank Group plans to develop a full Country Partnership Strategy (CPS) spanning three to four years.<sup>2</sup>

3. ***This ISN, jointly prepared with the International Finance Corporation (IFC), with inputs from the Multilateral Investment Guarantee Agency (MIGA), differs from the past Bank engagement in Egypt.***

The Bank has been active in Egypt since the late 1950s and will need to build trust with the new Government, which the Bank expects to do, based on its reputation for credible economic analysis and broad international experience. In addition, the Revolution has highlighted the need for safeguarding dignity, enhancing transparency, and increasing inclusion. Therefore, all future Bank activities will be based on broader consultations than in the past, wider dissemination of analysis and information, use of social media (twitter, blogs, etc.), new partnerships, greater focus on capacity building, and introduction of mechanisms for stakeholders' participation in all phases of Bank operations, with particular attention to participation of women. The Bank has already begun these initiatives, including consultations on a wide range of topics with both men and women from civil society, newly elected members of Parliament, members of the main parties, academicians, bankers, private sector, trade unions, and donors<sup>3</sup>. Similarly, IFC and MIGA will strive to increase confidence of both domestic and international investors, and to improve the perceptions of the private sector through greater public-private dialogue and stakeholder consultations. The ISN reflects concerns and suggestions expressed during broad in-country consultations<sup>4</sup> in February 2012.

4. ***The three pillars of this ISN are economic management, jobs, and inclusion.*** The focus will be on actions that can be carried out within the 18-month period of the ISN and that are expected to lead to sustainable longer-term benefits. The objectives of measures to be carried out under the three proposed pillars are: (i) improving economic management through control of the fiscal deficit and initiating reforms to enhance transparency in Government operations; (ii) job creation, through direct emergency lending and initiating steps to improve the environment for private sector led growth and job creation; and (iii) fostering

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<sup>1</sup> The Government remains confident that the fragility of the economic situation is temporary.

<sup>2</sup> The last Country Assistance Strategy (CAS) was discussed by the Board in May 2005. In July 2008, the Board discussed a CAS Progress Report, recommending that the CAS period be extended to end-FY11. The country team had started preparing a new CPS, but that work was suspended following the January 2011 Revolution.

<sup>3</sup> The Government was informed about the consultation process, but the Ministry of International Cooperation did not directly participate in meetings with other stakeholders.

<sup>4</sup> Annex 2 describes the consultations process and provides the stakeholders' feedback.

inclusion, which involves ensuring broader access by disadvantaged segments of the population – women, youth, the poor, and lagging geographical regions – to infrastructure (water and sanitation, energy, and reliable transport), finance, and social services (health, education, and social protection), and enhancing citizen and community participation in the design, implementation, and monitoring of Government operations.

## II. Country Context and Key Challenges

### A. Political Context

5. ***Egypt has undergone a dramatic political upheaval.*** Long simmering grievances over the lack of economic opportunities and political inclusion erupted into a revolution that led to the resignation of President Hosni Mubarak on February 11, 2011. Following Mubarak's departure, the Supreme Council of the Armed Forces (SCAF) assumed administrative control of the country, and an extended period of transition began. A series of parliamentary elections concluded in February 2012, with the Muslim Brotherhood's Freedom and Justice Party winning a plurality in both houses of the Parliament. The transition is expected to culminate in the handover of executive powers to a new president by end-June 2012 following the May presidential election.

6. ***The new constitution is expected to define the respective roles and powers of the Parliament, the Executive, and the Military.*** The two houses agreed in March 2012 to appoint a 100-member constituent assembly to draft a new constitution that will define the balance of power between the Executive and the Parliament, and also outline the future political role of the Military. However, a court decision has suspended the formation of the assembly, following complaints about the disproportionate representation of Islamists in the body, and, as of early May 2012, negotiations were underway to constitute a new assembly. The scope of freedom and rights in the new constitution, particularly those of women, and the relationships among the different tiers of the Government remain unknown.

### B. Economic Context

7. ***From the mid-2000s to 2011, the Egyptian economy has been growing at a strong pace.*** In 2004, the Government of Egypt embarked on a structural reform program of liberalization and privatization, which, combined with high oil prices, booming Gulf economies, and strong global economic growth, led to real GDP growth of over 7 percent per year between FY06 and FY08. The subsequent global financial, food, and fuel crises dampened economic growth in Egypt to an average 5 percent in FY09-FY10, still a strong performance by international standards.

8. ***Since 2011, the macroeconomic picture has deteriorated due to unresolved political tensions and policy inflexibility.*** The economy contracted sharply (4.2 percent year over year) in the January-March 2011 quarter, and averaged only 1.8 percent growth for FY11. Since then, it has grown at yearly rates of 0.3 percent. The balance of payments has deteriorated sharply, driven by capital outflows and a drop in tourism, while the exchange rate remained at one US dollar to six Egyptian pounds. Consequently, international reserves fell to \$15.1 billion, equivalent to about 2.6 months of imports of goods and services, by end March 2012. The fiscal deficit widened to 9.8 percent of the Gross Domestic Product (GDP) in FY11 and it could remain high in FY12. This was a result of slow growth, but also of emergency spending, including a 15 percent increase in public sector wages and pensions, rising food and energy subsidies, and payments to compensate damaged businesses and newly unemployed workers. Most of the domestic financing has been done through short-term (Treasury bills) borrowing at high real interest rates (close to 5 percent in FY12), increasing the public debt to GDP ratio (expected to reach 79 percent of GDP by end FY12). To keep interest rates from rising further, the central bank has expanded domestic credit, and reduced reserve requirements of commercial banks in an attempt to provide further liquidity to the banking sector.

9. ***Foreign Direct Investment (FDI) has been an important factor in Egypt's growth, but has fallen significantly.*** During the reform years and accompanied by a robust global economy, FDI rose from 5.1 percent of GDP (FY05-06) to 8.3 percent (FY07-08), when it averaged some \$12 billion, but following the global slowdown, FDI dropped 8 billion in FY09 (4.3 percent of GDP). In FY11, it fell to 0.9 percent of GDP (USD 2.2 billion), while in FY12 there has been a net outflow of USD 0.4 billion.

10. ***The economic outlook is uncertain and depends on the Government's ability to control the fiscal deficit, manage the exchange rate, and buffer shocks arising from the domestic political situation and from the global economy.*** In FY12, current projections suggest that the economy will grow about 2.5 percent, and the fiscal deficit will be around 9.3% of GDP. Nevertheless, significant downward risks remain, especially if macroeconomic imbalances and political and policy uncertainty remain unaddressed. Low growth rates pose a danger to mounting social frustrations, as they will not be enough to deliver the needed jobs and opportunities. Unemployment is expected to remain around the 12 percent mark, with a significant potential upward risk.

### **C. Governance**

11. ***Years of widespread resentment at the lack of transparency and perceived corruption in virtually all public spheres of activities defined, on an increasing scale, the past 30 years of the regime.*** A lack of political and civic participation and representation, perceived arbitrariness in the implementation of the rule of law, nontransparent policy making, weak Government accountability and the political and economic influence of privileged groups – all have built long-standing grievances. The economic consequences of this system included limited economic opportunities and outcomes for those that are not politically connected, an under-developed private sector, and ultimately limited job creation.

12. ***Egypt is ranked behind states at similar levels of economic development on most global governance indices.*** Among the most significant governance challenges are limited Government transparency and public access-to-information, which are prerequisites for an informed and open society, a more accountable Government, and a more vibrant economy. For many years, control of information in Egypt has been characterized by secrecy and discretion. Several Government agencies do not publish reports and information regularly or comprehensively. Overall budget transparency levels is low. Since 2007, the Government has provided increased information on the budget, but much remains to be done to enhance transparency and accountability for public expenditures and the comprehensiveness of the budget. For example, Egypt's supreme audit institution, the Central Audit Organization (CAO), does not release audit reports to the public. The budgets and audited accounts of state authorities, public entities, and special funds are for the most part not published.

13. ***While Egypt signed the U.N. Convention against Corruption in 2003, international watchdogs such as Global Integrity point to a 'very large' implementation gap in Egypt.*** There is a disconnect between the country's legal anti-corruption framework, and actual enforcement. The absence of an efficient internal control and transparent external audit system negatively impacts Government efficiency and poses significant fiduciary risks. Regulations for public procurement are outdated and not in line with international good practice. Administrative procedures are overly complex and provide for significant discretion that negatively affects performance and fosters arbitrary decision making.

14. ***Investment climate assessments cite corruption and regulatory uncertainty as two of the top business constraints, and uncertainties have increased since the Revolution.*** Common practices include informal payments for regulatory approvals, business inspections, access to services, and the award of public contracts to private companies. In addition, Doing Business (2012) ranked Egypt poorly (bottom quartile of 183 countries) with respect to constraints on dealing with construction permits, enforcing contracts, and resolving insolvencies, which result in long delays and high costs for firms. The Bank's

Rapid Assessment Enterprises Survey<sup>5</sup> carried out in June 2011 and consultations with bankers and private investors point to increased risk perceptions since the Revolution. Citizens and businesses have experienced more property crimes, and both domestic and international investor confidence is very low due to the deteriorating macroeconomic conditions (as witnessed by high credit default swap spreads and a precipitous fall in FDI), uncertainties about policies during the transition period, and reversals of pre-revolutionary land transactions, licenses, and privatizations. These are compounded by uncertainty about how regulations and laws will be applied and by increased labor activism and strikes.

15. **Participation of civil society organizations and individual citizens in the design, the implementation and the monitoring of Government programs remain important challenges.** Despite a large number of non-Governmental organizations (NGOs) in Egypt, freedom of association remains severely hampered by a restrictive regulatory framework and discretionary administrative decision-making. The Ministry of Social Solidarity plays an important role in the oversight of NGOs, with control over NGO activities and sources of funding and authority to intervene in their internal affairs and governance, including the power to dissolve any NGO by decree.

#### D. Poverty and Human Development

16. **Poverty has remained a serious problem in Egypt.** The number of Egyptians living under the poverty line<sup>6</sup> may have increased over the decade, and the number of vulnerable (or near poor) may have also increased, although their share of the total population declined<sup>7</sup>. To initiate a wider public debate on policies to address poverty, researchers and the public need access to available demographic and economic data.

17. **Wide disparities persist between Upper Egypt (the south) and Lower Egypt (the north) and between rural and urban populations.** The highest poverty is concentrated in Upper Egypt,<sup>8</sup> where 43.7 percent of the rural population was living in poverty in 2009 and where 95 percent of Egypt's poorest villages are located. Similarly, although only a little over half of the population live in rural areas, more than 78 percent of the poor and 80 percent of the extreme poor live there. These income disparities are reinforced by the gaps in social indicators, where virtually all health indicators and literacy rates are worse in Upper Egypt than in Lower Egypt and worse in rural areas than in urban areas (Table 1). Illiteracy rates among young women in Upper Egypt are 24 percent, twice the rates of their male counterparts.

**Table 1: Gaps in Selected Social Indicators by Residence**

	<i>Lower Egypt</i>	<i>Upper Egypt</i>	<i>Urban areas</i>	<i>Rural areas</i>
Infant mortality (no. of deaths per 1,000 live births)	21	36	25	31
Under 5 mortality (no. of deaths per 1,000 births)	25	43	29	36
Regular antenatal care (%)	68	56		
Access to sanitation (% of population)			90	60
Adult literacy rate (% of population)			80	60

18. **Egypt is going through a demographic phase marked by a significant “youth bulge” with a high proportion of youth in the population that is projected to increase in the next decade.** With past high rates of population growth, the current age structure is heavily weighted towards the young: one-third of the population is under the age of 14, and another third is between the ages of 15 and 29. While this age structure can be advantageous to a country, the pressure to provide employment for a burgeoning labor market is enormous.

<sup>5</sup> The Rapid Assessment Enterprises Survey surveyed 360 businesses in six major cities to assess the impact of the Revolution on private enterprises.

<sup>6</sup> Income poverty line defined as \$2 a day

<sup>7</sup> Data on poverty may not be strictly comparable from one period to the next because of differences in sampling.

<sup>8</sup> Based on a September 2011 report issued by the Central Authority for Public Mobilization and Statistics (CAPMAS).

19. ***Unemployment continues to be an overriding concern, especially for youth, women, and the more highly educated.*** In June 2011, official unemployment was 11.8 percent (9 percent in June 2010), the highest rate in ten years. In addition to declining employment opportunities, Egypt is contending with the return of migrants from neighboring countries, particularly Libya.<sup>9</sup> Most critically, however, youth unemployment is more than double the average, at 23.2 percent in 2011; more than three-quarters of the unemployed are between 15 and 29 years of age. Female unemployment rates are close to three times that of males: 23 percent for women versus 8.7 percent for men; female youth unemployment rates are more than double the average male rate. Finally, unemployment increases with the level of education: in 2011, more than 80 percent of the unemployed attained intermediate education level or above, and the rate of unemployment among illiterates was 5.5 percent, while for university graduates it was 29 percent.<sup>10</sup> In addition to open unemployment there is a big problem of underemployment and the quality of jobs.

20. ***Egypt's social protection system accounts for a substantial share of public spending, but is highly fragmented, poorly targeted, and ineffective in reducing poverty.*** Egypt manages a complex social protection system, including employment services, social insurance (health, pension, and unemployment) and social assistance (food and fuel subsidies and cash transfers). The system faces significant challenges, in particular high youth unemployment, a large informal sector, and costly untargeted subsidies, which are a large burden on the budget. Energy subsidies (estimated at 6 – 8 percent of GDP) result in low cost recovery and a distorted high demand for energy, and benefit the rich more than the poor<sup>11</sup>. Egypt also uses a system of ration cards to provide food subsidies, and, in response to the adverse impact of the global crisis on the cost of imported food, Egypt increased the amounts of rice, sugar, and edible oil distributed via ration cards. As a result, the fiscal cost of food subsidies rose sharply from 1.3 to 2 percent of GDP between 2007 and 2009. The Social Solidarity Pension, Egypt's largest and main cash transfer program, reaches less than 10 percent of the poorest quintile, and less than a quarter of the program's resources accrue to the poorest quintile, making it one of the least efficient cash transfer programs in the world.

21. ***The education system is not providing students with skills useful for a market economy and is overly centralized, with little participation of local citizens.*** The adult literacy rate of 67 percent does not reflect the historically high primary school enrollment and completion rates, calling into question the efficacy of primary education. Upper secondary education and higher education are heavily oriented towards academic university degrees, instead of towards the skills demanded in the labor market, as suggested by firms in enterprise surveys identifying worker skills and education among their top five constraints. According to the Ministry of Education, the share of public expenditures on education is about 12.5 percent, close to that of the Organization for Economic Cooperation and Development (OECD) countries, which suggests that further improvements will need to come from improved efficiency. In addition, the education system needs to move to a more decentralized model, where local governments take responsibility for expenditures and build a relationship with local citizens for monitoring and evaluating educational performance.

22. ***Although health outcomes have improved, large regional gaps remain, efficiency and quality need improvement, and fiscal sustainability is a challenge.*** In the past decade, Egypt has achieved significant decreases in mortality rates among women, infants, and children and is likely to achieve most of the Millennium Development Goals by 2015. Nevertheless, rural Upper Egypt lags significantly behind the rest of the country in all of measures of health access and outcomes. Out-of-pocket health expenditures

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<sup>9</sup> Estimates of the number of returning migrant workers from Libya are inconsistent across data sources, but the impact on unemployment is estimated to be at least 0.6 percentage points.

<sup>10</sup> The labor market suffers from rigidities across sectors (large well-paid public sector, small, well-paid high-productivity formal private sector, and large low-paid, low-productivity informal sector) and from an education system that does not produce skilled or well-qualified workers (para. 18).

<sup>11</sup> As per 2005 Household Survey, only 11.4 percent of all energy subsidies benefited the poorest quintile (20 percent) of households, while 36 percent benefited the highest income quintile. Subsidies for specific fuels were even more regressive. For example, 91.4 percent of subsidies for gasoline went to the highest income quintile. Kerosene was the only fuel for which the subsidies benefitted poor more than the higher income households.

reached 70 percent in 2009, and significant inefficiencies exist in the allocation and use of resources, particularly in the public health system. Finally, demographic and epidemiologic changes will likely lead to a substantial increase in the share of mortality and morbidity due to non-communicable diseases (such as heart disease, cancer, and diabetes), which are expected to significantly increase the cost of health care and pose a substantial challenge to the financial sustainability of the health system.

23. ***Gains have been made in gender equality, but unemployment is acute among women.*** Life expectancy for women is 75 years (71 for men), female education enrollment rates are close to those of males at most levels, and more women than men are enrolled in secondary education (Table 2). The gender gap in adult literacy rates has decreased over time, but women still lag (in 1996, the literacy gap was 28 percentage points; in 2009, it was 17 percentage points). In spite of rising education levels of women, labor force participation rates of women are only one-third that of men, only some 20 percent of employed people are women, and unemployment disproportionately affects women, particularly younger women (para. 19).

**Table 2: Gender gaps, selected indicators**

	<i>Female</i>	<i>Male</i>
School enrollment, primary (% gross)	97	102
School enrollment, secondary (% net)	39	37.5
School enrollment, tertiary (% gross)	26.3	29.5
Adult literacy rate (%)	58	75
Unemployment (% of labor force), 2011	23	8.7

Source: World Bank Development Indicators, 2011, and Recent Developments in Egyptian Labor Market, 2011

## **E. Energy, Transport, and Water**

24. ***The energy sector is key for private sector development, economic growth, and improving the delivery of social services, but comprehensive measures are needed to reduce costs, enhance efficiency, improve governance, and redesign energy subsidies.*** Egypt is practically a fully electrified country with 99 percent of households connected to the grid, but demand has grown rapidly, at more than 6.5 percent per year over the past decade. To maintain reliable electricity supply in the face of growing demand, significant investments are required to improve energy efficiency and reduce costs, to build new electricity generation, transmission, and distribution infrastructure and to scale up renewable technologies. This will necessitate further financial, institutional and regulatory strengthening of both supply and demand sides of the energy sector. The Government regulates all energy prices and has used energy pricing as part of the social safety net for households and to subsidize industrial and agricultural development. However, cost recovery is low and falling, especially in the liquid fossil fuel subsector, discouraging private investments. In addition, most of the subsidies benefit disproportionately higher income households, while the fiscal burden of these pricing policies is considerable.<sup>12</sup> Improving both the supply and demand side requires comprehensive price and non-price measures, including improving the investment environment and transparency of the energy industry, and redesigning energy subsidies to improve targeting while gradually aligning prices with economic costs.

25. ***A long-term and comprehensive vision for Egypt's transport sector is long overdue, including its contribution to restoring fiscal balance.*** The transport sector is plagued by poor urban transport systems, bottlenecks on major roads and railways corridors, and poor governance. There are sharp differences in the availability of transport services between urban (mostly Cairo and Alexandria) and rural areas. In Cairo, as a result of rapidly increasing population, transportation conditions have deteriorated and the capacity of the Greater Cairo Region's transport systems to manage demand is nearing the breaking point. Traffic congestion and air pollution impact the quality of life, especially of women and children. Irregularity of public transport prevents women from getting home in time to collect children from school and moving to

<sup>12</sup> After more than a decade of no price adjustments, Government began to increase electricity and fuel prices in 2004, and gas prices to energy-intensive industries reached cost-coverage. Increases were suspended in 2009, in response to the global economic crisis, reinstated in 2010, and halted again at the onset of the Revolution. In January 2012 electricity tariffs were increased by 14 to 49 percent for energy-intensive industries, depending on the specific industry.

jobs where they could earn higher wages, thus hindering their economic empowerment. Heavily subsidized gasoline encourages excessive car usage, clogging up road arteries, and contributing further to the Government's fiscal deficit. The annual direct cost to the national economy due to congestion was estimated in 2010 at one percent of GDP. The Government's efforts to make transportation affordable keep fares for public transport services well below their cost, thus creating a large drain on Government finances. In rural areas, poor road conditions and access to transportation severely limit access to employment opportunities and services such as schools and health, and railways, an essential mode of transport for low-income people, have suffered from acute safety issues, including deadly accidents, aging infrastructure and rolling stock, and weak management, resulting in poor quality services and huge deficits.

26. ***Water availability and water quality, particularly in the Delta, are critical issues.*** As a result of population growth, rising incomes, and low water prices, water is becoming increasingly scarce.<sup>13</sup> In addition, because irrigation and drainage systems are connected and agricultural drainage water is often reused, semi/maltreated sewage diffuses into the waterways and reaches the food chain, negatively affecting public health, quality and yields of crop production, industrial food production, tourism, and poverty. Low water tariffs undermine both the public and private sectors' capacity to maintain existing water supply and sanitation facilities and reduce incentives to expand coverage. Low tariffs also reduce consumers' incentive to use water efficiently, but consumers are unwilling to pay higher tariffs because of a history of poor service. The cycle of growing demand, poor service performance, and private sector lack of interest can be broken through a combination of technological innovations, greater user feedback and participation, new tariff policies, and improved coordination among water agencies.

## **F. Key Challenges**

27. ***Egypt is at a major crossroads in its political history, and its ability to navigate many challenges in the short term will have important consequences for its longer-term stability and development.*** In the next 18 months, the Bank Group's interim strategy will focus on supporting the Egyptian authorities to meet these challenges, which include: (i) economic management; (ii) job creation, including through private sector development by restoring both domestic and foreign investor confidence in the short-term; and (iii) broader inclusion in access to quality infrastructure and social services and greater voice and participation in Government programs.

28. ***In the medium-term, more fundamental institutional changes are needed in all of these areas to ensure their sustainability.*** These include in particular reducing energy and infrastructure bottlenecks, reducing gender disparities, improving the governance of state enterprises and private sector companies, developing financial infrastructure to facilitate a well functioning financial sector and increase private sector efficiency, supporting investment climate reforms, and improving the effectiveness and efficiency of the educational, health and social protection systems. Bank Group support for these will be articulated in a full Country Partnership Strategy covering a three to four year period through FY17.

29. ***Improving economic management in the near term is key to helping maintain political stability; this in turn means having credible fiscal and exchange rate policies.*** Reducing the deficit below its recent high of 9.5 percent will prove challenging in the face of considerable pressure to maintain the social safety net, which is costly, inefficient, and untargeted. In particular, energy consumption subsidies need to be gradually reduced by a combination of efficiency and price measures to be implemented over time, in conjunction with strengthening the social safety net and increased outlays for social services. The Bank can add value based on analytic work already carried out in this area. In addition, it will be important to reduce capital outflows, which requires a consistent macro program in which the exchange rate is allowed to reflect the scarcity of foreign currency.

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<sup>13</sup> Available water per capita per annum amounts to some 800m<sup>3</sup>, below the "water poverty" index of 1000 m<sup>3</sup>/capita/annum, and is expected to fall further unless policies are implemented to manage demand.

30. ***Strengthening governance will be crucial to support transition, enhance credibility in state institutions and restore citizen confidence in Government institutions and in the rule of law.*** This will require reforms<sup>14</sup> at four levels:

- To enhance Government transparency, a new regulatory framework for freedom-of-information, ideally combined with a pro-active public disclosure policy by the Government, should be put in place. Such a framework would pave the way for a more informed policy debate and – ultimately – for better policy making. In addition, the Government should pursue reforms to improve the transparency of the annual budget, the disclosure of the financial statements and audited accounts of state authorities, public entities and special funds.
- To strengthen Government accountability, expenditure management and public procurement reforms should be launched, to improve the efficiency and effectiveness of public spending.
- To enhance citizen participation in policy and program design and implementation, the Government should involve civil society and private sector groups in the design and implementation of Government programs, to build consensus about important policy reforms and to focus attention on the issues and concerns raised by the citizens. To this end, the Government has launched some initial steps in selected areas (e.g., budget consultations, participatory review of existing legislation).
- To ensure a level playing field with equal access to public services for all citizens and firms, the Government should introduce reforms in the business environment, for instance by simplifying business entry and licensing procedures.

31. ***Job creation will come primarily from the private sector, which confronts many challenges over and above the short-term challenge of low investor confidence.*** These include the need for reliable sources of energy, an efficient transport system, and a difficult investment climate, including legal and regulatory barriers to businesses especially for micro and small and medium enterprises (MSME). In the short term, an important role for the Bank and IFC will be to disseminate findings from analytic work and good international practice in promoting regulatory reforms, creating a level playing field for access to land and finance, supporting MSME development and access to finance, and enhancing transparency. In particular, IFC will continue to support corporate governance reforms in the private sector (especially SMEs) through its Advisory Services program. In the medium term, regulatory reforms are needed to improve the environment for private sector activity, remove infrastructure bottlenecks, and reduce the mismatch between skills and labor market demand through reforms in the educational system.

32. ***Fostering broader inclusion in access to infrastructure (including transport, energy, water and sanitation), finance, and social services (health, education, social protection) for women, youth, the poor, and those in disadvantaged areas, including greater voice and participation in Government programs, will require explicit strategies and targeted actions.*** The Government needs to develop strategies to reach the disadvantaged segments of the population and of the country and to incorporate citizen consultations and participation in the design and implementation of their initiatives. This will need a move away from the highly centralized structure of governance to greater responsibilities and accountabilities by the governorates and at the local level. The Bank Group can provide support in these areas through its full array of instruments, and by ensuring that mechanisms for inclusion are retrofit into existing projects and built into future projects, including community scorecards and benchmarking. In the medium term, it will be essential to ensure a vibrant civil society with access to information and freedom of expression, and well-established mechanisms for providing feedback on the full range of public and private sector activities.

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<sup>14</sup> These reforms are expected to be undertaken within the framework of a proposed DPL to support economic recovery and governance reforms.

### III. Recent Bank Group Engagement in Egypt

33. *Starting in 2004, and until the Revolution in 2011, the Bank Program was scaled up, peaking in FY10 at \$2.16 billion.*<sup>15</sup> From FY06 through FY11, a total of 23 lending operations for \$5.45 billion were approved, including four development policy loans (DPLs) to the financial sector for a total of \$1.8 billion, and five investment loans for power development for a total of \$1.9 billion (Table 3). Other areas of focus included expansion and improvement of services in transport, water, sanitation and irrigation. Since January 2011, the Bank has approved a \$200 million investment operation for sanitation and sewerage infrastructure and \$240 million additional financing for North Giza power project.

**Table 3: Composition of Bank Lending, by Commitments FY06-11**

<i>Sector</i>	<i>Total value \$ m</i>	<i>Percent</i>
Financial	2,137	39
Power	1,885	35
Transportation	640	12
Water & Sanitation	320	6
Agriculture	275	5
Other	195	3
Total	5,452	100

**Table 4: Selected Analytical and Advisory Activities Recently Initiated**

<i>Area of focus</i>	<i>Topic</i>
<b>Economic management and governance</b>	Energy pricing and subsidy analysis
	Stolen Asset Recovery Initiative
	Banking Sector Corporate Governance
<b>Job creation through private sector development</b>	TA on Labor Markets
	TA on Jobs
	Youth: Expanding Opportunities for the Next Generation
	Rapid Assessment Enterprise Survey
	Rapid Investment Climate Assessment
	Education Quality (joint Bank-OECD)
<b>Inclusion</b>	Social Accountability
	Stakeholder Mapping
	Inequality
	Water Hackathon
	Financial Development and Growth in Egypt

34. *The Bank delivered a substantial program of analytical and advisory activities (AAA) prior to the Revolution<sup>16</sup> and has responded quickly to new needs for analysis.* In response to the Revolution, the Bank delivered shorter analytic pieces on topics of more immediate interest, engaged in broader consultations, and increased the use of innovative approaches. The analytic work has been centered on the three themes of improving macroeconomic management and transparency; job creation through private sector development and an inclusive financial system; and enhanced inclusion (Table 4). Broader consultations on analysis and policy dialogue included civil society organizations (CSOs), youth groups,

<sup>15</sup> Egypt joined the Bank Group in 1945. Since that time, IBRD and IDA have approved 128 projects for Egypt, valued at about \$11.8 billion. Once Egypt graduated to IBRD in 1999, however, its borrowing was modest until the start of the reform initiatives in 2004.

<sup>16</sup> This includes analytic work on macroeconomic issues, such as policies for tackling the global crisis, determinants of savings, a public financial management review, and programmatic public expenditure reviews, covering education, health, debt sustainability, food subsidies, and costs of congestion in Cairo. The Bank addressed a major theme of the Arab Spring, the inequality of opportunities, in its work *From Privilege to Competition: Unlocking Private-Led Growth in the Middle East and North Africa*. There has also been significant policy dialogue in the energy sector, especially in energy pricing (several analytical studies were delivered, including one on a comprehensive energy pricing and subsidy reform), renewable energy, private investment, energy efficiency, and regional integration within the Arab League. In human development sectors, the Bank launched AAA on over 20 topics in the last four years in poverty and inequality, labor markets, gender issues, the quality of secondary and tertiary education, and Information and Communications Technology.

women, and private enterprises, as well as members of new political parties and recently elected Parliamentarians, some of whom the Bank had no previous contact with. Innovative approaches include the Stolen Asset Recovery (StAR) initiative, a partnership with the United Nations Office on Drugs and Crime, through which the Bank is assisting Egypt to recover stolen assets hidden abroad. This assistance includes capacity building and advice to the authorities in charge of seeking international cooperation to trace, seize, and confiscate these assets and a facilitator role to smooth and accelerate dialogue with Egypt’s counterparts in financial centers where the assets may be hidden. Bank staff working on StAR also participated in December 2011 on an awareness-raising event with civil society on how to recover such assets. A second example of an innovative approach, emphasizing broad consultation particularly with youth, is the Water Hackathon (Box 1). The Bank is also using social media such as Facebook and blogspot. Annexes 7 and 8 provide complete lists of completed and on-going AAA and active trust funds respectively.

35. ***Egypt is IFC's largest exposure in the MENA Region, with a total committed portfolio of around \$1.1 billion in 31 companies (as of end-April 2012).*** The portfolio is diversified and includes investments

in the financial markets, chemicals, infrastructure, agribusiness, manufacturing and health care sectors. Due to the increased decentralization of staff and Management in the region’s hub office in Cairo, as well as increased business development efforts, IFC was able to grow its portfolio in Egypt significantly over the last few years, from \$296 million in FY06 to the present \$1 billion. IFC’s annual investment commitments in Egypt have increased from \$66 million in FY06 to \$340 million in FY10.

Despite the challenging environment for the private sector since the Revolution, IFC committed \$221 million (including mobilization) in five projects in FY11, resulting in total commitments of US\$1.2 billion over the 2006-2011 period (Table 5). Total IFC investment commitments

in Egypt in FY12 as of end-April 2012 amount to \$398 million<sup>17</sup> in 4 projects, including a large investment package in Orascom Construction Industries (OCI) to help boost confidence in the private sector and the country as a whole. IFC has a large program of advisory activities to complement its investment program. During the last few years, advisory activities have been scaled up, focusing on corporate governance, simplification of business start-up procedures and building permits, facilitating SMEs, access to finance, public-private dialogue, introducing mediation and providing transaction advice for public-private partnerships (PPPs) in health and infrastructure.

36. ***MIGA’s most important contribution to date was to support investments by an Egyptian telecom company*** in two telecom projects in Pakistan and Bangladesh, with a combined gross exposure of \$152 million – an example of South-South investment which is a key priority for MIGA.

37. ***Donor agencies provided significant support to Egypt, and the Bank has worked with a number of them, particularly in the financial sector, and engages in a regular exchange of information.*** Key development partners in Egypt include: the United States Agency for International Development (USAID), which has financed analytic work underpinning the Bank’s affordable housing loan, the European Commission, the European Investment Bank (EIB), Japan, Germany, and other bilateral donors, the Gulf countries, and the African Development Bank (AfDB), which provided parallel financing for the Bank’s first financial sector DPL.

**Table 5: Composition of IFC’s Cumulative Commitments during CAS period (FY06-11)**

<i>Sector</i>	<i>Total Value (US\$ million)</i>	<i>Percent</i>
Financial	481.0	39
Chemicals	282.0	23
Manufacturing	200.0	16
Infra/Oil & Gas	109.0	9
Agribusiness	75.5	6
Health Care	51.0	4
Other	48.5	4
<b>Total</b>	<b>1,247.0</b>	<b>100</b>

<sup>17</sup> The \$398 million amount does not include the recently Board approved \$100 million for OCI, which has not yet been signed.

### **Box 1: Water Hackathon Cairo**

The Water Hackathon brought together young Egyptian technologists with water specialists and local communities to develop new ICT solutions to Egypt's biggest water challenges. The consultations and outreach included the public and private sector, civil society, and developers.

In the months leading to the "hackathon", the Bank together with a wide range of stakeholders identified critical challenges in water and sanitation: the need for more effective water conservation and water saving in industrial and agricultural production; better feedback mechanisms from farmers on irrigation modernization in the Nile Delta for remote irrigation scheduling; providing communities with alerts on water-related emergencies; tracking sewage disposal in rural communities; and facilitating more equitable water distribution.

Technologists and water specialists then worked together to translate these challenges into problems that ICT could address. A Tech Camp was held for one day, hosted by the American University in Cairo (AUC). The Water Hackathon followed in Cairo (at the AUC) in October 2011 and attracted more than 70 participants from the technology and water communities.

The private sector sponsored prizes, awarded by a panel of judges. The award winners used mobile and web-based applications to suggest solutions for more equitable water distribution among farmers, irrigation optimization and water saving in agricultural and industrial production. The Hackathon will be followed up by practical development of the proposed solutions.

The Water Hackathon had extensive partnerships both within the Bank and externally. External partners included the Desert Development Center at the AUC, the Technology Innovation and Entrepreneurship Center, Mobile Monday Cairo Chapter, and Random Hacks of Kindness. Sponsors included PepsiCo, Farm Frites, TA Telecom, Nokia Lab, ElGouna, Isis, Diwan, and Arabnet.

38. ***In response to the political transformations underway in MENA countries, the Deauville Partnership was launched at the G8 Summit in May 2011.*** The aim of the Deauville Partnership is to provide a coordination framework based on a political process to support the democratic transition, and on an economic framework that helps transitioning countries implement reforms. The Partnership was formed with the expectation that G8 countries, Turkey, and the Gulf Cooperation Council (GCC) donors, working with international financial institutions (IFIs), would mobilize significant financial and non-financial support for the transforming countries.

#### **IV. Proposed Bank Group Interim Strategy in Egypt**

##### **A. Framework**

39. ***In response to the Arab Spring, the Bank Group has articulated a Framework for Engagement in the MENA Region that proposes to do things differently and to provide support that could not be provided before.*** The Bank Group's priorities for the Region under this framework are to support: (i) better governance through enhanced transparency and accountability; (ii) increased social and economic inclusion of disadvantaged groups through economic measures and enhanced voice and participation, particularly of women and minorities; (iii) job creation, including for youth and women, by providing an enabling environment in which both the public and private sectors can function efficiently in order to foster opportunity, competition, innovation and entrepreneurship; and (iv) accelerating sustainable growth through short and long-term policy actions promoting climate-friendly growth in recognition of the stresses on the Region's natural resources. Throughout the Region, this Framework faces considerable uncertainties - political, macroeconomic, and external support - as well the challenges of working with new partners and implementation capacity weaknesses of new authorities.

40. ***In Egypt, the Bank Group is embarking on a partnership with a newly elected Government, which will involve a different way of doing business.*** This ISN is therefore guided by three principles: (i)

building trust and restoring confidence; (ii) consultations, outreach, and capacity building; and (iii) flexibility. IFC will engage more closely with civil society using its public-private dialogue (PPD) tool to improve public perceptions of the private sector and facilitate greater corporate social responsibility.

- **Building trust.** As the Bank Group has provided large amounts of assistance to Egypt throughout the previous regime, it will be important to ensure that the Bank Group establishes its reputation – not only with the new Government but also with the business community and the wider population – for bringing international expertise and experience and politically impartial analysis. To build trust, the Bank Group will engage in wide dissemination and transparency on its current and potential assistance program, work closely with all new political actors, help restore the confidence of the private sector and improve public perceptions of the private sector, and play a convening role by bringing a variety of experiences and policy options to Egypt, making full use of the array of instruments for knowledge exchange.
- **Consultations, outreach, and capacity building.** The Revolution highlighted the need to consult widely, and in particular with citizens who have been politically, economically, and socially excluded in the past. In response, the Bank Group has been engaging with new stakeholders (See Box 2), including “agents of change” such as young opinion leaders, members of the new emerging political forces, members of Parliament, private entrepreneurs, bankers, CSOs, academicians, women’s groups, and trade unions, including members of their youth wing. A summary of the consultations held in the preparation of this strategy note is in Annex 2. Dissemination of Bank reports will be expanded through blogs, Facebook, and Twitter in English and Arabic. In addition, the Bank Group plans to deepen its partnership with other donors through joint analytical work and missions, and to broaden partnerships (Islamic banks, think tanks, etc.). These efforts will be combined with innovative capacity building initiatives, including training programs led by the World Bank Institute in partnership with think tanks, aimed at stakeholders that will be part of the new public structure.
- **Flexibility.** The Bank Group plans to focus on interventions that address the country’s immediate needs as described in Key Challenges above (paras. 27–32). The indicative program presented here reflects the comparative advantage of the Bank. Nevertheless, the Bank is prepared to respond to requests from the Government on other initiatives. IFC will strive to maintain its strong investment and advisory engagement in Egypt with flexibility in use of a mix of lending instruments (e.g., debt, equity, guarantees, refinancing) and mobilization of other investors into the country. IFC will also monitor its portfolio closely to mitigate any headroom issues and portfolio risks.

41. **The main instruments of the Bank’s assistance over this 18-month period will be a lending program targeting jobs and enhanced transparency, including the pipeline under preparation, and extensive policy dialogue.** The Government has indicated that it intends to continue borrowing from the Bank for “productive” purposes, which in the past has meant mainly infrastructure. Thus the indicative lending program consists of infrastructure operations that have been in preparation over the past year, and includes a loan focused on emergency job creation, and a DPL to support economic recovery and governance reforms in coordination with an IMF program. For the non-lending program, the focus of the Bank Group’s assistance will be on establishing a policy dialogue with the Government and on outreach to the private sector and civil society to increase their participation in public policy debate. The Bank Group will also provide technical assistance in priority areas (e.g., transparency reforms, public expenditure management) and support the current transition process through on-time policy advice and sharing of global good practice.

42. **Expected outcomes over this relatively short 18-month period are modest.** Because of the short time frame and the uncertainties involved in the near future, Bank Group efforts during this period are expected to help lay the foundation for more fundamental structural changes in the medium term.

## Box 2: Engagement with Stakeholders in Post-Revolution Egypt

Since May 2011, the World Bank in Egypt has been reaching out to new stakeholder groups, agents of change and future reform champions, with the objective of seeking viewpoints on key issues and priorities for new Egypt and how best the Bank can support Egypt going forward. Overall, these early engagements and multi-stakeholders consultative meetings were helpful in informing the ISN about (i) what the development priorities are for Egypt; and (ii) where stakeholders see the World Bank playing a role. Below is a list of key events.

**May 8-10, 2011- Regional launch of the World Development report 2011 on Conflict, Security and Development:** This event attracted participation from a wide range of youth groups, civil society, and political parties. Politicians from South Africa, Chile and Georgia shared their countries' experiences about reform and transition.

**May 12, 2011 – Consultation on the World Bank Group's Social Protection and Labor Sector Strategy 2012-2022:** The multi-stakeholders consultative meeting discussed the issues of (i) from the current safety nets system to cash transfer; and (ii) better targeting of the subsidies.

**June 28, 2011 - Session on Access to Information Policy:** The meeting was an opportunity to discuss major shift in the Bank's approach to information disclosure, transparency, sharing of knowledge, and accountability. Media and civil society representative were also introduced to the Bank's Open Data Initiative platform.

**August 22, 2011- Meeting with Young Egyptian bloggers:** The meeting was an opportunity to listen about how the youth viewed the main priorities for the Bank engagement in Egypt. Access to quality education and skills, bridging the gap between labor supply and labor demand, and creating the enabling environment for youth entrepreneurship were among the top priorities for young bloggers.

**October 12, 2011-Supporting Social Entrepreneurship and Inclusive Business in Egypt:** This was a valuable opportunity for the Bank team to learn from CSOs' grassroots experiences and benefit from their viewpoints in the preparation of the upcoming competition. The Egypt Development Marketplace aims to contribute to directly creating jobs for at least 100 marginalized young men and women, and indirectly contribute to alleviating at least 500 out of poverty, with a focus on poverty pockets in rural and urban Egypt.

**October 21-22 - Egypt Water Hackathon: Bridging Innovation and Development Challenges:** This knowledge product was in the form of a tech camp that convened a volunteer community of water and sustainable development industry leaders, ICT experts and software developers (see Box 1).

**October 26, 2011- Roundtable discussion with World Bank's MENA Vice President Inger Andersen:** The meeting brought together young Egyptian leaders who work in water and sanitation, microfinance, ICT, renewable energy, job creation and entrepreneurship. The discussion focused on: (i) the importance of an effective role of the private sector with a strong concern for social justice; (ii) strong "green" leaning - solar energy, efficient use of scarce water resources, environmentally sustainable agriculture; and (iii) education and employment skills requirement.

**November 16, 2011- A Stakeholders' Consultation Workshop on Inequality of Opportunity:** The workshop brought together diverse set of stakeholders, from the government, civil society, youth organizations, local academia and think tanks, and international organizations.

Moving forward, consultations will be used to facilitate dialogue on Bank operations in Egypt, during preparation, implementation, and after project and/or study completion. The stakeholders will include sector specialists, civil society organizations, private sector, academia, think tanks, women and youth groups, from Cairo and outside Cairo. Consultations will be conducted using a combination of tools including: face-to-face meetings and workshops, web-based applications, such as surveys, social media (e.g., Facebook and Twitter), and videoconferences. To strengthen the Bank's transparency and accountability towards its stakeholders, the process will require proactive dissemination by the Bank of any relevant project, study, or policy documents in advance to the consultation process. Mechanisms for feedback by stakeholders, during and after consultations will need to be established, (e.g., Web-based inbox, follow up discussions with country-based Civil Society focal points). Communication to stakeholders about how issues have been addressed will be important to build trust.

## B. Areas of engagement

43. ***The three pillars of this ISN are economic management, jobs, and inclusion, all of which are mutually reinforcing and interdependent.*** The overriding objective is to help the Government realize early credible gains that do not compromise the medium-term outlook. The focus will be on actions that can be carried out within the 18-month period of the ISN and that are expected to lead to sustainable longer-term benefits. The objectives of support under the three proposed pillars are: (i) improving economic management through control of the fiscal deficit and initiating reforms to enhance transparency in Government operations; (ii) creating opportunities for short-term productive job-creation, particularly for women, and initiating steps to improve the environment for longer-term private sector job creation; and (iii)

fostering approaches that will broaden access to and greater participation in the delivery of economic and social services for disadvantaged groups, particularly for women and in lagging regions of the country. Success under each pillar is dependent on success under the other two, and on success of the Government engagement in the governance area.

44. ***Improving governance through greater transparency and stronger accountability, and increased participation will be a cross-cutting theme in all Bank initiatives to support the three pillars.*** All lending and analytic work will explicitly aim to achieve these principles and promote their application in the various sectors. This will include, in particular, establishing mechanisms for community involvement and citizen feedback in all phases of Bank operations.

## **Economic Management**

45. ***The Bank plans to support the Government in its efforts to improve fiscal policies, improve transparency of public sector management, and elaborate sector-wide development strategies in selected areas.*** The objectives will be to improve efficiency of the social safety net and targeting of subsidy programs, underline the importance of increasing transparency of public expenditures through greater disclosure, and support Government efforts to develop sector-wide strategies in critical areas. If the outcome of the new constitution is a change in the centralized model of government, the Bank will support areas such as fiscal decentralization and local economic development.

46. ***To help improve transparency, the Bank is discussing with the authorities a program of reforms that could be supported through DPL financing of up to \$1 billion and will support other initiatives in both lending and policy dialogue.*** DPL financing would focus on reforms to support Egypt's economic recovery and to strengthen economic governance, and would be prepared in coordination with an IMF program. Other IFIs and bilateral development partners could also be part of a financing package. This DPL would benefit from the various diagnostics and Economic and Sector Works (ESWs) available, such as a Public Expenditure and Financial Accountability Assessment. In the absence of an IMF program, the Bank will not provide budget support, but will continue to support investment financing, analytical work and technical assistance. The Bank will also pursue dialogue and provide capacity building and training activities for the Government officials and Parliamentarians and their staff on good international practice on legislation and oversight for ensuring effective public financial management, covering strengthening the country's systems of internal controls, management information, auditing, investigative mechanisms, and transparency in the use of public funds, and including the quasi-fiscal activities of public banks and the post office and increasing the transparency of state-owned enterprises.

47. ***On fiscal management, the Bank plans to provide on-demand advice with regard to reforming the social safety net to improve efficiency and targeting, with particular focus on energy pricing reforms and on targeting women.*** Analysis has already been carried out on fuel subsidies. The dialogue on reforming energy subsidies will be done jointly with proposals for alternative safety nets that are better targeted and more geared towards enhancing human capital.

48. ***On sector strategies, the Bank will support the Government's efforts to develop coherent policies in water supply and sanitation, transport, and energy, in particular.*** An important theme will be a greater role for governorates and for local participation. In the social sectors, the Bank will continue to engage in broad dialogue on the key challenges of education and health quality, nutrition, labor markets and safety nets. This broad engagement is designed so it can quickly become more operational, if a new Government should wish to engage in the much needed reforms in the social sectors.

## Jobs

49. ***The Bank Group's support will be for creating productive short-term employment and initiating improvements in the environment for sustainable private sector job creation.*** The objectives will be to make a visible short-term impact on unemployment and to initiate dialogue on the longer-term constraints faced by the private sector in generating sustainable employment opportunities. These constraints include a difficult regulatory environment and investment climate, access to sustainable energy, reliable transport, and finance, and a supply of appropriately skilled and educated workers. However, adequate job creation by the private sector is also contingent, especially in the short-term, on restoring investor confidence by ensuring a stable political environment and a sound macroeconomic situation.

50. ***For supporting the creation of short-term employment, the Bank plans to fund an Emergency Labor Intensive Investment Project (\$200 million), the first new project to be requested by the Government since the Revolution.*** The project will focus on creating short-term employment, through implementation of small-scale sub-projects at the governorate and local levels. The sub-projects will consist of infrastructure public works such as canal maintenance, education, housing, and rural roads. In addition, support for early childhood education, maternal and child health, nutrition, and population services will target poor populations and provide short-term employment for more skilled workers including those with higher education. It is expected to generate 200,000 direct and 65,000 indirect job opportunities, with a particular focus on youth and women. The project will be implemented in a decentralized manner by the Social Fund for Development (SFD), which will transfer funds based on agreements with local agencies, which could be governorates, sector ministries at the governorate level, local authorities, NGOs, and Community Development Associations. A number of the sub-projects selected for financing will be identified in consultation with local communities and will strengthen participation and accountability mechanisms at the local level.

51. ***IFC will help portfolio clients restructure their balance sheets and invest in local and foreign companies, especially in the manufacturing and services sectors, which will have an impact on job preservation and/or creation in Egypt.*** IFC will also try to increase its focus on addressing the needs of underserved groups to promote employment opportunities by scaling up private investments in export-oriented activities, infrastructure, health, and education sectors, particularly through public-private partnership mechanisms. Labor-intensive sectors such as retail and construction will take priority. MIGA will actively seek to support labor-intensive investments.

52. ***Bank Group support for improving the investment climate will focus on capacity building and dissemination of good practice.*** Capacity building will be aimed at parliamentarians and their staff and Government officials and will include bringing international experts and leaders of other client countries to discuss their experience with promoting a welcoming investment climate for the private sector. Both the Bank and IFC plan to hold wide consultations with public and private stakeholders, marginalized groups, and underserved sectors such as micro- and SMEs on the business environment and access to finance and their importance for enabling private sector led growth. Wide dissemination of Bank analysis of the business environment in Egypt – findings from ICAs, Doing Business, and the recent and ongoing Rapid Assessment Enterprises Surveys – will highlight areas where quick gains can be made through administrative changes. IFC will also support regulatory reform, focusing on construction permitting and licensing, which pose serious obstacles to smaller firms. IFC is also helping Egypt to become a regional hub for commercial mediation, and is planning to support reforms that will increase the rate of recovery from non-performing loans and lower the time and cost of such recovery. IFC will re-activate and expand its network of licensed Business Edge trainers to support MSMEs by providing them access to appropriate management information and business skills. With a view to encouraging smaller scale private investments that will support job creation, the Bank will provide training in entrepreneurship and leadership, targeted in particular at women (See Box 3).

### Box 3: Women and Jobs

The ratio of female to male secondary school enrollment presently stands at 0.94, and more women than men are enrolled in secondary education. However, these gains have not translated into improvements in women's participation in the workforce. In 2006, the female labor force participation rate in Egypt was about 28 percent, a third that of Egyptian male participation in both rural and urban areas. A 2007 report by the World Economic Forum ranked Egypt 120<sup>th</sup> among 128 countries in terms of women's economic opportunity. Women in the workforce are largely concentrated in a few sectors and activities with educated women largely represented in the public sector which has limited growth prospects. Women's limited mobility is a key factor behind this disparity; this prevents women from moving to jobs where they could earn the right wage given their human capital.

To strengthen gender aspects in the Egypt program, the ISN proposes the following: (i) support access to reliable and safe transportation for women in design of transport projects (Urban Transport Infrastructure project scheduled for FY13/14); (ii) gender disaggregated monitoring (e.g., Emergency Labor Intensive Investment Project presented with this ISN) and two specific assistance activities targeted to women: (a) training in entrepreneurship and leadership; and cash grants to assist start-up entrepreneurs with seed funding and existing ones with scale-up funding—in addition to funding, this activity would include training, market access, and women mentoring services; a competitive selection process will be used to solicit project and funding proposals meeting pre-determined criteria, targeting women with new and ongoing projects and emphasizing scalability/replicability and financial sustainability; and (b) joint IBRD/IFC Policy dialogue on access to finance for women-run MSMEs.

53. ***The Bank plans to continue supporting the Government efforts to secure reliable energy supply through conventional and renewable sources and introduce institutional reforms.*** The proposed loans represent existing commitments to the Government to support the energy sector as a critical input to economic growth, job creation, improved sector governance, and citizen participation, and have been under preparation for some time. Helwan South Power Project (\$536.6 million, plus co-financing with several multi-lateral and bilateral donors) will finance strengthening of electricity and gas supply. It will strengthen energy infrastructure in the Upper Egypt region, one of the poorest areas in Egypt, and will be complemented with advisory services for private investment, energy subsidy reform, and sector institutional reform, including introducing participation mechanisms through disseminating information on service standards, customer entitlements, and customer feedback. The Kom Ombo Concentrated Solar Power Project (\$170 million IBRD and \$50 million from the Clean Technology Fund (CTF)) will provide support for harnessing carbon revenues from wind power development under the Renewable Energy Carbon Asset Program. It will contribute to the Government's ambitious objective of achieving 20 percent renewable energy by 2020. The analytic and advisory work will focus on improving the governance and regulatory framework of the power industry, particularly in collaboration with the EU, and power investment planning and financing, private investment framework, energy efficiency, and carbon capture and storage. The IFC is also supporting energy development through its role as a transaction advisor for private financing of a 2,250-MW Dairut power plant and is currently discussing with the Government possible support for a number of Waste to Energy projects. MIGA stands ready to support investors in the energy sector.

54. ***In the transport sector, the Bank will help address the existing urban congestion, which is a barrier to employment generation and affects the quality of life.*** The Urban Transport Infrastructure Development Project (\$150 million and \$100 million from the CTF) will seek to improve the livability of the Greater Cairo through coordinating city growth and the development and the interconnection of the public transport modes, and integrating slum areas with the transport system. In particular, it will help connect new urban centers (such as New Cairo and 6<sup>th</sup> of October cities) with Cairo city center through more reliable and less polluting transport modes (including clean technologies like compressed natural gas), thus allowing easier commuting between employment centers and residential areas, making jobs more accessible, especially for women. It will also use an innovative consultative process with underserved communities, whose input would influence project design. The aim is to achieve a shift from private vehicles and shared taxis/microbuses to mass transit system and large size (preferably private) buses to

tackle traffic congestion and air pollution, and improve service provision to citizens, including road safety. TA will be provided to build capacity, improve road infrastructure safety, and leverage related road safety investments as part of a larger on-going initiative. Policy dialogue will be carried out to improve the quality of and access to urban transport, with a focus on reducing congestion and air pollution.

55. ***Access to finance, particularly for underserved segments of the economy - MSME, women, and youth - will be important for helping the private sector generate jobs.*** IFC will be particularly active in this area. IFC helped to establish *iScore* as the first private credit bureau in the country and is now working to extend *iScore* coverage to microfinance borrowers. IFC plans to continue enhancing commercial banks' SME lending capabilities, and good Corporate Governance practices. It is also working with microfinance institutions (MFIs) to increase access to finance particularly in Upper Egypt, and it plans to continue to train SMEs through its Business Edge Program. The joint IBRD and IFC MSME-Technical Assistance Facility (TAF), which is part of the broader World Bank Group MSME Facility and a joint initiative under the Deauville Partnership process, provides a comprehensive package of Technical Assistance (TA) to: (i) improve the business environment for MSME finance, including financial infrastructure as well as legal and regulatory frameworks; (ii) build the capacity of microfinance institutions and financial institutions (FIs) for sustainable SME banking; and (iii) support MSME business development services. In Egypt, the World Bank Group is seeking to improve the regulatory framework for leasing, secured lending, microfinance, Islamic finance and SME banking. The program also includes capacity building support to FIs and MFIs as well as Advisory Services in SME banking. Finally, a component for direct support to MSMEs is being designed. IFC will also be ready to provide financing to local banks, if needed, including short-term finance instruments, risk sharing facilities, SME credit lines, micro and trade finance, with a special emphasis on targeting women and youth. MIGA will actively seek to support foreign banks with their lending operations in Egypt.

56. ***A key challenge in the education sector is to modernize the curricula of both vocational and general education so as to enable graduates to find employment in a market economy.*** The Bank plans to support the elaboration of a five-year strategy for pre-university education, including technical and general education, to address this challenge and establish benchmarks on outcomes. TA will be provided to help make a Skills Development Fund operational; support planning and information monitoring, which could include strengthening policy analysis within the Government and in university and research institutions; and expand the use of a benchmarking tool developed by the Bank for Egyptian universities, which would improve the transparency of the higher education system. Building on the education for employment initiative for Arab youth (e4e), IFC is seeking to complete a diagnostic and identify specific projects in Egypt that would strengthen quality assurance (standards, accreditation) and address regulatory issues that constrain private provision of education services. The focus of the e4e initiative will be primarily on tertiary and technical and vocational training that are better aligned with market and employer needs.

## **Inclusion**

57. ***Promoting inclusion involves ensuring broader access by disadvantaged segments of the population – women, youth, lagging geographical regions (Upper Egypt in particular) – to infrastructure and social services, improving the social safety net, and enhancing citizen and community participation in the design, implementation, and monitoring of the Government's initiatives and programs.*** The Bank's support in this area over the next 18 months will consist of new lending, retrofitting the existing lending portfolio, and policy dialogue in key sectors.

58. ***Given wide disparities in income and social indicators between geographical regions (para. 17), a possible multi-sector operation is proposed for Upper Egypt.*** This operation would contribute to creating economic opportunities and improving services in Upper Egypt, with a special attention to the poorest part of the population, by: (i) improving the stock and quality of basic infrastructure at the governorate and district levels; and (ii) reducing costs, improving quality, and promoting supply chain development for

competitive crops and livestock products that can benefit small holders. The operation would adopt a participatory design and monitoring of results by the beneficiaries.

59. ***In social protection, the Bank will engage the Government on consolidation and strengthening of the social safety net system.*** Egyptian policymakers and development partners agree on the need to gradually remove costly and inefficient subsidies, and replace them with a more efficient social protection system (paras. 45 and 47). The gradual phase out of subsidies would provide resources to fund the consolidation and expansion of a targeted social safety net (SSN) for the poor and vulnerable households and those that would be affected by subsidy reform. The Bank plans to help develop a roadmap for this important multi-sector reform. Other new initiatives include TA on employment, focused on youth and self-employment, school-to-work interventions, and skills development.

60. ***To improve access to finance, particularly for MSMEs and women, the Bank will pursue dialogue on further reforms needed in the policy and regulatory environment and financial infrastructure.*** The Bank and IFC also plan to provide TA for capacity building for financial and non-financial institutions, particularly those engaged in supporting MSMEs, in the context of the Regional MENA MSME Technical Assistance Facility.

61. ***To broaden citizen participation in delivery of water services,*** policy work would focus on retrofitting the existing portfolio of projects to enhance community-based management of decentralized schemes, and citizen feedback and grievance redress mechanisms; improve efficiency and equity in service delivery; improve targeting of subsidies; and reduce the cost of pollution through better management of wastewater. The Bank will pursue the sort of ground-breaking policy work in the sector exemplified by the Water Hackathon (Box 1), relying on broad consultations, especially among youth, to address these issues in the sector and propose solutions. TA would also be provided on solid waste management, with a focus on the poor and underserved areas of greater Cairo.

62. ***Policy dialogue will be pursued in the health sector, with the objective of improving access by the poor and improving efficiency of services.*** The Bank proposes to examine the scope for providing universal health insurance for the poor and those working in the informal sector under the on-going Health Insurance Systems Development Project, and to pursue the possibility of carrying out work on health sector governance. Grants are also possible to support pilot schemes, such as contracting NGOs and private sector providers.

63. ***In education, the Bank plans policy dialogue on early childhood education (ECE) to increase coverage, especially in rural and poor urban areas.*** In addition, IFC's regional *e4e* initiative will help improve the quality and relevance of post secondary education to better meet labor market needs.

### **C. Enhancing Bank Portfolio Management**

64. ***Portfolio implementation needs to be improved.*** Disbursement has been slow. As of May 14, 2012, commitments stood at \$3.8 billion, of which 81 percent was undisbursed (MNA Regional average, 63 percent). The disbursement ratio – the amount of investment lending disbursed in the FY as a percentage of the undisbursed balance for investment loans at the beginning of the FY – was 10.6 percent as of May 2012 (up from 6.7 percent in FY11 and down from 13.5 percent in FY10), compared to 10 percent for the MNA Region and 14 percent Bankwide. In addition, the number of problem projects rose from 5 percent in FY10 to 24 percent in FY12, while the share of commitments at risk decreased from 4.3 percent in FY10 to 1.5 percent in FY11, before rising to 9 percent in FY12. Three IBRD loans were approved in FY11, but two of them had not been declared effective as of early May 2012. Political uncertainty has created a slow decision-making process in project implementation units and line ministries, as well as in the new legislative framework (for the ratification of agreements), delaying project effectiveness and implementation, especially in the context of high rotation of cabinet ministers and their aides. Overall,

Egypt projects' portfolio risk is assessed as moderate, and portfolio compliance is rated high. Reliance on civil servants of projects implementation entities is high, but weak system and staff capacity persist.

**65. *To improve portfolio performance, the Bank plans to focus on those areas within its control.***

These include (i) restructuring two water projects during their mid-term reviews to accelerate disbursement and improve efficiency and equity in service delivery; (ii) restructuring the Ain Sokhna Power project to use its savings to strengthen electricity transmission; and (iii) closely monitoring procurement of other infrastructure projects (Giza North Power, transport projects) which just started disbursing. The Bank will also continue to: provide support to project management units (PMU) on procurement and implementation through frequent training on disbursements and financial management for low-disbursing projects; help prepare realistic procurement plans; and introduce flexibility to speed up procurement while ensuring transparency and efficiency. Finally, the Bank will work with the Government to improve new projects readiness for implementation, including establishing PMUs early in the project cycle, ensuring realism in project design, and undertaking advanced procurement. Other issues, such as the slow pace of parliamentary approval of Bank loans, continue to present risks to portfolio implementation; when possible, parliament's endorsement will be sought ahead of time.

**66. *IFC's portfolio is performing satisfactorily despite the operating environment.*** Active portfolio management has been underway since last year, including stress-tests conducted as part of the Regional reviews. A number of adjustments/cancellations of undisbursed amounts were concluded. The ongoing legal challenges to projects stemming from past privatization programs are being monitored carefully by IFC teams.

#### **D. Resources and Instruments**

**67. *Egypt's IBRD exposure reached \$2.8 billion at end-2011 and will increase in the near future.***

There is a large undisbursed balance (\$3.1 billion at end-March 2012), which reflects IBRD's strong past engagement and financing support. Before taking into account any new loans, IBRD exposure is projected to reach \$3.5 billion by end-2013 (end of the ISN period) and \$4.3 billion by end-2016.

**68. *IBRD financial support of some \$2.1 billion is proposed for the ISN period. The emphasis of this ISN for the next 18 months is on dialogue, AAA, and TA, although significant financial support is also being considered.***

The Bank will continue to seek to engage with the new Government and the civil society on a broad range of topics that are at the heart of the Revolution, as it has since the Revolution began. Regarding IBRD financial support, a total of \$1,057 million for investment loans is planned during FY12-13. This includes the Emergency Labor Intensive Investment Project, two Energy projects, and an Urban Transport (table 6). As requested by the Government, a total of \$1 billion of budget support may also be considered with a view to support macroeconomic stabilization efforts and governance reforms, in conjunction with and phased along an IMF program, and assuming appropriate burden sharing with other IFIs and bilateral developments partners to cover the overall anticipated financing gap. This level of support would be consistent with the Bank's announcement at the G8 Deauville summit which assumed concerted action with the IMF, other IFIs and bilateral donors in order to collectively finance and sustain bold progress towards macroeconomic stabilization, improved governance and transparency, and sound structural policies. In the context of such concerted actions, additional IBRD support, including partial Bank guarantees, could be contemplated towards the end of the ISN period if requested and once the future Government has clarified the policy and reform areas where the Bank can bring significant expertise and value-added. As usual, the availability of additional resources would depend on the overall demand for IBRD resources, global economic developments and IBRD financial capacity.

**69.** IFC's committed portfolio in Egypt reached \$1 billion mark in December 2011, and is expected to maintain its steady growth. IFC expects to commit between \$300 and \$400 million (including mobilization) in Egypt during the ISN period, assuming an improvement in the macroeconomic and policy

environment for private sector activity. IFC will use a mix of investment instruments including debt, equity, guarantee, and re-financing products. IFC will continue to focus on increasing south-south investments into Egypt, especially from Gulf investors, while also playing a strong role in mobilizing external investors into the country through its projects (e.g., B-loan participation, parallel loans). MIGA is appraising support to one investment in the oil and gas sector, for a total of \$100 million.

**Table 6: Summary of indicative Bank program by sector, July 1, 2012-Dec. 31, 2013**

	<i>Economic management</i>	<i>Jobs</i>	<i>Inclusion</i>
----- New initiatives ( <b>lending operations in bold</b> ) -----			
Economic Management	<ul style="list-style-type: none"> <li>- <b>DPL Financing (\$1 billion)</b></li> <li>- Policy note on social safety net reforms for fiscal sustainability</li> <li>- Policy note on energy pricing and subsidies</li> <li>- Other policy notes on economic governance issues</li> <li>- Policy dialogue on land management strategy</li> <li>- TA to support economic governance reforms (e.g. transparency, expenditure management, public procurement)</li> </ul>	<ul style="list-style-type: none"> <li>- Analytical work on labor markets</li> <li>- Job study</li> <li>- Dissemination of ICAs, Doing Business, and Rapid Assessment Surveys</li> <li>- Capacity building for Parliament and Government on investment climate</li> <li>- Dissemination of the reshaping economic geography study</li> <li>- TA on cash grants to young women to start business and training in entrepreneurship &amp; leadership</li> <li>- IFC investments</li> <li>- IFC TA on corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>- <b>A multi-sectoral operation to improve economic opportunities and access to basic services in Upper Egypt</b></li> <li>- Joint IBRD/IFC Policy dialogue on access to finance for women-run MSME</li> <li>- Joint IBRD-IFC TA for capacity building for financial and non-financial institutions for lending to MSME as part of the MSME TA Facility</li> <li>- TA on Banking Sector Corporate Governance</li> <li>- IBRD/IFC TA on new approaches to enhance access to finance (Islamic finance, mobile banking)</li> </ul>
Power	<ul style="list-style-type: none"> <li>- Policy dialogue on energy sector strategy</li> <li>- TA on improved targeting of fuel subsidies</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Helwan South Power Project (\$536.6 m), FY13</b></li> <li>- <b>Kom Ombo Concentrated Solar Power Project (\$170 m IBRD and \$50 million from the CTF), FY13</b></li> </ul>	
Transport		<ul style="list-style-type: none"> <li>- <b>Urban Transport Infrastructure Development Project (\$150 m IBRD and \$100 m from the CTF), FY13/14</b></li> </ul>	<ul style="list-style-type: none"> <li>- Analytic support and policy dialogue to improve the quality and access to urban transport for low income households</li> </ul>
Water & Sanitation			<ul style="list-style-type: none"> <li>- Restructure water portfolio to enhance equity in service provision and disbursement</li> <li>- Policy dialogue on water sector strategy</li> <li>- TA on solid waste management, focus on underserved areas in Cairo</li> </ul>
Social Protection		<ul style="list-style-type: none"> <li>- <b>Emergency Labor Intensive Investment Project (\$200 m), FY12</b></li> </ul>	<ul style="list-style-type: none"> <li>- TA on social safety net, to improve effectiveness and efficiency</li> <li>- TA on social insurance</li> </ul>
Education	<ul style="list-style-type: none"> <li>- TA to strengthen planning and monitoring in education</li> </ul>	<ul style="list-style-type: none"> <li>- Dialogue on 5-year strategy for pre-university education.</li> <li>- TA on Skills Development Fund</li> <li>- TA to expand use of a benchmarking tool for Egyptian universities</li> <li>- Potential IFC investments and TA in education, especially through the e4e initiative</li> </ul>	<ul style="list-style-type: none"> <li>- Policy dialogue on Early Childhood Education to increase coverage, especially in rural and poor urban areas</li> </ul>
Health	<ul style="list-style-type: none"> <li>- TA on health sector governance</li> </ul>		<ul style="list-style-type: none"> <li>- Dialogue/consultation on universal health insurance for the poor and informal workers</li> </ul>

## **E. Coordination and Partnerships**

70. *Egypt enjoys strong donor support from a wide variety of institutions and countries*, including USAID, the EU, Saudi Arabia, Germany, Kuwait Fund, UNDP, AfDB, IMF and the Islamic Development Bank. The Bank Group will continue to work with Government counterparts to define development programs in close coordination with these development partners. The AfDB, the Islamic Development Bank, the Kuwait Fund for Arab Economic Development, and the Arab Fund for Social and Economic Development are all providing significant funding (together over \$1.3 billion) for the Helwan South Power project, and the AfDB is also co-financing the Kom Ombo project (para. 53). In November 2011, the EU approved a €22 million project to support the development of agricultural SMEs and job creation in rural areas of Egypt, through improved access to finance for farmers and increased productivity in the dairy and aquaculture sector, and in January 2012, the EU also provided €30 million grant which includes €4 million of TA for energy sector policy reforms. The International Islamic Trade Finance Corporation, the trade-financing arm of the Islamic Development Bank, has provided \$400 million to help Egypt finance imports of petroleum products, wheat and other foodstuffs. Qatar and Saudi Arabia have provided \$500 million each to Egypt in budget support. To complement the Bank's \$240 million additional financing for Giza North Power Project, the EIB approved an additional loan of €50 million. Egypt is expected to be a beneficiary from the regional MSME Facility and Arab Financing Facility for Infrastructure (AFFI) which have both technical assistance facilities (TAFs) and investment lending that is being prepared and rolled out in partnership with donors, bi-lateral partners, and regional IFIs like Islamic Development Bank (IsDB).

## **F. Monitoring and Evaluation**

71. *The CAS Progress Report Results Matrix has been revised.* Because Egypt has undergone radical changes since the 2005 CAS and the 2008 CAS Progress Report, development priorities specified in those documents have changed. A revised results matrix is therefore proposed (Annex 1), covering both the 2006-11 CAS period and this ISN, and will be used to prepare a CAS completion report to be used as input for the full CPS planned for end-calendar year 2013. Implementation Status and Results Reports (ISRs) and Implementation Completion and Results Reports (ICRs) will continue to be important tools to monitor program performance. The Bank will regularly hold Country Portfolio Performance Reviews (CPPRs) to evaluate program performance jointly with Egyptian counterparts. At the outset of the ISN period, sector portfolio reviews will take place to analyze the active portfolio with a view to identifying restructuring needs of ongoing projects.

## **V. Risks to the Interim Strategy**

72. *The political, constitutional, and legal uncertainties facing Egypt and the risk of lack of progress on the democratic governance agenda all have major implications for the economy and present significant risks to the Bank Group's program of support.* Until a new Government and a new constitution are in place, the legislative and administrative roles of the SCAF, the Parliament, and the Government will remain unsettled. It is also uncertain whether the transition to a new Government and a new constitution will proceed quickly and peacefully. Lack of progress in any of these dimensions, particularly if accompanied by violence, would cause further capital outflows and declines in tourism and investment, and could also limit the Government's access to donor financing. The negative consequences on growth and employment could lead to increased discontent, engendering a cycle of political unrest and economic difficulties. These uncertainties present reputational, legal, and operational risks for the Bank Group's proposed program of lending (reduced ability of the Government to ratify; to complete agreed prior actions; to implement programs; lack of risk appetite of investors) and policy dialogue (inability of the Government to introduce coherent strategies and policies), and cannot be mitigated by the Bank Group alone. The situation underscores the importance of working closely with members of the international

community to address the political and economic dimensions of Egypt's transition. In the event of continued violence, the Bank will have to assess its ability to continue to engage in policy dialogue and to monitor on-going lending operations. Similarly, IFC may have limited opportunities for increasing investment lending in Egypt and will focus instead on portfolio management, assisting portfolio companies mitigate risks, and remain engaged primarily through its Advisory Services program. Requests for MIGA's guarantees into Egypt are limited for now, as many investors are holding back on investments until the political situation stabilizes.

73. ***Inadequate macro management could lead to macroeconomic instability, as could other short-term risks to the economy, which in turn would have a politically destabilizing effect.*** A further fall in reserves would precipitate a currency crisis with far-reaching consequences. Assuming this risk can be avoided, Egypt's main weakness stems from continuing high fiscal deficits and large public debt with substantial rollover needs. Excessive delays in fiscal consolidation and a spiraling public debt would negatively bear on confidence of domestic and external investors. Such risks are high because deciding on the necessary fiscal measures and consistently implementing them will be challenging. The challenges to an agreement include agreeing on bold policy measures, for example to reduce the current system of costly, inefficient and untargeted subsidies, obtaining a sufficiently broad political support and assembling the remaining external financial package necessary to close the gap drawing on the IMF, the Bank and other donors. The Government may also prove reluctant to allow a floating exchange rate, which could result in an overvaluation of the currency and a capital outflow. Other short-term risks to the economy include the impact of a continued downturn, especially in Europe, which is a major trading partner; regional geopolitical instability, which could have economic spillover effects on the economy; and possible failures in the banking sector that represent potentially large fiscal contingencies.

74. ***The attitude of both the new Government and the population at large towards IFIs in general and the Bank Group in particular is uncertain, while international donor commitment toward Egypt may also be tested in the near term.*** To mitigate the first risk, of possible negative sentiments towards IFIs, the Bank Group has begun to engage with a broad set of stakeholders, including members of political parties and Parliamentarians, as well as CSOs and youth leaders, and will make further efforts at outreach and consultations (para. 40). Given recent legal issues with foreign non-governmental organizations, however, the willingness of the international community to support Egypt could also be strained, which in turn could have a negative impact on Egypt's macro-economy.

75. ***Reforms aimed at improving the environment for private investment may be deeply unpopular.*** The new Government may respond to public opinion by introducing re-nationalization or tighter state control over the private sector. To deal with this risk, the Bank Group plans to engage policy makers, Government officials, private groups, and the broader public, via the wide array of means (including analytical and advisory services) and technology, including social media, to disseminate findings from global experience on the role that a properly regulated private sector plays in promoting growth. The Bank Group also plans to bring international experts to Egypt and conduct regional seminars to discuss these issues in public forums, training sessions, and webinars for both targeted and wider audiences. The regional conference on PPPs which took place in Marrakesh, Morocco in April 2012 is an early example of these efforts at knowledge sharing on key topics in the region.

76. ***A significant longer-term risk for Egypt is lack of sufficient progress in governance, in particular improving the transparency and accountability of decision-makers.*** Until a new constitution is in place, it is not clear whether the legal framework will be conducive to improving transparency and oversight in Government operations. To address this, the Bank will continue to engage with the authorities on all relevant economic governance issues; it plans capacity building for Parliamentarians and their staff on good international practices in legal frameworks governing budget transparency, oversight, and public access to information, and on specific reforms that the Parliament and the Government can take in the short term, even as the constitution is being drafted.

## Annex 1. Revised CAS Results Matrix

Key Government objectives	Outcomes influenced by CAS Program			Bank Program (in bold, proposed program for the ISN period)
	Revised CAS outcomes	Progress-to-date	Milestones for monitoring further progress by end ISN period	
<b>Strategic Objective 1: Economic Management</b>				
<b>1.1. Contain the fiscal deficit</b>				
<ul style="list-style-type: none"> <li>Reduce the fiscal deficit by 1 percent of GDP every year (<i>on track, until FY08, this target has been missed since then</i>)</li> <li>Manage inflationary pressures (<i>inflation at 11 percent in FY11</i>)</li> </ul>	<ul style="list-style-type: none"> <li>Effective implementation of the Government's plan to gradually reduce fiscal deficit by end ISN period</li> </ul>	<ul style="list-style-type: none"> <li>Policy dialogue on macroeconomic targets and priority activities is ongoing and constructive</li> </ul>	<ul style="list-style-type: none"> <li>Gradual phasing-out of energy subsidies for energy-intensive industries is launched</li> </ul>	<i>Mode of intervention: Monitoring, analytical work, and TA</i> <ul style="list-style-type: none"> <li>Economic monitoring</li> <li>Macro report</li> <li>PER notes</li> <li><b>Policy note on social safety net reforms for fiscal sustainability</b></li> <li><b>Policy note on energy pricing and subsidies</b></li> </ul>
<b>1.2. Improve transparency of public sector management</b>				
<ul style="list-style-type: none"> <li>Increase transparency of the budget process</li> <li>Improve perception of public service efficiency and address lack of transparency</li> </ul>	<ul style="list-style-type: none"> <li>Increased rating on governance and transparency scorecards issued by major independent observatories of perceptions of transparency – by end-CAS</li> </ul>	<ul style="list-style-type: none"> <li>The findings and recommendations of sectoral PER notes were published on the internet</li> </ul>	<ul style="list-style-type: none"> <li>Government's annual budgets, audited accounts and audit reports are disclosed</li> <li>Launch of a formal program to improve perceptions of public sector transparency</li> </ul>	<ul style="list-style-type: none"> <li><b>Economic recovery and governance DPL</b></li> <li><b>Policy notes on economic governance issues</b></li> <li><b>Support for economic governance reforms (TA)</b></li> <li>Country Procurement Assessment Update (ESW)</li> <li>Support to procurement reform (TA)</li> <li>Support to Transparency and Anti-Corruption Commission (TA)</li> <li>WBI Local Governance Management Program (TA)</li> <li><b>Policy dialogue on land management</b></li> </ul>
<b>Strategic Objective 2: Jobs</b>				
<b>2.1. Create an enabling environment for private investment and businesses</b>				
<ul style="list-style-type: none"> <li>Improve the business environment</li> <li>Attaining a level playing field, promoting regulatory reforms, enhancing competition,</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in the Business Environment as measured by Doing Business surveys – by end-ISN</li> <li>Successful completion of regulatory reforms that would lead to a level playing field and a more competitive</li> </ul>	<ul style="list-style-type: none"> <li>Information on key Doing Business indicators is available and debated among stakeholders; demonstrated influence of the benchmarking exercise on reforms over the last period.</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of Doing Business ranking from 108 (2011)</li> <li>New investment opportunities</li> </ul>	<i>Mode of intervention: Benchmarking, analytical work, and TA</i> <ul style="list-style-type: none"> <li>Benchmarking through Doing Business (TA)</li> <li>Investment Climate Update (ESW)</li> <li>Rapid Assessment ICA</li> <li>Investments in PPPs (IFC)</li> </ul>

Key Government objectives	Outcomes influenced by CAS Program			Bank Program (in bold, proposed program for the ISN period)
	Revised CAS outcomes	Progress-to-date	Milestones for monitoring further progress by end ISN period	
<p>and improving governance.</p> <ul style="list-style-type: none"> <li>Improve the environment for private sector-led growth and employment creation.</li> </ul>	environment	<ul style="list-style-type: none"> <li>Management training for close to 7,000 persons from 1,000 SMEs.</li> <li>Creation of Egyptian Institute of Directors (EIoD); building capacity of more than 80 board directors and reaching more than 1800 people at EIoD</li> <li>Developed competitiveness index “Islah” at the governorate level in Alexandria and Cairo</li> </ul>		<ul style="list-style-type: none"> <li>Commercial justice/Debt Resolution (IFC TA)</li> <li><b>SME Training through IFC Business Edge/Toolkit (IFC TA)</b></li> <li><b>Streamline construction permits and licenses (IFC TA)</b></li> <li><b>Roll out Competitiveness Index nationwide (IFC TA)</b></li> <li><b>Development of the SubNational DB in FY13, to cover 15 governorates and 5 indicators (IFC TA).</b></li> <li><b>Capacity building for Parliament and Government on business environment</b></li> <li><b>MIGA support for PPPs.</b></li> </ul>
<b>2.2. Improve financial sector competitiveness and efficiency</b>				
<ul style="list-style-type: none"> <li>Broaden access to credit, in particular for micro, small and medium enterprises (MSMEs), especially for women and youth</li> <li>Enhance access to finance to underserved and unserved segments of the economy</li> <li>Strengthening the supervisory and regulatory framework for the financial sector— both banks and non-bank financial institutions (NBFI)</li> <li>Improve the financial institutional architecture (credit bureau, payments system, collateral registry, etc.)</li> <li>Strengthening the governance and</li> </ul>	<ul style="list-style-type: none"> <li>Adoption by the Government of a sound strategic approach to expand access to finance to the poorest – by end-CAS</li> <li>Substantial increase in access to finance, evident in the rise in credit – by end-CAS</li> <li>Increase of annual mortgage loans extended by primary lenders– by end-CAS</li> <li>A developed NBFI regulator and a more sound Egyptian Financial Supervisory Authority (EFSA)</li> <li>Issuance of the Corporate Governance Code for the banking sector, preventing potential conflict of interest, improving transparency, and establishing good governance.</li> <li>Amendment of the Central Bank, Money and Banking Law, improving the governance of the Central Bank of Egypt (CBE)</li> </ul>	<ul style="list-style-type: none"> <li>Increase in lending to MSMEs.</li> <li>Increase of annual mortgage loans extended by primary lenders.</li> <li>Adoption by the Government of a sound strategic approach to expand access to finance by the poorest</li> <li>Improved governance structure for the overall banking sector</li> </ul>	<ul style="list-style-type: none"> <li>Effective implementation of ongoing financial reforms</li> <li>Successful operation of the mortgage refinancing facility (which provides long-maturity loans to primary mortgage providers)</li> <li>Development of a strategy to expand access to finance</li> <li>Further improvement and enforcement of the corporate governance regulation</li> <li>Publication of the Financial Stability Report, enhancing transparency</li> <li>Effective conduct of stress testing, using</li> </ul>	<p><i>Mode of intervention: Integrated package of analytical work, technical assistance, IBRD lending, and IFC financial support</i></p> <ul style="list-style-type: none"> <li>Financial Development and Growth (ESW)</li> <li><b>Islamic Finance (ESW)</b></li> <li>WBI – financial sector (TA)</li> <li>Support to financial sector reform (TA)</li> <li>Stress-testing Institutional Reforms (TA)</li> <li>Strengthening Corporate Governance of the Financial System (TA)</li> <li>Affordable Mortgage Finance Development Policy Loan (SPN)</li> <li>Enhancing Access to Finance for SMEs Project (SPN)</li> <li>Potential investments in finance institutions (IFC)</li> <li>Credit Bureau (IFC TA)</li> <li><b>Corporate Governance (IFC TA)</b></li> <li>SME banking (IFC TA)</li> </ul>

Key Government objectives	Outcomes influenced by CAS Program			Bank Program (in bold, proposed program for the ISN period)
	Revised CAS outcomes	Progress-to-date	Milestones for monitoring further progress by end ISN period	
transparency of the banking sector			Financial Projection Model	
<b>2.3. Expand and improve power and transport infrastructure</b>				
<ul style="list-style-type: none"> <li>Expand energy and transport infrastructure, to catch up with population growth, urbanization, and increased economic activity and jobs creation– through selected public investments, sector policy improvements and PPPs.</li> <li>Improve management and quality of services of energy and transport systems, esp. as regards financial sustainability, private sector participation, sector governance and involvement of users.</li> </ul>	<u>Energy</u> <ul style="list-style-type: none"> <li>Expansion of power generation capacity by 27,000 MW – by end-CAS; increasing share of renewables in generation mix</li> <li>Conversion from highly-subsidized LPG to natural gas consumption for 300,000 households – by end-CAS</li> <li>Reform of energy pricing and subsidies, to reduce the fiscal impact of global price increases by end-CAS – by end-CAS</li> </ul>	<ul style="list-style-type: none"> <li>Construction of 700 MW El Tebbin was completed in 2010; construction of 140 MW Kureimat Solar-Thermal Power was completed in 2011</li> <li>Construction of gas distribution infrastructure for 300,000 households is under way</li> <li>Construction of 3,550 MW in gas-fired power plants under way</li> <li>Wind power project for construction of high-voltage transmission lines and a 250-MW wind power plant under implementation</li> <li>Substantial policy advice (options, simulations, and recommendations) was provided to the Government on energy pricing and subsidies; development of renewable energy; energy planning; energy efficiency; sector governance; and private investment</li> </ul>	<ul style="list-style-type: none"> <li>Effective advancement of works on power projects and natural gas connections project</li> <li>Design of a gradual yet substantial energy pricing reform and launch of its first phase</li> </ul>	<u>Mode of intervention: Integrated package of analytical work, technical assistance, and IBRD lending for infrastructure</u> <ul style="list-style-type: none"> <li>El Tebbin Power Project (SPN)</li> <li>Kureimat Solar-Thermal Project (completed)</li> <li>Natural Gas Connections Project (SPN)</li> <li>Ain Sokhna Power Project (SPN)</li> <li>Wind Power Development Project (SPN)</li> <li>North Giza Power Project (SPN)</li> <li><b>Helwan South Power Project (LEN)</b></li> <li><b>Kom Ombo Concentrated Solar Power (LEN)</b></li> <li><b>TA on Energy pricing strategy</b></li> <li><b>TA on improved targeting of fuel subsidies</b></li> <li><b>MIGA operation in oil and gas</b></li> </ul>
	<u>Transport</u> <ul style="list-style-type: none"> <li>Increase of capacity of key international airports (Cairo and Sharm El Sheikh) and delegation of airports management to the private sector</li> <li>Increase of financial viability and safety of Egypt National Railways</li> <li>Increase of financing for and regularity of road maintenance</li> <li>Improve public urban transport in</li> </ul>	<ul style="list-style-type: none"> <li>Construction of a new airport terminal has been completed in Cairo airport (T3) and Sharm El Sheikh airport; airports management has been strengthened with the assistance of the private sector</li> <li>The Government has approved a restructuring plan of Egyptian National Railways (ENR), inspired by Bank-recommended</li> </ul>	<ul style="list-style-type: none"> <li>Rehabilitation and expansion of an existing terminal (T2) in Cairo airport is well advanced; an air transport liberalization policy is adopted</li> <li>The Government has completed the reorganization of ENR; modernization of</li> </ul>	<u>Mode of intervention:</u> <ul style="list-style-type: none"> <li>Airports Development Project (SPN)</li> <li>Railways Restructuring Project (SPN)</li> <li><b>Urban Transport Infrastr. Project (LEN)</b></li> <li>Trucking industry AAA</li> <li>Road asset management AAA</li> <li>Transport regulations TA</li> <li><b>Policy dialogue to improve the quality and access to urban transport for low income households</b></li> </ul>

Key Government objectives	Outcomes influenced by CAS Program			Bank Program (in bold, proposed program for the ISN period)
	Revised CAS outcomes	Progress-to-date	Milestones for monitoring further progress by end ISN period	
	Greater Cairo area	<p>priorities, and focusing on increasing the safety, quality and reliability of services and financial viability of railways services; the financing of a modernization program of signaling systems between Alexandria and Assiut is in place. Financing of road maintenance has increased.</p> <ul style="list-style-type: none"> <li>An urban transport authority for Greater Cairo has been established but is not yet operational.</li> </ul>	<p>signaling on Cairo Assiut is ongoing.</p> <ul style="list-style-type: none"> <li>The Government has adopted a road asset management strategy aiming, among others, to improve road maintenance; a pilot PPP road project is underway.</li> <li>The Greater Cairo Urban Transport Authority is in place and fully operational; the Cairo Urban Transport Infrastructure Development project (CUTIDP) is underway,</li> <li>Restructuring of the freight road transport sector is underway and an effective regulation is in place to improve the performance of logistics.</li> </ul>	
<ul style="list-style-type: none"> <li>Expand telecommunications infrastructure – through selected public investments and PPPs</li> <li>Improve management of telecoms infrastructure systems, esp. as regards financial sustainability, private sector participation, and</li> </ul>	<p><u>Telecommunications</u></p> <ul style="list-style-type: none"> <li>Reduction in the cost of telecommunications services – by end-CAS</li> </ul>	<ul style="list-style-type: none"> <li>Substantial (fee-based) technical assistance was provided to improve the regulatory framework and increase the number of licensed operators</li> </ul>	<ul style="list-style-type: none"> <li>Award of a second national fixed line operator license</li> </ul>	<p><i>Mode of intervention: Technical assistance by both IBRD and IDA</i></p> <ul style="list-style-type: none"> <li>Support to regulatory reform (IBRD fee-based TA)</li> </ul>

Key Government objectives	Outcomes influenced by CAS Program			Bank Program (in bold, proposed program for the ISN period)
	Revised CAS outcomes	Progress-to-date	Milestones for monitoring further progress by end ISN period	
involvement of users				
<b>2.4. Increase relevance of education for labor market</b>				
<ul style="list-style-type: none"> <li>Pursue efforts to increase access to all levels of education (<i>gross enrollment ratio increased to 28 percent in pre-school, 94 percent in primary, and 84 percent in secondary</i>)</li> <li>Enhance the employability of graduates from education and non-formal education/technical training and skills upgrading by enhancing the quality and relevance of technical education and training.</li> </ul>	<ul style="list-style-type: none"> <li>Successful testing (for an eventual scaling-up) of pilot schemes for improving quality/relevance of: (i) higher education, (ii) skills development, and (iii) early childhood development – by end-CAS</li> <li>Improved curriculum especially with regard to the transition from secondary to post secondary education and to the labor market – by end-CAS</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of pilot schemes is underway for (i) higher education; (ii) skills development; and (iii) early childhood development.</li> <li>Curriculum for the first year of secondary school has been revised. Second and third year secondary curriculum reforms are still at a dialogue stage.</li> <li>Education Policy Note: Improving Quality, Equality, and Efficiency in the Education Sector: Fostering a Competent Generation of Youth</li> <li>High Level Round Table organized on Quality of Education: The Gateway to Employability (March 2010)</li> </ul>	<ul style="list-style-type: none"> <li>Effective dialogue to scale up the skills development pilot project</li> <li>Effective policy dialogue to support Government efforts to improve technical-vocational education.</li> </ul>	<p><i>Mode of intervention: IBRD lending for pilot activities and stand-alone analytical work</i></p> <ul style="list-style-type: none"> <li>Early Childhood Education Enhancement Project (SPN)</li> <li>Secondary Education Enhancement Project (SPN)</li> <li><b>Dialogue on 5-year strategy for pre-university education</b></li> <li><b>Policy dialogue on early childhood education</b></li> <li><b>TA for the Skills Development Fund</b></li> <li><b>TA to expand use of a benchmarking toll for universities</b></li> <li><b>TA to strengthen planning and monitoring in education</b></li> <li><b>Potential IFC TA in education</b></li> </ul>
<b>2.5. Increase trade with regional and global partners</b>				
<ul style="list-style-type: none"> <li>Facilitate trade, including simplifying customs procedures and building infrastructure, etc. (<i>external trade increased by 22 percent since 2006; average number of days to clear imported goods reduced to 2</i>)</li> <li>Strengthen linkages between producers and external markets in priority sectors and geographical areas</li> </ul>	<ul style="list-style-type: none"> <li>Successful development of schemes for improving the linkages between suppliers and external markets in (i) services, (ii) agriculture in Upper Egypt – by end-CAS</li> </ul>	<ul style="list-style-type: none"> <li>Policy proposals and pilot schemes are being developed for agriculture in Upper Egypt</li> </ul>	<ul style="list-style-type: none"> <li>Successful completion of the pilot schemes and effective launch of a substantive dialogue on their scaling up / adjustment</li> <li>Increased trade infrastructure capacity</li> </ul>	<p><i>Mode of intervention: Analytical work, technical assistance</i></p> <ul style="list-style-type: none"> <li>Supply Chain and Trade (TA)</li> <li>Trade ESW</li> </ul>

Key Government objectives	Outcomes influenced by CAS Program			Bank Program (in bold, proposed program for the ISN period)
	Revised CAS outcomes	Progress-to-date	Milestones for monitoring further progress by end ISN period	
<b>Strategic Objective 3: Inclusion</b>				
<b>3.1. Improve management of water, sanitation and irrigation systems</b>				
<ul style="list-style-type: none"> <li>Improve access and management of water supply, sanitation and irrigation and drainage infrastructure systems</li> </ul>	<ul style="list-style-type: none"> <li>Successful testing (for an eventual scaling-up) of pilot schemes for (i) expanding networked sanitation infrastructure into rural areas; and (ii) increasing efficiency and beneficiary participation in irrigation management; and (iii) developing PPPs – by end-ISN</li> </ul>	<ul style="list-style-type: none"> <li>Launch of rural networked sanitation program in 4 needy governorates</li> <li>First waste water PPP in Egypt successfully completed (IFC)</li> <li>Improved irrigation and drainage services to 40,000 farmers</li> <li>1,420 water user associations established of which 765 registered</li> <li>14 integrated irrigation water</li> <li>A pilot scheme for PPP in irrigation has been launched procurement aborted</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of networked sanitation services in targeted rural areas in Gharbeya, Beheira, and Kafr-el Sheikh and implement at least 6 decentralized waste water systems</li> <li>Improved irrigation and drainage services to 65,000 farmers</li> <li>All 1,420 water user associations registered</li> <li>Agreement on alternative model for PPPs in irrigation management</li> </ul>	<p><i>Mode of intervention: IBRD lending for pilot activities underpinned by analytical work</i></p> <ul style="list-style-type: none"> <li><b>Comprehensive water sector portfolio review</b></li> <li><b>Restructuring of the Integrated Irrigation Improvement and Management project and the Integrated Sanitation and Sewerage Infrastructure I to improve equity in service provision and disbursement</b></li> <li><b>Support to labor intensive irrigation infrastructure maintenance management</b></li> <li><b>Policy dialogue to improve user participation in sector governance, transparency and social accountability</b></li> </ul>
<b>3.2. Improve air and water quality</b>				
<ul style="list-style-type: none"> <li>Improve environmental standards for air and water pollution and strengthen their enforcement including by developing market-friendly incentives for polluters to reduce pollution</li> </ul>	<ul style="list-style-type: none"> <li>Successful testing (for an eventual scaling-up) of pilot schemes for: (i) reduction of industrial air pollution; and (ii) waste management – by end-CAS</li> <li>Improvement of environmental standards regulations – by end-CAS</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of a pilot scheme for reducing industrial air pollution is well underway; a pilot scheme for waste management is under preparation</li> <li>Significant progress was achieved on environmental standards: country systems are partly applicable for Bank projects</li> </ul>	<ul style="list-style-type: none"> <li>Effective launch of a substantive dialogue on the scaling up / adjustment of the pilot scheme for industrial air pollution abatement</li> <li>Launch of a pilot scheme for waste management pollution abatement</li> </ul>	<p><i>Mode of intervention: IBRD lending for pilot activities and stand-alone analytical work</i></p> <ul style="list-style-type: none"> <li>Pollution Abatement Project II (SPN)</li> <li><b>TA on solid waste management, focused on underserved areas of Cairo</b></li> <li>Update of Country Environment Analysis (ESW)</li> <li>Climate change mitigation and adaptation (ESW)</li> <li>Environment strategy (ESW)</li> </ul>

Key Government objectives	Outcomes influenced by CAS Program			Bank Program (in bold, proposed program for the ISN period)
	Revised CAS outcomes	Progress-to-date	Milestones for monitoring further progress by end ISN period	
<b>3.3. Expand access to healthcare</b>				
<ul style="list-style-type: none"> <li>Expand coverage of health insurance systems in a fiscally sustainable manner</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of a health insurance reform reflecting international best practice – by end-CAS</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of family health funds was piloted in two governorates (Menofia and Alexandria): 2.4 million people have been covered with a package of primary health care services, representing 100 percent of the targeted population in these governorates; and physical accessibility to primary health care services was improved for 3 million people. As a result of the project, ‘family health services’ was adopted as the service delivery model for primary health care in Egypt and is being rolled out nationwide supported by the Government and EU budget support.</li> <li>Technical assistance and policy guidance were provided to the Government in the areas of health insurance and actuarial modeling.</li> <li>Assistance was provided to the Government in its commitment to establishing a social health insurance system with universal coverage, through the preparation and implementation of the Health Insurance Systems Development Project.</li> <li>Successful commercial closing (pending financial closing) of the Alexandria Hospitals PPP.</li> </ul>	<ul style="list-style-type: none"> <li>Completion and adoption of actuarial studies and an implementation plan for rolling out the reform.</li> <li>Contract a Verification and Validation firm to deliver hands-on support to the health insurance payor for decision-taking, technical advice, and verification and validation services.</li> <li>Commitment of the Government to expand universal health coverage to a new group of uninsured population, mainly the poor.</li> </ul>	<p><i>Mode of intervention: Integrated package of analytical work, technical assistance, and IBRD lending</i></p> <ul style="list-style-type: none"> <li>Health sector reform project (SPN-closed)</li> <li>Health Insurance Systems Development Project (SPN)</li> <li><b>Dialogue on Universal Health Insurance (TA)</b></li> <li><b>Governance in Health Sector (TA)</b></li> </ul>

Key Government objectives	Outcomes influenced by CAS Program			Bank Program (in bold, proposed program for the ISN period)
	Revised CAS outcomes	Progress-to-date	Milestones for monitoring further progress by end ISN period	
<b>3.4. Develop targeted and sustainable safety nets</b>				
<ul style="list-style-type: none"> <li>• Transform current subsidy system into a better targeted and fiscally sustainable system</li> <li>• Increase sustainability and coverage of the pension systems</li> <li>• Make benefit systems conducive to graduation and labor market insertion</li> </ul>	<ul style="list-style-type: none"> <li>• Definition and implementation of a sound plan to move towards a more transparent and sustainable system</li> <li>• Definition and implementation of new pension regulations reflecting international best practices</li> </ul>	<ul style="list-style-type: none"> <li>• Technical advice was provided to the Government on subsidy reform and cash transfer mechanisms: design of options and timetables, organization of South-South exchange of experience (with Mexico), capacity building of selected institutions to be involved in the reform</li> <li>• Technical advice was provided to the Government (on a fee-based basis) on pension law and relevant regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Preparation of an implementation plan for subsidy reform informed by international best practice</li> <li>• Completion of the technical work on pension reform (including regulations and actuarial work)</li> </ul>	<p><i>Mode of intervention: Hands-on technical assistance by IBRD (on a fee-based basis)</i></p> <ul style="list-style-type: none"> <li>• <b>Emergency Labor-Intensive Works (LEN)</b></li> <li>• Pension reform (RTA)</li> <li>• <b>Inequality of Opportunity Study</b></li> <li>• <b>Subsidy Reform Paper (cross-sectoral team)</b></li> <li>• <b>Social Protection Strategy Note (TA)</b></li> </ul>
<b>3.5. Reduce interregional disparities</b>				
<ul style="list-style-type: none"> <li>• Increase public investments in Upper Egypt (average per capita transfers to Upper Egypt Governorates increased from 79% of all-Egypt average (2003/2004) to over 100 percent of all-Egypt average)</li> <li>• Strengthen capacity among local administrative authorities and community groups in Upper Egypt</li> </ul>	<ul style="list-style-type: none"> <li>• Strong pro-poor targeting of public investment in Upper Egypt – by end-CAS</li> </ul>	<ul style="list-style-type: none"> <li>• Analytical work on Upper Egypt constraints and opportunities completed</li> <li>• Mechanisms for community-level investment in Upper Egypt were successfully tested</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption by the Government of the findings and recommendation of analytical work on Upper Egypt sources of growth and poverty</li> </ul>	<p><i>Mode of intervention: IBRD lending for community-level activities and stand-alone analytical work</i></p> <ul style="list-style-type: none"> <li>• <b>Possible multi-sectoral operation to improve economic opportunities and access to basic services in Upper Egypt (LEN)</b></li> <li>• Support to developing a decentralization strategy (TA)</li> <li>• Growth in Upper Egypt (ESW)</li> </ul>
<b>3.6. Reduce gender disparities</b>				
<ul style="list-style-type: none"> <li>• Focus on reducing inequalities related to economic empowerment</li> <li>• Improve women’s access to finance</li> </ul>	<ul style="list-style-type: none"> <li>• Effective contribution to informed advocacy and policy making on gender issues – by end-CAS</li> <li>• Specialized windows for women to improve their access to finance</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity of selected women groups to engage in gender policy issues was strengthened</li> <li>• Building the capacity of women entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption by the Government of the findings and recommendations of Bank analytical work on gender and</li> </ul>	<p><i>Mode of intervention: benchmarking through analytical work and technical assistance</i></p> <ul style="list-style-type: none"> <li>• Update the Women Economic Empowerment (ESW)</li> <li>• Training and building the capacity of women</li> </ul>

Key Government objectives	Outcomes influenced by CAS Program			Bank Program (in <b>bold</b> , proposed program for the ISN period)
	Revised CAS outcomes	Progress-to-date	Milestones for monitoring further progress by end ISN period	
			economic opportunities	entrepreneurs (TA) <ul style="list-style-type: none"> <li>• Engendered Rapid assessment—ICA (ESW)</li> <li>• <b>TA on cash grants to young women to start business and training in entrepreneurship &amp; leadership</b></li> </ul>

## Annex 2. Summary of ISN Consultations

### 1. The Process

After the Revolution of January 25, 2011, the World Bank in Egypt has been keen to engage and reach out to new stakeholder groups, agents of change and future reform champions. In the new political landscape, meetings were held with post-revolution liberal and Islamist political parties (liberal/Islamists) in addition to revolutionary youth and young leaders. Such meetings represented valuable opportunities for the Bank to seek stakeholders' viewpoints on key issues, priorities for new Egypt and how best the Bank can support Egypt going forward.

In February 2012, ISN consultations were held with various tiers of the Government, civil society organizations, representatives of political parties, parliamentarians, donors, academia and the private sector which have been an integral part of the ISN formulation process. Given the multiplicity of stakeholders in the Bank Group's work in Egypt, and their wide range of priorities and points of view, the challenge was to conduct truly representative and focused consultations that could provide meaningful inputs and direction to ISN formulation.

The consultation strategy has, therefore, been based on the following principles: a) participants would reflect a divergence of views, and would include new forces that drove the January 2011 Revolution; b) consultations would be transparent so that expectations from the exercise were realistic; and c) feedback would be elicited in a focused manner on the emerging themes and issues that were expected to underpin the ISN.

The consultation process comprised two elements:

- **Targeted meetings:** Since the drafting of the ISN began, a series of meetings was held over a few months by sector staff with sector ministries to discuss key sectoral challenges and how best the Bank could help. These discussions provided an important input to the subsequent drafting of the proposed World Bank Group Program priorities. In addition, in February 2012, the Bank Group hosted a series of 2-3 hour meetings in Cairo, in Arabic and English, with representatives of the Government, donors, the private sector, academia, labor unions, parliamentarians, political parties, and CSOs. These meetings were aimed at obtaining direct feedback on the main priorities to be reflected in the ISN draft. Pillars foreseen for the ISN were presented to participants, together with the ongoing program when the audience was not familiar with the World Bank's work in the country. Participants' feedback was sought on (i) what role the World Bank Group could play in supporting Egypt's transition; (ii) the adequacy and relevance of ISN objectives; (iii) the suitability of areas foreseen for World Bank engagement; and (iv) what the World Bank should do differently in Egypt.
- **Online consultations:** In mid-February 2012, a summary of the draft ISN, together with a PowerPoint presentation of the Bank in Egypt and the ISN, both in English and Arabic, was posted on a blog, twitter and facebook for public review and comments. Awareness of this facility was created through email to Bank contacts and other means of outreach.

Feedback received is summarized below.

### 2. Consultations Feedback

Feedback from various stakeholders is grouped into three areas, namely economic management and transparency, jobs, and inclusion. In the various sectors, political parties and MPs have expressed interest in

benefiting from the Bank as a knowledge platform for sharing global experiences and practices from across the world.

## **Area 1: Economic management and transparency**

### Issues raised by participants:

- Corruption in land allocation and use, and in privatizations;
- Unfair contracts in energy sector;
- Large amounts of fuel subsidies for companies, especially cement factories;
- Deficient subsidy system, as subsidies do not reach all the poor, and cover also the rich;
- Too large fiscal and current account deficits;
- Borrowing should not be a priority: Egypt should use effectively and efficiently its resources;
- Poor quality of, and low access to, survey data; and
- Political uncertainty, no clear vision, indecision, and conflicting messages.

### Ideas to address those issues:

- Foreign financing can bring confidence, but better management of domestic resources should be improved, by reforming public expenditures and increasing domestic revenues (e.g., revisit taxation system to increase real estate tax, renegotiate gas exports prices);
- Make public expenditures more transparent;
- Budget should be consolidated to include special funds;
- Government should listen to people, have a clear vision, design programs and implement them;
- Government should increase the use of natural gas, including CNG; and
- Reform the subsidy system to make it pro-poor.

### Suggestions for Bank involvement:

- Focus on social protection (e.g., conditional cash transfers for education, nutrition, and targeted energy subsidies);
- Promote institutional development to guarantee public access to information to inform the policy debate and assess the impact of public policy;
- Support increased use of natural gas in Egyptian economy, including transport (CNG); and
- Support to governance, accountability, monitoring and evaluation, and transparency.

## **Area 2: Jobs**

### Issues raised by participants:

- Unfriendly environment for private sector development, no direction to investors;
- There are too many “unpublished” rules and it is costly to follow rules;
- Middle class shrinking;
- The Labor market suffers from a serious mismatch between labor supply and labor demand; and the outcome of the education system does not respond to the demands of the employers and thus triggers low productivity, waste, lack of competitiveness, etc;
- Technical education and vocational training system is fragmented and not responsive to the needs of the market (neither at the governance level/institutional set-up for policy directives nor at the service delivery level);
- Continuing education is missing;
- Poor quality of documentation for mortgage business leading to long delays of turnaround;

- Lending to the private sector is expensive and crowding out issue; and
- Media is ignorant and confused about private sector and investment finance, and needs educating.
- Inefficient urban transport services limit access to employment opportunities.

Ideas to address those issues:

- Need predictability: laws to be enforced; contracts/transactions to be respected; confusion about past privatizations to be clarified; better communication on all issues;
- Improve technical education and vocational training, with entrepreneurs' involvement in the skills development;
- Promote mentorship/apprenticeship in schools/employers partnerships;
- Simplify, publish and enforce laws and regulations;
- Support SMEs development, for employment generation;
- Inefficient urban transport services limit access to employment opportunities; and
- Capacity building for media.

Suggestions for Bank involvement:

- Support technical education and vocational training;
- Support improvement of business environment and doing business, especially for SMEs development, including through capacity building;
- Support lending for SMEs development, for employment generation; and
- Reach out to the parliament and media;

**Area 3: Inclusion: access to finance, water and sanitation, social services, transport, reliable energy, and safety nets**

Issues raised by participants:

- Inequitable access to finance, and micro, small and medium enterprises (MSME) development;
- Improving affordability of housing for low-income segments of society as key demand of the Revolution;
- Lagging regions: corners of Egypt such as Upper Egypt, Sinai and the New Valley;
- Lack of trickle-down effect: Egypt was doing well at the macro level, but growth did not trickle down at the micro level;
- Improve roads in rural areas so as to have better access to schools and health services;
- Improve access to affordable and reliable energy by expanding natural gas networks, particularly in Upper Egypt;
- Access to education is low in lagging regions;
- Illiteracy is high;
- Social security and health insurance are fragmented and do not cover the poor;
- Population growth is too high;
- Insurance regulation is weak;
- Inadequate legislation in health sector;
- Low access to jobs, especially for women and youth;
- Low and costly access to finance in Upper Egypt;
- Lot of problems in land management, energy and water;
- Energy subsidies are becoming unsustainable burden on the budget and disproportionately benefiting higher income households and profitable industries;
- Negative impact of the heavy traffic in Cairo, affecting citizens and the economy; and

- In rural Egypt, poor roads limit access to health and education services, particularly girls who do not attend school due to poor access.

Ideas to address those issues:

- Bring together all stakeholders involved in social safety nets and facilitate communication and sharing of information on what they are doing and identify areas of complementarities, to achieve synergies, and to avoid duplication of efforts;
- Increase access to education in poor areas to improve equity;
- Early childhood development interventions to address inequality of opportunity;
- Improve social justice in health, for example focusing on achieving MDG targets on child mortality and maternal mortality in Upper Egypt;
- Maintain the balance between expanding universal health coverage to new groups and addressing gaps for those who lag behind in terms of achievement of health outcomes;
- Health Insurance Law: develop a strategy plan for the health system and specifically revise the Health Insurance Law;
- Expand social health insurance to the poor;
- Assessment/monitoring and evaluation tools must be developed in order to enhance accountability and governance in education and health sectors;
- Expand social assistance programs, especially to poor female-headed household;
- Create employment opportunities for the poor, such as through the public works program and other labor intensive investment activities;
- Improve self-employment, such as through training and capacity building, improving access to micro-credit, supporting potential own account business owners by helping them to prepare business plan and guiding them where to look for support and resources;
- Developing small and micro jobs is needed in villages; and
- Improve energy efficiency and develop renewable energy – especially wind, but also increasingly solar.

Suggestions for Bank involvement:

- Working further on access to education in poor areas to improve equity (medium-term);
- Early childhood development;
- Engage in benchmarking, capacity building, monitoring and evaluation (education);
- Cooperation on eradication of illiteracy (medium-term);
- Dialogue on designing the transition to universal health coverage for the poor;
- Health sector governance;
- Results-based financing and pay for performance
- Support temporary employment (such as waste collection, canals cleaning, and other poor self-selective labor intensive works) and be involved in social protection programs;
- Support rural road improvements; and
- Support agriculture to eradicate poverty.

## **Annex 2.b: Summary of Various ISN Consultations with Key Stakeholders**

### **A. Consultations with Political Parties and Parliamentarians:**

**A1. Meetings with Freedom and Justice Party (FJP) and Al-Wafd:** Al Wafd presented a number of ideas and activities that mainly fall within the scope of training and skills development. Freedom and Justice Party discussed the following main points: (1) Expressed their willingness to work with the Bank in the future based on areas of comparative advantage and wanted to use the "Knowledge Bank" as a first step, thus, benefiting from a knowledge platform for sharing global experiences and practices from across the world; and (2) Expressed increased interest in skills development and possible programs to bridge the gap between labor supply and labor demand, thus, overcoming low productivity and poor competitiveness.

**A2. Meeting with Al-Nour party:** This was the first meeting with Al-Nour party and it was a good opportunity to give an overview of the Bank program in Egypt with a focus on education and health. The main discussion points included: (1) The head of the education committee at the People's Assembly expressed surprise that very few projects were dedicated over the past years to such important sector of education in a country like Egypt; (2) Illiteracy eradication top the party's priority projects, followed by scientific research, technical education, early childhood education, cooperative training, and the need to improve innovation and schools for the talented; (3) The party is interested in World Bank anti-corruption measures (FM/Procurement/ debarment mechanism for violating companies); and (4) Al-Nour representatives expressed the need to learn from other countries that progressed along the road of education improvement (Turkey and Malaysia).

**A3. Thematic Consultations on Human Development-related issues:** The meeting was attended by representatives from the following political parties: Freedom and Justice (FJP), Al-Wafd, Egyptian Social Democratic Party. On the draft ISN, participants mentioned the following elements:

- (1) The Egyptian revolution underlined the importance of social justice. Therefore, political parties that represent the people and CSOs should both have a seat at the table with the Government during the process of decision-making.
- (2) The labor market suffers a serious mismatch between labor supply and labor demand; and the outcome of the education system does not fulfill the requirements of the employers and thus triggers low productivity, waste, lacking competitiveness, etc. Thus, technical and vocational education and training (TVET) should be considered as a priority area for Bank's support, while ensuring coordination with on-going activities and other donors' interventions (those that are on-going and under preparation).
- (3) One particular area that came out strongly during the discussions, which was not raised before and that requires coordination between those in the Government and those who will be representatives in the People's assembly and Shoura Council, was the importance of legislation in health sector reform especially issues related to civil service reform. This is an area that is outside the health sector but seems clearly to affect progress in reform in the health sector.
- (4) Cooperation on eradication of illiteracy was also requested by many as one of the main blocks for real development and for democracy.
- (5) One party underlined the necessity to have quick wins during the next period to instill confidence in the health sector. Social Justice in health could be a possible way to achieve that. For example, focusing on achieving the MDGs 4 and 5 in rural Upper Egypt and/or addressing stunting in Lower Egypt. Public Private Partnerships with civil society organizations was proposed as a strong vehicle to do that. Enrollment of the poor in social health insurance is another area for consideration.
- (6) More attention should be given to scientific research and more financing should be allocated to such untapped sector with high potential for Egypt's future.

## **B. Consultations with the Government, Civil Society Organizations on Human Development-related issues:**

### **B1. Education:**

The main requested areas for Bank involvement were: cooperation on TVET and cooperation on eradication of illiteracy - as one of the main blocks for real development and for democracy. During the meeting with the Minister of Education and other MOE officials, they requested cooperation on: (i) access to education through targeting construction of schools in poor areas to improve equity; (ii) technical education; and (iii) early childhood development (where we can build on the ongoing Early Childhood Education Enhancement Project).

### **B2. Labor Markets:**

- (1) The labor market suffers a serious mismatch between labor supply and labor demand; and the outcome of the education system does not fulfill the requirements of the employers and thus triggers low productivity, waste, lacking competitiveness, etc.
- (2) The Technical Education and Vocational Training System is fragmented and not responsive to the needs of the market (neither at the governance level/institutional set-up for policy directives nor at the service delivery level).
- (3) Work will not be started from scratch as there are a number of initiatives either at the formal or the informal education (including technical training) that can be drawn on for further policy dialogue during the ISN's 18 months; and also possibly a pilot service delivery modality that can be replicated (scaling up of the skills development project, operationalizing of the Training Fund, etc).

### **B3. Health:**

- (1) Issuing a new social health insurance law will take some time, as many issues need to be addressed before the law can be presented to the People's assembly. Wider participation in the draft law discussion is required, with the involvement of experts in the sector. Technical assistance for designing the transition to universal health coverage is much needed.
- (2) There is a necessity to have quick wins during the next period to instill confidence in the health sector. Social Justice in health could be a possible way to achieve that objective, for example focusing on achieving the MDGs 4 and 5 in rural Upper Egypt and/or addressing stunting in Lower Egypt. Public private partnerships with civil society organizations were proposed as a strong vehicle to do that. Enrollment of the poor in social health insurance is another area for consideration.
- (3) Governance in the health sector is getting a higher priority and will be an essential part of the agenda of any future health reform.
- (4) The balance between expanding universal coverage to new groups and addressing gaps for those who lag behind in terms of achievement of health outcomes will be important to maintain.
- (5) Introduction of new innovative tools for health workforce development will need to be taken into consideration.

## **C. Consultations with Economists, Private Sector Representatives and Financial Sector**

### **C1. Representatives from think-tanks and economists stressed that:**

- (1) "It is necessary to do fiscal adjustment, and in particular adjusting spending via energy subsidy reduction".
- (2) "The Bank should focus on social protection and employment generation. The social protection proposals were more concrete (conditional cash transfers for education and nutrition), while the

employment generation were not as concrete. Probably the most concrete idea in this respect was to support lending for SME development.”

- (3) “The Bank should promote institutional development to guarantee public access to information to inform the policy debate and assess the impact of public policy.”

## **C2. Private Sector Development:**

- (1) “Security is a priority to attract investment”.
- (2) Slow down or stoppage of Government approvals, bureaucratic procedures: “There is difficulty in getting approvals, permits and licenses. Even big companies cannot get building licenses, and have allocations of land cancelled”.
- (3) “Government lacks capacity, administration, programs.”
- (4) “Lack of key legislative and regulatory reforms such as bankruptcy, microfinance law, etc is constraining.”

## **C3. Financial Sector Development**

- (1) Inequitable access to finance, and micro, small and medium enterprises (MSME) development. The Bank should provide further support in developing the MSME sector within a broader context, addressing the following issues:
  - Attaining a more inclusive system catering the marginalized MSMEs as credit to the private sector in Egypt remains very concentrated in large, connected and well-established enterprises.
  - Accelerating measures to achieve inclusive growth through strengthening the institutional framework through improving the regulatory environment, building the capacity of financial institutions (banks and non-bank financial institutions).
  - Building the capacity of the Social Fund for Development (SFD) to be able to support further the development of MSMEs.
  - Strengthening the legal infrastructure for MSMEs is crucial through various legal and regulatory reforms, including the microfinance law, bankruptcy to facilitate exit, registry of movable assets, enforcement of collateral foreclosure, private pensions, etc.
  - Initiating innovation, including mobile banking, branchless banking, internet banking, and agriculture insurance, as well as Islamic finance and *Sha'ria* compliant financial products.
  - Banks need to build its capacity and establish SME units with specialized staff to deal with SMEs, being different from the mid-caps and large corporates.
  - Addressing the issue of “crowding-out” of the private sector credit by the Government borrowing. In order for private activity to expand, the Government must allow room for bank loans, as well as capital market instruments for the private sector.
  - World Bank support should encourage private sector involvement, women empowerment, and support generic programs—capacity building and training, improving the legal environment, transparency. However, not feasible without a Government strategy.
- (2) Weak regulatory and supervisory architecture for non-bank financial institutions (NBFIs): Much more effort is required on the NBFIs regulatory regime.
  - Building the capacity of the Egyptian Financial Supervisory Authority (EFSA) is crucial to enhance competition in the financial sector, and improve financial intermediation.
  - Removing restrictions on banks selling insurance as it is limiting growth of the insurance sector, attaining a level playing field.
  - Building the capacity of the insurance sector as they suffer from limited skills, especially with regard to actuaries.
- (3) Poor corporate governance and lack of transparency are key problems in the financial sector:

- The issuance of the Banks Corporate Governance Code, and the amendment of the Banking and Central Bank Law was commended in terms of improving the governance of the banking system.
  - Supporting the banking sector in the implementation of the Banks Corporate Governance Code, and ensure timely compliance of the new regulations.
  - On transparency, the Central Bank of Egypt (CBE) should begin to disclose financial statements of banks and other important information, as well as publishing and posting on the website a full-fledged Financial Stability Report.
  - Strengthening the corporate governance of the non-bank financial institutions
- (4) **Improve affordability of housing, and attain a more inclusive mortgage finance system:** One of the priority areas that Egypt needs to focus on is supporting the housing sector, especially low-income housing.
- Accelerating the regulatory reforms for developing the mortgage market, especially in terms of improving housing affordability--a main problem facing developers and housing contractors.
  - The Ministry of Housing, Utilities and Urban Development needs to move forward with the implementation of the Affordable Housing Program, and continue reforming the housing subsidies system to be more efficient, transparent and well targeted.
  - Facilitate the operationalization of the Mortgage Finance Fund (MFF)—in charge of financing low-income households and the provision of housing subsidies.
  - Government policy on housing, real estate, financial sector is not guided by any vision, only confusion. People are not making decisions; there is poor coordination between Ministries. After Revolution, "no one in any Ministry will sign anything."

#### **D. Consultation on Energy**

- (1) **Energy prices and subsidies:** Subsidies account for about LE100 billion in Egypt's budget and are on the rise, becoming unsustainable burden on the budget (a number of participants stated that the least that can be done was to cap the subsidies at the current level). Equally worrisome is the fact that these subsidies disproportionately benefit higher income households and profitable industries, which can afford to pay full price (some said that 80% of subsidies go to 20% of the highest income earners). However, all discussants emphasized social sensitivity of energy price increase, the importance of gradual and selective price adjustments, and importance of energy efficiency in reducing the gap between energy costs and prices. The use of "smart cards" to allow for a lower price of fuel for limited amounts of consumption per eligible categories (or in general) is also being proposed. The need for financial restructuring of the balance sheet of EGPC (Egyptian General Petroleum Corporation) was stated by the Ministry of Finance. A number of participants noted the need for greater transparency in tariff setting methodology and participation in the process. The Ministry of Finance invited the Bank to help with analytical work and policy recommendations to reduce subsidy burden by 1% of GDP for the next FY.
- (2) **Increased use of natural gas:** Increased use of natural gas was strongly emphasized, especially in the transport sector (use of compressed natural gas – CNG), but in other sectors as well (conversion of industrial facilities, such as brick factories; increased access to natural gas by population; etc).
- (3) **Energy efficiency, renewable energy, local manufacturing and know-how:** In general, the need to improve energy efficiency and develop renewable energy – especially wind, but also increasingly solar (PV, CSP, solar water heating) – was noted. Development of appropriate incentives and financing (softer terms) was also considered very important. Development of local manufacturing and transfer of knowledge were emphasized.
- (4) **Security of energy/electricity supply:** Participants noted that this was very important, to ensure industrial and economic development.
- (5) **Private investment:** Energy sector should attract private investment, including through PPP models. The Government should facilitate this, including in early stages by providing guarantees when needed.

- (6) **Energy program under the ISN and beyond:** The relevant Government ministries – the Ministry of Electricity and Energy, and the Ministry of International Cooperation – fully endorsed the proposed program (Helwan South power project for Q4 of FY12 or Q1 of FY13; Kom Ombo in FY 13; restructuring Ain Sokhna in FY13 to use the savings to strengthen transmission). A strong interest was expressed to finance **Egypt-Saudi electricity transmission line**, provided Bank lending envelope can accommodate it. The Ministry of International Cooperation also expressed interest in a programmatic lending for energy sector.
- (7) **Sector governance:** the Egypt Electricity Regulatory Agency is spearheading the effort to improve sector governance and expressed strong interest in cooperation with the World Bank, to complement EU technical assistance in this area. EU also expressed strong interest in joining forces with the Bank in this area.
- (8) **Advocacy/awareness/participation in the sector:** The representatives of the Egypt Energy Consumer Organization, an NGO said that there were few energy-focused CSOs/NGOs in Egypt and that, as result, consumer’s voice in the energy sector planning and management is weaker than it should be. There is a need to improve public debate at the policy level, and public awareness and participation at various levels of sector affairs.
- (9) **Bank assistance:** Generally, there is a very strong interest across the spectrum of stakeholders in having Bank stay involved in investment and policy work in the energy sector.

#### **E. Transport Consultations**

- (1) **Urban transport:** Several stakeholders stressed the tremendous negative impact of the heavy traffic in Cairo, affecting everyone and the economy. One participant stressed that the Government has limited resources and has to look at the scale of all of the problems to decide where to invest. Given all the transport issues, what do you address first? One participant suggested that public investment has not been pro-poor. The problem of transport in Cairo is land use and the only solution is to move commerce outside of Cairo. Another responded that when you take commerce out of Cairo you need transport to get there. Poor housing was moved out of the city but they have poor transport which limits their access to schools, health. Another participant noted that Egypt has developed new cities around Cairo and Alexandria but transport to and from them is a problem.
- (2) **Transport and gender:** At the planning stage of proposed transport investments, when gender issues are raised, gender specific aspects are dropped because it is assumed that transport investments aim to serve all users, without the need for differentiating between men and women. However transport is a problem for everyone in Egypt – traffic and security issues have increased since the Revolution – accidents, carjacking. But women are more vulnerable to these risks. Irregularity of public transport is a greater issue for women because they have to get home in time to collect children from school. Thus it hinders women’s economic empowerment. It does seem that one of the most difficult aspects to tackle (beyond that of congestion in the city) will be harassment of women who use public transportation. What clearly came out of the discussion is that 'women-only' modes would foster an image of gender inequality in the country - which is obviously inappropriate and comes at an inopportune time given the current political climate.
- (3) **Transport subsidies:** Several participants questioned the feasibility of subsidies in the current economy. Some questioned the idea of reducing fares to make them more affordable, stating that they were already “suffering from subsidies” and want to decrease, not increase them (in fact and as an example of the acuteness of the problem, delays in public service obligations (PSOs) payment which are ruled by agreements signed with Ministry of Finance, combined with the spike in operating costs of the Egyptian National Railways without any possibility to increase revenues at the same pace, jeopardize ENR’s financial health and therefore its capacity to deliver adequate transport services).
- (4) **Rural and urban transport issues:** Several stakeholders noted the sharp differences between transport needs and constraints in Cairo and Alexandria, compared with the rural areas. One noted that traffic is not a problem in Upper Egypt. Another noted that poor roads limit access to school, health services.

Another complained that the discussion was not paying attention to the poor in rural areas, particularly girls who do not attend school due to poor access.

- (5) **Transport program under the ISN and beyond:** The relevant Government ministries – the Ministry of Transport, and the Ministry of International Cooperation – fully endorsed the proposed program (Cairo Urban Transport Infrastructure Project Q4 FY13). A strong interest was expressed to finance very soon **another Railways Project** that would complement the existing modernization of the signaling system through the replacement of the obsolete system currently on board of the locomotives. Further involvement in the Aviation sector (a feasibility study comparing a new airport next to 6<sup>th</sup> of October City or a new terminal 4 at Cairo Airport) was also mentioned by the Ministry of International Cooperation and the Ministry of Civil Aviation. Technical assistance for Road Safety was also mentioned by the Ministry of Transport.
- (6) **Bank assistance:** Generally, there is a very strong interest across the spectrum of stakeholders in having Bank stay involved in investment and policy work in the transport sector.

#### **F. Consultations with Donors**

The World Bank operates in Egypt in an environment where major IFIs, bilateral and UN agencies are active. The key areas in which the donors would like the Bank to focus in the coming months are: governance, and civil society engagement; public sector reform; and, environment.

#### **G. Consultations with Labor Unions Federation**

The key areas which the Federation would like the Bank, other donors and the elected Government focus on are “social justice” that they define as:

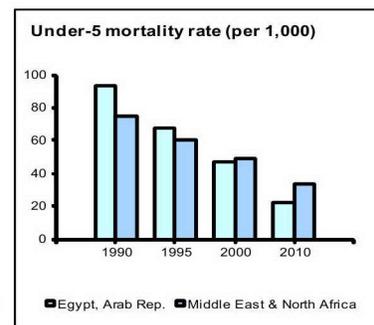
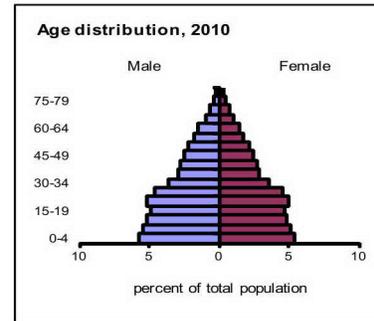
- Access to medical and health insurance;
- Minimum wage in the private sector;
- Maximum income in the public sector;
- Equal access to education; and
- Increased opportunities for the poor to access employment.

## Annex 3. Egypt At a Glance

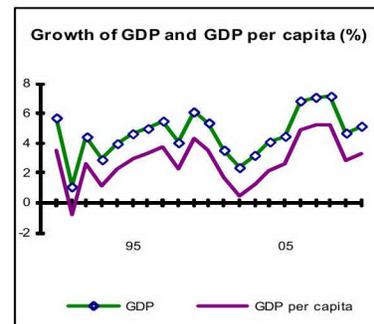
### Egypt, Arab Rep. at a glance

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Key Development Indicators	M. East & North Africa		
	Egypt	M. East & North Africa	Lower middle income
<b>(2010)</b>			
Population, mid-year (millions)	811	331	2,519
Surface area (thousand sq. km)	1,001	8,775	23,579
Population growth (%)	1.8	1.7	1.5
Urban population (% of total population)	43	58	39
GNI (Atlas method, US\$ billions)	196.2	1,283	4,078
GNI per capita (Atlas method, US\$)	2,420	3,874	1,619
GNI per capita (PPP, international \$)	6,060	8,068	3,632
GDP growth (%)	5.1	4.3	6.9
GDP per capita growth (%)	3.3	2.5	5.3
<b>(most recent estimate, 2004–2010)</b>			
Poverty headcount ratio at \$125 a day (PPP, %)	<2	3	..
Poverty headcount ratio at \$2.00 a day (PPP, %)	15	14	..
Life expectancy at birth (years)	73	72	65
Infant mortality (per 1,000 live births)	19	27	50
Child malnutrition (% of children under 5)	7	8	25
Adult literacy, male (% of ages 15 and older)	75	82	80
Adult literacy, female (% of ages 15 and older)	58	66	62
Gross primary enrollment, male (% of age group)	108	106	110
Gross primary enrollment, female (% of age group)	103	98	104
Access to an improved water source (% of population)	99	89	87
Access to improved sanitation facilities (% of population)	95	88	47



Net Aid Flows	1980	1990	2000	2010
<i>(US\$ millions)</i>				
Net ODA and official aid	1,383	6,065	1,371	594
<i>Top 3 donors (in 2010):</i>				
France	33	140	242	140
European Union Institutions	32	48	73	137
Germany	107	347	65	104
Aid (% of GNI)	6.4	14.4	1.4	0.3
Aid per capita (US\$)	31	107	20	7
<b>Long-Term Economic Trends</b>				
Consumer prices (annual % change)	..	21.2	2.8	11.7
GDP implicit deflator (annual % change)	18.0	18.4	4.9	10.1
Exchange rate (annual average, local per US\$)	0.7	2.2	3.4	5.5
Terms of trade index (2000 = 100)	..	108	100	86
Population, mid-year (millions)	45.0	56.8	67.6	81.1
GDP (US\$ millions)	22,912	43,130	99,839	218,894
<i>(% of GDP)</i>				
Agriculture	18.3	19.4	16.7	14.0
Industry	36.8	28.7	33.1	37.5
Manufacturing	12.2	17.8	19.4	15.8
Services	45.0	52.0	50.1	48.5
Household final consumption expenditure	69.2	72.6	75.9	74.7
General gov't final consumption expenditure	15.7	11.3	11.2	11.2
Gross capital formation	27.5	28.8	19.6	18.9
Exports of goods and services	30.5	20.0	16.2	21.3
Imports of goods and services	42.9	32.7	22.8	26.1
Gross savings	..	24.8	18.6	19.3



**1980–90 1990–2000 2000–10**  
(average annual growth %)

Note: Figures in italics are for years other than those specified. .. indicates data are not available.

Development Economics, Development Data Group (DECDG).

**Balance of Payments and Trade**

	2000	2010
<i>(US\$ millions)</i>		
Total merchandise exports (fob)	6,388	21865
Total merchandise imports (cif)	17,860	9,524
Net trade in goods and services	-6,774	-10,416

Current account balance as a % of GDP	-1.63	-4.318
	-12	-2.0

Workers' remittances and compensation of employees (receipts)	2,852	7,725
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Reserves, including gold	15,161	54,029
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**Central Government Finance**

	2000	2010
<i>(% of GDP)</i>		
Current revenue (including grants)	216	219
Tax revenue	14.6	14.1
Current expenditure	20.5	26.3

Overall surplus/deficit	-3.9	-7.3
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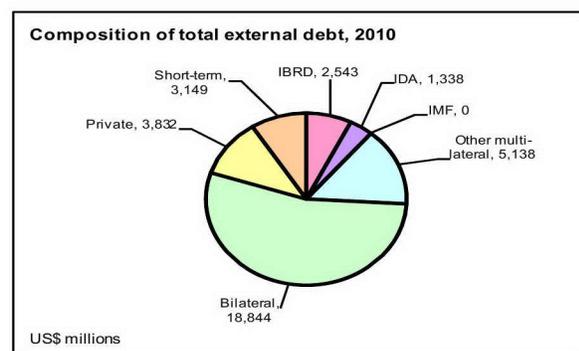
Highest marginal tax rate (%)		
Individual	..	20
Corporate	..	20

**External Debt and Resource Flows**

	2000	2010
<i>(US\$ millions)</i>		
Total debt outstanding and disbursed	29,010	34,844
Total debt service	1,832	2,972
Debt relief (HIPC, MDR)	-	-

Total debt (% of GDP)	29.1	15.9
Total debt service (% of exports)	8.9	3.2

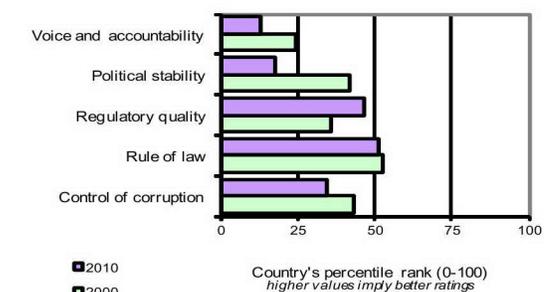
Foreign direct investment (net inflows)	1,235	6,386
Portfolio equity (net inflows)	269	0

**Private Sector Development**

	2000	2011
Time required to start a business (days)	-	7
Cost to start a business (% of GNI per capita)	-	5.6
Time required to register property (days)	-	72

	2000	2010
Ranked as a major constraint to business (% of managers surveyed who agreed)		
Tax rates	..	80.0
Economic and regulatory policy uncertainty	..	63.8

Stock market capitalization (% of GDP)	28.8	37.7
Bank capital to asset ratio (%)	5.6	6.2

**Governance indicators, 2000 and 2010**

Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org))

**Technology and Infrastructure**

	2000	2010
Paved roads (% of total)	78.1	89.4
Fixed line and mobile phone subscribers (per 100 people)	10	99
High technology exports (% of manufactured exports)	0.3	0.9

**Environment**

Agricultural land (% of land area)	3	4
Forest area (% of land area)	0.1	0.1
Terrestrial protected areas (% of land area)	4.3	5.9
Freshwater resources per capita (cu. meters)	26	23
Freshwater withdrawal (% of internal resources)	3,788.9	19.0
CO2 emissions per capita (mt)	2.1	2.7
GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	6.2	5.9
Energy use per capita (kg of oil equivalent)	668	903

**World Bank Group portfolio**

*(US\$ millions)*

<b>IBRD</b>		
Total debt outstanding and disbursed	639	2,543
Disbursements	6	777
Principal repayments	87	83
Interest payments	41	41

<b>IDA</b>		
Total debt outstanding and disbursed	1,266	1,338
Disbursements	49	10
Total debt service	32	64

<b>IFC (fiscal year)</b>		
Total disbursed and outstanding portfolio of which IFC own account	163	432
Disbursements for IFC own account	25	63
Portfolio sales, prepayments and repayments for IFC own account	14	58

<b>MIGA</b>		
Gross exposure	-	0
New guarantees	0	0

Note: Figures in italics are for years other than those specified.  
.. indicates data are not available. - indicates observation is not applicable.

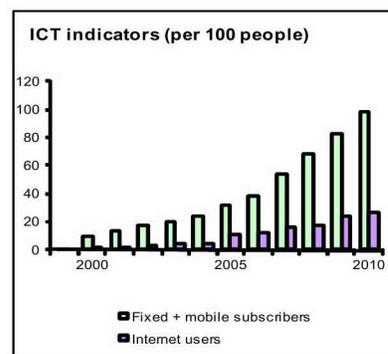
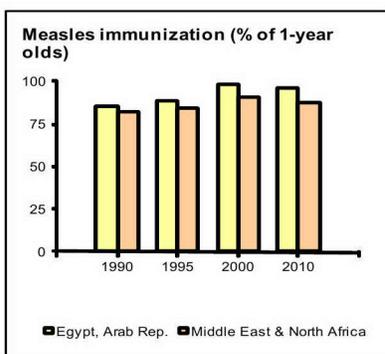
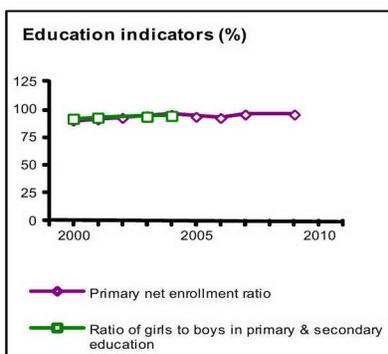
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Development Economics, Development Data Group (DECDG).

With selected targets to achieve between 1990 and 2015

(estimate closest to date shown, +/- 2 years)

	Egypt, Arab Rep.			
	1990	1995	2000	2010
<b>Goal 1: halve the rates for extreme poverty and malnutrition</b>				
Poverty headcount ratio at \$ 125 a day (PPP, % of population)	4.5	2.5	<2	<2
Poverty headcount ratio at national poverty line (% of population)	..	19.4	16.7	22.0
Share of income or consumption to the poorest quintile (%)	8.7	9.5	9.0	9.2
Prevalence of malnutrition (% of children under 5)	10.5	10.8	4.3	6.8
<b>Goal 2: ensure that children are able to complete primary schooling</b>				
Primary school enrollment (net, %)	..	81	90	96
Primary completion rate (% of relevant age group)	..	84	94	98
Secondary school enrollment (gross, %)	69	71	83	..
Youth literacy rate (% of people ages 15-24)	..	73	..	85
<b>Goal 3: eliminate gender disparity in education and empower women</b>				
Ratio of girls to boys in primary and secondary education (%)	80	84	92	..
Women employed in the nonagricultural sector (% of nonagricultural employment)	21	19	19	18
Proportion of seats held by women in national parliament (%)	4	2	2	2
<b>Goal 4: reduce under-5 mortality by two-thirds</b>				
Under-5 mortality rate (per 1,000)	94	67	47	22
Infant mortality rate (per 1,000 live births)	68	51	37	19
Measles immunization (proportion of one-year olds immunized, %)	86	89	98	96
<b>Goal 5: reduce maternal mortality by three-fourths</b>				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	220	150	110	82
Births attended by skilled health staff (% of total)	37	46	61	79
Contraceptive prevalence (% of women ages 15-49)	48	48	56	60
<b>Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases</b>				
Prevalence of HIV (% of population ages 15-49)	0.1	0.1	0.1	0.1
Incidence of tuberculosis (per 100,000 people)	34	32	26	18
Tuberculosis case detection rate (% of all forms)	11	57	62	64
<b>Goal 7: halve the proportion of people without sustainable access to basic needs</b>				
Access to an improved water source (% of population)	93	94	96	99
Access to improved sanitation facilities (% of population)	72	79	86	95
Forest area (% of total land area)	0.0	..	0.1	0.1
Terrestrial protected areas (% of land area)	19	2.0	4.3	5.9
CO2 emissions (metric tons per capita)	13	15	2.1	2.7
GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent)	5.8	6.2	6.2	5.9
<b>Goal 8: develop a global partnership for development</b>				
Telephone mainlines (per 100 people)	2.8	4.4	8.1	11.9
Mobile phone subscribers (per 100 people)	0.0	0.0	2.0	87.1
Internet users (per 100 people)	0.0	0.0	0.6	26.7
Computer users (per 100 people)	..	..	..	21.6



Note: Figures in italics are for years other than those specified. .. indicates data are not available.

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Development Economics, Development Data Group (DECDG).

## Annex 4. Selected Indicators of Portfolio Performance and Management

### Selected Indicators\* of Bank Portfolio Performance and Management

As Of Date 5/14/2012

Indicator	2009	2010	2011	2012
<b>Portfolio Assessment</b>				
Number of Projects Under Implementation <sup>a</sup>	14	18	19	18
Average Implementation Period (years) <sup>b</sup>	4.3	2.5	3.6	4.3
Percent of Problem Projects by Number <sup>a, c</sup>	14.3	5.6	10.5	33.3
Percent of Problem Projects by Amount <sup>a, c</sup>	14.8	4.3	1.5	11.7
Percent of Projects at Risk by Number <sup>a, d</sup>	21.4	5.6	10.5	33.3
Percent of Projects at Risk by Amount <sup>a, d</sup>	16.0	4.3	1.5	11.7
Disbursement Ratio (%) <sup>e</sup>	25.2	13.5	6.7	8.8
<b>Portfolio Management</b>				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

Memorandum Item	Since FY 80	Last Five FYs
Proj Eval by OED by Number	98	8
Proj Eval by OED by Amt (US\$ millions)	5,899.3	1,166.9
% of OED Projects Rated U or HU by Number	22.3	12.5
% of OED Projects Rated U or HU by Amt	11.4	8.0

- a. As shown in the Annual Report on Portfolio Performance (except for current FY).
- b. Average age of projects in the Bank's country portfolio.
- c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP)
- d. As defined under the Portfolio Improvement Program.
- e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.
- \* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

## Annex 5. IBRD Program Summary

As Of Date 5/14/2012

### Proposed IBRD/IDA Base-Case Lending Program <sup>a</sup>

<i>Fiscal year</i>	<i>Proj ID</i>	<i>US\$(M)</i>	<i>Strategic Rewards b (H/ML)</i>	<i>Implementation b Risks (H/ML)</i>
2012	EG Emergency Labor Intensive Investment	200.0		
	Result	200.0		
2013	EG - Helwan South Power Project	536.6		
	EG-Kom Ombo Solar	170.0		
	Result	706.6		
2014	EG-Urban Transport Infrastructure Dev	150.0		
	Result	150.0		
Overall Result		1,056.6		

## Annex 6: IBRD Portfolio

### Operations Portfolio (IBRD/IDA and Grants)

As Of Date 5/14/2012

Closed Projects 114

#### IBRD/IDA \*

Total Disbursed (Active)	757.36
of which has been repaid	20.06
Total Disbursed (Closed)	2,613.47
of which has been repaid	1,232.23
Total Disbursed (Active + Closed)	3,370.83
of which has been repaid	1,252.30
Total Undisbursed (Active)	3,062.22
Total Undisbursed (Closed)	-
Total Undisbursed (Active + Closed)	3,062.22

#### Active Projects

Project ID	Project Name	<u>Last PSR</u>		Fiscal Year	<u>Original Amount in US\$ Millions</u>				<u>Difference Between Expected and Actual Disbursements<sup>al</sup></u>		
		Supervision Rating			IBRD	IDA	GRANT	Cancel.	Undisb.	Orig.	Frm Rev'd
		<u>Development Objectives</u>	<u>Implementation Progress</u>								
P094311	EG INTEGRATED SANITATION & SEWERAGE INFR	MU	MU	2008	120				106.86	63.46	6.02
P050484	EG Secondary Education Enhancement Proj	MU	MU	1999		50			7.79	3.87	4.92
P112346	EG-Affordable Mortgage Finance DPL	S	S	2010	300				100.00		
P100047	EG-Ain Sokhna Power	S	S	2009	600				479.55	66.22	
P101201	EG-Cairo Airport Development Project-TB2	S	S	2010	280				258.31	63.31	
P082952	EG-Early Childhood Education Enhancement	MS	MS	2005	20				8.65	(3.40)	0.32
P116011	EG-Enhancing Access to Finance for SMEs	S	S	2010	300				136.21	(59.21)	
P117745	EG-Farm-level Irrigation Modernization	S	S	2011	100				100.00	11.20	
P116194	EG-Giza North Power Project	S	S	2010	840				806.51	89.01	18.28
P080228	EG-Health Insurance Systems Development	MU	U	2010	75				75.00	15.67	
P073977	EG-INTEGRATED IRRIGATION IMPR. & MGT	MU	MU	2005	120				77.62	71.37	19.60
P120161	EG-Integrated Sanitation & Sew. Infra. 2	S	S	2011	200				200.00		
P045499	EG-NATIONAL DRAINAGE II	MU	MU	2000	80			0.00	28.43	(1.57)	3.26
P095392	EG-Natural Gas Connections Project	S	MS	2008	75				6.93	(10.07)	
P090073	EG-Second Pollution Abatement	MS	MS	2006	20				8.73	8.73	2.10
P113416	EG-Wind Power Development	S	S	2010	70				70.00	34.67	
P095925	EG:GEF Alexandria CZM /Lake Mariout	MU	MU	2010			7.15		6.75	0.13	
P101103	EGYPT-Railways Restructuring	MS	MS	2009	600				591.64	196.97	5.26
<b>Overall Result</b>					<b>3,800</b>	<b>50</b>	<b>7.15</b>	<b>0.00</b>	<b>3,068.97</b>	<b>550.34</b>	<b>59.75</b>

### Annex 7. Summary of IBRD Non-Lending Operations

Proj ID (AAA)	ESW/T A/FBS	Output Type	FY	Cost (\$'000)	Audience	Objective
<b>Recent Completion</b>						
P123362	EG-RTA Broadband Impact Assessment(Ph.3)	FBS	Institutional Development Plan	FY12	150	Bank, Gov. Knowl. generation, Probl. solving
P127518	Egypt NHA Institutionalization	TA	TA/EPD	FY12	81	Bank, Gov. Knowl. generation
P079934	EG Nile Basin Initiative Support	TA	Institutional Development Plan	FY11	728	Bank, Gov. Knowl. generation
P110669	Egypt-EITI Development	TA	"How-To" Guidance	FY11	9	Bank, Gov. Knowl. generation
P116956	Skills Upgrading & Institutional Dev	TA	Institutional Development Plan	FY11	0	Bank, Gov. Knowl. generation
P118171	Egypt – Programmatic Poverty Monitoring	TA	"How-To" Guidance	FY11	310	Bank, Gov. Knowl. generation
P118587	EGYPT - Macro Notes	ESW	Report	FY11	301	Bank, Gov. Knowl. generation, Probl. solving
P121254	EG-Energy Efficiency Strategy	ESW	Policy Note	FY11	59	Bank, Gov. Knowl. generation, Probl. solving
P122907	EGYPT - Savings Study	ESW	Policy Note	FY11	86	Bank, Gov. Knowl. generation, Probl. solving
P124758	EG (FBS) GDP deflator of ICT	FBS	"How-To" Guidance	FY11	29	Bank, Gov. Knowl. generation, Probl. solving
P124759	EG (FBS) Rapid Resp in ICT Stats / FDI	FBS	"How-To" Guidance	FY11	30	Bank, Gov. Knowl. generation, Probl. solving
P089803	EG-Alexandria Development Strategy	TA	Institutional Development Plan	FY10	50	Bank, Gov. Knowl. generation
P107017	EG Growth in Upper Egypt	ESW	Report	FY10	217	Bank, Gov. Knowl. generation
P107463	Egypt Supply Chain and Trade	TA	Client Document Review	FY10	246	Bank, Gov. Knowl. generation
P107704	EG: Tertiary Education Review (WB-OECD)	ESW	Report	FY10	273	Bank, Gov. Knowl. generation
P111340	EG-Inventory of POPs Materials	TA	"How-To" Guidance	FY10	344	Bank, Gov. Knowl. generation, Probl. solving
P111559	EG-RTA Social Health Insurance	FBS	Client Document Review	FY10	239	Bank, Gov. Knowl. generation, Probl. solving
P112209	Egypt GAC - Health Pets	ESW	Report	FY10	374	Bank, Gov. Knowl. generation
P112344	EG: Trade	ESW	Report	FY10	371	Bank, Gov. Knowl. generation
P112810	Egypt - Gender Assessment Update	ESW	Report	FY10	213	Bank, Gov. Knowl. generation
P113136	EGYPT - Programmatic PER	ESW	Policy Note	FY10	641	Bank, Gov. Knowl. generation, Probl. solving
P113228	EG Health and Population TA	TA	"How-To" Guidance	FY10	175	Bank, Gov. Knowl. generation, Probl. solving
P113558	Egypt: Competitiveness Note	ESW	Report	FY10	86	Bank, Gov. Knowl. generation
P113715	EG-Agriculture TA	TA	"How-To" Guidance	FY10	206	Bank, Gov. Knowl. generation, Probl. solving
P113930	EG-RTA Cyber-security Leg and Reg (Ph.2)	FBS	Institutional Development Plan	FY10	90	Bank, Gov. Knowl. generation
P114297	EG-TA for Dev. of WSS Strategy	TA	Institutional Development Plan	FY10	169	Bank, Gov. Knowl. generation
P117576	EG Measuring Foreign Direct Investments	TA	Model/Survey	FY10	44	Bank, Gov. Knowl. generation
P117621	EG-RTA Strategic Options Broadband (Ph.2)	FBS	Institutional Development Plan	FY10	72	Bank, Gov. Knowl. generation, Probl. solving
P118581	EGYPT - PER POLICY NOTES	ESW	Policy Note	FY10	178	Bank, Gov. Knowl. generation
P119276	EG Integrity and Transparency TA	TA	"How-To" Guidance	FY10	104	Bank, Gov. Knowl. generation

Proj ID (AAA)	ESW/T A/FBS	Output Type	FY	Cost (\$'000)	Audience	Objective
P067244	EG-CDM TA for Egypt	FBS	"How-To" Guidance	FY09	76	Bank, Gov. Knowl. generation, Probl. solving
P096690	Egypt IFMCA	ESW	Report	FY09	0	Bank, Gov. Knowl. generation
P103750	EG RTA Info Tech Industry Dev Support	FBS	Client Document Review	FY09	148	Bank, Gov. Knowl. generation, Probl. solving
P104888	ESMAP: EG-Design of Load Mgt Program	ESW	Policy Note	FY09	252	Bank, Gov. Knowl. generation
P107068	EG-Energy Pricing Strategy	TA	"How-To" Guidance	FY09	824	Bank, Gov. Knowl. generation, Probl. solving
P107462	EG Poverty Policy Notes	ESW	Policy Note	FY09	252	Bank, Gov. Knowl. generation, Probl. solving
P107584	Dialogue on TVET	TA	Institutional Development Plan	FY09	52	Bank, Gov. Knowl. generation
P108292	Egypt Investment Climate Assessment 2009	ESW	Report	FY09	301	Bank, Gov. Knowl. generation
P109073	EG: Capital Market Development	ESW	Report	FY09	259	Bank, Gov. Knowl. generation
P110330	EG Commercial Wind Development Framework	TA	"How-To" Guidance	FY09	121	Bank, Gov. Knowl. generation, Probl. solving
P112367	Egypt Country Policy Dialogue	TA	Client Document Review	FY09	59	Bank, Gov. Knowl. generation
P112682	Egypt-AML/CFT assessment	ESW	Report	FY09	510	Bank, Gov. Knowl. generation
P112699	Egypt - Macro Notes	ESW	Report	FY09	204	Bank, Gov. Knowl. generation, Probl. solving
P113461	EG MOCIT: Measuring FDI in ICT	TA	"How-To" Guidance	FY09	66	Bank, Gov. Knowl. generation, Probl. solving
P113780	EGYPT - Governance and Anti-Corruption	TA	"How-To" Guidance	FY09	156	Bank, Gov. Knowl. generation
P113932	EG: Cap Bldg in ICT - Econ and Stats	TA	Institutional Development Plan	FY09	122	Bank, Gov. Knowl. generation
P113934	EG: ENPO Finan Invest & Asset Mgmt	TA	Institutional Development Plan	FY09	41	Bank, Gov. Knowl. generation
P114066	GCMCG: Egypt III Country Assessment	ESW	Report	FY09	113	Bank, Gov. Knowl. generation
P088155	EG Child Labor Prevention Grant	TA	"How-To" Guidance	FY08	163	Bank, Gov. Knowl. generation, Probl. solving
P101219	Egypt Dev. Policy Review (DPR)	ESW	Report	FY08	516	Bank, Gov. Knowl. generation
P101867	EG RTA MOCIT Support	FBS	Client Document Review	FY08	145	Bank, Gov. Knowl. generation, Probl. solving
P102465	EG-Regulatory Reform & Governance	TA	"How-To" Guidance	FY08	106	Bank, Gov. Knowl. generation, Probl. solving
P102555	Egypt Health Technical Assistance	TA	"How-To" Guidance	FY08	106	Bank, Gov. Knowl. generation
P102748	EG-Affordable Housing and Subsidies	ESW	Policy Note	FY08	45	Bank, Gov. Knowl. generation, Probl. solving
P103749	EG RTA Egyptian National Post Org Suppt	FBS	Client Document Review	FY08	287	Bank, Gov. Knowl. generation, Probl. solving
P105095	CCGPP: Egypt SOE Assessment	ESW	Report	FY08	202	Bank, Gov. Knowl. generation
P105467	FIRST #343: Credit reporting strength	TA	"How-To" Guidance	FY08	0	Bank, Gov. Knowl. generation
P106517	EGYPT: CFAA	ESW	Report	FY08	257	Bank, Gov. Knowl. generation
P106520	Egypt ROSC Accounting and Auditing	ESW	Report	FY08	198	Bank, Gov. Knowl. generation
P107027	EG-Housing Sector Review	ESW	Policy Note	FY08	150	Bank, Gov. Knowl. generation
P107110	EG PER Policy Notes	ESW	Policy Note	FY08	325	Bank, Gov. Knowl. generation, Probl. solving
P107551	EG-Support to Public Private Partnership	TA	"How-To" Guidance	FY08	182	Bank, Gov. Knowl. generation, Probl. solving
P107705	Dialogue on Safety net	TA	"How-To" Guidance	FY08	56	Bank, Gov. Knowl. generation, Probl. solving
P107922	EG-International Youth Forum	TA	Knowl.-Sharing Forum	FY08	13	Bank, Gov. Knowl. generation

Proj ID (AAA)	ESW/T A/FBS	Output Type	FY	Cost (\$'000)	Audience	Objective	
P110524	Egypt Diabetes TA	TA	Knowl.-Sharing Forum	FY08	67	Bank, Gov.	Knowl. generation
P110763	EG RTA MCIT Second Fixed-line License	FBS	"How-To" Guidance	FY08	151	Bank, Gov.	Knowl. generation, Probl. solving
P080859	EG-Income, Environment & Health Linkages	TA	Institutional Development Plan	FY07	308	Bank, Gov.	Knowl. generation
P089109	EG-Road Asset Management	ESW	Policy Note	FY07	347	Bank, Gov.	Knowl. generation
P089765	EG Education Strategy Note	ESW	Policy Note	FY07	260	Bank, Gov.	Knowl. generation
P092505	EG-Urban Sector Update	ESW	Policy Note	FY07	244	Bank, Gov.	Knowl. generation
P093520	EG-Catalytic Role of Women in Environ	TA	Knowl.-Sharing Forum	FY07	90	Bank, Gov.	Knowl. generation
P095756	Egypt - Poverty Assessment Update	ESW	Report	FY07	132	Bank, Gov.	Knowl. generation
P096440	EG:Enhancing Women Economic Participation	TA	"How-To" Guidance	FY07	42	Bank, Gov.	Knowl. generation, Probl. solving
P097990	ESMAP: EG-Economic Cost of Gas	ESW	Report	FY07	323	Bank, Gov.	Knowl. generation
P100558	EG-Investment Climate Assessment Follow-up	ESW	Policy Note	FY07	146	Bank, Gov.	Knowl. generation
P101220	Egypt PER Notes	ESW	Policy Note	FY07	148	Bank, Gov.	Knowl. generation, Probl. solving
P102491	Egypt Trade	TA	Institutional Development Plan	FY07	107	Bank, Gov.	Knowl. generatio
P103751	EG RTA Natl Telecom Regulatory Auth'y	FBS	Client Document Review	FY07	47	Bank, Gov.	Knowl. generation, Probl. solving
P104013	FSAP Update Egypt	ESW	Report	FY07	291	Bank, Gov.	Knowl. generation
P105161	EG RTA Regulatory Reform, Gov'ce, Invest	FBS	"How-To" Guidance	FY07	16	Bank, Gov.	Knowl. generation, Probl. solving
P105312	EG-Combined Cycle Workshop	TA	Knowl.-Sharing Forum	FY07	34	Bank, Gov.	Knowl. generation
P105664	ESMAP Structuring of PPP in Natural Gas	ESW	Policy Note	FY07	45	Bank, Gov.	Knowl. generation
P083795	Upper EG Challenges & Priorities for RD	ESW	Policy Note	FY06	322	Bank, Gov.	Knowl. generation, Probl. solving
P089111	EG-Investment Climate Assessment	ESW	Report	FY06	335	Bank, Gov.	Knowl. generation
P089140	CA: Alexandria (Egypt) CDS for Sust. Dev	TA	Institutional Development Plan	FY06	230	Bank, Gov.	Knowl. generatio
P089670	Egypt – PSIA	ESW	Report	FY06	298	Bank, Gov.	Knowl. generation
P095548	EG - Pension Reform TA Phase 2	ESW	Report	FY06	810	Bank, Gov.	Knowl. generation
P095753	EG - Public Expenditure Review	ESW	Report	FY06	324	Bank, Gov.	Knowl. generation
P096067	EG-Public Land Management Strategy	ESW	Policy Note	FY06	131	Bank, Gov.	Knowl. generation
P097200	EG-Access to Finance	ESW	Report	FY06	252	Bank, Gov.	Knowl. generation
P098092	ESMAP: EG-Demand Mngt Workshop	TA	Knowl.-Sharing Forum	FY06	74	Bank, Gov.	Knowl. generation
P098489	Egypt -- Gender Policy Forum	TA	Knowl.-Sharing Forum	FY06	34	Bank, Gov.	Knowl. generation, Probl. solving
<b>Ongoing</b>							
P097251	EG-Assessment of Air Quality in Cairo	ESW	Policy Note	FY12	200	Bank, Gov.	Knowl. generation
P107028	EG-Youth Study	ESW	Policy Note	FY12	182	Bank, Gov.	Knowl. generation
P111534	EG-RTA Pension 2	FBS	TA/EPD	FY12	350	Bank, Gov.	Knowl. generation
P112378	Financial Development & Growth in Egypt	ESW	Report	FY12	120	Bank, Gov.	Knowl. generation
P115896	EG-TA on Egypt Transport Regulations	TA	TA/IAR	FY12	249	Bank, Gov.	Knowl. generation

Proj ID (AAA)	ESW/T A/FBS	Output Type	FY	Cost (\$'000)	Audience	Objective
P117378	EG-Energy Sector	TA	TA/IAR	FY12	191	Bank, Gov. Knowl. generation
P117622	EG-RTA Measuring ICT Exports (Phase 2)	FBS	TA/IAR	FY12	19	Bank, Gov. Knowl. generation, Probl. solving
P117982	EG: RTA Market Development and Debt Mgmt	FBS	"How-To" Guidance	FY12	414	Bank, Gov. Knowl. generation, Probl. solving
P118497	EG Investment Climate Assessment Update	TA	TA/IAR	FY12	174	Bank, Gov. Knowl. generation
P122531	RTAPost-Strategy for Logistics (Ph.3)	FBS	TA/IAR	FY12	129	Bank, Gov. Knowl. generation
P122612	TA on Labor Market Reform in Egypt	TA	TA/EPD	FY12	68	Bank, Gov. Knowl. generation
P122909	Egypt - Reshaping Egypt geography	ESW	Policy Note	FY12	200	Bank, Gov. Knowl. generation
P124688	EG-Energy Efficiency Strategy (Phase2)	ESW	Policy Note	FY12	120	Bank, Gov. Knowl. generation, Probl. solving
P127432	EG Hackathon (Water and Transport)	TA	TA/EPD	FY12	65	Bank, Gov. Knowl. generation
P127912	Egypt Inequality Study	ESW	Policy Note	FY12	100	Bank, Gov. Knowl. generation
P128638	StAR – Egypt	TA	TA/IAR	FY12	85	Bank, Gov. Knowl. generation
P128773	Expanding Opportunities for Next Gen	ESW	Policy Note	FY12	120	Bank, Gov. Knowl. generation
P129136	EG-Stakeholder Mapping	ESW	EW/Not assigned	FY12	0	Bank, Gov. Knowl. generation
P109289	EG Measuring impact of Public Disclosure	TA	TA/IAR	FY13	157	Bank, Gov. Knowl. generation
P113912	EG-RTA Support to PPP (Phase 2)	FBS	TA/IAR	FY13	352	Bank, Gov. Knowl. generation, Probl. solving
P116299	EG- RTA Urban TA	FBS	TA/IAR	FY13	37	Bank, Gov. Knowl. generation, Probl. solving
P121712	EG-Cairo Congestion Study	ESW	Report	FY13	240	Bank, Gov. Knowl. generation
P122498	EG-Agriculture Sector TA	TA	"How-To" Guidance	FY13	134	Bank, Gov. Knowl. generation, Probl. solving
P122541	Egypt GAC/GPF Health - Phase II Outreach	TA	TA/EPD	FY13	20	Bank, Gov. Knowl. generation
P122576	EG-RTA Green ICT (Phase III)	FBS	TA/EPD	FY13	113	Bank, Gov. Knowl. generation, Probl. solving
P122824	Improving Equality of Opportunity	TA	TA/EPD	FY13	47	Bank, Gov. Knowl. generation
P122903	EG- Technical Assistance For CAPMAS	TA	TA/IAR	FY13	63	Bank, Gov. Knowl. generation
P125350	Joint WB-OECD Review - Quality Education	ESW	Report	FY13	100	Bank, Gov. Knowl. generation
P126551	EG Carbon Capture and Storage Tech.	TA	TA/IAR	FY13	22	Bank, Gov. Knowl. generation
P127017	EG-Bldg Platform Urban Upgrading GCR	TA	TA/IAR	FY13	42	Bank, Gov. Knowl. generation
P128352	Egypt Public Sector Governance TA	TA	TA/IAR	FY13	32	Bank, Gov. Knowl. generation
P129680	EG Energy Pricing and Subsidy	TA	TA/IAR	FY13	3	Bank, Gov. Knowl. generation
P130004	EG - Reproductive Health Rights	TA	TA/IAR	FY13	2	Bank, Gov. Knowl. generation
P130359	Egypt Jobs Study	ESW	EW/Not assigned	FY13	0	Bank, Gov. Knowl. generation
P130432	Egypt #10240 Financial Projection Model	TA	TA/IAR	FY13	0	Bank, Gov. Knowl. generation

**Annex 8: Egypt Trust Funds FY206-FY2012**  
(Amount in \$K, as of April 21, 2012)

<b>Fund No.</b>	<b>Project Id.</b>	<b>Description</b>	<b>Net Grant</b>	<b>Funds Received</b>	<b>Funds Disb to date</b>	<b>O/S Commit</b>	<b>Available Balance</b>	<b>FY Disb</b>	<b>Grant Clos Date</b>	<b>Effectiv. Date</b>	<b>End Disb. Date</b>
TF010340	P126551	EG Carbon Capture and Storage Tech.	300.0	300.0	79.6	182.9	37.5	79.6	01/08/2013	07/20/2011	05/08/2013
TF010480	P126339	EG Emergency Labor Intensive Investment	50.0	0.0	0.0	0.0	0.0	0.0	10/15/2012	10/16/2011	02/15/2013
TF010675	P124683	EG-Participatory Farm-level Irrigation	247.5	247.5	20.7	42.8	184.0	20.7	09/05/2015	09/05/2011	01/05/2016
TF011012	P128638	StAR - Egypt	100.0	100.0	34.6	0.0	65.4	34.6	06/30/2012	07/01/2011	10/30/2012
TF011284	P090073	EG-Second Pollution Abatement	381.9	381.9	0.0	0.0	381.9	0.0	11/29/2013	11/30/2011	03/29/2014
TF011621	P130432	Egypt Financial Projection Model	178.2	178.2	11.0	15.2	152.1	11.0	12/30/2012	01/20/2012	04/30/2013
TF011701	P130359	Egypt Jobs Study	150.0	150.0	0.0	0.0	150.0	0.0	07/31/2012	01/16/2012	11/30/2012
TF056124	P098737	EG-Onyx Solid Waste Alexandria - Carbon	7,617.8	2,402.2	2,388.1	0.0	0.0	32.3	12/31/2015	02/19/2006	02/29/2016
TF057140	P115837	EG-Urban Transport Infrastructure Dev	720.0	720.0	424.8	0.0	295.2	227.0	05/26/2012	10/10/2007	11/26/2012
TF058320	P102807	EG-Avian and Human Influenza Control and	7,141.8	7,141.8	3,830.4	0.0	3,311.5	-7.6	06/30/2011	10/29/2007	12/31/2011
TF091074	P109289	EG Measuring impact of Public Disclosure	250.0	250.0	101.4	7.5	141.1	31.2	06/30/2012	10/16/2007	10/31/2012
TF092102	P110935	EG-Cairo Southern Zone Composting	1,253.2	0.0	0.0	0.0	0.0	0.0	12/31/2015	06/30/2008	08/31/2016
TF093929	P114295	EG-Mainstreaming Use of ICT - Irrigation	440.0	440.0	0.0	0.0	440.0	0.0	06/30/2013	11/15/2009	10/31/2013
TF094425	P114857	EG-M&E Systems for Decentralization	406.9	406.9	156.3	0.0	250.6	79.1	07/30/2012	09/21/2009	01/31/2013
TF095224	P113416	EG-Wind Power Development	490.0	490.0	255.3	0.0	234.7	109.4	06/30/2012	01/04/2010	12/30/2012
TF095225	P113416	EG-Wind Power Development	10.5	10.5	10.0	0.0	0.5	-0.4	06/30/2012	10/01/2009	10/30/2012
TF095515	P094311	EG Integrated Sanitation & Sewerage Infr.	80.0	80.0	48.1	0.0	31.9	45.8	06/30/2014	08/05/2010	10/31/2014
TF095516	P094311	EG Integrated Sanitation & Sewerage Infr.	2,911.2	2,911.2	0.0	0.0	2,911.2	0.0	06/30/2014	08/05/2010	12/31/2014
TF095830	P119401	Egypt Employment for Marginalized Youth	2,850.0	2,850.0	200.0	0.0	2,650.0	0.0	02/08/2014	04/01/2010	08/08/2014
TF095831	P119401	Egypt Employment for Marginalized Youth	150.0	150.0	130.1	0.0	19.9	26.4	02/28/2014	02/08/2010	06/08/2014
TF095965	P119805	EG - Sanitation	9,000.0	5,584.7	1,016.5	0.0	4,568.1	1,016.5	12/31/2013	07/28/2010	06/30/2014
TF095969	P094311	EG Integrated Sanitation & Sewerage Infr.	174.2	174.2	147.4	3.4	23.4	37.7	12/31/2013	01/11/2010	04/30/2014
TF096365	P095925	EG:GEF Alexandria CZM /Lake Mariout	7,150.0	7,150.0	400.0	0.0	6,750.0	0.0	06/30/2015	06/10/2010	12/31/2015
TF096553	P119483	EG-Vehicle Scrapping and Recycling Prgrm	2,659.5	664.9	645.1	0.0	0.0	0.0	12/31/2013	07/12/2010	06/30/2014
TF096554	P119483	EG-Vehicle Scrapping and Recycling Prgrm	2,659.5	664.9	639.4	0.0	0.0	0.0	12/31/2014	07/12/2010	08/31/2015
TF096731	P112209	Egypt GAC - Health Pets	350.0	102.0	29.4	65.4	7.3	0.0	10/31/2012	04/12/2010	02/28/2013
TF096819	P120537	PPIAF: EG-PSP in Solid Waste Sector	250.0	250.0	160.7	49.9	39.4	52.3	09/30/2012	04/14/2010	01/31/2013
TF096929	P113416	EG-Wind Power Development	250.0	100.0	0.0	0.0	100.0	0.0	12/31/2015	08/14/2011	06/30/2016
<b>Fund No.</b>	<b>Project</b>	<b>Description</b>	<b>Net</b>	<b>Funds</b>	<b>Funds</b>	<b>O/S</b>	<b>Available</b>	<b>FY</b>	<b>Grant</b>	<b>Effectiv.</b>	<b>End Disb.</b>

<b>Id.</b>		<b>Grant</b>	<b>Received</b>	<b>Disb to date</b>	<b>Commit</b>	<b>Balance</b>	<b>Disb</b>	<b>Clos Date</b>	<b>Date</b>	<b>Date</b>	
TF096930	P113416	EG-Wind Power Development	149,750.0	400.0	0.0	0.0	774.4	0.0	12/31/2015	08/14/2011	06/30/2016
TF097031	P121712	EG-Cairo Congestion Study	240.0	240.0	76.2	137.2	26.6	49.9	06/30/2012	09/01/2010	10/31/2012
TF097149	P117745	EG-Farm-level Irrigation Modernization	253.0	253.0	99.9	151.5	1.6	99.9	04/30/2012	06/10/2010	06/30/2012
TF097641	P121606	Microfinance Entrepreneurship in Poor Co	75.0	75.0	73.8	0.0	1.2	61.7	03/31/2012	06/15/2010	07/31/2012
TF097694	P113416	EG-Wind Power Development	85.0	67.0	3.7	0.0	63.4	3.7	12/30/2015	08/24/2010	04/30/2016
TF097704	P121606	Microfinance Entrepreneurship in Poor Co	200.0	200.0	120.0	75.0	5.0	0.0	06/30/2012	08/22/2010	10/30/2012
TF097797	P127358	5M Migration Mgt. Initiative Phase FY12	400.0	400.0	53.2	77.3	269.5	47.2	06/30/2012	11/01/2010	10/30/2012
TF097798	P122824	Improving Equality of Opportunity	400.0	400.0	33.4	43.1	323.5	22.2	10/30/2012	11/02/2010	02/28/2013
TF097823	P116230	EG: Sustainable POPs Mngt	100.0	100.0	0.0	0.0	100.0	0.0	06/15/2012	06/15/2011	12/15/2012
TF097871	P121712	EG-Cairo Congestion Study	70.0	70.0	42.8	0.0	27.2	3.5	06/30/2012	10/01/2010	10/30/2012
TF098199	P124683	EG-Participatory Farm-level Irrigation	2,750.3	2,750.3	0.0	0.0	2,750.3	0.0	09/05/2015	09/05/2011	03/05/2016
TF098328	P109289	EG Measuring impact of Public Disclosure	87.5	87.5	86.6	0.0	0.8	27.9	11/29/2011	11/30/2010	03/29/2012
TF098364	P124688	EG-Energy Efficiency Strategy (Phase2)	140.0	113.6	65.5	0.0	48.1	35.1	11/30/2012	11/15/2010	12/31/2012
TF098526	P122903	EG- Technical Assistance For CAPMAS	230.9	230.9	37.0	1.7	192.1	13.0	03/19/2012	12/09/2010	07/19/2012
TF099523	P124940	EG-Strengthening Capacity of SIOIRAFI	247.5	247.5	50.0	0.0	197.5	50.0	08/03/2014	08/03/2011	02/03/2015
TF099975	P127017	EG-Bldg Platform Urban Upgrading GCR	75.0	75.0	43.4	22.9	8.7	43.4	06/30/2012	07/01/2011	10/30/2012
<b>Total</b>			<b>203,326.3</b>	<b>39,610.5</b>	<b>11,514.4</b>	<b>875.8</b>	<b>27,535.5</b>	<b>2,253.1</b>			

## Annex 9. IFC Investment Operations Program

### Egypt, Arab Rep: IFC Investment Operations Program

	2009	2010	2011	2012*
<b>Original Commitments</b>				
IFC & Participants	237.7	314.5	221.4	394.0
IFC's Own Accounts only	237.7	314.5	155.4	269.0
<b>Original Commitments by Sector (%) IFC Account only</b>				
Agriculture & Forestry		8%		
Chemicals		38%	30.2%	64.5%
Collective Investment Vehicles	8.4%	8%		
Education Services	6.6%			3.8%
Finance & Insurance	82.8%	7.2%	53.4%	
Nonmetallic Mineral Product Manufacturing		38.2%		
Pulp & Paper	2.2%		16.4%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>68%</b>
<b>Original Commitments by Investment Instrument (%) - IFC Account only</b>				
Equity**	91.2%	91.2%	6.4%	16.5%
Guarantee	6.6%	0.9%	1.9%	0%
Loan	2.2%	7.9%	91.7%	51.8%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>68%</b>

\*commitments as of end-March 2012

\*\*includes Quasi-loan & quasi-equity

## Annex 10. IFC Operations Current Portfolio

### Statement of IFC's Committed and Outstanding Portfolio

As of 3/31/2012

In USD Million

Commitment Fiscal Year	Institution Short Name	COMMITTED					DISBURSED OUTSTANDING					
		Loan	Equity	QE+ QL	GT/RM	Participant	LN	ET	QE + QL	GT/RM	Out - IFC	Participant
	ADL	0	87.79	0	0	0	0	87.79	0	0	87.79	0.00
2012	AUB Egypt	0	25.67	0	0	0	0	25.67	0	0	25.67	0.00
2004	Alexandria Fiber	3.00	0	0	0	0	3.00	0	0	0	3.00	0.00
2009	Bank Alexandria	0	196.67	0	0	0	0	196.67	0	0	196.67	0.00
2009	Beltone Egypt	0	10.00	0	0	0	0	1.02	0	0	1.02	0.00
2012	CIRA	0	0	15.00	0	0	0	0	0	0	0	0.00
2006	Cmrc Intl Bank	0	11.76	0	0	0	0	11.52	0	0	11.52	0.00
2009	Credit Agricole	0	0	0	14.69	0	0	0	0	0	0	0.00
2004	DP World Sokhna	7.00	0	0	0	0	7.00	0	0	0	7.00	0.00
2007	Dar Al Fouad	0	0.14	0	0	0	0	0.14	0	0	0.14	0.00
2012	EFC Egypt	190.00	0	0	0	118.75	190.00	0	0	0	190.00	118.75
2011	EFG Hermes	80.00	6.82	0	0	0	0	6.82	0	0	6.82	0.00
2011	EIPET Sokhna	35.00	0	0	0	0	23.80	0	0	0	23.80	0.00
2007	EMRC	0	3.53	0	0	0	0	3.53	0	0	3.53	0.00
2007	ESHC	17.00	0	0	0	0	0	0	0	0	0	0.00
2005	Egypt Factors	0	3.00	0	0	0	0	1.60	0	0	1.60	0.00
2012	Galaxy	20.00	0	0	0	0	18.00	0	0	0	18.00	0.00
2006	Gippsland	0	3.51	0	0	0	0	0	0	0	0	0.00
2009	IPI	26.65	0	0	0	0	26.65	0	0	0	26.65	0.00
2010	MENA JI Fund	0	25.00	0	0	0	0	3.89	0	0	3.89	0.00
	Magrabi Egypt	15.00	0	0	0	0	15.00	0	0	0	15.00	0.00
2007	Misr Compressor	6.80	0.00	0	0	0	6.80	0.00	0	0	6.80	0.00
2011	Motaheda	15.50	9.87	0	0	0	0	9.44	0	0	9.44	0.00
2008	New Al-Salama	13.33	0	0	0	0	13.33	0	0	0	13.33	0.00
2008	Nile Suez	8.00	0	0	0	0	8.00	0	0	0	8.00	0.00
2007	Omar Effendi	30.00	0.00	0	0	0	30.00	0.00	0	0	30.00	0.00
2012	Orascom Const...	0	49.85	0	0	0	0	49.85	0	0	49.85	0.00
2006	Orix Leasing EGT	0.80	0.53	0	0	0	0.80	0.53	0	0	1.33	0.00
2010	Orient Ltd	0	85.00	0	0	0	0	0	0	0	0	0.00
2010	Sphinx Egypt	0	11.50	0	0	0	0	1.94	0	0	1.94	0.00
2010	Wadi Group	34.83	0	0	0	0	22.33	0	0	0	22.33	0.00
<b>Total Portfolio</b>		<b>502.92</b>	<b>530.64</b>	<b>15.00</b>	<b>14.69</b>	<b>118.75</b>	<b>364.71</b>	<b>400.39</b>	<b>0</b>	<b>0</b>	<b>765.11</b>	<b>118.75</b>

# ARAB REPUBLIC OF EGYPT



- SELECTED CITIES AND TOWNS
- ⊙ GOVERNORATE CAPITALS
- ⊕ NATIONAL CAPITAL
- ~ RIVERS
- MAIN ROADS
- RAILROADS
- GOVERNORATE BOUNDARIES
- - - INTERNATIONAL BOUNDARIES

GOVERNORATES IN NILE DELTA:

- |                  |              |
|------------------|--------------|
| 1 KAFR EL SHEIKH | 8 MENOUIFYA  |
| 2 DAMIETTA       | 9 SHARGIYAH  |
| 3 PORT SAID      | 10 QALIUBIYA |
| 4 ALEXANDRIA     | 11 ISMAILIA  |
| 5 BEHEIRA        | 12 CAIRO     |
| 6 GHARBIYA       | 13 GIZA      |
| 7 DAGAHLIYA      |              |

