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An IDEV Country Strategy Evaluation

Egypt: Evaluation of the AfDB's Country Strategy and Program (2009–2018) Summary Report



AFRICAN DEVELOPMENT BANK GROUP

September 2020

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AFRICAN DEVELOPMENT BANK GROUP

September 2020

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Abbreviations and Acronyms

AFD	Agence Francaise de Developpement	KfW	Kreditanstalt für Wiederaufbau
AfDB	African Development Bank	MIC	Ministry of International Cooperation
CAPW	Construction Authority for Potable Water and Wastewater	MSME	Micro, Small, and Medium Enterprises
CPPR	Country Portfolio Performance Review	MSMEDA	Micro, Small, and Medium Enterprises Development Agency
COEG	Egypt Country Office	MTR	Mid-Term Review
CSP	Country Strategy Paper	N-AMCOW	North Africa- African Ministers Council on Water
CSPE	Country Strategy and Program Evaluation	NDP	National Drainage Program
DP	Development Partner	PBO	Program-Based Operation
EBRD	European Bank for Reconstruction and Development	PCR	Project Completion Report
EEHC	The Egyptian Electricity Holding Company	PRA	Project Results Assessment
EGESP	Economic Governance and Energy Support Program	RDGN	North Africa Regional Development and Business Delivery Office
ESW	Economic and Sector Work	RDVP	Vice Presidency, Regional Development, Integration, and Business Delivery
FSSP	Franchising Sector Support Program	RIEEP	Rural Income and Economic Enhancement Project
FY	Financial Year	SDS	Sustainable Development Strategy
GDP	Gross Domestic Product	SME	Small and Medium Enterprises
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	ToC	Theory of Change
GoE	Government of Egypt	UA*	Unit of Account
IDB	Inter-American Development Bank	UNDP	United Nations Development Program
IDBE	Industrial Development Bank of Egypt	USD	United States Dollar
IDEV	Independent Development Evaluation	WB	World Bank
IMF	International Monetary Fund		

* 1 Unit of Account (UA) = 1,383 United States Dollars (USD) as at 30th November 2018



Executive Summary

Introduction and Background

This report presents the findings of the Independent Development Evaluation (IDEV)'s first country evaluation of the African Development Bank (AfDB or the Bank)'s strategy and program in the Arab Republic of Egypt, covering 2009–2018. This evaluation is particularly important as the Bank has supported the country over three distinct periods: pre-revolution, revolution, and post-revolution. The evaluation period, 2009–2018, was framed within the last three Country Strategy Papers (CSPs): CSP 2007–2011, CSP 2012–2013 (extended to 2015), and CSP 2015–2019 (extended to 2021).

The evaluation has both a retrospective and a prospective dimension with the main purpose being to assess the performance and results of the Bank's program and to provide useful lessons to inform decisions on future support. A theory-based approach was adopted, which involved assessing overall program performance against a reconstructed Theory of Change that was derived from the last three CSPs. The review addressed three questions: i) How did the Bank organize itself to support Egypt during the period? ii) How did the Bank contribute to the country's specific needs and development priorities? and iii) What are the relevant lessons for future Bank's support to Egypt?

The evaluation also took into consideration the Board's approval in November 2019 to extend the CSP (2015–2019) to 2021. Consequently, the evaluation tried to reflect upon key country factors in 2019 and in 2020 that could influence results and program continuity.

Country Context and Key Factors

Egypt's political landscape has evolved rapidly over the past decade, notably since an uprising in

2011 as part of the "Arab Spring". In response to this, Egypt has strengthened its transformation towards a market-oriented economy, initiated in the 1990s with the Economic Reform and Structural Adjustment Program, otherwise known as ERSAP. During this period, the country has faced a number of long-standing economic development challenges, including: i) a high population growth rate of 2% per annum; ii) rapidly growing basic needs and high expectations in terms of social, spatial and economic inclusion; iii) macroeconomic challenges combined with constrained fiscal space; iv) perceived corruption challenges; v) insufficient infrastructure to meet its development goals; and vi) national security concerns in a challenging regional context.

Since 2018, a measure of macro-stability has been restored and the country is on a good growth trajectory. Egypt embarked on a series of reform programs supported by the International Monetary Fund (IMF) and other development partners (including AfDB) as part of its efforts to address the long-lasting macroeconomic imbalances accentuated during the years of political transition. As a result of strong reform efforts, Egypt's economy began to recover with a GDP growth rate of 5% in 2017 and increases thereafter in addition to improvement in key macroeconomic indicators such as increased foreign reserves, flexible exchange rates and an open capital account. The growth recovery has also been aided by rising inflows of foreign direct investment. The full floatation of the Egyptian Pound and the ensuing devaluation generated high inflation reaching 33% in 2017 but a restrictive monetary policy pushed inflation down to 8.7% as of July 2019.

Despite the significant progress made, the current global COVID-19 pandemic poses a severe health, social and economic threat to Egypt. This threat is difficult to address due to the high population

density of urban areas, the significant poverty and, despite fiscal consolidation, a remaining lack of fiscal space due to the cost of the debt.

The Bank's Program in Egypt

Egypt is among the top ten borrowers of the Bank with total approvals up to UA 2 billion during 2009–2019. The program comprises the three CSPs covered by this evaluation, which focused on the following areas:

I CSP 2007–2011 involved two pillars: i) private sector development; and ii) social development and protection. The Mid-Term Review (MTR) undertaken in 2009, and the combined CSP completion report concluded that the Bank's support during this period focused mainly on infrastructure, which accounted for 78.8% of active operations, compared with 21.2% for social development and protection.

I CSP 2012–2013 (extended to 2015): The Bank ensured continuity in its support during the transition phase following political uncertainty caused by the Arab Spring. Two pillars were developed: i) stabilization and economic recovery; and ii) inclusive growth to reduce poverty. Lending was suspended from 2013 until April 2015 when support was refocused on grants for capacity development during the transition phase in such sectors, as governance and social, agriculture, water and power.

I CSP 2015–2019 (extended to 2021): The Bank sought to achieve high and well-diversified growth that creates jobs and higher value added in addition to social justice and inclusion while ensuring sound macroeconomic management through two pillars: i) infrastructure development (for private sector competitiveness and sustainable and inclusive growth); and ii) governance (for enhanced transparency, efficiency, fairness, and increased private sector participation). Operations were focused on infrastructure and governance including skills development and capacity building. The extension of this strategy period emphasizes continuity of the existing pillars and

alignment to government's defined priorities over the remaining period.

Across all three CSPs, the focus was on infrastructure development, macroeconomic stabilization, and inclusive growth. The additional focus on governance was channeled mainly through three Program-Based Operations (PBOs) over the evaluation period. Overall, 53 projects were approved over the evaluation period representing more than UA 2 billion, for 46 public and 7 private sector operations, with the largest beneficiary sectors being power and water. PBOs comprised more than half (53%) of the value of the portfolio, with the rest distributed between investment operations (42%) and others such as grants and technical assistance (5%). In practice, the Bank shifted from investment projects during the sub-period 2009–2011 (95% of approvals) to budget support targeting key reforms on macroeconomic policy and business environment (90% of approvals) from 2015 to end of 2018. On the investment side, the Bank has been a leading financier in the energy sector, funding new generation capacity through a mix of support for renewable and non-renewable energy sources.

Key evaluation findings

The findings below cover the overall assessments by evaluation criteria.

Relevance: Highly Satisfactory	●
Efficiency: Satisfactory	●
Effectiveness: Satisfactory	●
Sustainability: Satisfactory	●

● = Highly Satisfactory ● = Satisfactory

Relevance

The evaluation assesses the relevance of the CSP program over the review period as **highly satisfactory**. There was a highly satisfactory alignment of the Bank's strategy documents and interventions with: i) Egypt's development needs outlined in its Sustainable Development Strategy (SDS) 2015 and its Vision 2030 (the Bank's three strategy documents were aligned

with the key principles of these development policies); ii) the priorities of the Government of Egypt (GoE) in each period; iii) the needs of the final beneficiaries; and iv) the Bank's overall strategies for the continent and its sectoral priorities.

The Bank responded to the changes in country context, particularly in terms of selecting the appropriate assistance modality. During the pre-revolution period, the emphasis was mainly on support for economic infrastructure. During the immediate post-revolution period, the emphasis was (rightly) shifted to technical assistance and economic and policy work to forge new directions for development, economic governance and policy reform. In the post-revolution phase, the assistance shifted to structural reform support to help restore macroeconomic stability and to put the economy on a more sustainable growth and development trajectory. Since then, the Bank has appropriately emphasized policy-based lending and strategic infrastructure investment operations through 2020, which aligns well with government needs and priorities.

The Bank has demonstrated considerable flexibility in the support it has provided in accordance with its capacity and comparative advantage, focusing on delivering results in infrastructure development and improving economic governance, two of the main areas of intervention under the Bank's Ten-Year Strategy (2013–2025).

Effectiveness

The effectiveness of the Bank's assistance is assessed to be satisfactory. Though there were gaps between the Bank's strategic ambitions defined in its CSPs and the portfolio it has been able to deliver, the interventions have: i) mostly achieved their intended results at the output level, particularly in terms of infrastructure development and macroeconomic and business environment improvements pillars; and ii) met most expected outcomes of completed operations in the energy and water supply sectors as well as in terms of contributing to macroeconomic stability. In other areas, such as transport and private

sector operations, the programs could not meet their expectations partly due to some projects in the pipeline not being prioritized in the changing country context, and to the fact that the available resources were not enough to support within the prevailing context.

The Bank contributed to generating strong results in the energy sector, the most important of which was 3,400 MW of electricity production capacity financed through the Abu Qir, Ain Sokna and Suez Power sovereign projects. Others include support to the GoE's initiative to implement 2,300 MW of Solar PV by funding three 50 MW power plants (Shapoorji Pallonji, Alcazar I and Alcazar II non-sovereign projects). Non-lending activities contributed to improved institutional capacity and more sustainable sector policies, through the reforms undertaken under the umbrella of the three PBOs (Economic Governance and Energy Support Programs—EGSP I, II & III). In the water sector, Bank support helped upgrade and increase the water treatment capacity of both the Gabel El Asfar (by 500,000 m³/day benefitting directly existing as well as an additional population of 2.5 million in Cairo) and the Abu Rawash wastewater treatment plants. In the social sector, the Rural Income and Economic Enhancement Project and the Franchising Sector Support Program facilitated employment and reduction of poverty among the rural poor in some targeted areas through improved access to finance for Micro, Small, and Medium Enterprises. Objectives in the transport sector, however, were not attained, as the main transport project was de-prioritized and not implemented as initially planned.

The role of grants for technical assistance and Economic and Sector Work (ESW) as part of the Bank's knowledge work was suspended during 2011–2013, notably as lending focus changed over time. Several of the Bank's studies were important in supporting government policy reforms, while few were used to support the design of new Bank operations. However, overall non-lending operations were not equally effective in achieving their targeted results, due to capacity constraints and shifting policy priorities.

The Bank strategies, portfolio, and results varied in terms of their coverage of crosscutting issues including gender, inclusiveness and support to green growth. For each crosscutting issue examined, coverage in the strategies increased over time but the extent to which there was an explicit focus on these issues during implementation showed a mixed picture. For example, only 15% of the 53 operations assessed contained information on how these projects contributed to developing specific gender skills or attributes as part of project implementation.

Efficiency

Overall efficiency is assessed as satisfactory in terms of resource use, portfolio quality and returns on investment in the water and power sectors. Efficiency would have been rated even higher were it not for delays in the investment operations due to procurement bottlenecks, difficulties in alignment with GoE's operational and financing rules as well as the 2011 uprising.

Limited dedicated resources at the Bank's Egypt Country Office as compared to other development partners hampered the Bank's ability to boost policy dialogue and to develop new lines of private sector business. Despite this major constraint, the Bank did play and sustain an important role of maintaining dialogue through capacity support during the political events of 2011 and thereafter. The budget support operations, and the harmonization of partner support around a common agenda in the energy sector are excellent examples of government-led aid coordination and harmonization.

Sustainability

The overall sustainability of results of the Bank's operations in Egypt is satisfactory. Project cost recovery was good over the evaluation period, moreover, the projects were designed and implemented with sustainability considerations in mind. The projects had sufficient operation and maintenance funding mechanisms in place with stakeholders participating actively in these

operations. Almost all the completed investment operations reviewed demonstrate a solid potential for achieving sustained financial and economic benefits.

Lessons and Conclusions

Several factors positively impacted the achievement of results. This related notably to well-informed, flexible, and selective design of program support. Policy dialogue and technical assistance contributed to maintaining the Bank's activities when lending activities were suspended and led to enhanced coordination with development partners. Lastly, good GoE ownership and leadership as well as the positive performance of borrowers was also critical.

At the same time, some factors hampered achievement of development results, including: i) a challenging procurement process with Bank-funded projects; ii) insufficient funding to meet priorities identified during programming; iii) lengthy project ratification processes of the government; iv) occasional communication difficulties; and v) a lack of appropriate and adequate Bank in-country staffing.

The evaluation assesses overall Bank performance as satisfactory. Despite a volatile and challenging context, performance has been good. The Bank delivered a highly focused and selective program although CSPs did promise to do more and in more areas than the Bank was ultimately able to deliver on. The Bank's performance was excellent predominantly in energy and water supply and sanitation, but the non-lending activities did not progress well. In addition, little was accomplished in the transport sector, and the Bank was unable to achieve critical mass of funding in private sector operations. The outputs and some outcomes of Bank assistance were generally in line with what was planned and, although less than anticipated was accomplished in terms of results in mainstreaming crosscutting themes (gender equality, inclusiveness and green growth), considerable improvements were made between the three CSPs. It is expected that the large and positive benefits of the Bank's support will

be maintained, although governance reforms are still too new for definitive conclusions in that area.

Recommendations

In view of the above analysis, the Country Strategy and Program Evaluation recommends the following:

Recommendation 1: The Bank's pipeline and next Egypt CSP should strike an appropriate balance between budget support and investment operations underpinned by the Bank's comparative advantage. Both lending modalities have responded to the changing country context and performed well over the evaluation period. Going forward, consider focusing on the following:

- The fiscal situation in Egypt could change suddenly due to the current volatility of the global economy and pandemics and its economic consequences. In such cases, if the Bank initiates a PBO, it should build on the experience gained over the years in implementing this lending modality to strengthen or further pursue reforms.
- Building on the Bank's strong portfolio in infrastructure development in the poorer regions of the country, support investments in improving connectivity that will help bring disadvantaged regions into the economic mainstream.
- Through enhancing partnerships and coordination with other development partners, venture into support for the emerging priorities of the country where the Bank does not have a strong leverage. These priorities include the government's current focus on transport under infrastructure development and efforts to reach more deprived regions of the country.

Recommendation 2: The Bank should strengthen the balance in its program and project portfolio, by:

- Increasing private sector focus by enhancing capacity for private sector space with adequate resources for business development.
- Considering better integration and synergies across the portfolio of ESWs, grants and loans.
- Continue enhancing dialogue with the GoE on measures to ensure realism and greater stability in the program pipeline.

Recommendation 3: The Bank should enhance its role as a knowledge broker, by:

- Defining a clear strategy and program logic for its focus on knowledge generation and use in the next CSP.
- Ensuring selectivity in financing knowledge work to support critical areas of need considering the likely scarcity of grant resources.
- Establishing ways of measuring and better reporting of results for the Bank's knowledge support activities such as studies, ESWs and technical assistance.

Recommendation 4: The Bank should strengthen program implementation, by:

- Ensuring appropriate staffing in the Bank's Country Office to match the requirements of policy dialogue, portfolio development and partnership building.
- Continuing to work closely with the government to reduce systemic delays by developing capacities to improve the speed and transparency of public procurement.
- Reinforcing dialogue with the government to adopt measures to ease the project ratification process, which has been causing delays. ■



Management Response

Management welcomes IDEV's evaluation of the Country Strategies and Programs of the African Development Bank in the Arab Republic of Egypt. The evaluation assessed the performance and the results of the Bank's operations in the country, highlighting strengths and providing recommendations to improve the implementation of current operations and inform decisions on future programs. Overall, Management agrees with the evaluation's lessons, conclusions and recommendations, many of which are consistent with its findings from regular monitoring, follow ups and portfolio reviews. The evaluation findings and recommendations will be used as a basis for dialogue with the Authorities and the design of the new CSP (2022–2026) as well as guiding the implementation of the ongoing operations and the design of future programs.

Introduction

In March 2019, the Independent Development Evaluation Department launched an evaluation exercise to assess the Bank's Country Strategies and Programs in the Arab Republic of Egypt for the period 2009–2018.

The Bank's country strategy serves as the basis of its strategic engagement with its regional member countries and a programming framework that determines the programs and projects and financial resource allocation to achieve specific national development objectives. Cognizant of this importance, Management seeks scope for continuous improvements in its approach to better serve its clients in a changing environment.

Against this background, Management welcomes the independent evaluation, which presents an objective picture of the strengths and weaknesses of the Bank's programs as well as offering recommendations for improvements. The evaluation concluded that the Bank's programs are of high relevance for the country, have had impact on the national growth and development and are sustainable. In addition, the evaluation concluded that the Bank has been efficient in implementing its programs, including achieving a quality portfolio and a good return on investments.

The evaluation highlighted that efforts to build on this experience could help to solidify achievements made, enhance inclusive growth and expand Bank's leverage in the economy. At the same time, IDEV emphasized the need for increased in-country staffing for effective policy dialogue, business development, in particular in the private sector, and partnership building. The evaluation also called for a continued dialogue with the authorities to reduce delays and a more strategic approach to using scarce grant resources.

Management appreciates the rigor in the evaluation, which was transparent, and the process was participatory. Overall, Management agrees with the evaluation's findings, conclusions and recommendations, which will be used as a basis for dialogue with the Authorities and the design of the new CSP (2022–2026) as well as guiding the implementation of the ongoing operations and the design of future programs.

Evaluation key findings

This section summarizes Management's response to the key findings and conclusions under the main components of the evaluation, namely the relevance, efficiency, effectiveness, sustainability and Bank Performance.

Relevance

The evaluation found that the Bank's strategies and portfolio in Egypt were very relevant to the government, other clients and beneficiaries. Indeed, the conclusion of the evaluation reaffirms the Bank's commitment to strengthening its focus on needs and priorities of regional member countries across all areas of its mandate, in accordance with its strategies. Thus, projects are systematically selected based on their alignment with national priorities and likelihood of achieving tangible results.

The existence of robust national development blueprints and the role of the Ministry of International Cooperation (MIC) were vital to the development of the Bank's strategies and programs. The Ministry provided clear direction in terms of national priorities and needs. It maintained open engagement with the Bank and other Development Partners (DPs), which facilitated continuous dialogue on adapting programs to meet changing needs. For instance, after the headroom was reduced following the country's downgrade, both the Government and the Bank swiftly engaged and agreed to de-prioritize the main transport project in pipeline and reallocate its resources to other areas.

Management notes the evaluation's observation that the period under review was characterized by changing priorities as the country context changed, yet the Bank was able to respond in a selective and flexible manner as well as deploy the appropriate strategy and instruments. During this period, the Bank had strengthened its presence on the ground and successfully developed a strong relationship with the government. This has facilitated dialogue with stakeholders on pipeline development, project design and implementation.

The evaluation recommended that, should the Bank consider providing a Program Based Operation (PBO) to support Egypt to address any adverse fiscal situation due to external shocks, the PBO

builds on the experience gained over the years in implementing this lending modality to strengthen or further pursue reforms. Building on past experiences is at the core of the design of Bank's programs. In the wake of the covid-19 global pandemic, the Bank has approved an electricity sector budget support operation, "Electricity and Green Growth Support Program (EGGSP)", to support measures undertaken by the Government of Egypt to protect the most vulnerable people and shore up the economy, including protecting the gains generated during the reform era. As in previous PBOs, the EGGSP is a programmatic approach for sustained dialogue to deepen reform implementation. It will also support reforms to stimulate new private investments in the electricity sector and increase the deployment of clean energy in line with Egypt's targets for green growth.

Effectiveness

The evaluation highlighted that the Bank's strategies and programs have made progress on achieving their stated outputs and outcomes in the various CSPs. The assessment rated the operations satisfactory or highly satisfactory and noted that "well-informed, flexible, and selective design of program support" as well as government ownership and leadership were the leading attributes of the performance on effectiveness. Management wishes to add that the Bank has also delivered tangible results that are well aligned with the North Africa Regional Integration Strategy Paper (NA-RISP). For instance, through the support to the Egyptian Agency for Partnerships for Development (EAPD) in the Ministry of Foreign Affairs, the Ministry has sharpened its strategy on its cooperation with African countries. The annual Egypt-Africa Investment Fora, with the inaugural event supported under the Bank funding, has become important platforms for promoting trade and investments with African countries. Management takes note of the factors that have impacted the delivery of results. These include procurement delays and insufficient Bank in-country staffing.

Regarding in-country staffing, 43% of staff managing the active portfolio and 58% of staff preparing the 2020 lending program and development of the 2021–2023 pipeline is based outside of Egypt. The Egypt Country Office (COEG) based Task Managers all cover multiple sectors, well beyond their core role and extensively step in to ensure the necessary dialogue and follow-up as well as business development. Hence, with the increase in and diversification of the Egypt portfolio, Management welcomes the recommendation to increase staffing and skills mix in the Bank's Country Office to deepen policy dialogue, portfolio development and partnership building as well as to enhance Bank's agility. This is particularly important for developing business in the private sector, which requires systematic follow up and dialogue with the stakeholders. In this regard, Management will explore options to have a full-time investment officer in the country office dedicated to business development and origination of non-sovereign operations. In the meantime, effective September 2020, Management has decentralized an Investment Officer to RDGN in Tunis to largely support non-sovereign activities in Egypt.

Despite the strengthened prominence of crosscutting issues - gender, inclusive growth and regional disparities as well as environment and green growth in CSPs over time, the evaluation notes that there is room for improving the delivery on tangible results.

Management agrees with the observations, on gender, Management now requires "gender marker" analysis for new operations and gender experts incorporated in supervision and preparation missions. For environment and green growth, the screening of operations and incorporation of climate change and green growth considerations into projects is a requirement for new operations. Additionally, sector departments and COEG systematically work with the PECO Department in identifying potential operations for climate related financing. An example of a recent infrastructure project with strong emphasis

on gender and climate change is the Integrated Rural Sanitation Project in Upper Egypt approved in December 2019.

Efficiency

The evaluation assessed the overall Bank's performance on efficiency as satisfactory, reflecting positive assessment on resource use, portfolio quality and project returns on investment.

Management acknowledges IDEV's observation that implementation delays have occurred. There were start up delays, due mainly to a lengthy national ratification process; physical implementation delays largely attributed to procurement, quality of project design and unforeseen external events.

Management concurs with the recommendations, which are also consistent with its findings from the 2019 portfolio performance review. Accordingly, it has taken measures to implement those recommendations² (e.g. bundling/limiting the number of procurement activities for new projects, and informally reviewing procurement and disbursement requests before official submission where needed), whilst some are still under implementation (e.g. timely recruitment of project auditors). The Bank will also maintain its engagement with the Government on accelerating implementation, including the project ratification process.

Ensuring that monitoring and supervision are undertaken in a systematic manner is also important. To this end, the North Africa Regional Development and Business Delivery Office (RDGN) and COEG have already increased their attention on the systematic monitoring of supervision missions, ensuring that they are completed in a timely manner and that reporting is enhanced especially with attention to cross-cutting issues such as gender.

These country level efforts will be complemented by corporate reforms in monitoring and supervision. The Bank is planning to create results

and monitoring officer positions in each regional hub to support country offices in monitoring and evaluation practices.

Sustainability

Management notes with satisfaction that the Bank operations in Egypt received a satisfactory rating on the main sustainability dimensions. The Bank will continue to strengthen the focus on this aspect in the new CSP and will feature it prominently in the criteria for selection of future programs.

Program Management

Leveraging Capacities and Knowledge: IDEV notes that the use of scarce grant resources and recorded achievement on dialogue were instrumental during the years when headroom for Egypt was almost non-existent. However, greater focus should be made on linking grants to business development that represent good value for money. We agree that this is important, and Management has already started implementing the recommendation on integration and synergies across grants and loans. For example, Management has developed new guidelines for the Middle-income Country Technical Assistance Fund (MIC TAF), which ensure that the Fund resources are targeted for project preparation, technical assistance and advisory services. Regarding the use of knowledge work in CSPs, Management has already put in place country diagnostic notes (CDNs), which precede and underpin the preparation of CSPs in terms of informing the articulation of thematic pillars and operational focus areas.

Partnerships and Aid Coordination: IDEV notes that the Bank has successfully forged strong and working relationships with the Ministry of International Cooperation (MIC), the main interlocuter of the government on development investments. This reflects the Bank's strong presence on the ground and flexibility and responsiveness. Management notes the observation that the Bank

has developed strong relationships with several line ministries, especially infrastructure and at the same time more developed relationships with some other line ministries could enhance the overall Bank's cooperation.

The evaluation also notes that the Bank had been successful in developing strong partnerships with other DPs, whilst recommending that partnerships can be strengthened in the social sectors. Management agrees, as many DPs are active in this area, often with small projects that result in greater fragmentation. Still, DP cooperation is extensive, but rather than co-financing (which is more common on large infrastructure project), the cooperation often consists of building on interventions of other DPs.

Support for Development Results: Borrowers' Performance: Management concurs with the findings that the borrowers perform generally well in the respective projects and were instrumental in the design and the ultimate decision-making regarding project implementation. The evaluation noted the need for more involvement of the private sector in CSP programming. Sector Departments, including AHGC (Gender, Women and Civil Society) will be involved in the engagement of private sector and civil society on the preparation of the next CSP.

The evaluation has noted the recommendation by several implementing agencies (line ministries) for their increased involvement in programming decisions made by the MIC. Management will highlight this point to the Authorities. However, we note that MIC has already taken action in this regard: In Q2 2020, in collaboration with line ministries, MIC launched Multi-Stakeholder Platform Sessions, engaging development partners on government priorities, reforms, programs and financing needs and opportunities in relevant Ministries. These engagements have already proved useful to strengthen the Bank's positioning and confirm lending and dialogue opportunities in some of the sectors covered to

date (Agriculture, Transport and Industry), and will continue to inform the selection and alignment of future Bank programs.

Conclusion

Management appreciates the observations and recommendations made by the evaluation. Many of these, including the weaknesses in

program delivery, are in line with its findings from regular monitoring and reviews and have therefore already been implemented or are under implementation. Notwithstanding, the outcomes of the evaluation are valuable and will inform the current engagement and design of future strategies and programs. Responses to each of the four recommendations made in the evaluation report are provided in the Management Action Record table below. ■

Management action record	
Recommendations	Management's response
<p>Recommendation 1: The Bank's pipeline and next Egypt CSP should strike an appropriate balance between budget support and investment operations underpinned by the Bank's comparative advantage. Both lending modalities have responded to the changing country context and performed well over the evaluation period. Going forward, consider focusing on the following:</p>	
<p>a. <i>The fiscal situation in Egypt could change suddenly due to the current volatility of the global economy and global pandemics and its economic consequences. In such cases, if the Bank initiates a PBO, it should build on the experience gained over the years in implementing this lending modality to strengthen or further pursue reforms.</i></p> <p>b. <i>Building on the Bank's strong portfolio in infrastructure development in the poorer regions of the country, support investments in improving connectivity that will help bring disadvantaged regions into the economic mainstream.</i></p> <p>c. <i>Through enhancing partnerships and coordination with other development partners, venture into supporting the emerging priorities of the country where the Bank does not have a strong leverage. These priorities include the government's current focus on transport under infrastructure development and efforts to reach the deprived regions of the country.</i></p>	<p>AGREED - Management agrees with these recommendations. The Bank's recent approvals and project pipeline include a range of instruments identified to best suit the financing need. Budget support has been very effectively used in Egypt, including the recent sector budget support for the Electricity and Green Growth Support Program. Budget support is balanced with investment projects using normal ADB loans as well as results-based finance (recently used for the Integrated Rural Sanitation in Upper Egypt program). On the non-sovereign side, the pipeline includes regular ADB loans as well as Lines of Credit and Trade Finance instruments. In terms of leverage in priority sectors, the Bank has established strong position in policy reforms, power, water supply and sanitation and agriculture. Management plans to enhance partnerships in these and other emerging priority areas, such as transport, through i) co-financing of pipeline operations; (ii) collaborating on dialogue on policy reform and knowledge work with various DPs, including IMF, WB, JICA and AFD; (iii) leading and actively participating in various sector working groups.</p> <p>Further Actions:</p> <ul style="list-style-type: none"> ■ The Bank will continue to integrate and mainstream social inclusion in infrastructure project designs, including cross-cutting elements related to geographic disparity, social protection particularly for the poor, and job creation. To this end, COEG will work with Government and sector departments to ensure that the future lending delivery will include at least one operation that will promote inclusiveness and development in disadvantaged regions of Egypt [COEG, Q4 2022]; ■ The Bank will work with other development partners to co-finance at least one operation in the transport sector [COEG, Q4 2022].

Management action record	
Recommendations	Management's response
Recommendation 2: The Bank should strengthen the balance in its program and project portfolio, by:	
<p><i>a. Increasing private sector focus by enhancing capacity for private sector space with adequate resources for business development.</i></p> <p><i>b. Considering better integration and synergies across the portfolio of ESWs, grants and loans.</i></p> <p><i>c. Continue enhancing dialogue with the GoE on measures to ensure realism and greater stability in the program pipeline.</i></p>	<p>AGREED - Management agrees with these recommendations and has already started implementing some of them. For example, under the 'One Bank' approach, delivery is a holistic manner that refocuses knowledge work as integral in pipeline development. Additionally, Management has developed new guidelines for the MIC TAF, which emphasizes the use of grant as complementary resources for loans. As part of the efforts to help to promote business development in the private sector, the Bank will continue to collaborate and dialogue with the Government and private sector, providing advisory services (e.g., how to structure transactions) in specific strategic areas and assisting private sector entities to mobilize financing to meet funding gaps through various means, including the African Investment Forum. In terms of availing resources for business development in the private sector, effective September 2020, Management has decentralized an Investment Officer to RDGN in Tunis to largely support non-sovereign activities in Egypt.</p> <p>Management will continue to dialogue with the Government of Egypt on the lending pipeline to determine an agreed lending program in line with national priorities.</p> <p>Further Actions:</p> <p>■ The Bank will continue the discussion on having a full-time investment officer in the Egypt Country Office dedicated to business development and origination of non-sovereign operations in Egypt, liaising with the different sector departments [RDGN1, Q4 2022] .</p>
Recommendation 3: The Bank should enhance its role as a knowledge broker, by:	
<p><i>a. Defining a clear strategy and program logic for its focus on knowledge generation and use in the next CSP.</i></p> <p><i>b. Ensuring selectivity in financing knowledge work to support critical areas of need considering the likely scarcity of grant resources.</i></p> <p><i>c. Establishing ways of measuring and better reporting of results for the Bank's knowledge support activities such as studies, ESWs and technical assistance</i></p>	<p>AGREED - Management agrees with these recommendations, with some already addressed in the responses³. About the use of knowledge work in CSPs, Management has already put in place country diagnostic notes (CDNs) to inform the articulation of thematic pillars and operational focus areas. It also includes a new results approach that ensures holistic integration and tracking of ESW and dialogue with Government.</p> <p>Regarding selectivity in financing knowledge work, Management acknowledges that this is important and will ensure prioritizing knowledge work with strong link to pipeline development.</p> <p>Further Actions:</p> <p>■ The Bank has designed in 2020 a new tool, the 'Policy Reform Dialogue Matrix' (PRDM) to track policy dialogue in Regional Member Countries. The PRDM aims to systematically plan, budget and monitor results of the Bank's dialogue on key policy reforms, while promoting linkages with the Bank's lending and non-lending activities. The PRDM also systematically includes economic and sector work (ESW) to inform policy reforms be it as a stand-alone activity, or to underpin operations, notably through PBOs and other operations instruments. An Information Note on the PRDM will be submitted shortly to the Board [RDVP, Q4 2020];</p> <p>■ COEG will apply the new results framework for country strategies that track key progress and key achievements of results from studies, ESWs and technical assistance in a holistic manner [COEG, Q4 2021] .</p>

Management action record	
Recommendations	Management's response
Recommendation 4: The Bank should strengthen program implementation, by:	
<p>a. <i>Ensuring appropriate staffing in the Bank's Country Office to match the requirements of policy dialogue, portfolio development and partnership building.</i></p> <p>b. <i>Continuing to work closely with the government to reduce systemic delays by developing capacities to improve the speed and transparency of public procurement.</i></p> <p>c. <i>Reinforcing dialogue with the government to adopt measures to ease the project ratification process, which has been causing delays.</i></p>	<p>AGREED - Management agrees with these recommendations. Sub recommendation (a) has been covered under action (3), while (b) and (c) have already been dealt with in the responses⁴.</p> <p>Management plans to create a result and monitoring officer position in the Northern region to support strengthen monitoring and evaluation practices at country level in Egypt, including providing expert advice to task teams, support compliance with standards and effective implementation of revised tools. Additionally, AHWS in collaboration with COEG, will hire a Water Supply and Sanitation Consultant Specialist to support water-related business development, lending, advisory services and analytical activities as well as sector portfolio management.</p> <p>Capacity development has been continuously supported with delivery of several tailored awareness sessions throughout the years and annual fiduciary clinics organized by the Bank. Furthermore, as the procurement officer position in COEG has been vacant since March 2019, a consultant was recruited to support country operations, in addition to the support provided by the SNFI team based in RDGN. The average lead time to review procurement documents by SNFI has been 1-2 days during 2017–2019.</p> <p>Dialogue with the Authorities on measures to speed up project ratification process is an ongoing exercise. Management will reinforce this aspect and coordinate its efforts with other DPs.</p> <p>Further Actions:</p> <ul style="list-style-type: none"> ■ To reduce operational delays and significantly help in supporting and building capacity of Implementing Agencies, two key positions are being filled: (i) the recruitment of a procurement officer (who is Arabic speaking) has been completed and the officer will assume duty in September 2020; and (ii) the recruitment for a new position for a financial management specialist to be based in COEG is underway [SNFI, Q2 2021].



Introduction and Background

This report presents the summary of findings, conclusions and recommendations of the independent evaluation of the African Development Bank (the Bank or AfDB)'s Country Strategy and Programs in the Arab Republic of Egypt for the period 2009–2018. It is based on the intermediary working papers produced for the evaluation, including a portfolio review summary, sector summary notes and a detailed technical report. This evaluation is in fulfillment of the African Development Bank's Independent Development Evaluation (IDEV) work plan approved by the Bank's Committee on Operations Development Effectiveness, also known as CODE.

This evaluation is timely for several reasons as it: i) is the first independent review of the Bank's interventions in Egypt over the last decade; ii) provides useful lessons for the development of a new Egypt CSP due at the end of 2021; and (iii) provides insights for consideration by the Bank in view of the continuity of the current Bank strategy for the country as well as Egypt's MTR development strategy.

Evaluation Purpose and Limitations

The twin purpose of this evaluation was to: i) reinforce the accountability of the Bank's operations in Egypt; and ii) foster learning and help guide future improvement in the Bank's performance. Particularly, it provides evidence about the results of the Bank's past engagement in Egypt and discusses how this engagement has been managed. It also identifies factors which explain program performance and results while highlighting key lessons and recommendations for consideration in future program design.

The evaluation covers the period 2009–2018, which encompasses three CSPs, including an interim CSP period, for a portfolio of over UA 2 billion, one of

the largest of the Bank's lending operations over the period (see details of portfolio in Annex 2). The evaluation addressed three key questions: i) How the Bank organized itself to support Egypt and to maximize its performance during the period? ii) What the Bank achieved to contribute to the country's specific needs and development challenges? and iii) What has been learned and what should be considered in preparing a new comprehensive strategy and program for the country. The key aspects of the evaluation and the questions that were answered during the evaluation are presented in Table 1.

Sufficient information was obtained in order to be able to frame evidence-based evaluative judgements, although the evaluation did not proceed as initially planned. Certain factors that adversely affected the implementation of the evaluation as designed, included: i) difficulties in accessing some national stakeholders and undertaking a full series of missions; ii) limited access to some national data; iii) profound changes in the country context which meant that the objectives of the country partnership were continuously evolving; and iv) a stakeholder perception survey - a standard in country evaluations, could not be done due to limited access to some key informants. It should be noted that remarks from interviews were triangulated with other evidence. In addition, challenges of data availability and deficient monitoring of crosscutting indicators, meant that the evaluation could only address how the dimension was considered and selected output results, hence ratings were not attributed.

Evaluation Approach and Methodology

The evaluation process was structured in three phases: an inception phase, a data collection and analysis phase, and a reporting and quality assurance phase (Annex 4). The evaluation adopted

a theory-based approach, which defined the links between activities and the intended objectives as well as further examined evidence against what was anticipated at the programs' design and pathways to expected results (see Figure A4.2 for details). It also carefully considered the risks and expected context in which the program would be implemented. The theory-based approach was coupled with a pyramidal approach to assessing three levels of analysis: i) country level—strategies (CSPs); ii) operational—overall programming and portfolio

build; and iii) investment results—project results. By examining performance through these different levels of analysis, the evaluation was able to draw on multiple sources of information including national/program data, interviews, field verification and cross-checking these against one another. An evaluation matrix was elaborated based on a set of key issues, evaluation criteria, and evaluation questions, to include indicators and sources of information (see Annex 4). Table 1 presents the key focus areas that the evaluation questions addressed. ■

Table 1: Evaluation Issues

Assessing program performance and results	
Relevance	<ul style="list-style-type: none"> ■ Alignment of strategies to needs and priorities (Bank and Country) ■ Strategy: selectivity and responsiveness to needs ■ Program design and coherency
Effectiveness	<ul style="list-style-type: none"> ■ Achievement of expected results (outputs, outcomes) ■ Contribution to development challenges including potential impacts (intended and unintended)
Sustainability	<ul style="list-style-type: none"> ■ Extent to which the achieved benefits continued or will likely continue once the Bank's interventions are completed
Crosscutting issues	<ul style="list-style-type: none"> ■ Extent to which operations are addressing inclusiveness (social inclusion, gender equality and regional disparities)
Efficiency	<ul style="list-style-type: none"> ■ Extent to which operations are delivered in an efficient manner (i.e. whether resources and inputs are economically converted to results) ■ Timeliness and compliance with implementation and operational standards
Management of the Bank's interventions	
Knowledge and policy advice	<ul style="list-style-type: none"> ■ Adequacy of Bank's analytical work and results ■ Bank's positioning and engagement to support its program
Coordination and leverage	<ul style="list-style-type: none"> ■ Bank's efforts in leveraging resources, fostering partnerships to support country's development agenda
Drivers of success and lesson learning	
Borrower's Performance	<ul style="list-style-type: none"> ■ leadership in aid coordination/harmonization ■ Implementation capacity
Lessons	<ul style="list-style-type: none"> ■ Factors positively and negatively influencing performance/ results ■ Key lessons that could inform the design of future strategies and program in Egypt

The Egypt Context

A Changing National Context

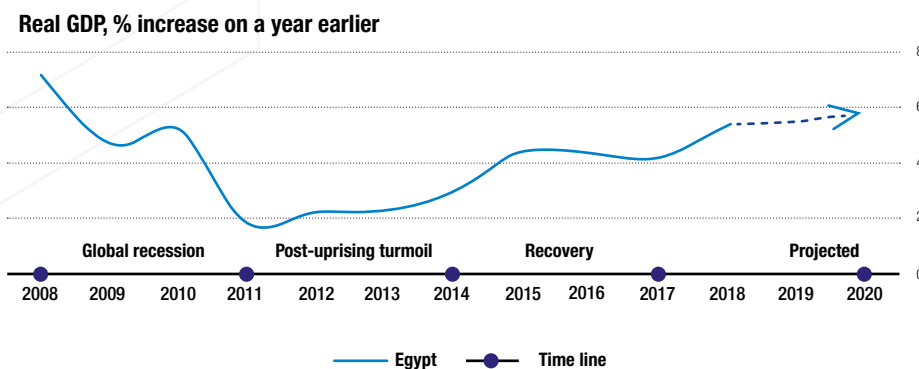
During the last ten years, Egypt has been undergoing a transformation from a centrally planned into a more market-oriented economy. The Egyptian economy, which had previously recorded an average growth rate of 5% between 2009 and 2010, witnessed a slowdown to 1.8% in 2011 and 2.9% in 2014. The economy recovered in 2015 but stagnated in 2016 and 2017. However, a comprehensive reform program initiated in 2016 started to bear fruit in 2018 with GDP growth rebounding to 5.3% despite a significant fiscal consolidation. Rising inflows of foreign direct investment, albeit limited at around 2% of GDP, as well as a recovered tourism industry helped the recovery. The full floatation of the Egyptian Pound (based on an IMF program) allowed for a correction of external imbalances with international reserves rising to eighth months of imports. However, the devaluation which followed

the move to flexible exchange rate regimes,⁵ resulted in a double-digit rate of inflation which then, given the restrictive monetary policy of the last three years, pushed inflation down to 8.7 in July 2019. Figure 1 presents a snapshot of performance over the evaluation period in terms of GDP growth rate. Furthermore, the latest 2017-2018 fiscal year's Household Expenditure and Income Survey published in 2019 shows an increase in national poverty rates from 27.8% in 2015 to 32.5%, and in extreme poverty from 5.3% in 2015 to 6.2% in 2018. The double-digit inflation of 2017–2018 impacted poverty negatively.

Development Challenges and Progress to date

Egypt faces several, long-standing development challenges. These include the following:

Figure 1: Overview of Real GDP Growth Rate 2008–2020



Source: Adapted from AfDB, Egypt Results Brief, 2018; CSP 2015-2019 Extension Paper, 2019

I A large and growing population. In 2017, Egypt had a population of about 97 million growing at the rate of 2% per annum with more than 50% of the population under 24 years of age, and a life expectancy of about 70 years. Job creation has been a challenge, with over a third of youth unemployed (averaging about 34%) during the period. However overall unemployment has been trending downward reaching 10% by the end of 2018 and 7.7% in January 2020. High population growth, dependency levels and sluggish job creation are putting increasing pressure on the GoE to stimulate economic activity and to ensure adequate provision of basic public services such as subsidized staples, education, transportation and healthcare services.

I Macroeconomic imbalances and constrained fiscal space. The high inflation rate (more than 20% in 2017 and 2018) has hit poor and middle-class communities quite hard. After several years of macroeconomic imbalances, a measure of macro-stability has been restored since 2018. Foreign reserves are up; the exchange rate is flexible; the capital account is open, and single-digit inflation is down. However, the fiscal deficit, the public debt to GDP ratio, and current account deficit are all on a downward trend. Pre COVID 19, real GDP growth was expected to steadily rise to between 5% and 6% per annum over the medium to long term.

I Governance and corruption issues. Egypt has recorded weaknesses in some key governance indicators. A major concern is high levels of perceived corruption, which has weakened business confidence and hampered the GoE's ability to implement its development projects in a timely manner. Egypt ranked 117 out of 180 countries in 2018 and is the 106th least corrupt nation according to the Corruption Perceptions Index (CPI) reported by Transparency International, albeit the CPI is on a downward trend since its spike in 2014.

I Insufficient infrastructure. Though the country has seen improvements over the review period, Egypt's infrastructure in transport, water supply, sanitation, energy and ICT are still considered

insufficient to underpin economic development plans and achieve the nation's structural transformation objectives. The country was ranked 56th in infrastructure and 100th in the information and communication technology adoption out of 140 countries according to the 2018 Global Competitiveness Index.

I Private sector development not at full potential. Current structural reforms have significantly improved the ranking of Egypt in ease of doing business in the World Bank's Doing Business Report. Egypt gained eight ranks from 2017 to 2018 and an additional six ranks between 2018 and 2019 with current ranking at 120 out of 190 countries. However, the private sector is still facing several constraints such as limited financing, the slowness of the judiciary, inadequately skilled workforce to meet market demands and limited entrepreneurship development particularly in the rural areas.

I Regional positioning and security concerns. The Government continues to fight terrorism within a challenging regional context. It has intensified efforts to provide security through increased law-and-order arrangements throughout the country and especially in the Sinai Peninsula.

I Environmental and climate challenges. Egypt is one of the most vulnerable countries to the risks of climate change⁶. Environmental threats are aggravated by increasing pressures from rapid population growth and rising demands for energy, food security and human settlement. The greater Cairo metropolitan area is among the densest with a population of more than 19 million inhabitants, with a density of 19,376 persons per square kilometer. The population is expected to further increase to 24 million by 2027.

National Development Policies and the Bank's Focus

Egypt's Vision 2030⁷ sets out its development policies, which are also the basis for its Sustainable

Development Strategy (SDS) 2015. The Bank's three CSP documents have aligned with the key principles of these development policies. The policies aim to: i) create equal opportunities for all; ii) close development gaps; and iii) ensure the efficient use of resources to assure the rights of future generations. The SDS, which is currently being reviewed and will be updated, has followed the sustainable development principle as a general framework for improving the quality of lives and boosting welfare, and is defined on economic, social, and environmental lines.

National policies and strategies between 2009 and 2018 cover three periods: i) the final stage of the pre-revolution (2009–2011); ii) the post-revolution (2012–2013); and iii) the SDS/Vision 2030 (from 2015–2016 onwards). Key highlights of the strategies are discussed below.

An Enabling Environment for Private Sector Development

Private sector development focus stems from Egypt's Long-Term Development Vision 2022 initially drawn in 2004, which highlights a ten-point program. Focus areas are: i) investment and employment; and ii) enhancing economic performance. The national policies over the period have remained focused on these objectives. The Bank's pillar focus on private sector development in the CSP 2007–2011 was aligned to the government's agenda aimed at promoting private sector led growth and the modernization of the Egyptian economy and its integration into the global economy. The succeeding CSPs maintained a focus on supporting private sector development.

The private sector plays an important role in Egypt and has remained a significant contributor to the Egyptian economy, despite facing numerous economic and political challenges⁸. It contributes 60% to GDP and to 74% of total employment⁹. The Egyptian private sector is relatively diverse and is well represented in manufacturing, agriculture, retail, trade and construction¹⁰. Retail, trade

and manufacturing stand out, with a collective contribution of 40% to GDP¹¹. None-the-less, the government has taken several key measures to improve private sector development, namely the introduction of a "one stop shop", which shortens the average number of days to 11 and the number of steps to 6.5 to start a new business. There have also been reforms aimed at Value-Added Tax, or VAT refunds to manufacturers who undertake major capital investment¹².

However, there are several aspects where Egypt's private sector lags behind its peers.¹³ According to a recent European Bank for Reconstruction and Development (EBRD) study,¹⁴ to further improve the business ecosystem, several issues still need to be addressed such as: i) the non-tariff measures; ii) the dominance of the public sector in the power, manufacturing, and banking sectors; and iii) the existence of overlapping supervisory entities, which lead to a lack of consistency in how regulations are implemented.¹⁵

There are tremendous opportunities for private investment in the energy, transport, water, and agricultural sectors, which can only be fully realized once the following crosscutting challenges are addressed: i) more transparent allocation of state land and land registration; ii) enhanced clarity and enforcement of procurement rules; and iii) improving the infrastructure financing market by developing domestic debt markets, international finance mobilization, and expanding the role of commercial banks in infrastructure finance.

Energy/power

Egypt has transformed from a country with a power deficit to a power surplus over the past decade. Alongside its energy investment programs, the GoE also introduced legal, regulatory and structural reforms such as the enactment of new electricity and gas laws respectively in 2015 and 2017 to improve the enabling environment for private investment in the sector. However, although electricity generation has seen impressive

growth, it still falls short compared to the rapidly increasing energy demand. In fact, energy use has increased by the growing residential sector with retail consumption increasing from 38% in 2007-2008 to 47% since 2017. This is followed by the industrial sector, which is the second largest energy consumer at 27%. The GoE has established a strategy to maximize its potential as a regional energy hub and through surplus power generation capacity. It also has had large gas discoveries in the Mediterranean through its Integrated Sustainable Energy Strategy 2035.

Water resources and sanitation

Egypt's National Water Resources Plan 2017-2037 seeks to address four key areas: water quality, water conservation, water resources development and raising awareness. The Government has adopted an integrated water resources management approach and has identified, through its National Rural Sanitation Masterplan, the need to increase the coverage of sanitation in key areas of the country to face population pressures and address high levels of water pollution.

In addition to the above, the Government has taken steps towards improving water sector policies including tariff adjustment for operations and maintenance cost recovery. None-the-less, high population growth and urbanization rates will necessitate the development of more sustainable urban dwellings. Further efforts to enhance water infrastructure to improve accessibility and to reduce water waste are necessary. These efforts will require substantial infrastructure investments, which are unlikely to be met by the public sector alone.

Agriculture

Agriculture is fundamental to Egypt's economy and to the development of its rural areas. Around 55% of Egyptians depend on agriculture for their

livelihoods. The sector employs 28% of workers in the country and accounts for about 12% of GDP. The main area of agricultural land in Egypt is confined to the Nile Valley and Delta, with a few oases and small tracts of arable land in the Sinai. The total cultivated area represents only 3% of the country's total land area¹⁶.

In order to increase potential, the GoE plans to increase agricultural land area through reclamation of new land and to boost productivity through more efficient water use. Reclamation of new land is coordinated by the government, which digs boreholes in designated areas (generally on the fringe of existing agricultural land) and then distributes the land to producers.

Development Assistance to Egypt

Egypt's most important development partners in addition to the AfDB are the World Bank, European Union institutions,¹⁷ the Saudi Fund, France, Japan and the United States. Egypt also receives assistance from neighboring Arab states and regional organizations, including the Arab Fund for Economic and Social Development. Egypt's many bilateral and multilateral development partners have made a concerted effort over the past decade to more closely coordinate their support programs.

Presently, external debt levels record an increase from 31% of GDP in 2009 to 37.1 % of GDP at the end of 2018. Regarding the structuration of the debt, as at 2019 the World Bank data estimated the volume of long-term external debt, which is more than one year in maturity, at about \$98.3 billion, equivalent to 89.9% of the total external debt stock, and the short-term debt at \$1 billion. Egypt as part of its efforts to manage debt sustainability has established a debt management committee under the economic stability measures to manage this evolution. ■

The Bank's Strategies and Portfolio in Egypt

Strategic Focus

The Bank's three CSPs for Egypt have mainly focused on infrastructure development, macroeconomic stabilization, and inclusive growth. The Bank's program has evolved under these three different strategies but has maintained continuity with a strong focus on good governance support operationalized through three PBOs. The program also sought to provide support for the energy sector and enabling activities to boost private sector development. Figure A4.3 presents an overview of the Bank's strategies and interventions during the evaluation period 2009–2018. Strategic focuses of the three CSPs are presented as follows:

- I 2007–2011 Country Strategy Paper (CSP):** The program was framed around two pillars: i) private sector development; and ii) social development and protection. The MTR undertaken in 2009, and the combined CSP completion report and Country Portfolio Performance Review (CPPR) concluded that the Bank's support during this period focused mainly on infrastructure, which accounted for 78.8% of active operations, compared with 21.2% for social development and protection.
- I 2012–13 Interim Country Strategy Paper (I-CSP):** The program which was subsequently updated and extended to June 2015, aimed at ensuring continuity in the Bank's support to Egypt during the transition phase following the revolution and a period of political uncertainty. Two pillars were developed: i) stabilization and economic recovery; and ii) inclusive growth to reduce poverty. Lending was suspended from 2013 until April 2015 when support was

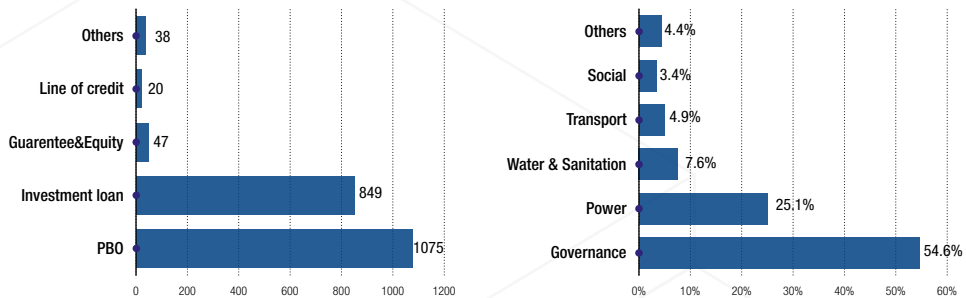
refocused on providing grants to support capacity development during the transition phase in various sectors, notably governance and social, agriculture, water and power.

- I 2015–2019 Country Strategy Paper:** This strategy was approved in December 2015 and for which an MTR and an extension to 2021 were approved by the Board in May 2019 and December 2019 respectively. The CSP sought to achieve: i) high and well-diversified growth that creates jobs and higher value added; and ii) social justice and inclusion while ensuring sound macroeconomic management. These objectives are to be achieved through measures around the pillars of infrastructure and governance.

Portfolio Focus

At UA 2.01 billion, the portfolio in Egypt was among the Bank's top ten country portfolios over the period. The 53 approved operations in the portfolio focused on two main areas: infrastructure development (mostly energy, water) and economic governance including inclusiveness.

Between 2009 and 2018, the volume of operations approved was composed of 98.1% of loans amounting UA 1.99 billion and UA 38 million for grants representing the remaining 1.9%. Most of the grants were dedicated to funding 23 technical assistance projects for UA 29 million (80% of the grant volume) and 12 studies for UA 7 million (20%). A small size emergency project was also funded. Figure 2 presents details of the funding mode and sector distribution of bank's assistance in Egypt.

Figure 2: Distribution of Bank's Assistance (UA million) by Instrument and Sector - 2009–2018

Source: Desk review and SAP data; 'Others' include Studies, TA, Emergency operations.

The Bank's loans, by volume, were concentrated on multi-sectoral projects (mainly PBOs) with around 56% of the volume of the total loan approved over the past decade followed by energy/power projects (25.56%), water supply and sanitation (7.68%), transport projects (4.85%) and social sector projects with 3.24%.

There were gaps between the Bank's strategic ambitions defined in its CSPs and the portfolio it has been able to deliver. In terms of loans, the portfolio of the Bank in Egypt during the review period is mostly oriented toward public sector operations with ten public sector projects amounting to UA 1.78 billion (88% of total lending) and seven private sector loans for UA 207.76 million (12% of total lending volumes). An analysis

of the Indicative Operational Program (IOP) (2016–2018) implementation shows considerable deviation from what was planned and what was ultimately implemented. A total of 12 (8 loans and 4 grants) out of 26 planned operations in the IOP (2016–2018) have not led to approved projects. This represents UA 536.4 million, i.e. 36.8%, of the total volume of the IOP during that period. The reasons for this divergence include: i) changes in government priorities; ii) a temporary decision by the GoE to finance some projects only from local/national resources; iii) headroom constraints; and iv) limited availability of grant resources under the MIC-TAF¹⁸ - which was exhausted by mid-2017. This suggests that the plans were overly ambitious, and that the government was not fully committed to what had been agreed up on in the CSP. ■





The Bank's Engagement: Contribution to Development Results

Relevance

Overall relevance of the Bank strategies and programs is rated highly satisfactory. The objectives of the Bank's strategies and portfolio were very relevant to the government, to clients, and beneficiaries. Priorities changed as the country context changed and the Bank sought to respond in a selective and flexible manner. Project and portfolio design were appropriate for delivering on objectives within the prevailing context.

Country level strategies were assessed as being relevant to the strategic priorities of the Bank and the GoE at the time they were formulated and at the time of the evaluation. In terms of planned versus actual portfolio, the Bank's strategy envisaged a more comprehensive, varied portfolio than the one that eventually transpired, but it ultimately did engage in areas that were relevant to overall objectives and were well-focused. The challenge for the Bank was to adjust and deliver against its strategic objectives relating to parts of the portfolio that it was not able to develop, such as support to private sector development. Activities were broadly relevant to the Bank's stated strategic objectives, although the pipeline portfolio was not designed to achieve all of them, partly because some projects in the pipeline were not relevant to the changing country context or to the resources available to support Egypt.

The Bank's CSPs and operations are well aligned with the needs of the beneficiaries. Different types of support were designed to reach final beneficiaries include the following:

- Supporting the power sector has been particularly important in contributing to reliable access to electricity for all and to job creation in the areas near the power plants.
- The wastewater treatment interventions have benefitted the population in large urban areas by producing clean and treated water that has contributed to improving the conditions for better health of the rapidly increasing urban population.
- The Rural Income and Economic Enhancement Program (RIEEP) and Franchising Sector Support Program have facilitated employment and reduction of poverty efforts among the rural poor through improved access to finance for Micro, Small, and Medium Enterprises (MSMEs), particularly among women—the main target group of the RIEEP. These operations addressed the more vulnerable categories of the population by responding to their financial needs with identified positive social development impacts.

The strategy and the portfolio tried to address crosscutting issues of gender inequality and inclusive growth. However, actual opportunities to do so in a portfolio dominated by large infrastructure investments and budget support meant that results from mainstreaming these crosscutting issues were limited.

Consistent with growing attention by the GoE, the last two CSPs have given growing importance to inclusive and green growth, including renewable energy production during the period 2009-2018. This has been demonstrated by the focus on renewable energy production and the government's ambitious aim to

produce 20% of its needs through renewable sources by 2022. Energy efficiency has also emerged as a further priority for the government. Inclusiveness is reflected throughout the three Economic Governance and Energy Support Programs (EGESPs), where importance was given to gender policy in microcredit and compensating measures for those hard-hit by the cuts in energy subsidies.

Beyond relevance to structural challenges facing Egypt, the Bank adopted its strategies and priorities to reflect the socioeconomic consequences of the political changes, which followed the uprising between 2011 and 2015. In particular, the Bank's budget support PBO operations reflected this change and showed the Bank's ability to respond flexibly to major changes in the national context.

All projects were rated satisfactory or higher in terms of the relevance of their objectives to the Bank's and to stakeholder priorities. For example, all the infrastructure pillar activities (energy, water, agriculture) that were assessed responded appropriately to national priorities.¹⁹ Energy projects responded to a national need to eliminate power cuts and increase power generation, in addition these operations made use of both renewable and non-renewable energy sources. These operations align with the Bank's energy generation objectives to increase generation and to provide electricity access to all. On the governance front, the EGESPs were fully aligned with the GoE's desire to restore macroeconomic stability, to boost economic growth and to enhance structural reforms to support private sector participation in the energy sector.

Effectiveness

The effectiveness of the Bank's strategies and program of support was assessed as satisfactory.

Effectiveness was more pronounced at the output than at the outcome level and was more noticeable in those sectors in which the Bank did ultimately finance operations. Overall, the evaluation team found that the Bank's activities were delivering well against most of its stated goals and objectives in the country program.

Strong outputs and outcomes in energy and water contributed to infrastructure development efforts with support to governance and social development contributing to important reforms and helping enhance macroeconomic stability and foster social development. Less progress was made with respect to supporting private sector development, addressing crosscutting issues and providing support to improve transport networks to better reach the poor.

Infrastructure Development Operations

Outputs and outcomes delivery for the energy, water and agriculture operations were broadly satisfactory with several major achievements. The overall rating and assessments are summarized in the table below.

Power and Energy

The Bank's energy portfolio is an important part of Egypt's portfolio, the second largest in value after the PBO operations. It accounts for ten investment operations with a value of UA 410.46 million (25.5%) and three non-lending

Table 2: Effectiveness Rating for Infrastructure Operations

Dimension	Power/Energy	Water
Output level	●	●
Outcome level	●	●
Overall	●	●

● = Highly Satisfactory ● = Satisfactory

activities. The Bank's objective for the sector was to invest in power generation infrastructure, with a focus on renewable energy and energy efficiency as well as to stimulate economic activity through improved reliability and diversification of energy services at minimal cost to economic actors.

AfDB support has contributed over 3,400 MW of electricity production for Egypt. Key output and outcome achievements are presented in Table 3. In addition to its support for public power plants, the Bank supported some private sector operations as well. Bank support also facilitated the implementation of the Egyptian Feed-In Tariff Program Round 2 by facilitating the design, construction and operation of three 50 MW solar PV power plants (Shapoorji Pallonji, Alcazar I and Alcazar II) as part of a GoE initiative to implement 2,300 MW of Solar PV projects.

The Bank also undertook several technical assistance efforts and studies:

- A Bank grant support aimed at “Improving the Operational Efficiency of Existing Power Plants” through a review of existing power plants. This aimed at identifying the areas in which the operational practices of the Egyptian Electricity Holding Company (EEHC) can be improved by adopting best practices and by establishing clearly documented operational processes.
- Other studies assessed the operating impact of integrating up to 7,300 MW of wind power into the Egyptian electricity system. This sought to support Egypt's efforts towards implementing a sustainable energy strategy, including energy diversification and reduced dependence on fossil fuels through large-scale deployment of renewable energy technologies, especially wind energy.

The governance and sustainability of the energy sector, including sustained capacity and sustainable policies, has been improved by several

Table 3: Key Achievements in Energy Operations

Selected deliverables against targets to contribute to the CSP objectives in the Sector		
CSP	Focus areas	Achieved or on track to be achieved
CSP I, II	a) Expansion of power generation b) Reduce power outages	a) Total Generation of Banks intervention at December 2018 was 3,400 MW contributing to the total of 55,213 MW of power generated by the country with an average annual growth rate of 15% during the period 2008–2009 to 2017–2018. Egypt's maximum demand in 2017–2018 was 30,800 MW with an average annual growth rate of 4.9% during the period 2008–2009 to 2017–2018. <ul style="list-style-type: none"> ■ Abu Qir Power Plant: (2 × 650 MW); ■ Ain Sokhna Thermal Power Plant: (2 × 650 MW); ■ Suez Power Plant: (650 MW). b) Zero outages as at December 2018.
CSP II, III	Improvement and diversification of energy services with emphasis on renewable energy	Egyptian Refinery Company: Bank financing 6% of the construction and operation of a new hydro-cracking/coking facility. Current production 60% of designed capacity. To reach 100% by January 2020. Shapoorji Pallongji, Alcazar Energy Solar 1 and 2: Facilitating the design, construction and operation of three 50 MW solar PV power plants. EGESP (I, II, III): Improved sustainable energy capacity and governance e.g. liberalization of the gas sector and the establishment of an independent regulator to monitor the gas market, enhancement of private sector opportunities through tariff reforms. Furthermore, operating reserves have reached 20% in 2017 and are expected to further increase to 30% in 2018.
CSP I, II, III	Increase in private sector engagement in generation and distribution	Shapoorji Pallongji: Facilitated the implementation of the Egyptian Feed-In Tariff Program Round 2. Alcazar Energy Solar 1&2: Facilitated financing a total capacity of 150 MW of solar energy. Technical Assistance: <ul style="list-style-type: none"> ■ Support for establishing a sustainable energy strategy; and ■ Support to EEHC – improving the operational efficiency of existing power plants.

reforms under the umbrella of the three EGESPs. In particular, the liberalization of the gas sector and the establishment of an independent regulator to monitor the gas market aimed at improving the sector's governance. A reduction in energy subsidies also contributed to ensuring that the sector's policies can be financially sustained, as did the gradual reform of electricity tariffs.

In short, Egyptian power generation capacity has been significantly enhanced including private sector involvement and renewable energy production. In addition, the governance, regulatory environment and sustainability of the sector have also been strengthened. This corresponds to the expected outputs as presented in the Theory of Change (ToC) (Annex 4) as well as to the outcomes, although diversification of energy sources will still need much strengthening and both reliability and limited energy costs will need to be confirmed through more long-term follow-up. Nonetheless, effectiveness of power sector operations can be considered satisfactory.

Water and sanitation

The Bank's investments in the water and sanitation sector include two operations and two non-lending activities representing about 9% of the public sector operations. The rationale behind the ToC in the water sector included investments in water and sanitation infrastructure, including both delivery and drainage systems, as well as developing efficient water allocation systems to increase access to water and sanitation, increase irrigation water availability and to improve water use efficiency.

AfDB support has increased the water treatment capacity of both the Gabel El Asfar and the Abu Rawash wastewater treatment plants. The Gabel El Asfar Wastewater Treatment Plant upgraded treatment levels of the existing system and targeted an additional population of 2.5 million in Cairo East and around 785,500 living downstream of the plant. Overall, the plant serves treatment for 12 million people. Development objectives are expected to be fully realized by the end of 2020, and

the transfer of the operation of the plant to a specialized operator, combined with agreed tariff adjustments will reinforce the sustainability of the project. Additionally, the ongoing 4-year Sustainable Development of Abu Rawash Wastewater Treatment Plant aims to serve 8 million people and to protect the environment and water resources from pollution, by reducing health risks due to discharge of untreated wastewater into the drains and canals, and to enhance water reuse.

Progress has also been made in building institutional capacity of the Construction Authority for Potable Water and Wastewater (CAPW) and the Greater Cairo Sanitary Drainage Company in social and environmental management. As part of the project, 400,000 households have benefited from awareness sessions on sanitation, hygiene and environment practices, which is likely to have significant effects on human health and the environment over the long run. Finally, from an environmental point of view, the fact that the flow of improved or treated effluent into the drains and Lake Manzala has increased by 182.5 million m³/year is also extremely positive.

Beyond lending operations, a number of studies and technical assistance operations have supported sector objectives in line with GoE's targets for the sector, including: i) the Zefta barrage feasibility study, which determined the most technically viable, economically feasible, and environmentally and socially acceptable option for the rehabilitation and reconstruction of the Zefta Barrage; and ii) the project "Monitoring and Evaluation for Water in North Africa (Algeria, Egypt, Libya, Mauritania, Morocco and Tunisia) (MEWINA)"²⁰, which contributed to increasing the North Africa Ministers Council on Water (N-AMCOW) countries' capacity in Water Sector Monitoring and Evaluation. Additionally, through the Korean Technical Facility, the Bank financed a "Feasibility Study for Integrated Sanitation Technologies in some rural areas in upper Egypt", which aimed to identify appropriate ways and means of providing suitable and sustainable sanitation services involving sewerage systems and sludge management and disposal for the population in some rural areas in Upper Egypt. The study is reported

to have been completed in time and has opened the way for a feasibility study to prepare an investment project, which is currently in the pipeline of projects for an investment budget of US\$ 140 million in the first phase.

Agricultural sector

In the agricultural sector, effectiveness of delivering planned outputs is assessed to be satisfactory. Four of the seven programs under review have been completed and have reached their expected outputs, and the master plan support has been completed. Among the ongoing projects, the National Drainage Program (NDP) has been moving ahead at a satisfactory rate, even though more than three years after its approval only 13% of its funding had been disbursed by July 2019. The project represents 90% of the total agricultural portfolio in volume terms. It aims to optimize the benefits of irrigation by draining excess irrigation water from agricultural land in order to reduce water logging and soil salinity, in addition to making more land available for cultivation. This is expected to result in higher crop yields in the target areas, higher farm incomes and increased food security and poverty reduction in general.

In addition, the RIEEP has a strong agricultural dimension, supporting both agricultural production and agricultural product transformation. The RIEEP has fully achieved or significantly surpassed its output indicators. In addition, the project has contributed to inclusiveness of the program as it put a strong focus on smallholders and included many female beneficiaries.

At the outcome level, the agricultural component of the AfDB program in Egypt sought to increase agricultural efficiency and food security through improving access to agricultural infrastructure and investment. In particular, the program sought to develop irrigation networks and improve water management systems to create agribusiness opportunities. In practice, the program has largely focused on drainage infrastructure, strengthening of the institutional actors in the irrigation sector and knowledge generation. Indirectly (through RIEEP), it

has supported agribusiness development through credit provision. However, the NDP which is by far the largest agricultural sector program (90% of the sector budget), is only partially implemented at this stage. As a result, despite good implementation prospects, effectiveness in the agriculture sector is considered satisfactory, but its ultimate performance will depend very much on progress made in the NDP operation.

Support to Private Sector Development

The Bank's strategy on supporting private sector development focused on measures to improve the investment and business climate, infrastructure development for increased access to reliable social and economic services, and enterprise development. The Egypt program sought to address these primarily through the three PBOs (US\$ 500 million each), the Franchising Sector Support Program (FSSP) and the energy operations involving private sector actors (ERC, Shapoorji Pallonji, Alcazar I, Alcazar II). One of the three pillars of the PBOs was private sector development and the business environment. The two other pillars are fiscal consolidation and efficiency, and governance in the energy sector.

Operationally, the Bank sought to support financial inclusion initiatives, provide credit to Small and Medium Enterprises (SMEs) and promote Private Public Partnerships (PPPs) to improve the business environment and thus enhance private sector development and job creation.

The main output achievements from the support to private sector development include:

- Approval of the Industrial Licensing Law. The related Executive Regulation was issued on 13 August 2017, drastically reducing the waiting time for the issuance of industrial licenses (7 days for low-risk businesses, 30 days for high-risk businesses).
- Establishment of a one-stop investment centre opened and operational at the General Authority for Investment in 2018 aimed at making company's registration process much easier and more efficient.

- Revision of the companies act, which has been approved by cabinet and submitted to Parliament. This reform aims at an enhanced open competition environment.
- Issuance of directives on micro-insurance by the Financial Regulation Authority and of a regulation on the use of mobile money by the central bank. The microfinance sector has been boosted by those new regulations, including an increase in the share of women accessing the loans.
- Liberalization of the gas sector, allowing for private sector investments.

Beyond those measures supported in the three EGESPs, the private sector environment has been at the center of other bank projects, including the FSSP, RIEEP and other small projects. Notable achievements are presented below.

The FSSP surpassed several of its performance targets (i.e. the number of loans granted, percentage of women entrepreneurs assisted). Notable amongst these are:

- Support to SMEs in creating 1,425 franchises, exceeding the project's target by 380%,²¹ and job creation with 1,200 direct jobs and the opening around 200 gamietty shops in Fayoum. Each shop represents at least four direct sales jobs (two shifts of two people from 11 a.m. to 5 p.m. and 5 a.m. to 11 p.m.). In addition, the shops spur indirect job creation in transporting and marketing goods to the shops. The RIEEP project sought to improve the socioeconomic livelihood of the economically active rural smallholder farmers engaged in the production, processing and marketing of selected agricultural commodities. Capacity building and access to finance was provided to address the financing constraints faced by participating agribusinesses and contribute to achieve the following outputs:
 - Loans to over 80,000 agribusinesses, micro and small entrepreneurs, both men and women. Supported the implementation of

4,643 projects totaling US\$ 26,025,000 and created 4,650 additional jobs.

- SME unions and agricultural cooperatives were established, and market links were created.

- Training was provided to non-governmental organizations to boost their portfolio management and loan tracking systems. In addition, the capacities of financial intermediaries and supporting partner financial institutions were developed in creating agro-lending strategies that include new financial products, particularly in the upper Egypt region.

It is also important to note the following:

- Almost half (45%) of the beneficiaries under RIEEP were first-time borrowers, contributing to increased access to finances for MSMEs.
- Remote and vulnerable areas have benefited from the project according to MSMEDA. Three in five (60%) of the beneficiaries are in upper Egypt.
- The RIEEP project has facilitated strengthening of Farmer Organizations tackling management and marketing issues. Over 50% of the targeted organizations developed business plans in order to become eligible for commercial funding.
- The reduction of the time for enterprise registration from an estimated one year to 1 month by developing a “one-stop shop” for SME development that improves SME services and facilitates issuance of an enterprise identification number.

At policy level, the new SME law (drafted in 2019) also supported by AfDB, has increased the proportion of public procurement, which should involve SMEs from 10% to 20%. This effectively doubles public markets open to SMEs and clearly provides a boost for SME development.

Beyond the FSSP and RIEEP projects, the grant resources for the support to MSMEs in the Organic Clusters Project provided analytic support to create an overall enabling environment for MSMEs

operating out of organic clusters and increase their contribution to economic growth and employment.

Governance Support, Economic Recovery and Stabilization

In the area of economic governance, most of the output targets were achieved and even surpassed within the targeted timeframe, including targets set for reductions in the wage bill and improvements to the business enabling environment.

Macroeconomic stability and governance

Through its macroeconomic stability and governance component, the AfDB program in Egypt sought to generate knowledge for the GoE. This was through technical assistance and studies intended to support budgetary and banking sector reforms (which would contribute to efficiency of resource use), greater macroeconomic stability and improved investor confidence.

To that end, the Bank's EGESPs²² I, II and III contributed to: i) enhanced fiscal consolidation - expanded efficient tax base and improved revenue collection, improved efficiency of public expenditure, and enhanced fiscal transparency; ii) enhanced energy sector security - enhanced efficiency and viability of the power and gas sector, and improved efficiency of energy consumption; and iii) enhanced business environments - streamlined and transparent industrial licensing regime, enhanced and open competition, and improved access to credit for MSMEs and women entrepreneurs. The second (energy) and third (business environment) components are addressed above in their appropriate sections.

Major outcome achievements with respect to enhanced fiscal consolidation include the following:

- A Presidential decree amending the tax law, unifying the top income tax rate at 22.5% for all economic actors in Egypt, was issued and published in the Official Gazette on 20 August 2015. As a result of the tax amendment adopted by the cabinet, there was an increase in non-sovereign personal and corporate income tax as percentage of GDP from 3.5% in FY15 to 3.7% of GDP in FY18.
- Presidential decree Law No. 32 of 2015 endorsing the 2015-2016 budget with a binding instruction to all budgetary entities to freeze special bonuses and rewards for all their employees in the 2015–2016 fiscal year was issued on 2 July 2015.
- As of 2016–2017, 70% of the wage bill had been fully automated and the government is on track to meeting its objective of 100% coverage by 2017–2018.
- Budget is available online in a timeframe and format consistent with international standards. This has helped improve the ranking of Egypt in the open budget index from 16 out of 100 points in 2014 to 41 out of 100 points in 2017.
- A public finance management improvement unit was established on 29 June 2016 in the Ministry of Finance.

The Bank has maintained policy dialogue with the GoE and development partners in order to ensure the outcomes of the EGESP, and its different phases, consistently support policy reform objectives. The dialogue focuses on the following:

Table 4: Effectiveness Rating for Economic Governance Support Operations

Dimension	Output level	Outcome level
Rating	●	●

● = Highly Satisfactory ● = Satisfactory

Source: Project results assessments and validation of PCR reviews of the Egypt portfolio.



- Fiscal consolidation looking at revenue enhancement efforts and improved expenditure efficiency to contain the fiscal deficit.
- Promoting improved governance and efficiency of the energy sector as well as sustainable growth through use of renewable energy.
- Improving the business enabling environment with an aim to bring improvements to the investment framework, industrial licensing reform, and financial inclusion.
- Social protection, focusing on the need to protect the poor through well-targeted safety nets and careful design of the subsidy reform.
- Partnership and leveraging were strong in some areas and weak in others. There is a strong partnership with central government actors (Ministry of International Cooperation or, MIC), but opportunities to build partnerships elsewhere were exploited only on a project-by-project basis, thus limiting potential higher-level effectiveness to specific program settings.
- Capacity development was an important part of the Bank's strategy, at least since 2012. However, there were areas of delayed deliveries or limited evidence of actual effects of their objectives. This was evidenced in 51% (18 out of 35) non-lending operations reviewed.

Beyond the effectiveness of the Bank's portfolio of operations, non-lending activities also contributed to overall effectiveness at the country level. However, not all non-lending operations were equally effective, due to capacity constraints and shifting priorities, for example:

- Planned knowledge and technical assistance grants delivered limited output with little evidence of effects on operations or policies. The Bank's planned analytical work was partially delivered (indicating limited output achievement for this area—17 studies done out of 23 planned).

Crosscutting Issues in the Bank's program

The CSPs, portfolio, and results varied in their coverage of crosscutting issues. For each crosscutting issue examined, coverage in the CSPs increased over time but there was a mixed picture regarding the extent of explicit focus on them during implementation, with limited information on implementation and results. Table 5 below presents an overview of how the Bank's programming and strategies addressed crosscutting issues and the results achieved so far.

Table 5: Overview of Crosscutting Issues in the CSPs and Projects

Issue	CSP 1	CSP 2	CSP 3	No. of operations addressing the issue	Comments on implementation
Gender	●	●	●	5	<ul style="list-style-type: none"> ■ CSP 2007–2011 had no specific objective for gender. ■ CSP 2012–2013 targeted to introduce a culture of gender equality and skills development at the national and local levels; three interventions and ESWs were delivered. ■ CSP extension to 2015 committed to pay close attention to gender and strived to enhance capabilities and opportunities of women in Egypt to advance prospects of economic growth. Through the EGEPs, microcredit development activities have had a specific gender target of reaching more women, which it succeeded in doing, with about 50% of borrowers being women. Other interventions addressing this objective were: RIEEP, FSSP, EGESP I. ■ CSP 2015–2019 commits to mainstream gender in the design of all projects while supporting diagnostic and analytical work to better understand the issues preventing women's economic empowerment and how to best tackle them. According to information gathered, the studies identified are still under preparation.

Issue	CSP 1	CSP 2	CSP 3	No. of operations addressing the issue	Comments on implementation
Inclusive Growth and Regional Disparities	●	●	●	5	<p>The last two CSPs have given growing importance to inclusive and green growth. More generally, Pillar 2 in the first two CSPs that relate specifically to social development and poverty reduction were focused squarely on the needs of the most vulnerable beneficiaries. Project objectives related to alignment through emphasis on targeting youth and women in addition to addressing the deprived population though data was not always collected to show progress. Examples of successful projects are Gabel El Asfar, RIEEP and FSSP.</p> <p>Targeted spatial inclusion interventions were not included in the portfolio during the 2009-2018 period. Nevertheless, some interventions have elements addressing regional disparities. The RIEEP had specific targets established for training and funding in Upper Egypt to ensure addressing the knowledge and skills gap. Also, being a nationally focused program, the NDP includes Upper Egypt as one of five regions that the program is targeting with the aim to increase its crop productivity by 15–21% for various selected crops. The GoE has been investing in initiatives targeting Upper Egypt, Sinai and other distant areas, among them are the Rural Sanitation Program and the National Health Insurance Program partially supported by the Bank. The national health insurance was supported through the “Rx Health Care Fund” and the Rural sanitation program through the “Feasibility Study for Integrated Sanitation Technologies in some rural areas in Upper Egypt” and the Integrated Rural Sanitation Program in Upper Egypt” which was approved in 2019.</p>
Environment and Green Growth	●	●	●	6	The Bank has supported Egypt's green growth agenda through loans to: i) gas-fired power plants (as compared to plants using heavy fuels for electricity production), ii) wastewater treatment at Gabel and Abu-Rawash, raising awareness and building capacity of stakeholders on the Industrial Waste Management and, iii) SME's entrepreneurship Hub (IWEX), and the NDP intervention.
Regional Integration	●	●	●	1	Only the current CSP mentioned regional commitments as objectives in the extension paper but with no evident operations. Egypt has been involved in regional activities limited to trade with Europe and neighboring middle east rather than focusing on integrating a region. Support in energy and transport as proposed in extension of the current CSP is a step towards regional objectives but results are not visible yet.
Capacity Development	●	●	●	24	Main sectors such as water and multi-sector focused or included capacity development components, and both were delivered. Across the portfolio more broadly 20 of the 53 projects were mainly on a capacity or technical assistance role, most of these were small demonstration projects and grants.

Source: CSPs and PARs. Legend: ● = No coverage or performance ● = Minimal coverage ● = Good coverage

Gender

The Bank's commitments to gender equality at the strategic level are well reflected in the last two CSPs. Analysis of operations shows that this increasing interest expressed in the strategy documents has not always resulted in a systematic planning or implementation of specific measures in the programs that were funded. While there were a few gender training components in some projects, in addition to microfinancing provided

to some female-headed SMEs, relatively little was accomplished in terms of addressing key constraints to the achievement of gender equality and broader social inclusion.

At the project level of documentation, gender is not systematically addressed. Around half of the projects under review were assessed as satisfactory or highly satisfactory regarding the way in which they provide an analysis of the gender context (47.5%) and the definition of specific objectives (52.5%).

However, even if 47.5% of the projects defined specific indicators relating to gender, 87.5% of the interventions did not include information regarding how monitoring and reporting of specific gender indicators was to be made. Only in 15% of cases was information found regarding how the projects contributed to developing specific gender attributes as part of project implementation. See Figure 3.

Inclusiveness and Regional Disparity

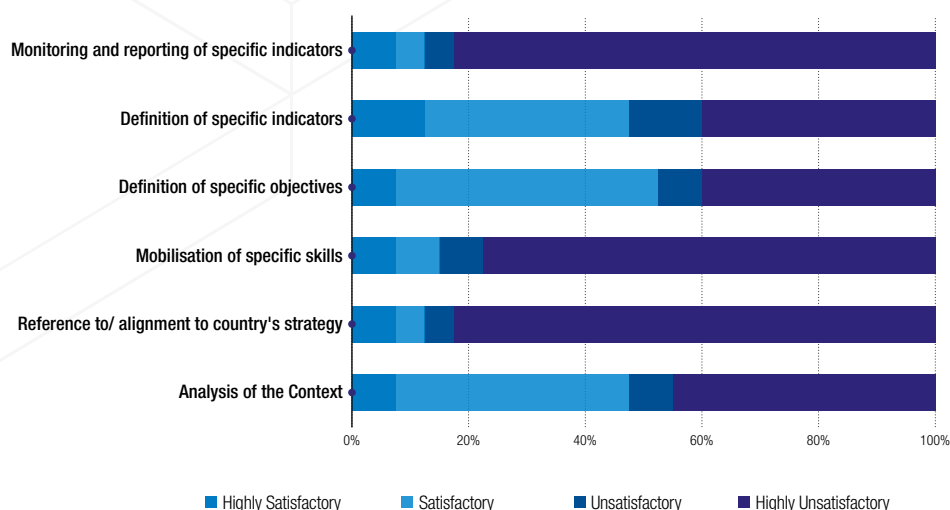
Upper Egypt, as compared to lower Egypt (the Delta and Northern regions) is characterized by a lower rate of job creation, faster population growth and poorer public services in health and education. While it is claimed that these differences have become less pronounced over time, the proportion of people spending less than US\$ 2 per day in rural Upper Egypt is 50% while it is only 5% in the main cities.²³ Interventions specifically targeted to Upper Egypt were not included in the portfolio during the 2009–2018 period. RIEEP and NDP projects and other recent initiatives²⁴ of the Bank have elements that addressed regional disparities.

Environment and Green Growth

Over the evaluation period, green growth has been addressed by the Bank not only as part of its own environmental strategic priorities but also as a response to the GoE's increasing emphasis on green and sustainable development. The GoE's priorities in this area are: i) renewable energy and energy efficiency to improve the environmental footprint of the energy sector; ii) more efficient usage of Egypt's scarce water and land resources, notably in agriculture to foster food security; and iii) having a less polluting transportation system to protect air quality, especially for urban Egyptians (GSP 2015–2019, p. 9).

The evaluation noted that there were several activities mounted in support of green growth objectives, but the results were modest. In terms of grant support, the Bank has provided funding for the industrial waste management project, which will contribute to reducing the adverse environmental impacts from the bad disposal of industrial and hazardous wastes, thereby reducing GHG emissions and contributing to

Figure 3: Coverage of Gender Aspects at the Operations Level



Source: Calculated by the evaluation team based on review of all the 53 operations (2009-2018).

the reduction of health-related expenditures. Support to MSMEs in the Organic Clusters Project also aims to contribute to green SME investments.

Efficiency

The evaluation assessed efficiency as satisfactory overall, notably in terms of resource use, portfolio quality, project returns to investment in water and power sectors, implementation progress, disbursement rates, and the level of monitoring and supervision in a challenging context over the period. Although overall portfolio performance has improved over time with an average rating of 3 out of 4 over the period, timeliness has been problematic in most of the projects that were examined.

Implementation Progress

The implementation progress of projects has been positive overall, according to project-level analysis. Project Results Assessment (PRA) analysis on the Cluster 1 and Cluster 2 reviews show that IPR²⁵ ratings are satisfactory (9) or highly satisfactory (1) for the only 10 out of 29 projects for which this information was available. Similarly, the eight projects for which there is information in the PCRs on implementation progress are rated as satisfactory or highly satisfactory on this criterion (average score of 3.3 on a scale of 4).

Disbursement rates increased over the period, and were reasonably high for public sector operations, including the PBOs. A portfolio review on CPPRs shows that the disbursement rate increased from 34% in 2011 to 58% in 2015 and 84% in 2018. Moreover, Egypt's portfolio performance is better than that recorded for the region and bank-wide performance. Compared to the Bank's 23% target, Egypt recorded a disbursement rate in 2018 of 36% compared to 23% in the North Africa region, and 13% bank-wide. The disbursement rate of AfDB's public sector window, which constitutes the major source

of funding in Egypt over the past 10 years (96% of volume of loans), has shown some improvement from 27% in 2009 to 36% in 2018. Public sector operations (excluding Trust Fund grants) have cumulatively disbursed about 90% as of end-December 2018. This is largely attributed to the complete release of the three tranches of the "Economic Governance and Energy Support Program" PBOs. Private sector transactions collectively disbursed 54%. Trust Funds achieved a low disbursement rate of 40% reflecting the slow implementation pace of the institutional support and capacity building operations funded by the MIC-TAF and MENA²⁶ grants.

Timeliness

Fifteen out of 17 projects (88%)²⁷ examined were scored by the evaluation team as highly unsatisfactory or unsatisfactory on timeliness due to delays at start-up, implementation or closure. Similarly, 91% of projects (10 out of 11) with scores for the comparison between the planned and the actual period of implementation from the date of approval to effectiveness, signature of loan agreement and first disbursement were rated unsatisfactory or highly unsatisfactory.

Analysis of PCRs for nine projects closed during the evaluation period (including Abu Qir and Ain Sokhna projects approved before 2009), have experienced some delays. Six out of the nine projects had a highly unsatisfactory or unsatisfactory score on timeliness. The longest delay in the portfolio was experienced by the Ain Sokhna power generation and Gabel El Asfar wastewater plant in addition to the feasibility study for the reconstruction of the Zefta barrage, each with more than three years' delay in comparison with their initial planned completion dates.

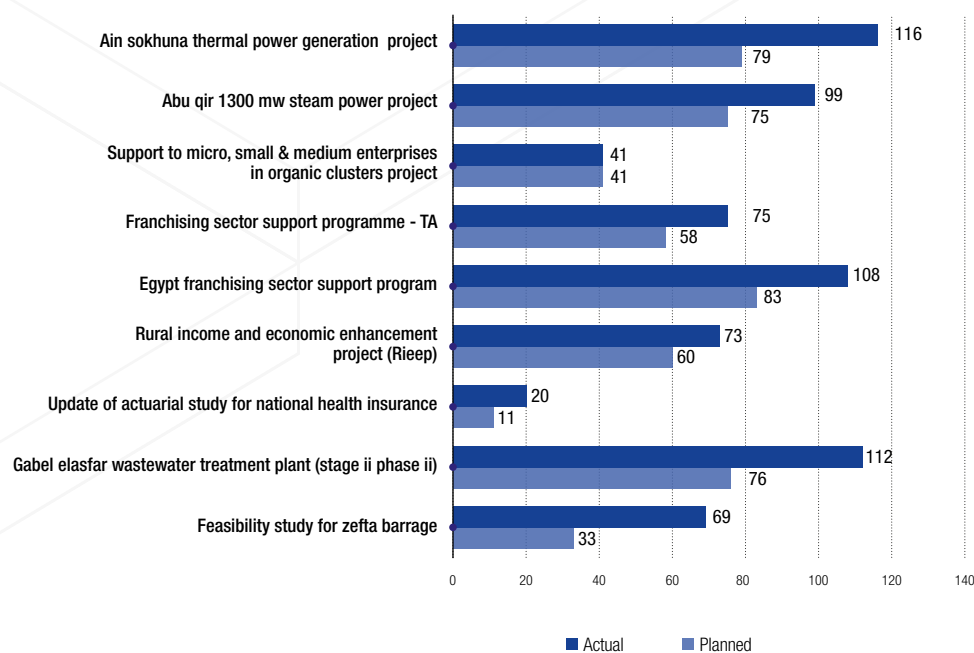
The portfolio review on the CPPRs shows that fifteen of the 19 (about 80%) operations had delays. This is more prominent in the case of grants where more than 90% of them recorded an average delay of 18 months. Most projects

when assessed against the criteria could not comply with the Bank's Presidential Directive PD 02/2015.²⁸ See Figure 4. Nevertheless, the portfolio review indicates that timeliness has improved over time, notably for investment projects and Technical Assistants and at the effectiveness to first disbursement stage (see technical annex for details).

Stakeholders reported that they expected the Bank's decentralization efforts to contribute to its agility, but that this has not been fully achieved in managing several grant operations. For example, for any legal or disbursement-related issues and for a wide range of approval authorities, the AfDB Egypt Country Office still reverts to Bank headquarters.

The Egypt case study under an 2018 IDEV evaluation on PBOs found that efficiency performance was highly satisfactory.²⁹ This study mainly emphasized the strong coordination with the World Bank as well as the short timeframe from request to approval and disbursement of the first phase (less than five months on average) in response to the urgent financing needs of the government. It reported that this streamlined approach, as well as the initial concept note waiver, allowed the Bank to respond swiftly to the government's request for budget support, which has been well appreciated by the government, particularly considering the urgent financial needs and pressing reform agenda. The AfDB and World Bank have a joint performance assessment framework for the PBOs, which has held down aid transaction costs for the government.

Figure 4: Planned and Actual Duration (Number of Months) for Closed Projects



Source: Established by the evaluation team based on project documentary reviews including PCRs.

Cost Efficiencies and Resource Use

Project level analysis indicates that the cost-benefit ratios are good overall; investments have more than covered their costs and that scarce public sector resources were allocated efficiently. Five projects for which a rating is available on cost-benefit analysis at the time of appraisal or evaluation show

a satisfactory performance. Similarly, the five projects for which there is information in the PCRs on cost-benefit analysis at completion are rated as satisfactory or very satisfactory on this criterion (average score of 3.6 on a scale of 4).

The cost of more than half of the projects ended up being less than expected—an example is

Box 1: Explanatory Factors for Efficiency Performance

Major explanatory factors contributing to the efficiency of country portfolio performance are:

I Quality of project design: i) too many procurement activities for grants (e.g. almost 90% of grants are composed on average of at least fifteen separate procurement activities), and ii) inadequate executing agencies' capacity assessment due in part to language issues.

I A lengthy process of project ratification by the GoE was required for all loans and grants.

I Procurement problems constituted a major part of efficiency concerns: i) Bank procurement procedures were reported by several interviewees to be slow and complicated, with little flexibility after contract signature at times; ii) the GoE staff did not always have the required equipment or know standard operating procedures; and iii) procurement was further complicated in some cases by language barriers and lack of suitable IT systems. The Bank took initiatives to support Government staff on dealing with procurement procedures. The AfDB Country Results Brief 2018 for Egypt reports that the Government acted to improve the speed (and transparency) of procurement processes, revising its overall procurement regulations, with plans such as using an e-procurement system to publish bids. Unexpected procurement problems affected some projects, such as the Gabel Al Asfar Wastewater Treatment Plan Project, which suffered a 4-year delay in start-up and implementation stages.

I Major unforeseen events at a country or international level these include: i) the Egyptian Revolution; ii) the devaluation of the Egyptian Pound in 2016 - which resulted for instance in the Franchising Sector Support Program doubling the loan amount in local currency; and iii) exceptional fluctuations in prices of oil or other materials - for instance the very high prices of oil in 2007–2009 at the time when the Abu Qir power plant was procured resulted in a project overrun of about 14%.²⁸ Delays in Ain Sokhna were due to force majeure in countries supplying equipment for the plant and challenging procurement arrangements.

I Communication difficulties between the Bank and its borrowers were raised in several interviews, mostly with regards to receiving very late responses from the Bank to project implementation issues raised. This was most problematic for them in cases affecting bidding timelines and costs. They also reported to have experienced both flexible and less flexible management by the Bank.

I Lack of appropriate and sufficient Bank staffing this entailed: i) an absence of a country economist for 2 years; ii) lack of a Cairo-based disbursement assistant since March 2015 coupled with the absence of a financial management officer; iii) coverage of the agriculture portfolio by the water expert;²⁹ iv) coverage of four other countries by the local private sector expert - mostly involved in portfolio management; and v) limited country-based staffing. Regarding the latter, around 25% of projects are still managed by AfDB task managers who are not based in Egypt (even if the Bank's target of 68% of projects to be managed by Bank staff in Egypt has been met). All these factors affected speed of decision-making for grants.³⁰

I Efforts by the Bank to counter delays and strengthen portfolio monitoring since 2015 with Ministry of International Cooperation, by organizing regular meetings, training and fiduciary clinics with executing agency staff, ensuring that the procurement officer in post is an Arabic speaker, and bundling grants procurement activities for closer monitoring. The Bank has also been able to secure some funding from the INP project to develop capacity of the government staff regarding the New National Procurement Law for 2018 and has recruited a consultant to assist the local private sector expert.

the Wastewater Treatment Plant, which was overestimated during the feasibility studies with a contract awarded at a total of Euro 127.5 million (construction cost only) instead of the expected work cost of Euro 185.5 million, i.e. saving about 31% of the expected cost. Portfolio review of CPPRs indicate further that the age of the portfolio is still quite high (4 years).

Information on other dimensions of efficiency are provided in Table 6 below, based on a review of CPPRs. It shows overall portfolio performance improvements from 2.4 in 2011 (on a 3-point scale) to 3.8 in 2018 (on a 4-point scale). Analysis on PCRs show that all nine projects had a satisfactory or very satisfactory rating in terms of resource-use efficiency (average score of 3.7 on a scale of 4).

Managing for Development Results

The Bank's commitment to results-based management increased at the country program level, but not at the project level. At CSP level, two MTRs (CSP 2007–2011 and CSP 2015–2019 extended until 2021) and two completion reports (I-CSP 2011 and CSP 2012–2015) were conducted. CPPR were completed in 2008, 2011, 2014, 2015, 2017 and 2019.

Almost all (12 out of 13 projects examined or, 92%)³³ were scored satisfactory or highly satisfactory for the criterion “Application of RBM principles in the AfDB: inclusion of objectives,

expected results and indicators to monitor progress and measure achievements”. There are indications that the level of monitoring and supervision has been good overall, although monitoring has not been carried out in a systematic manner. The project review for Clusters 1 and 2 shows for instance, that the “evidence of the frequency and quality of monitoring” was rated satisfactory (7) or highly satisfactory (4) for all eleven projects assessed. Ratings were also largely satisfactory or highly satisfactory on the criteria “compliance with reporting: audit reports/progress reporting from borrower” (6/7), “evidence that problematic projects are well monitored” (2/2), “evidence of response to project management issues” (4/4), and “supervision and administration” (7/7).

Attention to and review of crosscutting issues in projects is not standardized (e.g. for gender equity, environment, inclusive growth). However, some projects did include well-defined indicators in this respect (RIEEP), while others did not (FSSP, Gabel El Asfar wastewater treatment plant, Abu Qir, NDP).

Sustainability: Assuring Longer Term Benefits

Overall, the sustainability of Bank operations in Egypt is assessed to be satisfactory across the main sectors and sustainability dimensions. Technical soundness was assessed as highly satisfactory for the energy sector.

Table 6: CPPR Portfolio Review: Other Efficiency Key Performance Indicators (KPIs)

Indicators	2011	2013	2015	2016	2017	2018
Portfolio performance / scale	2.48 / 3	2.4 / 3	2.4 / 3	2.8 / 3	n.a.	3.8 / 4
Age of portfolio (average, year)	2.86	n.a.	n.a.	n.a.	3.2	4
Ageing projects	0	1	2	5	3	3
Problematic projects	0	1	0	0	1	-
Loan cancellation based on PD/2015	n.a.	n.a.	n.a.	1	0	2

Source: Compiled by the evaluation team from CPPR reports and monitoring data as at 31 December 2018.

At a strategic level, the consideration of sustainability in the CSP has evolved over time. While the 2007–2011 CSP did not include sustainability as a specific objective of the Bank in Egypt, in 2010 the GoE and development partners identified sustainable and inclusive growth as a key development challenge. In the I-CSP (2012–2013) “sustainable growth and environment and sustainable natural resources” were emphasized as Pillar I and Pillar III respectively of the country strategy. The CSP 2015–2019³⁴ emphasized the sustainable character of the infrastructure to be developed, especially in environmental terms.

Technical sustainability

Technical soundness of the program is assessed to be between satisfactory to highly satisfactory. In the energy sector, for example, innovative and more efficient technology (supercritical boilers) were used for the first time not only in Egypt but on the continent (Ain Shoukna Project, Support to Renewable Energy Projects). Project ratings are presented in the Annex 5.

Financial Sustainability

Projects in the Energy and Water sectors were found to be financially sustainable. The Gabel Elasar Wastewater Treatment Plant, for example, was assessed as satisfactory in the PRA. This is based on wastewater bill, energy recovery and output commercialization outcomes. Observations from a field visit and discussions with the project staff indicated that almost 70% of the electricity needed is generated by the plant. In addition, the project generates about 30 million Egyptian Pounds per year from the sale of sludge according to their annual reports. Similarly, the plant is operating an experimental farm, which cultivates land using wastewater from the plant and the proceeds generates a sale of about 3 million Egyptian Pounds/year.

The financial sustainability of power projects is considered satisfactory. As an example, the

financial sustainability, according to project documentation of Ain Sohknna, was higher at completion than at the appraisal stage (FIRR 7% at appraisal vs. 11% at completion). This is the result of: i) higher tariffs; and ii) reduced investment costs. Financial sustainability has been challenged, however, by periodic shortages of gas supply to operate the plants.

Financial sustainability of Governance and Social Sector projects is also assessed as satisfactory.

There are indications from the data that: i) the RIEEP will depend primarily on the actual rate of repayment of project sub-loans; and ii) repayment rates by micro and small enterprises—especially those managed by women—tend to be high. As a result, financial sustainability is considered likely. Regarding FSSP, partnership and profit-sharing models were applied to ensure improved sustainability. Other points to note include:

- Now that there is enough awareness and increased appetite in the market for this type of service, MSMEDA has shown interest in using other funds to finance franchise-related projects.
- As MSMEDA also plans to continue carrying out its franchise related training, awareness-building efforts will continue to be sustainable after the end of the initiative.
- Regarding the EGESPs, financial sustainability is dependent on the government's continued commitment to prudent budget management practices, tighter budget management and improved revenue generation.

Environmental Considerations

Environmental and social impact studies were conducted where required for the Bank's infrastructure operations in order to ensure that these would be properly categorized in addition to their environmental and social risks being properly identified and mitigated. The sensitivity

of the environment in which the interventions are implemented has been addressed through project categorization, environmental, social and complementary studies and mitigation measures.

The four power plants and the Gabel WWT plant were classified environmentally as category 1. For instance, as regards the Gabel WWT, the environment and social impact assessment studies were carried out during the design phase and before the commencement of the construction phase of these projects, including public consultation and sensitization when needed.

In the Ain Sokhna powerplant two air quality monitoring stations were installed on-site while other environmental monitoring activities were outsourced to specialized service providers.³⁵ Monitoring reports were submitted to the Bank and the project has been subjected to independent environmental audits³⁶.

Institutional Sustainability

On prospects for institutional sustainability, the infrastructure-related projects in the power and water sectors targeted the development of operational skills for employed staff and included measures to enhance capacity of the institutions. Some of these projects exhibited several noteworthy features as explained below:

- For the Ain Soukhna project, the Bank funded the acquisition of advanced simulators, which facilitated on-the-job training in a much safer environment and subsequently the operation of the infrastructure. This became a reference for the EEHC, not only for the advanced technology implemented, but also because of the success of the training given and its impact on operational capacities. According to project documentation and interviews, Ain El-Sokhna is now being used as a training platform for the staff for new proposed projects (e.g. in Helwan, Assuit). In terms of institutional sustainability, the EEHC

also plays a crucial role as the anchor point of the six power generation companies under which several thermal power plants are operated, allowing experience to be shared between the different subsidiaries. The interaction and supportive mechanisms set in place within this project contributed directly to enhanced institutional sustainability.

- During interviews, the engineers of the Gabel Elasar Wastewater Treatment Plant praised the way in which capacity development programs helped them perform optimally. The evaluation noted similar institutional strengths achieved in the wastewater sector within CAPW. CAPW is an important institutional body responsible for operations and maintenance, infrastructure rehabilitation and expansion. It is planned that, in 2020, CAPW will delegate plant management to a qualified private operator, and it is expected that most of the permanent staff (230 as per PCR 2019) will be absorbed by the private entity in order to maintain their experience and competences built up during the project.

Multi-sector and Governance projects had strong focus on capacity building. The RIEEP is grounded in the strengthening of participating stakeholders' capacity in the agribusiness value chain, such as the financial intermediaries and banks, non-governmental organizations that offered microfinance, and farmer associations. For the FSSP, comprehensive training programs have facilitated improved capacity of stakeholders to continue their activities and promote the franchise concept, providing a lower-risk, lower cost market entry for entrepreneurs and MSMEs. The protocol of cooperation signed between MSMEDA and the Egyptian Banking Institute ensures that franchise-related training and knowledge transfer to both the private and banking sectors will continue to make an annual appearance on the curriculum long after the initiative ends. Furthermore, the training provided to MSMEDA and other Partner Financial Institutions has increased their ability to introduce

new loan products to finance franchising projects after the initiative ends. Regarding the EGESPs, there continues to be a need for capacity building, although all signs indicate that the government's commitment to fiscal probity, private sector participation in the energy sector and improvements in the business environment for SMEs remain as strong government priorities.

Program Management: Bank Performance

Overall approach for the design and allocation of non-lending resources was strategic and of great importance for underpinning policy dialogue and for supporting project design and implementation to an extent. Nevertheless, the evaluation finds that while targeting, cross-project synergies could have been better envisaged.

Leveraging Capacities and Knowledge

Capacity enhancement and analytical work were identified as a prominent feature of the Bank's strategic approach in Egypt throughout the period, though more prominently since 2011. Most ESWs carried out are in the power, private and social sectors and several relate directly to supporting reforms under the PBOs. While many of the earlier ESWs directly contributed to the design or implementation of lending operations, this has not been the case with the more recent ESWs where education and human resource development have figured prominently. In fact, the shift towards more social sector oriented analytical work is in line with the knowledge management program as stated in Egypt's Country Result Brief (2018).³⁷ The evaluation maintains that while there is merit in having a diverse, demand-driven knowledge program, the use of scarce resources for knowledge products that have little linkage to business development does not represent good value for money.

Partnerships and Aid Coordination

The Bank successfully developed a working relationship with MIC³⁸, which is the main interlocuter of the government on development investments. The relationship has improved over time, with the Bank providing further technical assistance support to the MIC to improve its overall performance.

Relationships with some line ministries were less developed than expected, and generally functioned via the MIC for coordination and business development.³⁹ The Bank aligned its support closely to GoE priorities through its continuous support with loans and then with grant operations during the period of non-lending.

At the project level in the energy and water sector, some partnerships were forged, and coordination arrangements created. For example, AfDB and the World Bank have worked closely in the last five years in monitoring the biggest operations in the portfolio (EGESP I, II, III). The power sector has been the main sector in which coordination and harmonization issues have been significant due to the large number of partners involved. The main partners supporting the power sector in Egypt, besides the Bank, include the WB, European Investment Bank (EIB), KfW/Germany, EU/EC, Japan, Spain, Denmark, Islamic Development Bank, Arab Fund for Economic and Social Development (AFESD), Kuwait Fund for Arab Economic Development (KFAED) and the Organization of the Petroleum Exporting Countries (OPEC) Fund.

In contrast, for operations with social development impact benefit, there was little evidence of coordination with other development partners, even when these partners lent to the same clients (e.g. MSMEDA).

The Bank also engaged in other coordination efforts such as the G20 Compact with Africa,⁴⁰ in which the Bank is responsible for a financial framework that

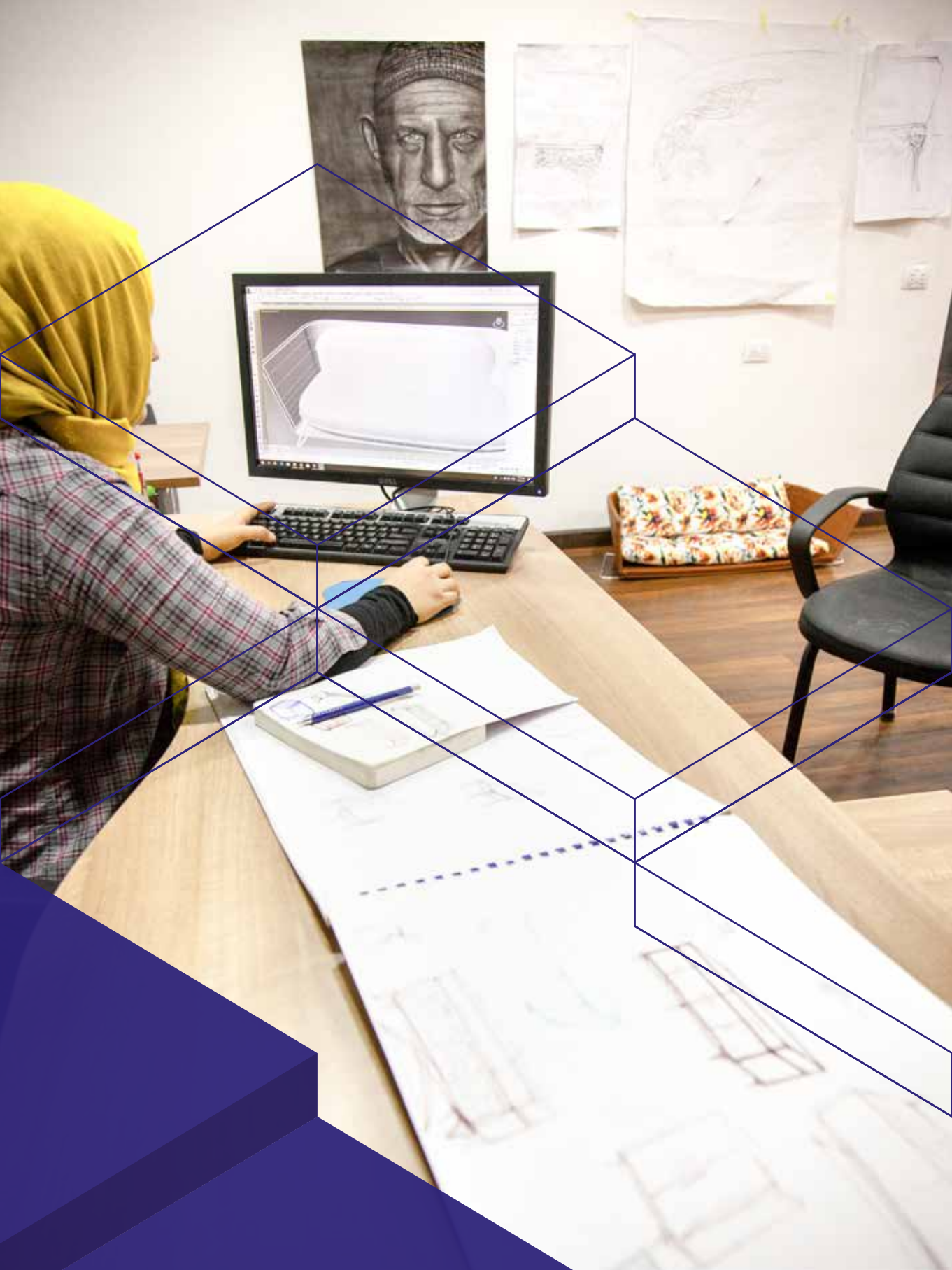
focuses on supporting the Government in preparing action plans for reducing investment risks and developing a domestic debt market. Partners for the former include AFD, GIZ, EU and WB Group, and for the latter EBRD, IMF and WB Group.

Support for Development Results: Borrowers' Performance

The borrowers performed generally well in the respective projects and were instrumental in the design and the ultimate decision-making regarding project implementation. In contrast, the holding companies and the other implementing agencies were less involved in CSP programming.

According to interviews with implementing agency representatives, aid programming decisions were made solely by the MIC. In their view, good synergies could have been achieved through more coordinated, programmatic approaches to the design of operations in areas where several DPs operated.

The GoE however has shown leadership in aid coordination and harmonization. It has also facilitated a reasonably good level of coordination at the project level, even though it faced several constraints, notably human resources, language barriers, the need to deal with complex development partners' procedures, and IT deficiencies. ■



Conclusions, Lessons and Recommendations

Conclusions

Egypt has enormous potential but is likewise confronted by several difficult development challenges. Although the country's political landscape has evolved rapidly over the past decade, the security situation has been volatile, and more effort is needed to firmly restore peace and security in the region.

Despite an erratic and challenging setting, portfolio performance has been generally good. The evaluation assesses overall Bank performance as satisfactory as presented in Table 7 below. To summarize, the Bank delivered a highly focused and selective program, but its strategies did promise to do far more, and in far more areas than the Bank was ultimately able to deliver on. Bank performance was excellent in some areas, but not in all. Some of the non-lending activities did not progress well nor achieved results as expected. Little was accomplished in the transport sector and the Bank was unable to achieve critical mass in private sector operations. The outputs and outcomes of Bank assistance were generally in line with what has been planned, although less was accomplished in terms

of mainstreaming crosscutting objectives than was anticipated. It is expected that the large and positive benefits of Bank support will be maintained, although governance reforms are still too new and fragile to reach definitive conclusions in that area. The strategy and program of the Bank exhibited several strengths and weaknesses, which are summarized in Box 2 below.

The conclusions and recommendations on findings stem from a defined scope that covers the period 2009–2018 and the related CSPs. However, in November 2019, when this evaluation was being finalized, the Bank published an updated version of the CSP 2015–2019 extending it to December 2021. The extension aims at combining “continuity in the Bank's partnership with the Arab Republic of Egypt, whilst ensuring flexibility in meeting emerging priorities.”⁴¹ Indeed, it is explained that the strategy's pillars remain valid for the extension period and that the aim is to remain in full alignment with government priorities, and dialogue for a new CSP period when the government's review of its SDS vision is completed. The extension considers recent developments in the country such as an increase in poverty levels. A specific evolution that is worth highlighting for

Table 7: Overall Rating of Program Performance

Criteria	Power/Energy	Water	Multisector (Governance)	Overall
Relevance	●	●	●	●
Effectiveness	●	●	●	●
Efficiency	●	●	●	●
Sustainability	●	●	●	●

● = Highly Satisfactory ● = Satisfactory

Box 2: Conclusions about Strengths and Challenges of the Bank's Program

Strengths

- Good strategic orientation and selectivity in programming, crafted to take the country context and priorities into consideration to the extent possible.
- Experience in maintaining strong dialogue through careful deployment of grant resources during non-lending periods.
- The Bank has maintained a reputation for being an honest broker. It is respected by government officials and partners, not just for the funding it brings, but for its ability to work constructively to help the country tackle its development challenges in the areas of interventions.
- Major achievements in key focus areas: Infrastructure: (Energy) and Economic support (SME support and the budget reform operations). Though there were a small number of project cancellations, those were appropriate when readiness conditions changed owing to unexpected developments in the country context.
- Building strong partnerships with other actors such as the World Bank with PBO operations and others in Energy.
- Relatively strong performance in terms of both financial sustainability and environmental and institutional sustainability in the key sectors of operation.

Weaknesses

- Challenges in quality of project design that led to delays, in terms of too many procurement activities in several cases, for grants.
- Efforts in commitment to addressing crosscutting issues in all areas identified in CSPs but actual implementation and monitoring of crosscutting development results was not fully realized. Addressing inclusiveness has not been adequate.
- Time efficiency. Despite efforts taken to decentralize, the Bank is still perceived as not always being quick and nimble and this is highlighted as a likely problem for its attractiveness to borrowers in the future competitive context of Egypt.
- Not all planned outcomes were achieved within certain individual projects, especially within planned timeframes (FSSP, NDP).

Source: Compiled by evaluation team from evaluation findings of the technical report January 2020.

the CSP continuity, is the increased emphasis on transport through a proposed project to contribute to modernizing the railway network. This aim to align with the government's emphasis on transport being its top priority for infrastructure development going forward.

Key Lessons

Several factors contributed to the achievement of positive development results. First, a well-informed strategy that was flexible, but still focused and selective was key to attaining critical mass and achieving important results. Second, the use of policy dialogue and knowledge generation related support to maintain the Bank's activities during suspension of lending activities was critical for continuity and building effective partnerships. Key lessons from the country program analysis include the following:

- A strong country ownership and relationship with the country, and flexibility in the design and delivery of Bank support, is essential when the country is undergoing rapid transition.
- Focusing and becoming deeply involved in strategic investments, institutional development and policy reform in key sectors is essential to the delivery of results over time.
- A coordinated, multi-partner approach to budget support works well, particularly when partners support common reforms, and have their own areas of focus to concentrate on.
- Linking dialogue and knowledge products to lending operations and complementing this with demand-driven policy reform support is an effective way of using non-lending resources.

■ A strong political leadership (the President, Ministers, Central Bank Governor) that empowered ministerial agencies and State-Owned Enterprise staff to design and implement the reforms and manage Bank-supported investments during the decade of pronounced volatility. This showed that the ministerial agencies and staff were insulated from the volatility and were adept in navigating the changing political waters.

Recommendations

The evaluation proposes the following recommendations for consideration in the formulation of the next CSP:

Recommendation 1: The Bank's pipeline and next Egypt CSP should strike an appropriate balance between budget support and investment operations underpinned by the Bank's comparative advantage. Both lending modalities have responded to the changing country context and performed well over the evaluation period. Going forward, consider focusing on the following:

- The fiscal situation in Egypt could change suddenly due to volatility of the economy and global economic shocks. In such cases, if the Bank initiates a PBO, it should build on the experience gained over the years in implementing this lending modality to strengthen or further pursue reforms.
- Building on the Bank's strong portfolio in infrastructure development in the poorer regions of the country; supporting investments in improving connectivity that will help bring disadvantaged regions into the economic mainstream.
- Through enhancing partnerships and coordination with other development partners, venture into supporting the emerging priorities of the country where the Bank does not have strong leverage. These priorities include the government's current focus on transport under infrastructure development and efforts to reach the deprived regions of the country.

Recommendation 2: The Bank should strengthen the balance in its program and project portfolio, by:

- Increasing private sector focus by enhancing capacity for private sector space with adequate resources for business development.
- Considering better integration and synergies across the portfolio of ESWs, grants and loans.
- Continuing to enhance dialogue with the GoE on measures to ensure realism and greater stability in the program pipeline.

Recommendation 3: The Bank should enhance its role as a knowledge broker, by:

- Defining a clear strategy and program logic for its focus on knowledge generation and use in the next CSP.
- Ensuring selectivity in financing knowledge work to support critical areas of need considering the likely scarcity of grant resources.
- Establishing ways of measuring and better reporting of results for the Bank's knowledge support activities such as studies, ESWs and technical assistance.

Recommendation 4: The Bank should strengthen program implementation, by:

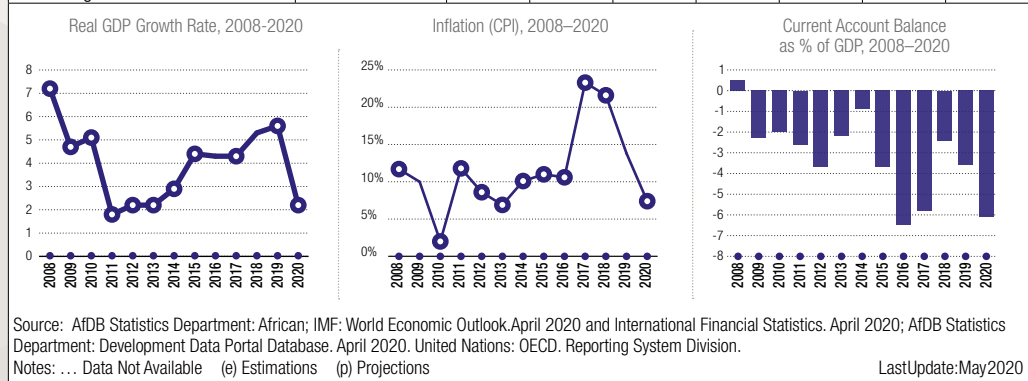
- Ensuring appropriate staffing in the Bank's Country Office to match the requirements of policy dialogue, portfolio development and partnership building.
- Continuing to work closely with the government to reduce systemic delays by developing capacities to improve the speed and transparency of public procurement.
- Reinforcing dialogue with the government to adopt measures to ease the project ratification process, which has been causing delays. ■



Annex 1: Egypt Economic Development and Performance Data

Table A1.1: Egypt: Selected Macroeconomic Indicators

Indicators	Unit	2010	2015	2016	2017	2018	2019 (e)	2020 (p)
National Accounts								
GNI at Current Prices	Million US \$	196 144	310 607	326 787	293 185	275 586	...	...
GNI per Capita	US\$	2 370	3 360	3 460	3 040	2 800	...	...
GDP at Current Prices	Million US \$	214 623	330 954	305 863	249 573	249 644	270 254	292 752
GDP at 2010 Constant prices	Million US \$	214 623	245 043	255 699	266 694	280 866	296 701	303 222
Real GDP Growth Rate	%	5.1	4.4	4.3	4.3	5.3	5.6	2.2
Real per Capita GDP Growth Rate	%	3.1	2.1	2.1	2.1	3.2	3.6	0.3
Gross Domestic Investment	% GDP	19.5	14.3	15.0	15.3	16.7	15.2	14.3
Public Investment	% GDP	13.8	2.6	2.7	3.2	2.4	2.1	1.9
Private Investment	% GDP	5.7	11.6	12.4	12.0	14.2	13.1	12.3
Gross National Savings	% GDP	19.4	10.6	9.1	8.8	11.4	11.1	11.4
Prices and Money								
Inflation (CPI)	%	2.0	11.0	10.6	23.3	21.6	13.8	7.4
Exchange Rate (Annual Average)	local currency/US\$	5.5	7.4	8.9	13.9	17.8	17.5	17.8
Monetary Growth (M2)	%	11.0	17.8	29.5	31.6	18.3	...	...
Money and Quasi Money as % of GDP	%	138.0	126.1	147.3	151.3	139.9	...	...
Government Finance								
Total Revenue and Grants	% GDP	25.3	22.0	18.1	21.8	20.6	20.1	19.8
Total Expenditure and Net Lending	% GDP	33.6	33.7	30.7	32.3	30.2	28.2	28.3
Overall Deficit (-) / Surplus (+)	% GDP	-8.3	-11.6	-12.5	-10.6	-9.6	-8.1	-8.5
External Sector								
Exports Volume Growth (Goods)	%	-9.8	8.7	4.8	11.0	9.2	7.0	19.1
Imports Volume Growth (Goods)	%	-4.7	17.2	7.6	-0.5	-0.3	2.7	9.5
Terms of Trade Growth	%	3.0	-9.5	-7.7	1.3	1.5	0.0	-3.5
Current Account Balance	Million US \$	-4 318	-12 143	-19 831	-14 394	-5 962	-9 613	-17 794
Current Account Balance	% GDP	-2.0	-3.7	-6.5	-5.8	-2.4	-3.6	-6.1
External Reserves	months of imports	7.4	2.6	4.2	6.3	6.7	...	...
Debt and Financial Flows								
Debt Service	% exports	9.7	12.7	14.4	19.8	26.8	31.6	29.9
External Debt	% GDP	14.6	14.5	16.8	33.4	37.0	34.1	30.3
Net Total Financial Flows	Million US \$	6 698	10 474	9 209	4 381	...	...	...
Net Official Development Assistance	Million US \$	599	2 499	2 130	-114	...	...	...
Net Foreign Direct Investment	Million US \$	6 386	6 925	8 107	7 409	6 798	...	...



Annex 2: Bank's Portfolio in Egypt for the Period 2009–2019

Projects and studies covered by the CSPE	Type	Source	Approval Date	Amount (UA MN.)	Status	Disb. Ratio (%) ⁴²
Energy	510,464,820 UA					
Improv. Oper. Eff. Exist. Power Plants	Public	MIC-TAF	16.05.2011	0.42	COMP	100
Suez Thermal Power Project	Public	ADB Loan	15.12.2010	315.45	OnGo	85.84
Egyptian Refining Company (Loan)	Private	ADB Loan	17.03.2010	143.38	OnGo	100
Egyptian Refining Company Subordinated Convertible Loan	Private	ADB Loan	17.03.2010	17.92	OnGo	100
CTF Project Preparation Grant For 200 mw Wind Project in Gulf	Public	CTF	29.11.2011	0.47	TERM	100
Studying Integration Wind Power (Grant)	Public	MIC-TAF	16.05.2011	0.45	COMP	100
CTF Preparation Grant for Kom Ombo Concentrated Solar Power (Grant)	Public	CTF	29.11.2011	0.23	TERM	100
Shapoorji Pallonji 50 Mw Solar Pv Project - Egypt Fit Round	Private	ADB Loan+GEF ⁴³	04.09.2017	13.62	OnGo	84
Alcazar Solar - Round 2	Private	ADB-Loan	04.09.2017	9.32	OnGo	61.35
Alcazar Solar II Delta - Round 2	Private	ADB-Loan	04.09.2017	9.17	OnGo	60
Abu Qir 1300 Mw Steam Power Project	Public	ADB-Loan	14.11.2007	193.483	COMP	100
Ain Sokhna Thermal Power Generation Project	Public	ADB-Loan	22.12.2008	279.603	COMP	99.27
Water and sanitation:	154,365,050 UA					
Gabel Elasar Wastewater Treatment Plant (Stage II Phase II)	Public	ADB Loan	07.10.2009	4.40	COMP	91.36
Helwan Wastewater Project: MIC Grant Financing of Public Private Partnership (PPP) Transaction Advisory Services	Public	MIC-TAF	31.10.2011	0.44	CLSD	100
Sustainable Abu-Rawash Wastewater Treatment Project - Phase	Public	ADB +AGTF	15.12.2017	71.69	OnGo	95.63
Monitoring of Water MDG In N. Africa (MEWINA)	Public	AWF ⁴⁴	27.04.2010	1.70	CLSD	
Feasibility Study for Integrated Sanitation Technologies in Some Rural Areas in Upper Egypt	Public	KOREAN TF	05.11.2015	0.20	OnGo	90.2
Feasibility study and project preparation for green Abu Rawash sludge facility	Public	Korean TF	31.05.2018	0.40	OnGo	0.0
Transport-communication:	100,715,693 UA					
Sharm El-Sheikh Airport Project	Public	ADB/AGTF/MIC	15.04.2015	97.76	Cancelled	0
River Nile Navigation Line	Public	AWF- Grant	16.04.2015	0.46	OnGo	84.6
Studies for the Launching of a Geostationary Satellite Project –Navisat	Public	MIC-TAF	20.05.2009	0.54	COMP	100
Navisat-Geostationary satellite project	Public	MIC-TAF	04.03.2013	0.98	TERM	100
Transaction Advisory services for procurement of NAVISAT system	Public	NEPAD-IPPF Grant	04.03.2013	0.97	TERM	100
Finances:	42,057,434 UA					
CSD Local Capital Market Development	Public	MIC-TAF	10.07.2015	0.89	OnGo	23.2
Restructuring of Nasser Social Bank	Public	MIC-TAF	11.10.2016	0.39	OnGo	55.34
Green Growth: Industrial Waste Management and SME entrepreneurship Hub	Public	MENA TF Grant	20.02.2013	1.42	OnGo	82.7
Support to Micro, Small & Medium Enterprises in Organic Clusters Project	Public	MENA TF Grant	20.02.2013	3.50	CLSD	

Projects and studies covered by the CSPE	Type	Source	Approval Date	Amount (UA MN.)	Status	Disb. Ratio (%) ⁴²
Entrepreneurship Development "Tanmia wa Tatweer"	Public	TFT Grant	20.07.2018	3.50	OnGo	0
Commercial International Bank Egypt	Private	ADB	03.04.2014	32.34	TERM	0
Social:	68,878,258 UA					
MIC - Informal Settlements Development Project	Public	MIC-TAF	08.11.2016	0.40	OnGo	15.5
Update of Actuarial Study for National Health Insurance	Public	MIC-TAF	18.08.2016	0.18	COMP	97.40
Rural Income and Economic Enhancement Project (Rieep)	Public	ADB Loan MIC TAF FAPA	13.01.2010	51.50	COMP	100
Rx Health Care Fund (Equity)	Private	ADB Priv Loan	19.10.2016	14.33	APVD	0
Support to Parliament: Building Capacity and Mainstreaming Inclusive Growth and Decentralization	Public	MENA TF Grant	11.01.2014	2.07	OnGo	52.1
Enhancement of Egypt's Entrepreneurship Ecosystem	Public	MIC-TAF	07.12.2018	0.396	APVD	0
Agriculture:	45,682,576 UA					
Feasibility Study for The Reconstruction/Rehabilitation Of Z	Public	MIC-TAF	15.06.2009	0.59	CLSD	100
Master Plan for The Rehab. Struct Nile	Public	AWF Fund Grant	03.11.2009	1.12	COMP	100
Preparation of A Master Plan for the Rehabilitation/ Replacement	Public	MIC-TAF	10.11.2009	0.54	COMP	100
Feasibility Study and Capacity Building for the use of Renewable Energy for Pumping Irrigation Water	Public	MIC-TAF	26.02.2015	0.80	OnGo	49.49
National Drainage Program (NDP)	Public	ADB Loan	17.06.2015	41.49	OnGo	16.45
National Drainage Technical Assistance	Public	MIC-TAF	01.02.2016	0.40	OnGo	28.2
Emergency Humanitarian Relief Assistance to the Victims of the floods	Public	Special Relief Funds Grant	09.11.2015	0.71	COMP	0
Multi-sector:	1,107,260,033 UA					
Egypt Franchising Sector Support Program	Public	ADB Loan	25.02.2009	20.31	COMP	100
Statistical Capacity Building Program Phase II (SCB-II)	Public	MIC TAF	20.05.2011	0.49	COMP	100
Economic Governance and Energy Support Program (EGESP)	Public	ADB Loan	15.12.2015	358.46	COMP	100
Economic Governance and Energy Support Program II	Public	ADB Loan	13.12.2016	358.46	COMP	100
Economic Governance and Energy Support Program III	Public	ADB Loan	17.01.2018	358.46	OnGo	100
Franchising Sector Support Program - Technical Assistance	Public	FAPA Grant	13.04.2009	0.68	COMP	100
Support Egyptian Agency of Partnership for Development (EAPD) for Enhancing Egypt-COMESA Trade and Investment	Public	MIC-TAF	29.04.2015	1.20	COMP	95.44
Strengthening the Institute of National Planning	Public	MIC-TAF	07.05.2015	1.20	OnGo	95.63
Support to Egypt's Economic Investment Conference for 2015 Energy from The Middle-Income Country Technical Assistance Fund	Public	MIC-TAF	19.11.2014	0.39	COMP	100
Social Audit to Improve Governance and Accountability in Social Sectors	Public	TFT Grant	28.06.2013	0.12	Cancelled	0
Strengthening the Rule of Law: Effective and Transparent Delivery of Justice and Rule-Making	Public	MENA TF Grant	11.06.2014	1.78	OnGo	11.7
Building Capacity and Institutional Strengthening of Ministry of International Cooperation	Public	MENA TF Gran	30.12.2015	3.13	OnGo	36.2
Strengthening the Capacity of the Administrative Control Authority (ACA) to Combat Corruption in Egypt	Public	MENA TF Grant	23.05.2017	2.55	OnGo	19.8

Annex 3: Overview of Development Assistance (2009–2018)

Table A3.1: Key Indicators on Development Assistance in Egypt

Indicators	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
External debt (Billion US \$)	31.53	33.69	34.91	34.38	43.23	46.07	48.06	55.76	79.03	92.64
Ratio external debt to GDP (%)	17	15	15	12	15	15	14	17	34	37
Net flows from DAC Development Partners ⁴⁵ (US\$ bn)	5.45	6.66	4.05	4.42	3.31	4.14	3.66	4.79	2.47	-
ODA ⁴⁶ (US\$ bn)	7.44	7.05	7.27	6.65	5.91	5.62	4.63	4.52	4.01	3.53
Ratio ODA to GDP (%)	3.2	3.1	2.4	2	1.8	1.4	1.4	1.7	1.4	1.4
ODA per capita (USD)	91.79	85.24	86	77	66.9	62.2	50.16	47.9	41.63	35.93

Source: WBG; Central Bank of Egypt 2019.

Table A3.2: Main Areas of Cooperation and Partners' Contribution 2016 (Millions USD)

Name	Governance	Energy	Water & Agric	Urban development	Social	Transport	SMEs	Petroleum and gas	Education & Culture
AfDB	1.000	1.100	100	100	-	-	80	-	-
WBG	3.000	2.500	-	900	800	800	200	180	-
IFAD	-	-	-	-	-	-	-	-	-
IsDB	-	1.500	100	-	-	-	80	200	70
EU	350	-	50	-	-	-	-	-	-
EBRD	-	200	-	80	-	250	-	-	-
EIB	-	700	100	-	-	800	80	-	-
OFID	-	170	130	-	30	-	70	-	40
UN	40	10	-	-	50	-	125	20	-
Kuwait	-	900	-	300	-	100	-	150	-
Japan	*	1.000	20	-	-	500	-	-	700
USAID	400	-	100	500	-	-	-	-	190
France	-	250	150	150	-	1200	100	80	-
Germany	300	500	400	200	-	-	-	-	-
South Korea	-	80	-	200	-	-	250	-	120
UAE	-	50	-	180	-	-	200	-	-
Saudi Arabia	-	300	300	600	400	400	200	-	-

Source: MIC Annual Report, 2016.

Annex 4: Methodological Approach

This evaluation is a **theory-based evaluation**. It is grounded on a ToC (Figure A4.2), which determines the links between the Bank's inputs and activities and its intended objectives and examines evidence against what was anticipated when the program was designed. The ToC also addresses the risks anticipated and the expected environment and context in which the program could be effectively implemented. The ToC approach has been coupled to a pyramidal approach, aimed to provide specific inputs at three levels of analysis: i) strategies (CSPs); ii) overall portfolio and key sectors (power/energy, water and agriculture); and iii) projects. A series of evaluation questions, tools and methods were defined on this basis and applied, including both quantitative and qualitative methods.

Five **key principles** were used in the proposed Pyramidal Approach: clustering, scoring, aggregation, triangulation and sourcing:

I Clustering. The full set of 53 interventions has been examined according to three levels of project analysis corresponding to the following three clusters:

- a. **Cluster 1** included 7 projects,⁴⁷ for which PRA analysis has been conducted using the standard IDEV templates for this purpose (with ratings for relevance, effectiveness, sustainability and efficiency criteria for the completed projects). This was based on a reconstruction of the project ToC, an in depth desk study based on all indicators, and in-country interviews and site visits. The PRAs done for the 3 PBOs in a previous evaluation of PBO by IDEV was analyzed and considered as part of the reviews.
- b. **Cluster 2** included 18 projects, for which a desk study was conducted, including use of key project data (e.g. year approved, year closed, level of disbursement), reconstruction of the project ToC, and desk study based on relevant indicators including relevance, design and implementation monitoring where applicable.
- c. **Cluster 3** included 28 projects, for which a partial desk study was conducted, including use of key project data (e.g. year approved, year closed, and level of disbursement) and a desk study on all indicators under the Relevance and Design evaluation criteria and Evaluation Questions.

The selection of **projects for each cluster** was made based on a set of criteria including coverage of key sectors, of the different evaluation situation periods (before/during/after the 2011–2015 transition period), and of both public and private sector operations. Sampling was applied in seeking a balance between investment projects, technical assistance and studies (ESW), and in reflecting government or sector ministries' proposals for in-depth assessments with field visits (Cluster 1).

I Scoring. Cluster 1 interventions have been rated on a four-level scale (ranging from 1 'highly unsatisfactory' to 4 'Highly satisfactory'), adapted from the 2015 IDEV Rating Guidance Note. CSPE ratings followed the similar four-level scale provided in IDEV's CSPE Rating System. More broadly, all interventions have been scored as much as possible on each criterion included in the intervention assessment grid on a similar 1–4 rating scale. This scoring scale ensured sound qualitative assessment based on evidence derived from the documentary analysis, stakeholder interviews and where applicable with project site visits.

- **Aggregation.** Results and scores from intervention assessment grids were aggregated to reach evaluation findings and analysis at the sector and portfolio or strategic levels.
- **Triangulation and Sourcing** are transverse principles used throughout the evaluation work at each level of analysis. Evaluation included cross-verification and demonstration of the evidence on which an assessment is based, taken from information collected through key sources and to some extent the evaluator's judgement agreed within the team.

The mix of data collection and analysis tools used is presented in the figure below,

Figure A4.1: Main Sources of Information and Tools

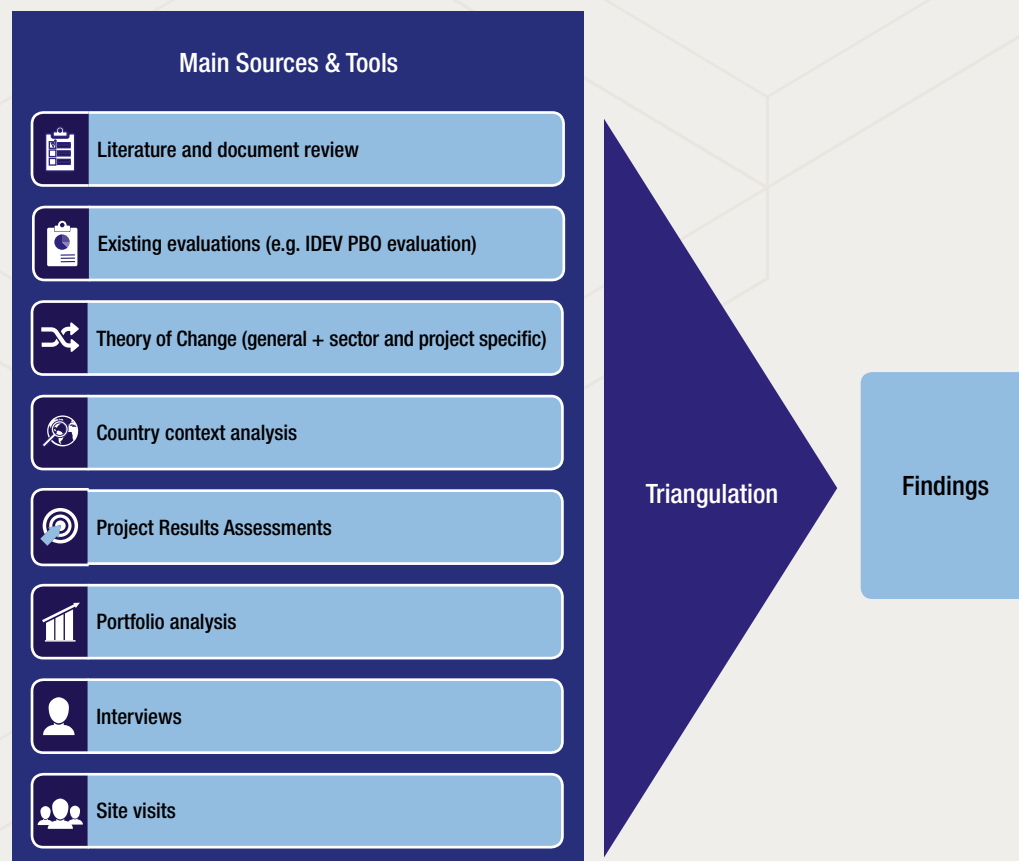


Figure A4.2: Theory of Change of Bank's Interventions in Egypt-2009–2018

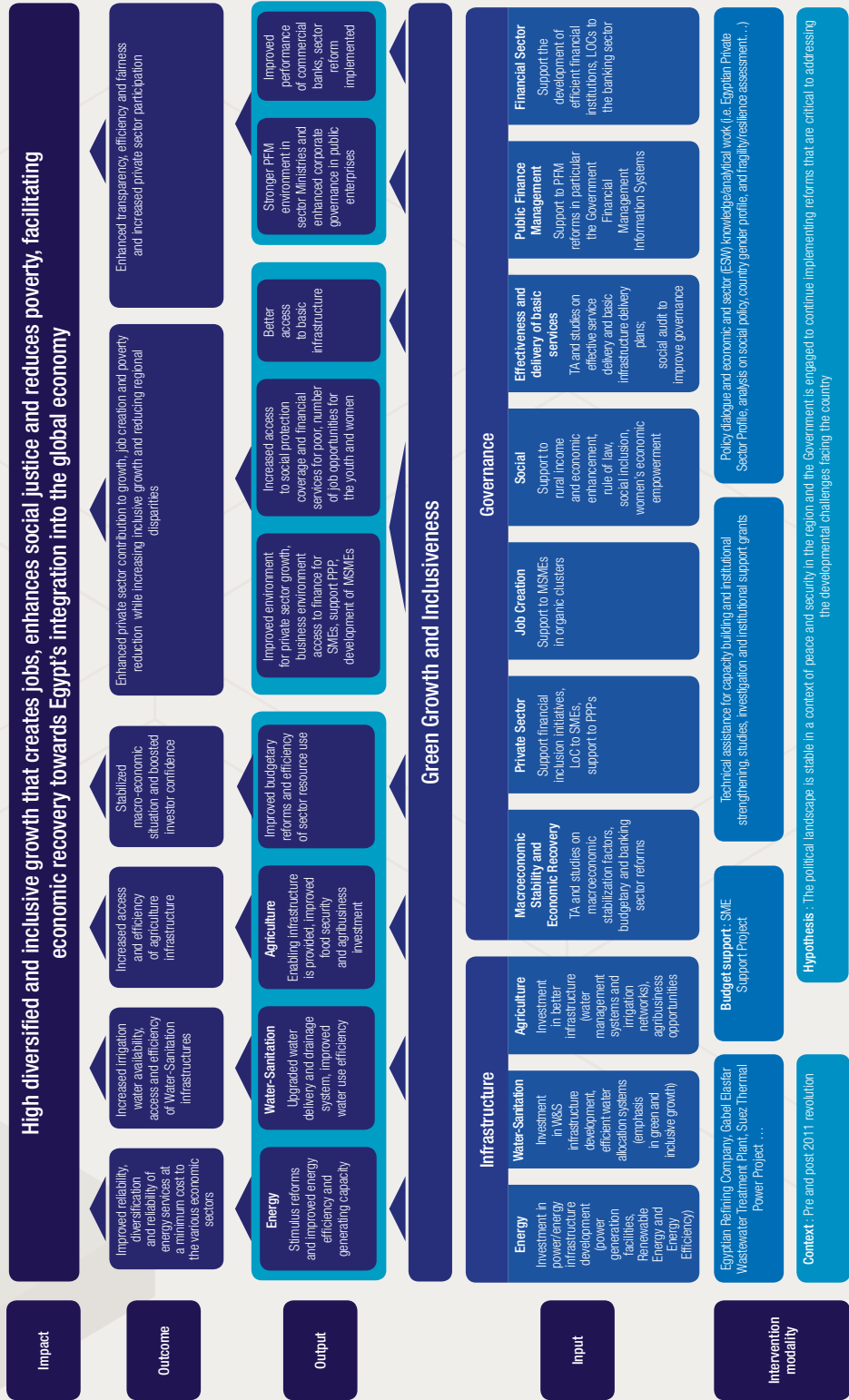
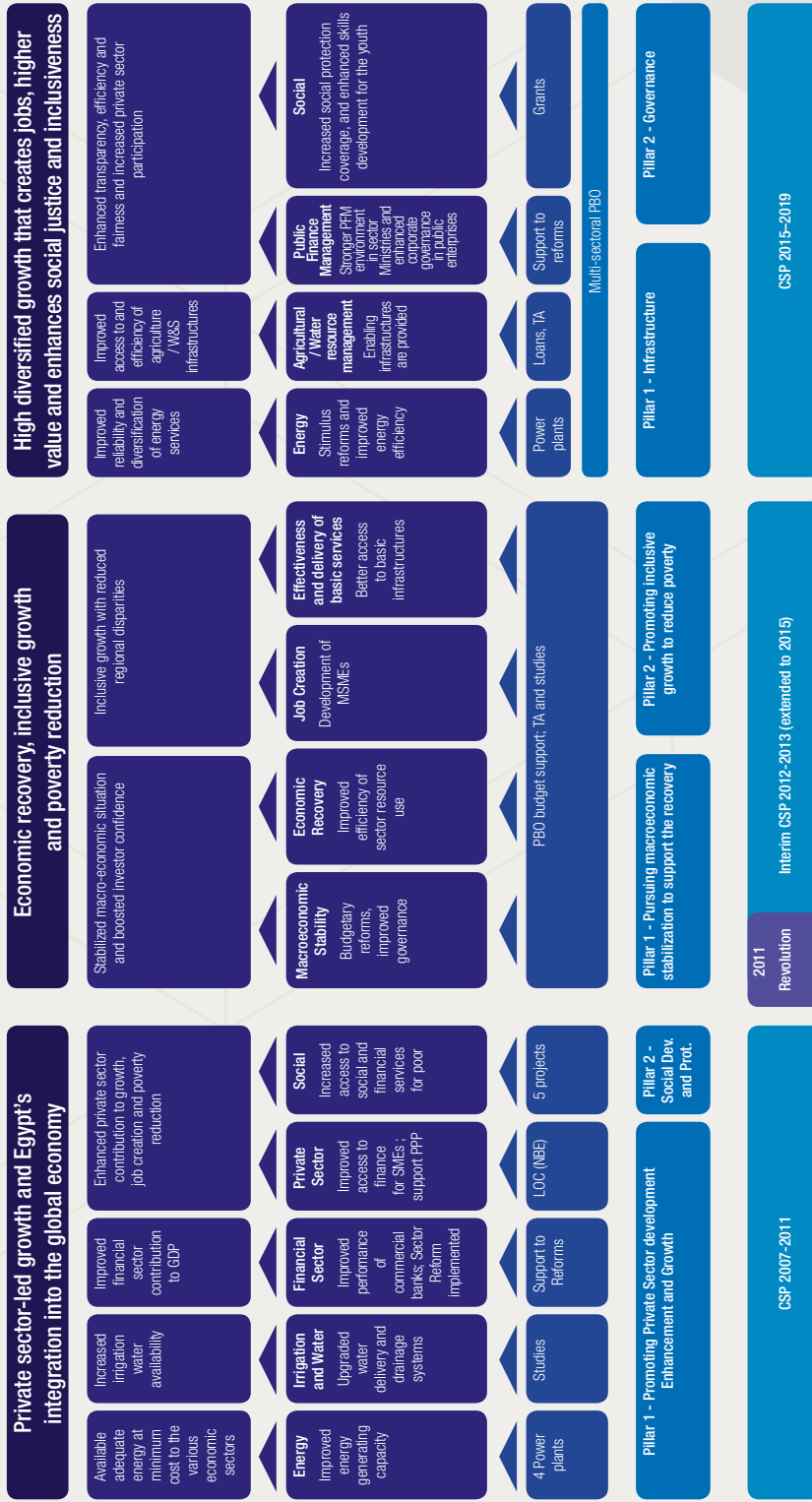


Figure A4.3: Evolution of AfDB Strategies and Interventions in Egypt During the Period 2009–2018



Source: ADE

Table A4.1: Evaluation Matrix

Key Evaluation Criteria and Specific Questions	Indicators	Sources of Information
Achievement of development results		
Relevance		
<p>1. To what extent are the country strategy and Bank operations aligned with:</p> <ul style="list-style-type: none"> ■ Egypt's development strategies and priorities; and ■ The needs of beneficiaries? 	<p>Strategic level:</p> <ol style="list-style-type: none"> 1. The realism of the ToC of the CSPs. 2. Alignment of projects' rationale and objectives with i) Egypt's development strategies and priorities and ii) beneficiary needs from design/approval to completion including any adaptation to global or sector policy/strategy changes of the country. 3. Proportion of CSPs which include analysis (or reference to analysis) of beneficiary needs. 4. Selectivity of areas of interventions and consistency throughout the evaluation period, including any adaptation to global or sector policy/strategy changes of the country. <p>Portfolio/Project level:</p> <ol style="list-style-type: none"> 5. Relevance, clarity and realism of the ToC of individual projects and their objectives measured against development plans, strategies and policies of the Bank and Egypt. 6. Relevance of project design, including the extent to which the projects' objectives are clearly stated and focused on outcomes as opposed to outputs and crosscutting aspects addressed. 7. The extent to which project design adopted the appropriate solutions to the identified problems. 8. Circumstances prevailing at the time of the evaluation. 	<p>Document review: (CSP, national strategies, sectoral strategies, project documents), portfolio review.</p> <p>Interviews (AfDB, GoE, DP, beneficiaries)</p>
<p>2. To what extent are the interventions in the country aligned with the Bank's strategy and priorities?</p>	<p>Strategic level:</p> <ol style="list-style-type: none"> 1. Alignment of projects' rationale and objectives with the Bank's CSPs and the applicable sector strategies. <p>Portfolio level:</p> <ol style="list-style-type: none"> 2. Sector distribution and trends, volume and size; status of operations; ratio of lending and non-lending/private sector and public sector. 3. Percentage and ratio of loans and grants; ratio of co-financed initiatives with DFIs. 4. Complementarity between sectors, use of mixed lending and non-lending products, including ESW and policy dialogue. 	<p>Document review: AfDB regional and continental policy documents (high five, MICs, regional integration, medium term, 2013–2022, gender, private sector), CSPs and portfolio review.</p> <p>Interviews (AfDB, GoE)</p>
Effectiveness		
<p>3. To what extent have the Bank's interventions achieved their expected results?</p>	<p>Strategic level:</p> <ol style="list-style-type: none"> 1. To what extent has the ToC of the Bank's engagement in Egypt held true? <p>Portfolio level:</p> <ol style="list-style-type: none"> 2. Sector performance assessment as documented by the AfDB (by key sector). 3. Qualitative considerations on performance emerging from the contribution analysis, of both lending and non-lending portfolio. <p>Project level:</p> <ol style="list-style-type: none"> 4. Achievement of outputs: output execution ratio of both public and private sector projects. 5. Achievement of outcomes: achievement of intermediate and final outcomes. <p>PBOs:</p> <ol style="list-style-type: none"> 6. Have outputs been delivered; i.e. has policy reform process taken place? 7. To which degree has complementarity measures been applied for the outputs to be achieved? e.g. public awareness, policy dialogue and institutional arrangements? 	<p>Document review: Analysis of AfDB CSPs, portfolio review, project documents (non-Bank documentation), PBO evaluation.</p> <p>Interviews (implementing agencies)</p> <p>Field visits (final beneficiaries)</p>

Key Evaluation Criteria and Specific Questions	Indicators	Sources of Information
4. To what extent have the Bank's interventions benefited target group members?	Portfolio / Project level: <ol style="list-style-type: none"> Number and types of beneficiaries. Perception of beneficiaries on the adequacy of projects with their needs. Perception of beneficiaries of the AfDB's role—knowledge, visibility, support, added value, etc 	Document review: guidelines and previous evaluations. Interviews
5. To what extent have the Bank's interventions contributed to the development results of the country, including potential impacts?	<ol style="list-style-type: none"> Contribution of the Bank's projects and engagement to national outcomes at policy/strategic, sector and project levels. Have development challenges been thoroughly addressed? Identification of possible unintended outcomes encountered during the project cycle. 	Document review Interviews (AfDB, GoE, DP) Field visits (final beneficiaries)
Sustainability		
6. To what extent have the achieved benefits continued or will be likely to continue once the Bank's interventions are completed?	Strategy / portfolio level: <ol style="list-style-type: none"> Attention paid to sustainability in AfDB's strategies and policy dialogue. Extent to which different aspects of sustainability (financial, technical, institutional, environmental) were considered at the appraisal and design stages and monitored during supervision, including numbers and relevance and quality of indicators. Project level: <ol style="list-style-type: none"> Procurement of sound technology for project achievements (using inputs efficiently and providing productivity gains, e.g. Operations and Maintenance facilitation, recurrent funding, spare parts, workshop facilities, software applications, etc.). Extent to which beneficiaries can operate funded equipment autonomously. Financial sustainability of project's operations and organization, including funding mechanisms and modalities for continued flow of benefits after completion. Institutional capacity of the executing/operating organization as a result of the intervention/operation. Likelihood of continuation of benefits after project completion (observe factors that hinder and/or promote continuation), including possible political or governance changes that may have impact on the sustainability of the project (new laws, provision of counterpart funding, corruption). Correspondence between project's environmental and social performance in meeting the Bank's requirements, and the project's actual environmental PBOs: <ol style="list-style-type: none"> Financial sustainability of the reforms, including the Bank's policy dialogue to promote financial sustainability of the reforms. Assessment of the Bank's contribution to build the capacity to lead and manage the policy reform process. The extent to which conduciveness to the reform was facilitated through: i) good decision-making, ii) the government's commitment to the reform, iii) the design of the PBOs for reinforcing national ownership. 	Document review Interviews (AfDB, GoE, DP, implementing agencies)
Crosscutting issues		
7. To what extent do the Bank's interventions (i) address inclusiveness in terms of gender equality and regional disparity; and (ii) contribute to environmental sustainability and support transition to green growth?	Strategic level: <ol style="list-style-type: none"> Compliance with Bank's policies and standards about crosscutting issues (gender, youth, environment, etc.). Compliance of borrowers with social and environmental provisions included in the loan agreements. Portfolio/project level: <ol style="list-style-type: none"> Extent to which crosscutting issues are considered during appraisal and design and monitored. Any unintended impacts (if any) on groups or geographical locations. Is funding available to ensure environmental and social sustainability of the operations? 	Document review: analysis of AfDB CSPs, project documents, portfolio review. Project Assessment Reviews Interviews (AfDB, GoE, DP, implementing agencies) Field visits (final beneficiaries)

Key Evaluation Criteria and Specific Questions	Indicators	Sources of Information
Management of the Bank's Interventions		
Efficiency		
8. To what extent are the Bank's interventions delivered in an efficient manner (i.e., whether resources and inputs are economically converted to results)?	Portfolio/project level: <ol style="list-style-type: none"> Costs of implementation (overheads) where data are available. Project level: cost benefit analysis i) at appraisal; ii) at time of evaluation. Return on investment calculations. Evidence of responsiveness of Bank to country context that impacts on project success and/or failures, e.g. effect of government policies and regulations on performance of projects. 	Document review: CPPR, ROI calculations, typology, format of performance factors, non-Bank documents). Interviews Field visits (final beneficiaries)
9. To what extent are the Bank's interventions implemented in a timely manner and in compliance with operational standards?	Portfolio/project level: <ol style="list-style-type: none"> Evolution of portfolio performance. Timeliness: start-up delays as well as implementation and closure delays. IPR ratings (?) Overview of project performance (PP/PAR/PPP?), disbursement ratio/rating. Timeliness: comparison between the planned and actual period of implementation from the date of effectiveness (approval stage > signature loan agreement > first disbursement). 	
Programs design		
10. To what extent is the quality of the CSP satisfactory? e.g. in assessing evolution of the quality of CSPs and lessons thereof.	Strategic level: <ol style="list-style-type: none"> Compliance with AfDB's CSP guidelines valid at the time of drafting the CSP and current (using existing quality at entry criteria in addition to specific analysis related to Egypt). Pillars for each of the CSPs adequately selected based on thorough Bank analyses and Egypt's development needs? 	Document review: Interviews (AfDB, GoE, DP) Focus groups with AfDB staff
11. To what extent has the Bank applied selectivity in designing its country portfolio and focused on areas where it brings added value?	Strategic level: <ol style="list-style-type: none"> The CSPs demonstrate/justify focus and selectivity, based on analyses of where the Bank adds value. Portfolio level: <ol style="list-style-type: none"> The portfolio is focused on a limited number of sectors and sub-sectors, as per CSP objectives and includes analysis of where Bank adds value. Project level: <ol style="list-style-type: none"> Project identification and appraisal includes consideration of comparative advantage of the Bank in Egypt. Stakeholder views on Bank success in identifying added value/potential for future comparative advantage. 	Document review: project documents (key project cycle documentation), Interviews (AfDB, GoE, DPs) Focus groups with AfDB staff
12. To what extent has the Bank been flexible and nuanced in adapting its approach to the country's context?	<ol style="list-style-type: none"> Evidence of changes to project and strategy design following change in country or borrower context. Evidence of responsiveness of Bank to country context (e.g. impact of government policies on success of operations, or requests from government following cancellations of projects). 	Document review: AfDB CSPs, portfolio & project review, Egyptian development Policies. Interviews (AfDB, GoE, DP)
13. To what extent are the Bank's interventions coherent and well-coordinated internally?	<ol style="list-style-type: none"> Evidence of country team coordination efforts. Evidence of complementarity and efficient use of instruments in response to country needs. Evidence of operations aligning with Bank's emerging initiatives and strategic direction. 	Document review Interviews with AfDB staff and project stakeholders
Knowledge and policy Advice		
14. To what extent has the Bank actively engaged in and influenced policy dialogue through relevant advice and technical support?	Strategic level: <ol style="list-style-type: none"> Extent to which relevant CSP guidelines on policy dialogue are implemented by the Bank. Participation in dialogue with RMC at various levels of governance. 	Document review: Analysis of AfDB CSPs and strategic documents Interviews with AfDB staff & stakeholders (recipients of knowledge products and capacity-building activities)

Key Evaluation Criteria and Specific Questions	Indicators	Sources of Information
15. To what extent has the Bank delivered adequate analytical work in support of its interventions, positioning and policy advice?	Portfolio/project level: 1. Number and quality of studies, monitoring and evaluations, and analyses undertaken by the AfDB. 2. Proportion of operations preceded by Bank-funded studies. 3. Views from stakeholders on usefulness, availability and dissemination of knowledge products.	
Coordination and Leverage		
17. To what extent are the Bank's interventions and resources bringing in other players and being leveraged for maximizing development effectiveness at country level?	1. Common interventions with other DPs. 2. Interventions for which other DPs were encouraged to come on board following Bank engagement. 3. Contribution of other players in leveraging the Bank's support to maximize development effectiveness. 4. Instruments and aid modality use that maximizes development effect.	Document review: analysis of AfDB strategic documentation, portfolio review Interviews with AfDB, beneficiaries and other stakeholders (Development Partners),
Managing for Results		
18. To what extent has the Bank successfully adopted management systems that enable a focus on results and allow learning?	1. Application of RBM principles in the AfDB, inclusion of objectives, expected results and indicators to monitor progress and measure achievement in CSPs. 2. Program monitoring. 3. Projects monitoring performance.	Document review: Project documents, CPPRs, Interviews with AfDB and beneficiaries – MIC and sector ministry
Borrower's performance		
19. To what extent has borrower/partner showed leadership in aid coordination/harmonization?	Strategic/Portfolio level: 1. Evidence of borrower effort and capacity in aid coordination and harmonization with bilateral, multilateral partners and other Development Partners.	Document review: AfDB CSPs and strategic documentation, portfolio review, analysis of borrower, and Development Partner Group documentation, portfolio review Interviews (AfDB, GoE, DP)
20. To what extent does the borrower/partner and other clients participate in design and implementation of interventions?	Strategic/ Portfolio level: 1. Evidence of borrower participation and commitment in the design and implementation of interventions, including the CSP; preparing for AfDB operations; compliance with AfDB loan covenants and conditionality; timely provision of counterpart funds; following of procurement guidelines, etc.	
21. To what extent does the country manage development results?	1. Evidence of managerial functions of the borrower that facilitate effective performance management of projects 2. What factors have facilitated or constrained borrower performance effectiveness?	
Lessons Learned		
22. What are the key factors positively and negatively influencing the achievement of development results?	1. Evidence of key program implementation issues linked to project success/failure from stakeholders' perspective. 2. Lessons at strategic, portfolio and project level identified.	Document review (CSPs, national policies, project documents, M&E reports of all types), portfolio reviews. Interviews with AfDB key stakeholders (GoE, project stakeholders, DP)
23. What are the key lessons that could inform the design of future strategies and program in Egypt?		
Bank's Performance		
24. To what extent are the Bank's interventions harmonized with those of other Development Partners (avoiding duplication and donor fatigue, simplifying procedures etc.)?	1. No of partnership developed (co-financing, aid coordination). 2. Compliance with Bank's requirements in terms of quality at entry and quality of supervision and results reporting.	PRAs Interviews with key stakeholders: GoE, project stakeholders, DPs

Annex 5: Rating Summary

Table A5.1 provides a summary of the scores for each of the three focus sectors in terms of the evaluation criteria, based on the 7 PRAs conducted.

Table A5.1: Scores of the three focus sectors

Criterion	Power / Energy	Governance	Water
Relevance	3.8	3.5	4.0
Relevance of project objectives	4.0	3.5	4.0
Relevance of design	3.5	3.5	4.0
Effectiveness	3.2	3.9	3.0
Outputs	3.3	4.0	3.0
Outcomes (intended & unintended)	3.0	3.8	3.0
Efficiency	3.3	3.3	3.0
Cost-benefit	3.3	3.0	4.0
Cost-effectiveness	4.0	3.5	4.0
Timeliness	2.3	3.0	1.0
Implementation progress	3.3	3.5	3.0
Sustainability	3.4	3.0	3.3
Technical soundness	3.3		4.0
Economic and financial viability	3.0	3.0	3.0
Institutional sustainability & strength. Capac.	4.0	3.0	3.0
Political and governance environment			3.0
Ownership & sustainability of partnerships	4.0	3.0	3.0
Environmental and social sustainability	3.0		3.0
Resilience to exogenous factors and risk management	3.0	3.0	4.0

Table A5.2: Projects Ratings per Sector (Clusters 1, 2 and 3)

Sectors	No. of Projects	Volume (UA million)	Share of Country portfolio	Relevance	Effectiveness	Efficiency	Sustainability
Multi-Sector	13	1,107.3	55%	3.6	3.4	2.8	3.2
Power	10	510.5	25%	3.6	3.7	2.9	3.5
Water Supply & Sanitation	6	154.4	8%	3.6	3.3	2.9	3.0
Transport ⁴⁸	2	98.2	5%	4.0	n.a.	n.a.	n.a.
Social	6	68.9	3%	3.5	3.4	2.6	3.2
Agriculture	7	45.7	2%	3.6	3.0	2.8	n.a.
Finance	6	42.1	2%	3.6	3.0	2.3	2.7
Communications	3	2.5	0.1%	3.0	n.a.	n.a.	n.a.
Overall	53	2,029.4	100	3.6	3.4	2.8	3.2

Source: ADE/DEV based on project documentation, interviews, site visits, and SAP database as at Dec 2018

Table A5.3: Overall Assessments behind the General CSPE Rating⁴⁹

Criterion	Overall Assessment and Rationale	Total Score
Relevance	Overall, the relevance can be considered highly satisfactory. The CSP was well aligned to the Bank's strategy; the country's development strategies; sector strategies and beneficiary and client needs. Although certain sectors were less addressed (supporting basic services in higher education, health or transportation, as a result of a selective strategy, this may also be considered a relevant choice. The design is considered close to highly satisfactory; it was relevant on all aspects, except that gender issues could have been better addressed during implementation and results reporting. Finally, the selectivity was also close to highly satisfactory, although potential complementarities/ synergies could have been more systematically considered.	4 Highly Satisfactory
Effectiveness	Effectiveness can be considered as between satisfactory and highly satisfactory, the latter applying more to the output than to the outcome level. The evaluation considers that the Bank's interventions have mostly achieved results at the output level, particularly in terms of supporting infrastructure development, macroeconomic and business environment development. The Bank has only partly achieved expected outcomes in the sense that although a significant number of outcomes have been achieved in the energy, water and agriculture sectors as well as macro-economic stability, other sectors have not been as successful (for example private sector development, transport, supporting deprived regions).	3.5 Satisfactory
Efficiency	Overall efficiency was established between satisfactory and highly satisfactory. Resource use efficiency was satisfactory in most cases examined. The quality of the portfolio has improved in terms of implementation progress, disbursement rates and cost benefit analysis over the period. The efficiency performance of the PBO was found highly satisfactory which constitute half of the value of the portfolio. However, the bigger issue of timeliness found in most projects affected the performance scoring. Most projects experienced significant delays. This has however improved in recent time notably for investment projects and TA operations and less so for grant projects.	3.5 Satisfactory
Sustainability	Sustainability is judged satisfactory overall, and notably for the three main sectors/focus areas considered (energy, water and economic governance/multi sector). Performance ranged between satisfactory and highly satisfactory across the seven criteria considered. (Reference table (a) of annex 5). PBO assessment was made considering a projected trajectory given the prevailing and anticipated country context.	3 Satisfactory

Annex 6: List of Key Stakeholders Consulted

Institution	Function
African Development Bank	Country Manager
	Former Country Program Officer, Chief Country Operations Officer
	Water/Irrigation Engineer
	Socio-Economist Specialist
	Power/Energy Specialist
	Operations Officer
	Private Sector Specialist
	Country Economist / Former Country Economist& CPO
	Private Sector Specialist
	Governance Specialist
	Country Program Officer
	Administrative and Finance Officer
	Country Director
Principle Energy Sector Officer	
Stakeholders	Entity
Development Partners	<ul style="list-style-type: none"> | AFD, EU, GIZ | IFC | IMF | United Nations Development Program (UNDP), WB
Ministries	<ul style="list-style-type: none"> | Agriculture and Land Reclamation | Drainage | Electricity and Renewable Energy | Environment | Finance | Housing Utilities and Urban Communities | Investment and International Cooperation | Petroleum and Mineral Resources | Planning, Monitoring and Administrative Reform | Water Resources and Irrigation
Agencies	<ul style="list-style-type: none"> | Egypt Statistical Bureau | Construction Authority for Potable Water and Wastewater (CAPW) | East Delta Electricity Production Company | Egyptian Environmental Affairs Agency | Egyptian Electricity Holding company | Egyptian General Authority for Shores Protection | Egyptian Public Authority for Drainage Projects | General Authority for Investment (GAFI) | Micro, Small, and Medium Enterprises Development Agency (MSMEDA) | West Delta Electricity Production Company | National Council for Women
NGOs	Future Pioneer Development Association in El-Fayoum
Private sector clients	Egypt Refinery Company
Financial Institutions	Central Bank of Egypt

Bibliography

Bank's Strategy and Policy Documents

Type of documentation	Full Reference	Approval year
Sector strategy/policy documents: previous version (last 5-6 yrs.) and latest/current version	AfDB, African Development Bank Group. (2016). <i>Jobs for Youth in Africa Strategy for Creating 25 Million Jobs and Equipping 50 Million Youth 2016-2025</i> . Abidjan.	2015
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Endnotes

- 1 A series of anti-government protests, uprisings, and armed rebellions that spread across much of the Arab world in the early 2010s. It began in response to oppressive regimes and a low standard of living, starting with protests in Tunisia.
- 2 Egypt—Update and Extension of the Country Strategy Paper (CSP) 2015-2019 to December 2021 (ADB/BD/WP/2019/263/Rev.1) (Annexes 10 & 11).
- 3 Reference page 3, first paragraph under the heading “Program Management— Leveraging Capacities and Knowledge”.
- 4 Reference page 3, third paragraph under the heading “Efficiency” .
- 5 <https://www.atlanticcouncil.org/blogs/menasource/why-inflation-is-so-high-in-egypt/>
- 6 According to the 2nd Egypt’s Climate Change Communication to the United Nations Framework Convention on Climate Change (UNFCCC)
- 7 <http://www.cabinet.gov.eg/English/GovernmentStrategy/Pages/Egypt%E2%80%99sVision2030.aspx>
- 8 At which the 2011 Revolution took place as part of the Arab Spring followed by few regime changes and economic slowdown due to the political fluctuation.
- 9 EBRD Private Sector Diagnostic Egypt, 2017 p. 3
- 10 Ibid.
- 11 Ibid.
- 12 All information on regulatory reforms was extracted from the World Bank’s Doing Business 2019 Report.
- 13 Entry and exit levels within the private sector remain low, with only three limited liability companies being formed each year for every 10,000 working-age individuals. This is higher than the MENA average (1.2) , but lower than the 20 limited liability companies being formed annually in other developing nations.
- 14 EBRD Private Sector Diagnostic Egypt, 2017.
- 15 “Non-tariff measures and privileges historically protecting politically-connected firms distort competition. Despite a privatization drive in the 1990s, state dominance remains relatively high in sectors such as power, manufacturing and banking.” EBRD Private Sector Diagnostic Egypt, 2017, page 5.
- 16 IFAD (2015). ASAP Egypt factsheet, August 2015
- 17 The European institutions are: EBRD- European Bank for Reconstruction and Development, European Union, European Investment Bank
- 18 Middle-income Country Technical Assistance Fund
- 19 Electricity generation has been a key priority of the Egyptian government throughout the entire period 2009-2018. Such priorities are reflected in the National Energy Strategy 2035, viz:
the investment portfolio of the Bank coverage of three publicly-owned power plants and three Photovoltaic (PV) projects as well as recent further efforts to provide loans and grants to strengthen renewable energy, have contributed to addressing Egyptian priorities in the energy sector in a context of population increase and growing cities.
 - ▮ The Bank’s interventions in the water sector (primarily in wastewater treatment) is fully aligned with Government strategies. Indeed, in its 2030 Strategic Vision for Treated Wastewater Reuse in Egypt, the GoE stressed that considering “the ever-growing water demands in all sectors, treated wastewater reuse will provide the perfect, and maybe the only practical solution for the agriculture sector, which faces a lot of challenges to achieve food security in Egypt.”
 - ▮ In terms of agriculture, also relating to water availability, supporting the development of irrigation infrastructure and expanding the drainage coverage corresponds well with Egyptian policy and priorities, viz.:
 - these priorities are expressed in various water, irrigation and agriculture-related strategies and plans, such as the National Land Reclamation Program in which the GoE is committed to expanding agriculture land by 1 million feddans; and
 - GoE policy focus is also on enhancing productivity in domestic agriculture; this is supported by improving irrigation.
 - ▮ In relation to private sector support, the Government has emphasised private sector development throughout the 2009-2018 period, including all national development plans, its Vision 2022 and Vision 2030 and the 5-year Macro-economic Strategy (2015-2019) as well as the on-going reform program. Building on these orientations, the Government’s efforts to restore confidence among investors (increased FDI) and create employment have been to develop growth poles, such as the Suez Canal regional development and the Golden Triangle. Beyond its measures specifically labelled as private sector support, the Bank has contributed to the reform process through its PBO support in the energy sector.
 - ▮ Regarding economic governance, the EGEPs were aligned with the government medium-term development objectives, namely to achieve sustainable economic growth by promoting inclusiveness and resilience.
- 20 MEWINA Project- This helped to establish a Water Sector Monitoring and Evaluation Mechanism that allows N-AMCOW to annually report on the status of the Water Sector within North Africa, using harmonized and comparable information generated by standardized data from the six North Africa Countries’ M&E systems. This is reported to have contributed to (i) a better understanding and knowledge of the state of water sector M&E systems, current gaps and developments in the NAMCOW member countries; (ii) the establishment of a monitoring system and reporting mechanism established at local, national and sub-regional (North African) levels to annually report on standardized indicators tracking water resources management and the achievement of the MDGs in the North African countries; and (iii) adequate resource mobilization to support.

- 21 This performance is mainly due to a change in project target which has evolved from purely private sector franchises to a cooperatives approach.
- 22 The EGESP is a programmatic series of three consecutive PBOs covering the period 2015–2018 that supported the implementation of the government's medium-term development agenda aimed at building a strong foundation for inclusive and self-reliant economic growth.
- 23 <https://fanack.com/egypt/society-media-culture/society/regional-disparity/>
- 24 The RIEEP project had specific targets established for training and funding in Upper Egypt in order to help address the knowledge and skills gap. However, the implementation of activities underwent delays because of security concerns, as during certain periods consultants were unable to go to the field. Also, being a nationally focused program the NDP includes Upper Egypt as one of five regions that the program is targeting with the aim of increasing its crop productivity by 15–21% for various selected crops. The GoE has also been investing in initiatives targeting Upper Egypt, Sinai and other distant areas, among them the rural sanitation program and the national health insurance program, partially supported by the Bank as part of the "Feasibility Study for Integrated Sanitation Technologies in some rural areas in Upper Egypt" and the "Rx Health Care Fund" respectively.
- 25 Implementation Progress and Results Report
- 26 Middle East and North Africa
- 27 Clusters 1 and 2 projects for which a score could be provided on this indicator.
- 28 Requiring no more than three months from approval to effectiveness, and six months from effectiveness to disbursement.
- 29 IDEV evaluation on PBO, Egypt case study (AfDB, 2018)
- 30 According to a source, the price of installed kW, close to USD 1000/kW, is comparable to the cost of this technology at that time, so that the project can be considered efficient despite the overrun experienced
- 31 This also shows the flexibility of the Bank's staff. Another question is to what extent a Transport Officer is required given the fact that the sector became a priority in 2019. Currently, the Energy Officer is covering the Transport sector as well
- 32 An interviewee also mentioned the lack of an Oil & Gas Principal Officer at the Bank's country office as well as an Energy Efficiency Principal Officer at the Bank, but it is to be verified to what extent this is a priority for the AfDB Egypt Country Office
- 33 Clusters 1 and 2 projects for which a score could be provided for this indicator.
- 34 This CSP was also in line with the Bank's Ten-year Strategy and the GoE's priorities as outlined in key documents such as the "Sustainable Development Strategy (SDS): Egypt's Vision 2030" and the "5-year Macroeconomic Framework and Strategy". These define the GoE's vision for a productive and efficient economy that generates high, sustainable and inclusive growth.
- 35 Monitoring parameters included: air quality; water quality; noise; flora and fauna; land use, landscape and visual impacts; soil and hydrology; traffic and transport; solid waste management; archaeology; occupational health and safety; and the socio-economic environment (PCR).
- 36 The mission did not have access to these sources of data that could verify concrete improvements to the environment.
- 37 "Knowledge management: Increasingly the Bank plays the role of knowledge broker, producing high-quality knowledge products that generate evidence on national development needs and how best address them. Analytical work underpins our efforts to strengthen national development programs and enables us to refine our own policies, procedures and operations. Our knowledge role is an important aspect of our work in Egypt."
- 38 Following a Cabinet restructuring in December 2019, the Ministry was split into two separate entities. The Bank's main interlocutor is now the "Ministry of International Cooperation."
- 39 Confirmed in interviews with sector ministries. In some cases, this happened due to the limited capacity of the Ministry and where there were challenges or poor performance of the agencies under the Ministry.
- 40 The purpose of the G20 Compact for Africa is to improve the framework conditions for private investment (domestic and foreign).
- 41 AfDB, Arab Republic of Egypt (November 2019), *Update and extension of the country strategy paper 2015-2019 to December 2021*.
- 42 Updated as at September 2019
- 43 Global Environment Facility
- 44 The African Water Facility
- 45 Net Total flows equal gross disbursements minus amounts received (e.g. repayments of principal, offsetting entries for debt relief, repatriation of capital, and occasionally recoveries on grants or grant-like flows).
- 46 Official Development Assistance
- 47 Rural Income and Economic Enhancement Project (RIEEP); Egypt Franchising Sector Support Program; Gabel Elasar Wastewater Treatment Plant; Suez Thermal Power Project; Abu Qir 1300 Mw Steam Power Project; Ain Sokhna Thermal Power Generation Project; and Egyptian Refining Company (ERC) project.
- 48 Two cancelled projects.
- 49 This overall rating takes into account the project/sector assessment, the portfolio assessment and country programming. The aggregation is not a mathematical combination of figures but involves judgement and overall assessment.



IDEV

Independent Development Evaluation
African Development Bank



About this evaluation

This report presents the findings, lessons and recommendations of the first independent evaluation of the African Development Bank Group's (AfDB) country strategy and program in the Arab Republic of Egypt. The evaluation covers a crucial period for the country: 2009–2018, including pre-revolution, revolution, and post-revolution, during which the AfDB portfolio in the country amounted to about USD 2.5 billion. The purpose of the evaluation was to account for the AfDB's operations in Egypt and to foster learning to help improve the Bank's future country strategy and program.

The evaluation found that the performance of the AfDB is satisfactory, despite a volatile and challenging context. The Bank delivered a highly focused, though over-ambitious, program which adapted to the country's changing needs. The program recorded excellent performance in the energy and water supply and sanitation sectors, but not in its non-lending activities, such as technical assistance. Many operations incurred implementation delays. Crosscutting issues such as gender equality, inclusiveness and green growth have received attention at the strategic level, but less so at implementation and results reporting levels. It is expected that the positive gains from the AfDB's support will be maintained.

The evaluation recommended that the AfDB should strike an appropriate balance between budget support and investment operations underpinned by its comparative advantage; strengthen the balance in its program and project portfolio (including increased private sector focus); enhance its role as a knowledge broker; and strengthen program delivery.



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