



1. Project Data

Project ID

P153487

Project Name

EG: Egypt EASE for Investment

Country

Egypt, Arab Republic of

Practice Area(Lead)

Finance, Competitiveness and Innovation

L/C/TF Number(s)

TF-A1553,TF-B1605

Closing Date (Original)

31-Oct-2021

Total Project Cost (USD)

6,676,674.68

Bank Approval Date

02-Oct-2015

Closing Date (Actual)

11-Dec-2021

IBRD/IDA (USD)

Grants (USD)

Original Commitment

6,746,000.00

6,746,000.00

Revised Commitment

6,676,674.68

6,676,674.68

Actual

6,676,674.68

6,676,674.68

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2. Project Objectives and Components

a. Objectives

According to both Schedule 1 of the Grant Agreement (p.5) and the Project Appraisal Document (PAD, p.6), the project objective was “to improve the regulatory environment for investors through simplified licensing and transparent industrial land allocation processes”.

This review will assess the project outcome based on the objective parsed as follows:



Objective 1: To improve the regulatory environment for investors through simplified licensing processes,

Objective 2: To improve the regulatory environment for investors through transparent industrial land allocation processes.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

19-Mar-2018

c. Will a split evaluation be undertaken?

No

d. Components

The project consisted of three components:

1. **Facilitating accessible and transparent investor services** (Estimated Cost Appraisal: US\$ 2.25 million, Actual Cost at Closing: US\$ 2.21 million, Estimated Cost of Additional Financing: US\$ 1.746 million, Actual Cost of Additional Financing: US\$ 1.720 million): This component was to be implemented by the General Authority for Investment (GAFI). The activities under this component was to support implementation of the amended Investment Law of Egypt and GAFI to become the platform for business entry, licensing and investor information at national level. This function was to be fulfilled by GAFI's one-stop-shops (OSS) and its information portal at the sub-national level. Through the project, development and implementation of an online system for investor servicing was foreseen. To achieve this, mapping of the business entry procedures; procurement, configuration and deployment of a customer relationship management (CRM) system were to be completed. In addition, development and enhancement of the GAFI information portal was to be implemented. This component also covered upgrading of GAFI's and OSS's IT systems as well as capacity building activities for staff. The costs for establishment of a Project Implementation Unit (PIU) within GAFI were also part of this component.

2. **Supporting Industrial Sector Transformational Reforms** (Estimated Cost Appraisal: US\$ 2.25 million, Actual Cost at Closing: US\$ 2.24 million): This component was to be implemented by the Industrial Development Authority (IDA). Two primary functions of IDA were to be supported through this component: industrial licensing and land allocation. For industrial licensing re-engineering and automation of processes were to be implemented. The project was to complete the process mapping exercise which was initiated earlier by the support of the World Bank and implemented by IDA in collaboration with the Egyptian Regulatory Reform and Development Activity (ERRADA), a government initiative mandated for reduction of regulatory risk and increasing transparency for businesses. In addition, the Industrial Licensing Administration System (ILAS) was to be developed and deployed in IDA headquarters, and four regional offices. On land allocation, the project was to support IDA to adopt a transparent wholesale industrial land allocation process with the development of the software and information system for this purpose. In addition, reforming the industrial developer concession model of land development was to be implemented.



Through this component capacity building activities, trainings for IDA and upgrading of information and communications technology (ICT) were to be performed. This component was to cover costs for a PIU to be established under IDA.

3. **Capacity building for managing regulatory reform** (Estimated Cost Appraisal: US\$ 0.5 million Actual Cost at Closing: US\$ 0.5 million): This component was to be implemented by ERRADA. The project, through this component was to establish a sustainable institutional framework for regulatory reform through ERRADA and to complement activities under Components 1 and 2. Within the scope of the component, development of a comprehensive inventory of business-related procedures, preparation of a strategy and an action plan for ERRADA to meet its mission and objectives, establishment of an information portal for business related administrative procedures accessible to the general public and capacity building activities for ERRADA were to be implemented. Furthermore, the component foresaw putting in place a public consultation and review mechanism for all business-related legislative proposals which would ensure consultation with the stakeholders including private sector.

Revised Components: In 2017, with the support of the EASE project, the GoE adopted two new laws (the Investment Law and the Industrial Licensing Law) and their executive regulations which pursued country's reforms towards a further improved investment climate. In addition, the Guidelines for Land Allocation was adopted in March 2018. Adoption of these new laws and legislations necessitated changes in the project activities under Components 1 and 2 particularly. While the project continued to focus on the same objectives outlined in the Project Appraisal Document (PAD), implementation of some activities was adapted to fit the context of the new laws, namely re-focused efforts in IDA and GAFI. Furthermore, originally, IDA was in charge of handling the land allocation requests (original project foresaw development of the system in IDA), first the Guidelines of Land Allocation and later the Prime Ministerial Decree in 2019 changed the authority to handle land allocation requests from IDA to GAFI (ICR, p. 10). Accordingly, the second PDO was delivered by the GAFI instead of the IDA through the GAFI Egypt Digital Investment Map (GAFI Information Portal).

With this perspective, to scale up and deepen engagement under Component 1, Additional Financing (AF) was secured. The AF enhanced the activities of Component 1 and provided support to the GAFI to implement its new responsibilities and areas such as to manage investment data, expand investors' online services, reformulation of Investment Map for reformed land allocation, capacity building on investor servicing, and responding to investor inquiries FDI strategies (ICR, p. 12).

e. **Comments on Project Cost, Financing, Borrower Contribution, and Dates**

Project Cost: The project cost estimated at appraisal was US\$ 5 million. Additional funding in the amount of US\$ 1.746 million was secured (total estimated project cost reaching US\$ 6.746 million). The actual cost at closing was US\$ 6.67 million.

Financing: At appraisal, MENA Transition Fund grant was estimated at US\$ 5 million. Additional funding was secured again from the Transition Fund in the amount of US\$ 1.746 million. The project disbursed US\$ 6.676 million at closing.

Borrower Contribution: At appraisal, no borrower's contribution was estimated, and none materialized at project closing.



Restructurings and Additional Financing:

There were four level 2 restructurings:

First Restructuring-March 19, 2018: The project's final date for implementation was extended by 12 months from July 1, 2018 to June 30, 2019 to compensate for the delays in setting up the project implementation arrangements. In accordance with the legislative changes introduced through the new Investment Law and the new Industrial Licensing Law, and thus the changes made in activities and new roles transferred from IDA to GAFI, following revisions were made in the results framework: Target for one of the PDO indicators was reworded, two new intermediate results indicators were introduced for GAFI and IDA, targets for two intermediate results indicators were increased, targets for two intermediate results indicators were decreased, one of the intermediate results indicators (regulatory reforms proposed) was reworded.

Second Restructuring-June 27, 2019: The closing date of the original EASE project was extended from June 30, 2019, to September 30, 2019. The extension was essential to process the AF for approval and signature of the grant agreement before the original grant was closed on June 30, 2019. In addition, the extended period was used to finalize IDA activities on automation and to complete system checks.

Third Restructuring-September 30, 2019: The closing date for the original EASE project (US\$ 5 million) was extended from September 30, 2019 to December 15, 2019. The extension was to allow necessary time for testing and enhancement of the ongoing automation system development and relevant necessary training in IDA. Additionally, the extended period would allow the GoE to complete all of its necessary approval processes for the AF.

Fourth Restructuring and Additional Financing- October 25, 2021: The closing date for the AF was extended from October 31, 2021 to December 11, 2021 to enable GAFI to implement actions and procure required goods and services for the licensing platform and the Digital Investment Map and also to complete delayed activities (capacity development of GAFI officials on improved licensing portal) due to restricted conditions imposed by COVID-19.

Dates: The original EASE project (US\$5 million) was approved on October 2, 2015, became effective on April 20, 2016, and closed on December 15, 2019. The AF (US\$ 1.746 million) was approved on November 8, 2019, and became effective on July 13, 2020. It was closed on 11 December, 2021.

3. Relevance of Objectives

Rationale

Country Context: The Project objective is well aligned with the Government's national priorities. The EASE project, supported the GoE in preparation and adoption of the new Law on Investments as well as the Licensing Law and their implementing regulations in 2017. With these laws, the GoE put forward more concrete and clear steps for simplified the regulatory compliance process by minimizing the points of investor direct interaction with multiple regulators. The project's objectives are also relevant to first pillar on industrial development of the Ministry of Trade and Industry (MITSI) strategy 2017 which included projects targeting licensing and the OSS, land allocation and the implementation of the investment map. The



strategy also refers to the creation of the single window for issuing industrial licenses a target which the project contributes through its capacity building, system upgrading, automation services provided to IDA. The Egypt's Vision 2030 aiming to digitalize most government services is highly relevant to project's activities like re-designing and digitalizing the processes at IDA and GAFI. Taking GoE's above strategic documents into account, overall, the project is outcome oriented and appropriately designed matching the country's development problems described in both Bank and GoE documents.

Bank Strategy: The project was well aligned with the World Bank Country Partnership Framework (CPF) for 2015-19. The improvement of business environment was identified as one of the priority topics in the framework in order to address the development problem of sustainable income generation. Furthermore, both Systematic Country Diagnostic (SCD) as well as the Bank's report "*More Jobs, Better Jobs: A Priority for Egypt*" emphasized the problems of complexity, uncertainty and discretion affecting business environment in Egypt. The project's PDO addressed the two top-priority areas (licensing and land allocation processes) as the relevant processes were extremely complex, non-transparent and unpredictable obstructing private sector development. At closing the project remained highly relevant with the priority areas under the 2021 SCD Update. The SCD indicates transparent and predictable regulatory environment would contribute competitive markets in Egypt. The EASE project's PDO fully matches with this strategic direction. The licensing reforms and land allocation remain amongst the top priorities of the Country Partnership Framework (CPF) for FY23-27, which is being developed. The first objective of the first high level outcome "More and Better Private Sector Jobs" and part of the third objective of the first high level outcome emphasize the importance of continued support to improving regulatory and licensing policies and strengthening the transparency of state procurement activity, and facilitating private sector access to land.

Previous Sector Experience: The EASE and the AF project built upon previous Bank experience particularly by supporting the development of the new Investment Law and through targeted activities, which put more concrete and sustainable steps forward towards improving business environment in Egypt institutionally and legally. Since 2006, the Bank has worked closely with several of the project partners (i.e. IDA and GAFI), on identifying challenges facing the investment climate in Egypt. The project benefitted from the analytical work and continued reform dialogue with the GoE based on following previous Bank operations: The Competition and Competitiveness ASA (P154650) of 2015-21 to support the Egyptian government on industrial zones including land Management and the Upper Egypt Local Development Program (UELDP) ASA (P159579) of 2016-21 to support business environment in Egypt.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Objective 1: To improve the regulatory environment for investors through simplified licensing processes



Rationale

Theory of Change: The casual links between project's activities, outputs and outcomes are overall logical. The project activities were expected to result in the following outputs: Operational CRM platform at GAFI, operational portal at GAFI and OSSs, reengineered processes for business and industrial licenses, online business registrations on GAFI portal, implementation of risk-based approach for industrial licenses by IDA, the Industrial Licensing Administration System (ILAS) deployed at IDA branches, sector licensing requirements available on GAFI portal. These outputs would lead to simplified, transparent, and predictable licensing procedures with shortened periods of time for processing business and industrial licenses. Furthermore, activities supported under component 3 through ERRADA, such as preparing a comprehensive inventory of business-related formalities/ administrative procedures, developing methodology for regulatory impact assessments, establishing a portal rendering information administrative procedures and requirements to the general public and the outputs of public consultations contributed to improvement of regulatory environment in general but also indirectly to the achievement of this objective and Objective 2. The critical assumptions were: (1) Investors use newly developed portal and investment map for their applications and activities, (2) Institutional set-up and distribution of tasks for licensing remains clear and sufficient coordination continued among the relevant agencies.

Outputs:

- **Project's contribution to GAFI:** CRM platform became operational at GAFI and twelve of its OSSs, while exceeding the target of five OSSs. In addition, electronic connectivity between OSSs was also established which improved communications with the investors and provision of responsive services by GAFI. In order to simplify and improve licensing procedures mapping exercises conducted and new and processes were designed. GAFI portal was developed and enhanced. The procedures and requirements for 474 licenses and permits from 79 different agencies were published on the portal. A manual was published with all sector licensing requirements. According to the ICR (ICR, p.35), this saves the investor at least 1 visit as he/she can access the exact required documents through the portal. As a result of improved conditions 436 online business registrations were made. Target of fifteen capacity building workshops for GAFI OSS staff was achieved and exceeded.
- **Project's contribution to IDA:** Mapping and reengineering of 4 main processes (licensing, land allocation, construction permits and industrial developer) were completed. IDA began implementing risk- based approach for industrial technical evaluation and licensing. The licensing by notification for low-risk industries (accounts nearly 80% of Egyptian industries- ICR, p. 7) became effective after the issuance of the new industrial licensing law and the project supported its implementation by digitalized systems. The 90% of licenses issued between 2017 and 2018 were for low-risk industries. Thirteen capacity building workshops were completed for IDA staff, exceeding the target of 10 workshops. Industrial licensing administration system was deployed in 22 IDA branches exceeding the target of 15 branches. For this indicator, the ICR reports some issues which would adversely affect impact of the intervention. These issues are mainly related to changing regulations which affected already designed technical systems as well as trained staff leaving IDA. According to ICR (ICR, p.17) the system is now working at up to 70 percent capacity.
- **Project's contribution to ERRADA:** ERRADA conducted 23 private sector consultation on several licensing legislation related to GAFI and IDA. The consultations were held on topics such as the industrial developers, industrial land allocation, the Industrial Register, and the ERRADA Informational Portal. Target was to conduct 5 consultations. The recommendations developed as a result of the consultations were embedded in the IDA and GAFI's processes. The existing regulations in industry



sector related to IDA were assessed, and redundant, inconsistent, inefficient ones were eliminated with the direction of “Inventory Group”. With this activity 25 reform proposals were submitted, exceeding the target of 6. The ERRADA organized 33 courses, amounting to 124 training days with 124 attendees from ERRADA and 310 attendees from IDA. Target of five workshops was exceeded.

Outcomes:

- **Average duration of Licensing (two sub-indicators):**
 - **Number of days to comply with the Industrial Licensing process (High Risk Investments):** The number of days to process industrial licenses was reduced significantly from the baseline of 640 days to 55 days. According to the ICR (ICR, p.16), the time taken at the IDA is only 8 days, while the remaining time is taken in getting approvals from the relevant authorities outside the IDA. The achievement is attributable to project’s interventions of mapping and simplification of license processes, deployment of the Industrial Licensing System at IDA and it’s 22 branches. In addition, adoption of the risk-based approach in accordance with the Licensing Law of 2017 for industrial technical evaluation, also contributed to shortening of the duration as it enabled differentiation between high risk and low risk industries. The project also provided support to the GoE in developing this law.
 - **Number of days to comply with the business licensing process:** The long process time for licensing was one of the constraints of the business environment in Egypt. The process time for business licenses was reduced from the baseline of eight days to one day. The achievement is attributable to project’s interventions. This sub-indicator was achieved through the outputs of re-engineering of GAFI business procedures, configuration, and the deployment of the CRM system at GAFI HQ and it’s all twelve OSSs, development and enhancement of the GAFI information portal. These interventions enabled the processes to become less complex, more transparent and predictable (information on processes available on the GAFI portal for the access of all businesses, digitalized services, less face-to-face interaction, limiting unequal treatment).

The methodology to calculate this **PDO indicator “average duration of licensing processes”** was specified neither in the PAD nor at the First Structuring Paper. The ICR (ICR, ps.17,32) based the calculation on a simple average of two sub-indicators of IDA and GAFI and achieved 28 days compared to the baseline of 320 days and the end-target of 60 days.

As another outcome, as a result of newly introduced systems and processes, culture of doing business particularly at GAFI has changed. The services by GAFI are now provided on investor feedback and demand. The customer service satisfaction system developed for GAFI includes specific indicators to assess the need, cost, and quality of the provided services. The investment map also has a feature for investors to share their ideas, which are reviewed by GAFI team to improve provided services.

Overall, the project’s efficacy in achieving the first objective is rated Substantial. All targets were achieved (one target almost achieved) despite the changing legislation and counterparts. At appraisal, the major constraints in the business environment were identified as the complexity, unpredictability and lack of equal treatment particularly in licensing. The project introduced simplified procedures in both business and industrial licensing, digitalization and automation of processes established in the IDA and GAFI shortened process times, decreased face to face interactions, and contributed to transparent operations. Availability of



information on licensing processes on portals ensured equal access to information and leveled playing field particularly for new and small businesses.

Rating

Substantial

OBJECTIVE 2

Objective

Objective 2: To improve the regulatory environment for investors through transparent industrial land allocation processes.

Rationale

Theory of Change: The casual links between project's activities, outputs and outcomes are overall logical. The project activities were expected to result in the following outputs: an online land allocation system established, and the Industrial Developer Land Allocation framework designed and deployed at the IDA. The achievement of these outputs would lead to implementation of industrial land allocation on a digitalized setting, open to access of all interested businesses and lead to a transparent industrial land allocation system. Furthermore, activities and outputs supported under component 3 through ERRADA, indirectly contributed to achievement of Objectives 1 and 2 as well as improvement of overall regulatory environment.

Outputs:

- **Online Industrial Land Allocation system deployed:** This target was not achieved through IDA. The land allocation guidelines issued in March 2018 changed the distribution of responsibilities on land allocation. According to revised guidelines, the GAFI was assigned as the land allocation interface with investors. In line with the changes, the already developed land allocation system in the IDA was not installed. Instead, this function was fulfilled through GAFI's information portal (Digital Investment Map). Through the AF, relevant upgrading and modifications were made on the Investment Map to accommodate industrial land allocation processes.
- **Industrial Developer Land Allocation framework designed and deployed:** This target was not achieved. The industrial developer system is designed but not applied due to legislative changes explained above.

Outcomes:

- **Number of land allocation requests processed through the reformed land allocation system:** The GAFI portal (Investment Map) processed 2,080 land allocation requests against the end target of 2000. In accordance with the revised legislation, the GAFI took the lead on advertising and tendering land available at the IDA, the National New Urban Communities Authority (NUCA), and the Governorates, through the Investment Map developed under the project. It was developed as a national data center and OSS for investment information. It includes the interactive features of locating investment opportunities by sector and geographical location, the requirements and procedures necessary to obtain business licenses and permits from GAFI or external entities, and information on access to land available for investment projects (ICR, p. 18).



Overall, the project's efficacy in achieving the second objective is rated Substantial. Although one of the intermediate results indicators was not achieved, the second intermediate indicator as well as the PDO indicator were achieved. The achievement of the PDO indicator supports allocation of industrial lands over a digitalized platform ensuring a predictable and transparent process for businesses.

Rating

Substantial

OVERALL EFFICACY

Rationale

The project's efficacy in improving the regulatory environment for investors through simplified licensing processes was Substantial, because of project outcomes on significantly decreased durations to process business and industrial licenses. The project's efficacy in achieving transparent land allocation was also Substantial, due to implementation of digitalized and simplified land allocation processes. Therefore, the overall efficacy is rated Substantial.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic and Financial Analysis:

The project estimated to have two types of benefits: 1- Increase in the rate of investments (through alleviation of the two major obstacles to investments: complex licensing and land allocation procedures), 2- Increase in investor gains as a result of reduced time to lead investments. At appraisal, the methodology for estimation of the potential investor gains used the opportunity cost of capital (the prevailing interest rate), disregarding all other direct costs. It was assumed that the time to compliance (obtaining land and industrial license) would be reduced by 50 percent and accordingly the potential investor gains would be significant. However, baseline data was not collected to estimate economic returns at the start of the project for neither of the project's objectives. Also, at appraisal, in relation to Component 3, potential benefits of the ERRADA activities were not quantified but it was expected if ERRADA mechanism is structured to link technical regulatory reform capacity with high level decision making, this would lead to improved investment climate.

At project closing, the economic analysis measured the impact of the project through Direct Compliance Cost Savings (CCS) achieved from simplified licensing process (for both industrial and business licenses). However, the CCS could not be estimated for the high-risk industrial license because a baseline was not available for 2015 as the process was not done at the IDA but at the NUCA and the Governorates at the time, and the costs were not unified. Only a comparative analysis was made on the average number of IDA employee workdays



required per transaction for the years 2015 and 2017. The workdays dropped by 69% from 16 to 5 days, leading to savings in labor costs and costs per transaction for the government. On the other hand, the data for the business license (GAFI), was available from official sources and investor interviews and therefore, the analysis was conducted. The CSS analysis which compared the costs before and after the reform concluded that the simplified processes for business license led to aggregate cost savings for one year, discounted to the 2015 baseline year, of USD 14.8 million. The aggregate cost savings for four years (between 2017 when reforms were enacted and 2021) discounted to baseline year could be estimated at USD 58 million. The ICR reports that this methodology is not a comprehensive cost-benefit analysis and represents the perspectives of the reforms' benefits to the private sector with the indication that private businesses may use extra resources, at least in part, to expand their businesses or make new investments (ICR, p. 46).

Administrative and Operational Efficiency:

The project experienced some delays during the implementation. The delays resulted from changes in government counterparts and PIUs staff, delay of declaration of effectiveness of AF, and COVID-19 pandemic. Some major legislative changes in the area of land allocation system created inefficiency as the land allocation system in the IDA was created and was ready for installation, when the Prime Ministerial Decree moved responsibility of tendering process from the IDA to the GAFI. Given that this change was towards the project end, there was no time to re-adapt the processes to the new changes. Instead, the reengineered business processes set up during EASE were being leveraged to create a database for land and for enhancing the land allocation process, using additional investment from the IDA. (ICR, p. 18). Coordination among the relevant institutions were strong and this helped identification of problems and introducing solutions. Also, the proactive engagement of the Bank team with the PIUs led to a successful closure of the project without any cost overrun, while achieving the PDO indicator targets (ICR, p.22).

Despite some operational inefficiencies resulting from implementation delays, the project efficiency is rated substantial. The savings achieved (benefits) due to the reformed licensing procedures and reform activities are higher compared to the project costs.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.



6. Outcome

The relevance of objectives was High as the PDO was well aligned with the development status of Egypt. The project's efficacy was Substantial for both of the objectives all three PDO indicators were achieved. Efficiency was also Substantial despite some implementation delays.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The risk to development outcome is low and the results achieved through the project are likely to be sustained. One of the major factors supporting this expectation is the continued support and determination of the GoE to pursue reform processes. In addition, the EASE project was not a standalone project but rather complemented GoE's ongoing reform agenda. Furthermore, the distribution of tasks was cleared through the new Investment Law and the involved agencies assumed their roles and owned newly established systems ensuring sustainability of the results (i.e., example, the licensing platform front end was developed by GAFI teams, ICR, p. 52). Another indication for sustainability of the results is related to IDA activities. The reengineered business processes set up through the project activities in IDA are being leveraged to create a database for land and for enhancing the land allocation process which will be implemented by investments of IDA. On EERADA and improvement of regulatory framework in general, public consultations commenced during project implementation are now held regularly on topics aligned with national economic priorities and the SDG 2030 Agenda.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project had a strategic relevance as it addressed two particular areas (licensing and land allocation) which were identified as major constraints in the investment climate assessment in Egypt. The EASE project was initially designed to support GoE to implement important legislative changes and reforms to improve business climate. AF was also to deepen and strengthen sustainability of these reforms.

Implementation arrangements were adequate. Although the project had three different components implemented by three different entities and two of which had overlapping responsibilities, implementation arrangements were made in a way to ensure close cooperation and coordination. The project was implemented by two PIUs, one under the supervision of the GAFI and the other under the IDA. A joint operations manual was prepared in agreement with the project partners, defining roles and responsibilities of the PIU teams, principles and procedures related to procurement, finance and accounting functions. The financial management and the procurement capacities of the relevant parties



were assessed at appraisal. In this respect, the PIUs in the IDA and GAFI were provided with intensive training on the Client Connection, the STEP systems, and FM reporting.

M&E arrangements were made generally sufficient but had some shortcomings. Baseline figures for the targets in the results framework were achieved and were endorsed by the IDA and GAFI. In addition to regular mid-term reviews, steering committee meetings, private sector consultations as well as participatory M&E mechanism which entailed the establishment of “third party” demand-based feedback arrangements (at policy, program and project levels) supported M&E arrangements. On the other hand, the intermediate results indicators were mostly concentrated on the first PDO and intermediate indicators for the second PDO were on deployment of systems only. The calculation method of the first PDO indicator “Average duration of Licensing Processes” was not defined at entry.

At entry, major risk associated with the project was identified as lack of coordination and collaboration between the various agencies involved in the project. To mitigate this risk a Communications Strategy embedded in the project to ensure continued engagement with stakeholders. Furthermore, continued close consultation with the GAFI and IDA, which stemmed from WB’s partnering with these two institutions on various reform actions, constituted a solid track record for efficient cooperation.

The initial data was not collected to estimate economic returns at the start of the project for neither of the project’s objectives.

Due to minor shortcomings in the QAE, particularly on M&E design, the QAE is rated as moderately satisfactory.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The Bank team’s focus on development impact was demonstrated by their effort to address legislative changes and taking timely action to restructure the project accordingly. The team also extended the implementation period to ensure completion of activities and secured AF to deepen the reform implementation and provide further support on implementation of Component 1.

The management of both the GAFI and IDA changed several times as well as management team of the PIUs during the implementation of EASE and AF. This affected the implementation and resulted in loss of some of institutional knowledge. To overcome this difficulty the project team provided several intensive trainings for the new teams on the procurement and FM guidelines.

Involvement of three implementing agencies and the need for close cooperation was a significant risk. However, the Bank took special care for enhancing communication among the three project entities through MTRs and setting of periodic meetings for the three entities to discuss and resolve any obstructions, as well as ensure an effective flow of information between their project teams. This resulted in more efficient implementation and also contributed to institutional strengthening.



The changes in policy direction imposed some shifts in the implementation of the second PDO. However, this was not fully reflected in the results framework and delivery mechanism did not change for the second PDO. Also, although some minor changes in the intermediate results indicators were introduced, additional indicators to reflect new activities under AF were not added to the results framework.

ICR noted that throughout project implementation, the World Bank's performance reporting was candid and detailed in the ISRs and during MTR (ICR, p.29). The project teams realized several supervision missions every year. During the COVID-19 pandemic virtual missions were conducted. The MTR was utilized for a detailed review of the results framework, and accordingly some targets were revised.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The theory of change for the project's first objective was sound and was well reflected in the results framework. The objective was clear. However, the calculation method for the first PDO indicator was not defined at M&E design stage. On the other hand, intermediate level indicators were specific, measurable and achievable and enable to capture the contribution of project's interventions related to both type of licenses. As for the project's second objective, it was clearly defined. However, the intermediate results indicators were related to deployment of systems only but there were no indicators related to developer concession agreements or best practices of contracting instruments which would better capture contribution of these interventions. Baseline figures for Business Registration, Industrial Licensing and Land Allocation were established and endorsed by both the GAFI and IDA. However, a framework to monitor ex-ante and ex-post impact of the project was not determined. M&E design and arrangements were well embedded institutionally. An M&E specialist was part of the PIU at the GAFI which was responsible from overall project management including reporting, monitoring and evaluation. Official semi-annual M&E reports were done by the GAFI, IDA and ERRADA.

b. M&E Implementation

During the implementation, M&E Officer in the PIU ensured that M&E related to core baseline data and as well as data on project outputs were monitored. The bi-weekly meetings/calls among GAFI, IDA and ERRADA ensured coordination and provided ground to exchange updates and facilitated problem solving. The M&E reports were received from each of the three entities on a semi-annual basis. The GAFI appointed an external consultant to undertake the M&E analysis and prepare the report (ICR, p. 26). In the light of the legislative changes and with the suggestion MTR mission some changes in the results framework were adopted (1st Restructuring). Although during the first restructuring, two new intermediate results indicators were introduced in relation to capacity building, no new indicator was



introduced which could capture the contribution of additional activities which were realized through AF. In addition, the change in the delivery mechanism of the second PDO was not reflected in the results framework.

In the ICR (Efficacy Section and Annex 1) three new intermediate results indicators (Number of staff trained in workshops - GAFI, IDA and ERRADA) were introduced and the targets for PDO and some of the intermediate indicators were revised beyond the revisions of the first restructuring. ICR does not provide information on the reasons for these further revisions. The project could include impact assessment to report on project results, i.e., customer satisfaction surveys.

c. M&E Utilization

While the project team utilized the M&E framework to revise the first PDO indicator and reflected on legislative changes, the delivery mechanism for the second PDO of the project remained unchanged. The project was restructured as a result of MTR mission's recommendations. The indicators in the results framework were reported regularly and transparently in the ISRs. In addition, inputs provided by the M&E framework was used to design and implementation of the AF and revealed the need for extra activities under Component 1 to maintain the project results.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project is an Environmental Assessment Category C (no assessment). No social and environmental safeguards policies are triggered. Environmental and Social risks were rated as low throughout the project.

b. Fiduciary Compliance

Financial Management: At appraisal an assessment for the financial management (FM) arrangements for the project was undertaken. Some deficiencies in internal control and external audit system were identified. Also, public procurement regulations were not in line with international good practices and administrative processes were complex. With these constraints fiduciary risk at appraisal was Substantial. To mitigate risks a financial management manual within the operational manual was developed which addressed controls, flow of information and audit requirements. An independent external auditor was hired by the project. The fiduciary risk was reduced to Moderate during the implementation of AF. The project submitted Interim Financial Reports (IFRs) on time. Fiduciary compliance is rated 'Moderately Satisfactory' (ICR, p.27).

Procurement: An assessment of the capacity of the Implementing Agencies, the GAFI and IDA, to implement procurement activities for the project was carried out during project pre-appraisal. Some



constraints were identified including lengthy process of small value contracts due to centralized decision making and lack of experience in international procurement practice. To mitigate these risks, a Procurement Guide as part of operational manual which included roles and responsibilities, sequence and timeframe for decisions and payments was prepared. Additionally, procurement training for two PIU Teams was conducted. Despite these mitigation measures some implementation delays due to procurements occurred during implementation particularly at AF period. These were mainly due to lengthy administrative process of the GAFI management for authorization and clearance of every procurement contract. A few activities were cancelled because of the inaccurate estimated costs or the technical specifications that were not responding to the project’s needs.

c. Unintended impacts (Positive or Negative)

None

d. Other

None

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The following are lessons learnt from the ICR (paragraph 82) with some paraphrasing:

- **Projects even with small budgets can make a significant impact on improving government to business services through well designed digital investments.** The project delivered a new licensing services digital delivery model that is flexible for growth and can be adopted as a model for effective digital services transformation. This way, the project contributed to simplifying one of the most complicated steps in starting up a business in Egypt, as well as created a large impact toward facilitating evidence-based policymaking, transparent policy implementation and support Egyptian authorities for better decision-making. Success was achieved by making relevant agencies own these systems to guarantee the sustainability of project results.



- **Donor collaboration can help to create the momentum for reform.** In the case of the project the donor coordination facilitated through the Transition Fund where, the WB and the OECD were implementing partners worked in collaboration for the achievement of a combined PDO: “To improve the regulatory environment for investors through simplified industrial licensing and transparent land allocation processes and to support the Government of Egypt in designing a new investment policy and legal framework, and in strengthening its international investment regime”. Such collaboration provided a firmer, stronger support for the realization of reforms in the country.
- **Reform on land allocation can be performed more effectively via close cooperation among involved entities, clearly defined roles, and availability of established systems of land information and classification.** Implementing land allocation reform in Egypt was particularly challenging as the responsibilities of relevant institutions on land allocation were unclear in general and the authority for industrial lands was disbursed among several entities. This complex situation was resolved through the project support that achieved close coordination among entities with clearly defined roles and responsibilities and a digitalized system set up for land information and classification.
- **Sustainability of results on digitalized /automated systems can be ensured by building technical skills and capacities in the beneficiary institutions.** Increased technical skills and capacities would enable beneficiary institutions adapt and amend systems in line with changing needs. Enhanced skills also contribute to increased ownership at the beneficiary institutions. In the case of the project, through TA and trainings provided, the GAFI was able to undertake several reforms for the OSSs that were not funded by the EASE project and pursued efforts to improvement of business environment.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provides a detailed overview of the project. It is candid and explains issues encountered during implementation. The report is concise and follows the guidelines. It is internally consistent. There is a logical linking of the various parts of the report. The analysis refers to the project’s theory of change and explains causal links. The narrative supports the ratings. On top of achieved targets identified in the results framework, in relation to first PDO objective, the ICR provides additional information and evidence to demonstrate the change introduced by the implementation of the project.

The ICR has a few weaknesses. There are some inconsistencies regarding the revised targets between the Restructuring Paper and the ICR (Efficacy Section and Annex 1). The ICR seems to include three new intermediate results indicators (Number of staff trained in workshops -GAFI, IDA and ERRADA-) and new targets for PDO indicators and for some of the intermediate indicators differing from the targets identified at the first restructuring. The ICR does not provide information on the reasons for these further revisions. Also, the ICR could have enriched the discussion of efficacy with results of the client satisfaction survey as well as with



data extracted from IDA's customer service satisfaction system. The "investor ideas" feature of the Investment Map" could also provide additional evidence about the impact of the project.

a. Quality of ICR Rating
Substantial