

EGYPT CAS COMPLETION REPORT REVIEW

The CASCR provides a good survey of progress and candidly acknowledges shortcomings. The report was prepared well before the new CAS, providing information and lessons on which to base the new strategy. OED agrees with these lessons but adds other equally important ones. OED found that the Bank was (again) over optimistic in its projections for lending, as it had been during the preceding decade, and that it needs to work more closely with other donors, several of whom provide large amounts of grant funding.

Progress toward attaining the main objectives of the FY02-04 CAS program—sustaining high growth to reduce poverty and unemployment, developing human and natural resources—has been mixed. Despite external shocks related to September 11, the Iraq war, a decline in OECD growth, uncertainties about exchange rate policies, and slow progress in structural reforms, GDP growth remains resilient at 3 percent p.a. However, this rate is below CAS targets (6 percent) and insufficient to absorb labor force growth and reduce poverty. As growth has been slowing, poverty—which declined in the latter part of the 1990s to 17 percent—may have deteriorated, particularly among those in Upper Egypt. By contrast, substantial progress in almost all areas covered by the MDGs has been made—reducing gender and regional access imbalance, enhancing quality and better managing population growth. Significant progress has also been made in managing natural resources—improving irrigation and area development. Overall, the outcome of the Bank’s assistance program is rated moderately satisfactory.

Government Objectives, CAS Objectives, Overview of Implementation

1. The CAS Completion Report (CASCR) covers the FY02-04 CAS. The overarching objective of the CAS was to reduce poverty and unemployment, relevant and consonant with Egypt’s development priorities expressed in both a 1997-2017 twenty-year vision and a 1996/97-2001/02 five-year plan. The CAS objectives emphasized: (i) sustaining high growth by maintaining macroeconomic stabilization, strengthening the private sector environment and the financial sector, promoting privatization, and enhancing trade reform, competitiveness and export promotions; (ii) developing human resource by improvements in education and health; and (iii) developing natural resources by improving irrigation and area development.
2. Only three of the nine CAS-proposed base case scenario loans were approved by June 2004, totaling US\$68 million against a planned US\$500 million (annex table 1). But the late addition of a large FY04 infrastructure loan (US\$355) not foreseen in the CAS—to stimulate growth by eliminating bottlenecks at airports and boost tourism—brought total approvals close to target. More important, negotiations over a policy-based loan (US\$500 million), following the adverse impact of the September 11 events, revealed hesitancy by the Government and with the improvement in the balance of payments, did not come to fruition. Indeed, Egypt has not agreed to a policy-based loan since 1991.
3. The FY02-04 CAS cited the 2000 Egypt CAE recommendation that lending should be limited to areas where Government commitment is strong, and where the Bank has had positive experience (such as in irrigation/water) and proposed, “during FY02-04, no more than 6-7 projects should be planned under the base case scenario.” In particular, the CAS identified “fewer

dropped projects and average cost of those dropped to be aligned with Bank average” as a target to monitor lending. Although the number and cost of dropped projects fell from FY98, the cost in the last two years is still cause for concern (annex table 9), and an FY99 rural credit of US\$300 million of commitments was canceled. These dropped and canceled projects reflect the Bank’s desire to lend even when the Government is reluctant to borrow particularly on IBRD terms, and the ease with which the Government has been able to find grant funds. For example, USAID offered cheaper funds for the Bank proposed FY02 *Information Infrastructure Project*.

4. Substantially less AAA was undertaken than proposed in the CAS, and only seven of the 13 planned ESW reports (poverty, gender, financial, education, and health reviews and a CPAR and a CFAA) were concluded (annex table 4). Notably absent were core diagnostics: a PER and a social and structural review planned for FY03 and FY04, respectively. However, the Bank was successful in completing a joint poverty assessment in FY02. The absence of sector work on poverty since 1991 had been identified by the Egypt CAE as an important gap in Bank assistance. The assessment reversed years of Government’s resistance and restricted access to household surveys, and ensured a sound basis for future poverty reduction programs (i.e., a collaborative *Poverty Reduction Strategy* followed in FY04). A 2004 QAG review of AAA gave an overall satisfactory assessment, but rated likely impact as moderately satisfactory, suggesting that the Bank carry out an “integrative, analytical document such as a Development Policy Review, drawing in a coherent way the various policy issues and allowing a more convincing demonstration of the actions with the highest pay off.” The share of resources allocated to Egypt’s ESW—averaging 16 percent a year—was below the MENA average (21 percent) and Bank-wide average (18 percent).

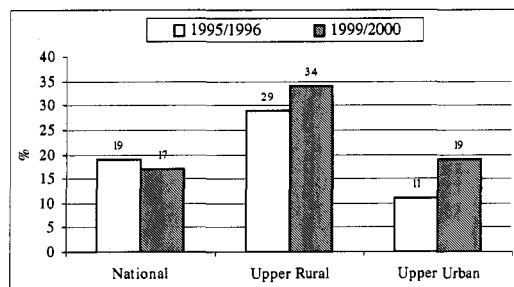
CAS Implementation by Objectives

Objective 1: Sustain High Growth to Reduce Poverty and Unemployment

5. Egypt’s economic performance has slowed during the CAS period. GDP growth that averaged 5 percent during the late 1990s fell to an average of 3 percent during the CAS period, below the CAS base case targets of 5.5-5.9 percent and the Government’s 7 percent target, required to absorb labor growth rate and reduce poverty. Contributing factors are vulnerabilities of services to regional instabilities (e.g., Sep. 11 events, Iraq war, and Luxor massacre) and a decline in OECD growth; a slow down in investment (as uncertainties about monetary and exchange rate policy held back capital formation); and industry’s lack of competitiveness.

Poverty, which fell from 19 percent in 1995/96 to 17 percent in 1999/00 nation-wide, increased in Upper Egypt (figure 1). As growth has slowed since 2000, the poverty situation might have deteriorated. The 2000-05 poverty trends can be discerned once the next household survey (planned for 2005) is completed and analyzed. Poverty is higher in Egypt than in other MENA countries (annex table 8). Unemployment, about 10 percent, also remains high, well above the 7.3 percent targeted in the Government plan.

Figure 1: Egypt-Poverty Trend



6. *Bank program.* All new loans (including the airport project) and four ongoing projects supported sustaining high growth (annex table 1). On the analytical side, the Bank supported the objective through the FY02 *Financial Sector Assessment Program* and *Poverty Reduction*

in Egypt, negotiations over a policy-based loan, and monitoring of the economic situation through a number of *Economic Monitoring Notes*.

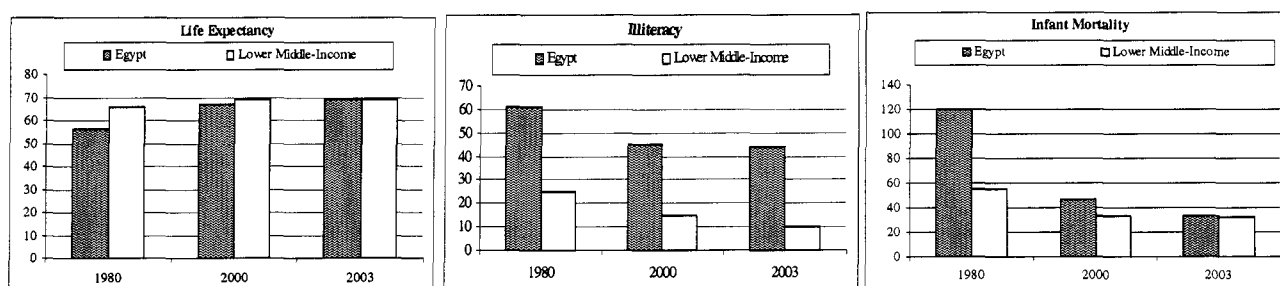
7. *Maintaining macroeconomic stabilization.* The CAS base case scenario called for consolidating current and investment budgets, scaling back implementation of mega projects, and completing tax reform. However, budgets have not been consolidated and a number of mega projects, domestic service payments, and the wage bill, subsidies and transfers have drained the expenditure side of the budget. The fiscal deficit worsened from 4.4 percent of GDP in 2001 to 6.4 percent in 2003, and is projected to have remained at the same level in 2004 (below CAS base case targets of gradual improvement). Inflation rose marginally from 2.3 percent in 2001 to 4.3 percent in 2003 and the deficit has been largely financed from domestic sources.
8. *Strengthening the private sector environment and the financial sector.* Some measures proposed in the CAS have been taken to improve the business environment. A newly established Judicial Reform Commission is reviewing legislative changes to the commercial and business legal framework. New laws on intellectual property rights, money laundering and special economic zones were passed in 2002. But only limited progress has been made in cutting red tape and streamlining cumbersome regulations. Political factors and vested interests have constrained reforms. For example, a proposed competition and antimonopoly bill has been under discussion for almost ten years and has only recently been submitted to the Parliament. Similarly, after nearly a decade of lobbying by various interest groups, and stiff opposition from labor unions, a revised labor bill facilitated more flexible labor management, but transaction costs faced by private business were not otherwise reduced significantly. The Bank's report on *Doing Business* finds that among 135 countries Egypt is one of the ten that regulate firing workers the most; more than 3 years of salary must be paid to a fired worker. Egypt's number of procedures required to enforce a contract is also among the ten highest. The proposed TA to strengthen the business environment did not materialize, but the project to improve airport facilities was recently approved. In the financial sector, the Bank completed a financial sector assessment program, provided TA on capital market, and identified privatizing at least one of the four major public banks as a high case trigger. While the capital market law has been amended to promote mortgage development, no public bank has been privatized, and non-performing loans at 17 percent of total loans are a drag on performance.
9. *Promoting privatization.* Privatization peaked in FY97-00, with an annual average of 25-30 transactions worth 2.5-3.5 billion pounds (US\$0.7-1.0 billion). It then slowed in FY01, with only 13 privatization transactions, generating proceeds of 1.1 billion pounds. According to the CAS, the Government planned to divest most remaining enterprises during FY02-04. In the event, only five enterprises were privatized in FY02, yielding merely 8 percent of FY01's already reduced proceeds. Thus the pace of privatization slowed and important transactions, such as the one pertaining to Egypt Telecom, were taken off the table. The CASCR notes that the public sector still accounts for around 30 percent of economic activity.
10. *Enhancing trade reform, competitiveness and export promotions.* Concerned about employment and revenue loss, the Government did not revise tariffs, but eliminated tariff surcharges, consistent with the base case scenario. The limited trade reform, the constrained business environment, and the uncertainties about the exchange rate regime, contributed to eroding Egypt's competitiveness. This is illustrated in the country's declining ranking in the

World Economic Forum Growth Competitiveness Index from 44 in 2001 to 58 in 2003 and to 62 out of 104 countries in 2004. The proposed *Agricultural Exports Project* was dropped.

Objective II: Develop Human Resource

11. Egypt made substantial progress in almost all areas covered by the MDGs (figure 2 and annex table 7). However, improvements in the quality of life have not been evenly distributed between males and females and between Lower and Upper Egypt, with the lowest access to social services in Upper Egypt. There is strong gender imbalance in illiteracy and unemployment rates (annex table 7). Despite the education expansion, the system is failing to provide the skills most relevant to the labor market, suggesting large inefficiencies, inadequate quality of education, and a market mismatch in the system.

Figure 2: Human Development Indicators in Egypt and Comparator Countries, 1980-2003



12. *Bank program.* The Bank’s human resource development strategy focused on improving equity (enhancing access in remote poor areas and access by girls), on enhancing quality at all levels, and on managing population growth. There was also a significant improvement in the quality of the policy dialogue, and the Bank produced three reviews on gender, education and health. The strategy is thus relevant, addressing the deficits noted above. Two of four new loans and four ongoing projects supported Bank’s objectives.

13. *Reducing access imbalance.* The Bank’s Education Enhancement Program (EEP) focused on the problem of low enrollment among girls in the poorest areas of Upper Egypt. As a result, the number of schools has increased through community contributions of land space to build new schools (about 150) providing enhanced access to girls. The Bank-supported 2004 Shanghai Conference on “Scaling Up Poverty Reduction, Global Learning Process” selected the Egyptian experience as one of eight successful models world-wide.

14. *Enhancing quality of education.* Needs in this regard were articulated in the education review. Both education loans approved during the CAS period emphasized quality. While the projects relevantly address the education mismatch with labor market requirements, it is too soon to evaluate their outcome. However, earlier Bank efforts to improve the quality and efficiency of education (through the FY97 EEP and FY99 Secondary EEP) have been successful. Dropout rates in the targeted governorates declined from 6.7 percent in 1999 to 3.4 percent in 2004.

15. *Extending primary health care services and managing population growth.* The Bank’s intervention in the health sector was proceeding on the assumption that a way could be found to create universal insurance coverage for primary health care services in three pilot poor governorates. In late 2002 the Government identified “extending health insurance

coverage” as one of the key objectives. However, it soon became clear that implementation of this goal depended in large part on reform of the national Health Insurance Organization, which was not forthcoming. By March 2005, only 14 percent of the FY98 IDA health sector credit (US\$90 million) had been disbursed. Pending development of a new health insurance model, the project’s focus shifted to improvement of health services, including rationalization of infrastructure. On the population front, Bank intervention helped the country reduce its population growth and a population project focusing in rural Upper Egypt is progressing well.

Objective III: Develop Natural Resources

16. Egypt has undertaken substantial policy reforms with impacts on the poor and on growth. These have included removal of production, price, and delivery quotas and controls on marketing of agricultural commodities, removal of input subsidies, and privatization of agricultural input supply and export marketing in most commodities. These have been supported with large investments such as reclamation of new land for agricultural development. Constraining the further development of agriculture, on which about a third of the population depends, is the availability of water. Better managing Egypt’s natural resource base and developing poor areas are essential for increasing the incomes of the poor.

17. *Bank program.* Ongoing natural resource projects in three areas (FY98 *East Delta*, FY99 *Sohag* and FY03 *Matruh II*) and three ongoing irrigation sector loans (FY95 *Irrigation Improvement*, FY99 *Pumping Stations*, and FY00 *National Drainage*) have supported this objective. ESW including the 2002 and 2004 poverty studies, the 2001 *Toward Agricultural Competitiveness Study*, has fostered policy dialogue.

18. *Area development.* The 2004 OED Project Performance Assessment Report on *Matruh I* found satisfactory outcome, including positive poverty impact. The other two area projects are the *East Delta* where the Bank lent to raise productivity, including non-farm income of 26,000 poor families recently settled on reclaimed land, and *Sohag*, where the Bank loan is financing credit and enabling local authorities to implement infrastructure projects. Although it is too soon to evaluate their outcome, the QAG review of *Sohag Project* noted that the issue of subsidized interest rates on rural loans was inadequately addressed.

19. *Irrigation and drainage.* Implementation of the ongoing irrigation sector loans has been satisfactory. The Bank’s past support to the sector has also been satisfactory. The *Irrigation Improvement Project* has focused on institutional and sustainability aspects of the sector: bringing water users’ associations and water boards into the allocation and pricing of water.

Overall OED Assessment

20. The 2001 CAS had relevant objectives, appropriately focused on Egypt’s development priorities. The Bank assistance program helped in the progress observed during the period, but progress was uneven. The Bank assistance supported effectively the objective of developing human resource, followed by developing natural resources, and with little success, sustaining high growth to reduce poverty and unemployment. GDP growth slowed to an average of 3 percent, reflecting difficulties related to 9/11 and the Iraq war, uncertainties about exchange rate policies, and slow progress in reforms. Some regulatory, financial, privatization and trade reforms were instituted during the CAS period. As growth has slowed, poverty and unemployment have not improved. By contrast, Bank assistance in human resource has focused on access in poorer areas

and on quality, consistent with national priorities and in line with the gender and regional disparities noted. Bank support helped to improve access imbalance, enhance quality, and better manage population growth. Also, the Bank has had positive impact and relations in natural resource management, improving irrigation and area development. Overall, the outcome of the Bank assistance program is rated moderately satisfactory.

Assessment of the CAS Completion Report

21. The quality of the CASCR is satisfactory, providing a balanced assessment of achievements and candidly acknowledging shortcomings. The CASCR was prepared well before the new CAS, supplying findings and lessons on which to base the new strategy: place emphasis on policy dialogue and ESW, address low water productivity and improve the quality of education. While unobjectionable, the CASCR lessons could have gone further, particularly with respect to the gap between the 2001 CAS plans and results, as discussed below.

Findings

22. The Bank delivered a small proportion of the ESW program and substituted a large loan not foreseen in the CAS to meet its lending target. In addition, the Bank assistance was unable to boost economic growth and adequately address issues of high poverty rates in rural areas of Upper Egypt. In the implementation of the Bank's strategy, the Bank should help Egypt resume high and equitable growth by accelerating reforms: improve the private sector environment and the financial sector, enhance trade reform and competitiveness, and reduce poverty disparities. Specifically, the Bank should (i) intensify policy dialogue and analysis, bringing together how the various reforms in trade, finance, and private sector could help Egypt reinstate macroeconomic stability and reinvigorate growth to reduce poverty, addressing the benefits and cost of reforms; and (ii) forge close partnerships with other donors to strengthen prospects for reforms.

Annex Table 1: CAS-Proposed versus Actual Commitments (US\$ million)

<i>CAS Proposal/Additional</i>			<i>Planned US\$</i>		<i>Actual US\$</i>	<i>Purpose*</i>
FY02	Higher Education Project	CAS	50.0	Actual	50.0	<u>a</u> <u>b</u>
	Skill Development Project	CAS	50.0	Delayed to FY04 and dramatically reduced in size as a pilot	5.5	<u>a</u> <u>b</u>
	Information Infrastructure	CAS	10.0	Dropped		<u>a</u>
FY03	Nat. Resource Management (Matruh II)	CAS	50.0	Actual but substantially reduced in size to 25 percent	12.4	<u>a</u> <u>c</u>
	Early Childhood Development	CAS	50.0	Delayed to FY05		<u>b</u>
FY04	Health Sector Reform II	CAS	100.0	Postponed pending the outcome of the first project		<u>b</u>
	Irrigation/Drainage Improvement	CAS	100.0	Delayed to FY05		<u>c</u>
	Agricultural Exports	CAS	40.0	Dropped		<u>a</u> <u>c</u>
	Rural Water/Sanitation	CAS	50.0	Dropped / delayed to FY05		<u>a</u> <u>c</u>
TOTAL			500.0		67.9	
Memo item						
FY04	Airports development	New			335	<u>a</u>

In support of objective a sustain high growth, b develop human resource, or c develop natural resource.
Source: 2001 CAS Table 3: Base Case Bank Assistance Program, FY02-04, p. 24 and OED Assessment.

Annex Table 2: Macroeconomic and Social Indicators, 1998-2003

	1998					1999					2000					2001					2002					2003					AVERAGE				
	Algeria	Egypt	Jordan	Morocco	Tunisia	Lower middle income	MNA	Algeria	Egypt	Jordan	Morocco	Tunisia	Lower middle income	MNA	Algeria	Egypt	Jordan	Morocco	Tunisia	Lower middle income	MNA	Algeria	Egypt	Jordan	Morocco	Tunisia	Lower middle income	MNA							
GDP growth (annual %)	4.6	6.3	5.1	3.5	3.2	3.2	3.2	4.3	3.8	3.9	4.6	4.0	3.3	4.0	4.3	3.8	3.9	4.6	4.0	3.3	4.0	4.3	3.8	3.9	4.6	4.0	3.3								
GNI per capita, Atlas method (current US\$)	1270.0	1370.0	1490.0	1530.0	1470.0	1390.0	1658.3	1420.0	1715.0	1221.7	2083.3	1350.0	2162.0	1658.3	1420.0	1715.0	1221.7	2083.3	1350.0	2162.0	1658.3	1420.0	1715.0	1221.7	2083.3	1350.0	2162.0								
GNI per capita, PPP (current international \$)	3210.0	3400.0	3580.0	3720.0	3820.0	3940.0	5318.3	3611.7	3993.3	3566.7	6091.7	4703.3	5312.0	5318.3	3611.7	3993.3	3566.7	6091.7	4703.3	5312.0	5318.3	3611.7	3993.3	3566.7	6091.7	4703.3	5312.0								
GDP per capita growth (annual %)	2.6	4.3	3.1	1.6	1.3	1.4	2.5	2.4	0.8	2.2	3.4	3.0	1.3	2.5	2.4	0.8	2.2	3.4	3.0	1.3	2.5	2.4	0.8	2.2	3.4	3.0	1.3								
Agriculture, value added (% of GDP)	17.4	17.3	16.7	16.8	16.8	16.1	10.7	16.9	2.4	16.1	12.1	11.7	12.1	10.7	16.9	2.4	16.1	12.1	11.7	12.1	10.7	16.9	2.4	16.1	12.1	11.7	12.1								
Industry, value added (% of GDP)	31.7	30.9	33.1	33.1	33.0	34.0	54.6	32.6	25.8	31.1	28.8	36.3	39.6	54.6	32.6	25.8	31.1	28.8	36.3	39.6	54.6	32.6	25.8	31.1	28.8	36.3	39.6								
Services, etc., value added (% of GDP)	50.9	51.7	50.2	50.2	50.2	49.8	34.7	50.5	71.8	52.9	59.0	52.0	48.3	34.7	50.5	71.8	52.9	59.0	52.0	48.3	34.7	50.5	71.8	52.9	59.0	52.0	48.3								
Exports of goods and services (% of GDP)	16.8	15.3	16.3	17.4	16.2	21.7	34.0	17.3	43.8	30.7	44.7	28.1	30.9	34.0	17.3	43.8	30.7	44.7	28.1	30.9	34.0	17.3	43.8	30.7	44.7	28.1	30.9								
Imports of goods and services (% of GDP)	26.6	23.7	22.9	22.1	22.7	23.6	23.7	23.6	66.4	35.3	48.3	26.0	26.8	23.7	23.6	66.4	35.3	48.3	26.0	26.8	23.7	23.6	66.4	35.3	48.3	26.0	26.8								
Current account balance (% of GDP)	-3.1	-1.8	-1.0	-0.4	0.7	..	..	-1.1	0.8	1.2	-3.5	..	..	..	-1.1	0.8	1.2	-3.5	..	..	..	-1.1	0.8	1.2	-3.5	..	..						
Total debt service (% of exports of goods and services)	10.6	10.7	8.5	9.5	10.3	..	..	9.9	11.5	22.1	15.5	22.5	11.1	10.6	10.7	8.5	9.5	10.3	..	..	..	9.9	11.5	22.1	15.5	22.5	11.1			
External debt (% of GNI)	38.9	34.5	29.1	29.5	34.2	..	..	33.2	91.6	62.0	58.9	45.2	34.3	38.9	34.5	29.1	29.5	34.2	..	..	..	33.2	91.6	62.0	58.9	45.2	34.3			
Total reserves in months of imports	10.2	8.0	6.9	7.5	8.3	8.2	8.2	8.2	6.5	6.8	2.4	7.3	7.9	10.2	8.0	6.9	7.5	8.3	8.2	8.2	8.2	6.5	6.8	2.4	7.3	7.9	7.9								
Gross domestic savings (% of GDP)	11.3	12.1	11.7	12.2	10.4	15.2	38.5	12.2	-0.3	18.3	22.7	26.5	25.8	11.3	12.1	11.7	12.2	10.4	15.2	15.2	38.5	12.2	-0.3	18.3	22.7	26.5	25.8								
Inflation, consumer prices (annual %)	4.2	3.1	2.7	2.3	2.7	4.3	2.7	3.2	1.7	1.7	2.7	..	..	4.2	3.1	2.7	2.3	2.7	4.3	4.3	2.7	3.2	1.7	1.7	2.7	..	..						
Immunization, DPT (% of children ages 12-23 months)	91.0	94.0	98.0	99.0	97.0	..	..	95.8	96.2	93.8	96.2	85.9	91.8	91.0	94.0	98.0	99.0	97.0	..	..	..	95.8	96.2	93.8	96.2	85.9	91.8			
Improved sanitation facilities (% of population with access)	..	..	98.0	..	..	..	..	98.0	99.0	68.0	84.0	58.9	85.2	..	..	98.0	99.0	68.0	84.0	58.9	..	98.0	99.0	68.0	84.0	58.9	85.2
Improved water source (% of population with access)	..	..	97.0	..	..	..	..	98.0	96.0	80.0	80.0	81.0	88.2	..	..	97.0	80.0	80.0	80.0	81.0	..	97.0	80.0	80.0	80.0	81.0	88.2
Life expectancy at birth, total (years)	..	..	67.8	..	68.9	..	..	68.3	71.7	68.0	72.2	68.9	68.2	..	..	68.3	68.0	72.2	68.9	68.2	..	68.3	68.0	72.2	68.9	68.2	68.2		
Mortality rate, infant (per 1,000 live births)	..	..	38.0	..	33.0	..	..	35.5	27.5	40.0	21.5	45.1	45.1	..	..	35.5	27.5	40.0	21.5	45.1	..	35.5	27.5	40.0	21.5	45.1	45.1		
School enrollment, preprimary (% gross)	10.1	11.0	11.9	..	..	..	..	11.0	29.9	62.4	16.3	32.9	17.4	10.1	11.0	11.9	..	..	..	..	..	11.0	29.9	62.4	16.3	32.9	32.9
School enrollment, primary (% gross)	98.6	97.4	96.6	..	..	..	..	97.5	97.4	98.3	113.3	112.8	95.6	98.6	97.4	96.6	..	..	..	..	..	97.5	97.4	98.3	113.3	112.8	112.8
School enrollment, secondary (% gross)	80.8	83.2	85.3	..	..	..	..	83.1	86.4	39.3	76.0	68.7	68.7	80.8	83.2	85.3	..	..	..	..	..	83.1	86.4	39.3	76.0	71.6	68.7
Population, total million	61.6	62.8	64.0	65.2	66.4	67.6	30.6	64.6	5.0	28.9	9.6	2598.7	297.4	61.6	62.8	64.0	65.2	66.4	67.6	67.6	30.6	64.6	5.0	28.9	9.6	2598.7	297.4								
Population growth (annual %)	1.9	1.9	1.9	1.9	1.8	1.8	1.5	1.9	2.9	1.6	1.2	0.9	1.9	1.9	1.9	1.9	1.9	1.8	1.8	1.8	1.5	1.9	2.9	1.6	1.2	0.9	1.9								
Urban population (% of total)	42.4	42.3	42.1	42.2	42.2	42.2	57.4	42.2	78.8	55.8	62.9	48.1	57.1	42.4	42.3	42.1	42.2	42.2	42.2	42.2	57.4	42.2	78.8	55.8	62.9	48.1	48.1								

Source: WDI as of December 15, 2004.

Annex Table 3a: OED Project Ratings, Exit FY02-05

Region	Total Evaluated* (\$M)	Total Evaluated (No)**	Outcome % Sat (No)	Of the Sat. Outcomes % Mod. Sat (No)	Inst Dev Impact % Subst. (No)	Sustainability % Likely (No)
Egypt	274.0	6.0	83.3	60.0	33.3	83.3
MNA	2,513.4	64.0	67.1	--	32.8	64.9
World Bank	53,166.1	717.0	76.9	--	50.2	75.2

Notes: *Total Evaluated (\$) is Total Net Commitment of evaluated projects which outcome was rated minus total net commitment of evaluated projects which outcome was not rated.

**Total Evaluated (No) is Total Number of evaluated projects which outcome was rated minus total number of evaluated projects which outcome was not rated.

Table 3b: OED Project Ratings, Exit FY 02-05

Proj ID	Total Evaluated (\$M)	Exit FY	OED Outcome	OED Sustainability	OED ID Impact
AGRICULTURAL MODERNIZATION	117.1	2002	Moderately Satisfactory	Unlikely	Modest
EG-BASIC EDUC. IMPROVEMENT	51.1	2004	Moderately Satisfactory	Likely	Substantial
EG-RED SEA COASTAL	4.5	2002	Satisfactory	Likely	Modest
MATRUH RESOURCE MANAGEMENT	21.4	2003	Satisfactory	Likely	Substantial
PVT SEC TOURISM INF & ENV	62.5	2003	Moderately Unsatisfactory	Likely	Modest
SCHISTOSOMIASIS CONTROL	21.8	2003	Satisfactory	Likely	Modest

Source: Business Warehouse as of March 16, 2005.

Annex Table 4: Egypt—Economic and Sector Work Delivery

<i>Name</i>	<i>Delivery Date</i>	<i>Completion Status</i>	<i>Product Number</i>
<u>Planned FY02</u>			
Poverty Reduction in Egypt: Diagnosis and Strategy	6/27/2002	Complete	P075052
Early Childhood Development	6/3/2002	Complete	P072053
Analysis of Social Health Insurance	n.a.	n.a.	n.a.
Corporate Governance Assessment	n.a.	n.a.	n.a.
Gender Assessment	6/30/2003	Complete	P076194
CPAR Update	12/15/2003	Complete	P076800
<u>Planned FY03</u>			
Public Expenditure Review	n.a.	n.a.	n.a.
Irrigation Improvement Sector Review	n.a.	n.a.	n.a.
Drainable and Waterwaste Reuse	n.a.	n.a.	n.a.
Financial Sector Assessment	12/20/2002	Complete	n.a.
CFAA	6/9/2004	Complete	P077115
<u>Planned FY04</u>			
CAS	n.a.	n.a.	n.a.
Social and Structural Review II	n.a.	n.a.	n.a.
Evaluation of Health Sector Reform	n.a.	n.a.	n.a.
<u>Others</u>			
A Poverty Reduction Strategy for Egypt	09/25/2004	Completed	Sector Report (27954)
Irrigation and Drainage: Rehabilitation Vol. 1	03/31/2003	Completed	Working Paper (26322)
Irrigation and Drainage: Development Vol. 1	03/31/2003	Completed	Working Paper (26321)
Water Quality: Assessment and Protection Vol. 1	03/31/2003	Completed	Working Paper (26124)
Egypt-Strategic Options for Early Childhood Education	9/30/2002	Completed	Sector Report (24772)
Egypt-Cost Assessment of Environmental Degradation	6/29/2002	Completed	Sector Report (25175)
Egypt-Toward Agricultural Competitiveness in the 21 st Century-An Agricultural Export-Oriented Strategy	12/21/2001	Completed	Sector Report (23405)

Annex Table 5: Portfolio Status Indicators by Year, FY98-05

<i>Country</i>	<i>Fiscal year</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
Egypt	# Project	17	20	20	18	18	16	17	16
	% At Risk	18	15	20	6	28	13	18	7
	% Realism	100	100	100	100	80	100	100	75
	% Proactivity	67	100	67	100	100	100	100	67
	Net Comm Amt	1,055	1,402	1,448	1,083	1,012	764	1,014	1,015
	% Commit at Risk	15	12	37	1	34	16	2	1
Algeria	# Project	10	9	11	10	13	13	11	11
	% At Risk	50	33	18	20	15	8	27	36
	% Realism	80	100	50	100	100	100	100	100
	% Proactivity	71	100	100	100	100	100	100	0
	Net Comm Amt	750	712	773	668	699	561	474	474
	% Commit at Risk	56	45	31	24	25	15	10	29
Jordan	# Project	10	12	10	9	8	7	7	7
	% At Risk	0	0	0	0	13	14	0	0
	% Realism					100	100		
	% Proactivity	100					100	100	100
	Net Comm Amt	319	409	298	292	257	312	320	320
	% Commit at Risk	0	0	0	0	2	11	0	0
Morocco	# Project	19	20	20	19	18	16	12	11
	% At Risk	32	20	15	21	6	13	17	20
	% Realism	100	100	100	75	100	100	100	33
	% Proactivity	75	100	100	100	100	100	100	100
	Net Comm Amt	1,353	982	902	739	595	425	338	253
	% Commit at Risk	23	22	15	20	11	23	4	13
MENA	# Project	116	122	126	116	114	109	99	98
	% At Risk	21	16	17	17	22	17	16	23
	% Realism	83	95	90	85	60	78	88	61
	% Proactivity	81	95	84	89	88	87	86	73
	Net Comm Amt	6,660	6,873	7,174	5,652	5,087	4,763	4,961	5,056
	% Commit at Risk	20	19	19	19	24	16	8	13
Bank-wide	# Project	1,540	1,544	1,505	1,457	1,428	1,395	1,346	1,379
	% At Risk	25	19	15	13	19	16	17	19
	% Realism	68	74	79	79	61	77	82	75
	% Proactivity	72	83	84	89	85	88	83	64
	Net Comm Amt	120,768	123,799	116,164	106,641	102,601	94,772	92,582	93,543
	% Commit at Risk	21	21	16	12	17	15	16	18

Source: World Bank Ware House as of May 27, 2005.

Annex Table 6: IBRD/ IDA Net Disbursements and Charges Summary Report, FY 98-05 (in US\$ millions)

<i>FY</i>	<i>Commitment</i>	<i>Gross Disb</i>	<i>Repay</i>	<i>Net Disb</i>	<i>Interest</i>	<i>Fees</i>	<i>Net Transfer</i>
1984	458	1,714	193	1,522	199	30	1,292
1985	263	260	56	204	66	7	131
1986	70	217	82	134	100	5	29
1987	0	192	128	64	129	4	-69
1988	0	163	124	39	136	12	-109
1989	241	117	143	-26	126	6	-158
1990	62	106	175	-70	134	4	-207
1991	524	105	203	-98	149	2	-249
1992	376	141	201	-60	122	2	-184
1993	338	232	199	33	122	3	-92
1994	121	183	199	-16	118	2	-136
1995	80	130	215	-84	122	1	-207
1996	172	132	198	-67	112	1	-180
1997	75	132	187	-55	90	1	-146
1998	142	249	220	29	69	1	-41
1999	550	76	127	-51	63	0	-114
2000	50	78	116	-38	55	0	-94
2001	0	49	107	-57	45	2	-105
2002	50	51	99	-48	32	7	-87
2003	12	71	112	-40	35	1	-76
2004	341	98	116	-18	32	1	-51
2005	20	100	73	26	17	3	6
Total	3,944	4,596	3,273	1,323	2,074	96	-847

Source: Controller's website as of March 18, 2005.

Annex Table 7: Egypt—Millennium Development Goals

	1990	1995	2001	2002
1. Eradicate extreme poverty and hunger	<i>2015 target = halve 1990 \$1 a day poverty and malnutrition rates</i>			
Population below \$1 a day (%)	..	..	3.1	..
Poverty gap at \$1 a day (%)	..	..	0.5	..
Percentage share of income or consumption held by poorest 20%	..	9.8	8.6	..
Prevalence of child malnutrition (% of children under 5)	10.4	16.8	4	..
Population below minimum level of dietary energy consumption (%)	5	4	3	..
2. Achieve universal primary education	<i>2015 target = net enrollment to 100</i>			
Net primary enrollment ratio (% of relevant age group)	..	93	89.9	..
Percentage of cohort reaching grade 5 (%)	..	..	99	..
Youth literacy rate (% ages 15-24)	61.3	65.6	..	..
3. Promote gender equality	<i>2005 target = education ratio to 100</i>			
Ratio of girls to boys in primary and secondary education (%)	83.2	86.9	93.4	..
Ratio of young literate females to males (% ages 15-24)	72	77.2	..	..
Share of women employed in the nonagricultural sector (%)	20.5	18.9	19.7	..
Proportion of seats held by women in national parliament (%)	..	2	..	..
4. Reduce child mortality	<i>2015 target = reduce 1990 under 5 mortality by two-thirds</i>			
Under 5 mortality rate (per 1,000)	104	71	45	39
Infant mortality rate (per 1,000 live births)	76	56	38	33
Immunization, measles (% of children under 12 months)	86	89	97	97
5. Improve maternal health	<i>2015 target = reduce 1990 maternal mortality by three-fourths</i>			
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	170.0	84	..
Births attended by skilled health staff (% of total)	36.5	46.3	60.9	..
6. Combat HIV/AIDS, malaria and other diseases	<i>2015 target = halt, and begin to reverse, AIDS, etc.</i>			
Prevalence of HIV, female (% ages 15-24)	..	..	..	..
Contraceptive prevalence rate (% of women ages 15-49)	47.6	47.9	56.1	..
Number of children orphaned by HIV/AIDS	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	..	..	38	29
Tuberculosis cases detected under DOTS (%)	..	38	39	53.1
7. Ensure environmental sustainability	<i>2015 target = various (see notes)</i>			
Forest area (% of total land area)	0.1	..	0.1	..
Nationally protected areas (% of total land area)	..	0.8	0.8	1
GDP per unit of energy use (PPP \$ per kg oil equivalent)	3.9	4.6	5	..
CO2 emissions (metric tons per capita)	1.4	1.6	2.2	..
Access to an improved water source (% of population)	94	..	97	..
Access to improved sanitation (% of population)	87	..	98	..
Access to secure tenure (% of population)	..	..	..	..
8. Develop a Global Partnership for Development	<i>2015 target = various (see notes)</i>			
Youth unemployment rate (% of total labor force ages 15-24)	..	34.4	20.4	..
Fixed line and mobile telephones (per 1,000 people)	30.2	46.8	146.9	177.2
Personal computers (per 1,000 people)	..	4.3	15.5	16.6
General indicators				
Population	52.4 million	58.2 million	65.2 million	66.4 million
Gross national income (\$)	42.5 billion	57.6 billion	100.0 billion	97.6 billion
GNI per capita (\$)	810	990	1,530.00	1,470.00
Adult literacy rate (% of people ages 15 and over)	47.1	51.1	..	..
Total fertility rate (births per woman)	4	3.6	3.3	3.1
Life expectancy at birth (years)	62.8	65.3	67.8	68.9
Aid (% of GNI)	12.9	3.3	1.3	1.4
External debt (% of GNI)	78.6	55.6	29.5	34.2
Investment (% of GDP)	28.8	17.2	16.9	16.9
Trade (% of GDP)	52.8	50	39.5	38.8

Source: World Development Indicators database, April 2004.

Note: In some cases the data are for earlier or later years than those stated.

Goal 1 targets: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

Goal 2 target: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Goal 3 target: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015.

Goal 4 target: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

Goal 5 target: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.

Goal 6 targets: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS. Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.

Goal 7 targets: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources. Halve, by 2015, the proportion of people without sustainable access to safe drinking water. By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

Goal 8 targets: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Address the Special Needs of the Least Developed Countries. Address the Special Needs of landlocked countries and small island developing states. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

Annex Table 8: Poverty and Inequality in Egypt, Jordan, Morocco, and Tunisia

Country and survey year	Urban		Rural		Overall		Gini coefficient
	Headcount Index (%)	Poverty Gap (%)	Headcount Index (%)	Poverty Gap (%)	Headcount Index (%)	Poverty Gap (%)	
<u>Egypt</u>							
1981/82	18.2	3.5	16.1	3.1	17.2	NA	0.394
1990/91	20.3	4.3	28.6	4.5	25.0	NA	NA
1995/96	22.5	4.9	23.3	4.3	22.9	NA	0.320
1997	22.5	5.6	24.3	6.4	23.5	6.7	0.320
1999/00	3.7		18.3		16.7		
<u>Morocco</u>							
1984/85	17.3	NA	32.6	NA	26.0	NA	0.446
1990/91	7.6	1.5	18.0	3.8	13.1	2.7	NA
1998/99	12.0	2.5	27.2	6.7	19.0	4.4	0.395
<u>Jordan</u>							
1986/87	2.6	NA	4.4	NA	3.0	0.3	0.36
1992	12.4	3.1	21.1	5.1	14.4	3.6	0.40
1997	10.0	2.1	18.2	4.0	11.7	2.5	0.36
1999 ^a					12.0	3.03	0.36
2001 ^a					11.6	3.01	0.36
<u>Tunisia</u>							
1985	4.6	NA	19.1	NA	11.2	NA	0.406
1990	3.5	0.7	13.1	3.2	7.4	1.7	NA
1995	3.6	0.7	13.9	3.1	7.6	1.6	0.400
2000	1.7		8.3		4.1		0.4

^a World Bank 2002, Jordan Development Policy Review, page 11.

Source: Jobs, Growth, and Governance in the Middle East and North Africa – Unlocking the Potential for Prosperity, The World Bank and Adams, Richard and John Page 2003. "Poverty, Inequality and Growth in Selected Middle East and North Africa Countries, 1980-2003." World Development, Vol. 31, No. 12, pp. 2027-2048.

Annex Table 9: Cost per Dropped Project in Egypt, MENA and Bank wide*

Cost per dropped project (US\$'000)	FY94	FY95	FY96	FY97	FY98	FY03	FY04
Egypt	330.3	41.1	377.7	60.6	204.0	149.6	82.9
MENA	263.4	79.7	140.2	102.6	129.4	55.0	57.2
Bank-wide	124.2	68.2	115.2	111.1	110.8	130.7	140.5

* No dropped projects reported during FY99-02.

Annex Table 10: External Assistance to Egypt, Total Net ODA Disbursements, 1998-2003, in US\$ million

	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>Total</i>
Australia	12.7	4.1	8.4	7.0	3.3	5.2	40.8
Austria	26.2	22.3	24.9	23.3	19.6	18.1	134.3
Belgium	0.1	0.0	0.0	0.0	-2.0	-1.2	-3.1
Canada	14.7	13.6	9.2	9.6	10.0	11.5	68.5
Denmark	32.1	40.4	42.4	25.2	16.1	41.2	197.3
Finland	2.4	2.7	3.5	3.7	5.2	4.5	21.9
France	308.0	254.1	241.7	201.5	100.1	100.0	1205.4
Germany	111.9	103.6	65.2	106.3	61.9	98.4	547.2
Greece	1.5	0.8	0.7	0.4	0.3	3.6	7.3
Italy	13.3	18.3	-8.1	-7.6	0.8	3.5	20.2
Japan	85.3	132.1	85.9	52.7	12.9	21.7	390.5
Netherlands	24.1	18.6	17.5	20.3	17.1	9.6	107.0
Norway	1.6	1.2	1.1	0.9	0.6	0.7	6.1
Spain	3.58	2.33	-2.08	8.28	13.48	9.38	34.97
Sweden	1.05	0.9	2.57	1.92	2.22	0.93	9.59
Switzerland	11.73	10.84	7.01	3.15	4.27	2.76	39.76
United Kingdom	12.23	5.31	4.1	3.56	12.18	3.54	40.92
United States	810	666.83	634.82	630.08	845.85	441.76	4029.34
Other Bilateral Donors	214.1	73.5	54.0	61.4	30.6	33.1	466.7
Total Bilateral Donors	1686.5	1371.3	1192.8	1151.7	1154.4	808.0	7364.7
AfDF	18	18.4	9.89	14.16	2.23	12.25	74.93
EC	189.82	150.85	72.5	70.97	44.19	58.83	587.16
GEF	1.08	0.63	0.7	0.72	0.11	0.07	3.31
IDA	39.28	13.71	26.3	2.51	20.5	-3.9	98.4
IFAD	0.64	4.5	5.41	-1.03	1.88	1.21	12.61
UNDP	3.29	3.87	1.98	1.72	1.54	1.19	13.59
UNTA	1.97	3.77	2.08	3.37	2.69	3.32	17.2
UNICEF	4.7	3.31	3.18	3.35	2.65	2.52	19.71
UNHCR	4.13	3.99	2.52	2.27	2.8	2.72	18.43
WFP	3.76	3.64	9.14	1.51	3.22	3.92	25.19
Other UN	0.93	1.61	0.73	1.03	1.81	1.64	7.75
UNFPA	1.47	3.24	1.9	3.17	1.1	1.94	12.82
Arab Agencies	-0.72	-0.72	-0.72	1.26	-0.4	0.05	-1.25
Multilateral ,Total	268.35	210.8	135.61	105.01	84.32	85.76	889.85
ALL Donors, Total	1954.86	1582.14	1328.38	1256.66	1238.73	893.76	8254.53