THE WORLD BANK
WORKING FOR EGYPT
Portfolio Snapshot 2017
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WHO WE ARE
The World Bank Group as a Global Institution

The International Bank for Reconstruction and Development (IBRD) was founded in 1944 to help rebuild countries devastated by World War II. Since then, it has expanded from a single institution to a closely associated group of five development institutions working to end poverty around the world. In addition to the IBRD, which operates in middle-income countries, the World Bank Group includes the International Development Association (IDA), which supports the poorest countries through interest-free or very low interest credits and grants; the International Finance Corporation (IFC), which provides loans, equity and advisory services to stimulate private sector investment in developing countries; the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for the Settlement of Investment Disputes (ICSID). References to the “World Bank” typically mean the IBRD and IDA.

Headquartered in Washington, DC, the World Bank works like a cooperative made up of 189 member countries—or shareholders—who are represented by a Board of Governors, the ultimate policy makers at the World Bank. Specific duties are delegated to a 25-member board of Executive Directors, who work on site at the Bank. With more than 10,000 employees in more than 120 offices worldwide, the World Bank operates under the day-to-day leadership and direction of the president, management, and senior staff.
Since 2013, the World Bank has redoubled its efforts at achieving two overarching goals:

- Ending extreme poverty by reducing the share of the global population living on less than $1.90 per day to 3 percent by 2030; and
- Promoting shared prosperity by increasing the income growth of the bottom 40 percent of the population of every country in a sustainable manner.

With capital currently totaling over $250 billion, the World Bank is a vital source of financial and technical assistance to developing countries around the world. Low-interest loans, zero and low-interest credits, and grants support a wide array of investments in education, health, public administration, infrastructure, urban and social development, financial and private sector development, agriculture, and environmental and natural resource management. These investments are underpinned and complemented by cutting-edge analytical and advisory services, leveraging the World Bank Group’s global knowledge and country-level expertise.

In fiscal 2016, the World Bank Group’s global commitments grew to $64.2 billion in loans, grants, equity investments, and guarantees supporting partner countries and private businesses.
The Arab Republic of Egypt is one of the founding countries of the World Bank and its third largest shareholder in the Middle East and North Africa region. It is also an important client of the Bank, which began its support of Egypt's development program in 1959 with the Suez Canal Development Project. Since then, the World Bank has financed 166 projects in Egypt totaling $19 billion, mainly in the areas of water, agriculture, energy, and transport.

The World Bank Group’s current engagement is guided by the Egypt Country Partnership Framework 2015–19, informed by a rigorous analysis of key constraints to poverty reduction and shared prosperity and by extensive consultations with the government, the private sector, academia, civil society organizations, and youth groups.\(^1\)

Egypt, a lower middle-income country, is eligible for financial support from the IBRD, IFC, and MIGA.

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Developed at a critical juncture in Egypt’s history and in a regional context marked by volatility, fragility, and conflict, the 2015–19 framework focuses on fighting poverty and inequality. It emphasizes transformational policy, institutional and investment operations to help Egypt foster a more inclusive and sustainable growth model, create productive jobs, deliver quality services, and more effectively protect the poor and the vulnerable. The framework has three pillars:

1. **Enhance governance** by encouraging fiscal transparency and efficiency, promoting citizens’ engagement and feedback, and strengthening inclusive institutions.

2. **Create private sector jobs** by reforming the regulatory environment to foster private investment, boosting energy-generation and energy-efficiency capacities, enhancing the capacity of key transport infrastructure and services, broadening access to improved agriculture and irrigation services, and increasing access to finance for micro-, small- and medium-sized enterprises.

3. **Promote social inclusion** by increasing access to short-term income opportunities for the poor, strengthening the social safety net system, improving quality health care services, promoting housing for low-income households, improving sanitation and sewage services in rural areas, expanding natural gas connections, and enhancing the quality of the education sector.

To achieve these far-reaching goals, the World Bank Group anticipates more than doubling its financial support to Egypt. The total amount of new commitments during the framework period will reach $8 billion, including $6 billion from IBRD and an additional $2 billion from IFC. Joint work between IBRD and IFC is expected to be strengthened in three key areas including energy, competitiveness, and skills.
EGYPT
The World Bank’s Portfolio

The Egypt portfolio accounts for over 40 percent of active commitments in the Middle East and North Africa region. The size of the portfolio has increased rapidly from $3.37 billion in 2010 to more than $8 billion in 2017, of which 58 percent has been disbursed (figure 1).

The portfolio comprises 22 projects, including:

- Seventeen IBRD loans (totaling $8.02 billion);
- Three large grants financed by trust funds (resources entrusted to the World Bank by other development partners) ($97.4 million); and
- Two grants financed by the Global Environment Facility ($9.1 million).

Figure 1. Total Bank Commitments in Egypt Fiscal 2010–17

Figure 2. Composition of Egypt’s Portfolio by Sector (as of January 2017)
As illustrated in figure 2, the energy sector represents the lion’s share of the portfolio with over 40 percent of total commitments. The water, sanitation, irrigation, and agriculture sectors combined account for 10.5 percent, and the financial sector 9.9 percent, including housing finance and support for micro-, small- and medium-sized enterprises. The transport sector accounts for 7.4 percent, a fall from 11.8 percent in 2016 due to the completion of the Cairo Airport Development Project at the end of that year.

Meanwhile the social sectors, including social protection and health, have significantly increased their share to 8.4 percent, up from only 3 percent in 2010. With the Development Policy Financing Series, the Upper Egypt Local Development Program, and the Equal Access and Simplified Environment for Investment Project, competitiveness, macro-fiscal management, and local development activities entered the portfolio in 2015.

In terms of financing instruments, 56 percent of the total commitments are financed using the Bank’s traditional Investment Project Financing. The Bank’s new instrument—Program for Results (PforR)—was introduced in 2015, and by 2016–17, aggregated commitments had reached 19 percent of the portfolio. Development Policy Financing operations have increased their share of total commitments from a mere 6 percent of the portfolio in fiscal 2014 to 25 percent in fiscal 2017.

In addition to the portfolio, an extensive grant program totaling almost $200 million includes recipient-executed trust funds below $5 million and Bank-executed trust funds, which finance analytical reports and advisory services across all sectors.
Project Snapshots
To revive the economy after the 2011 downturn, the Egyptian government has undertaken important economic and institutional reforms. If sustained, these reforms will help put the country on a more inclusive and sustainable growth track.

The policy measures focus on consolidating the government’s public finances while enhancing social protection of the poor; ensuring reliable and sustainable energy supply to consumers by improving efficiency in the sector and enabling private sector investment; and enhancing the ability of Egyptian businesses to compete in global markets by streamlining the regulatory procedures and providing clarity in long-term policy.
DEVELOPMENT OBJECTIVES

This programmatic DPF series comprising three annual single-tranche operations seeks to catalyze key policy and institutional actions in the government’s economic reform program, which are aimed at improving fiscal consolidation, ensuring sustainable energy supply, and enhancing business competitiveness.

RESULTS AS OF JANUARY 2017

- Government revenues have been bolstered through the Income Tax Law (96 of 2015) to unify the top income tax rate at 22.5 percent to apply to all individuals and legal entities. Government expenditures have been brought under control, especially on wages and salaries (through annual budget instructions, and the automation of the salary payments) and energy subsidies through annual tariff adjustments for gas and electricity.

- Long term clarity on policy and regulations has been enhanced through progressive laws on electricity and renewable energy that came in force in 2015, and the country moved from power deficits in 2014 to surpluses in 2015 and 2016 while energy subsidies were reduced from 6.6 percent of GDP in fiscal 2014 to around 3 percent in fiscal 2016. A progressive gas law is under advanced discussion in Parliament that would ensure modernization of the sector, set up a new regulator, and enable private sector investment.

- The environment for investors is being strengthened by amending the Investment Law, the implementation of the Competition law, and the reform of the industrial licensing regime that is expected to reduce the time taken in providing licenses to low risk industries by 80%.
Upper Egypt, which is composed of ten landlocked governorates, is home to about 38 percent of Egypt’s population and 67 percent of its poor.

The region lags behind the rest of the country in terms of economic growth, employment generation, connectivity, and access to quality services.

As part of the government’s development program for the lagging regions, the Upper Egypt Local Development Program focuses on the governorates of Qena and Sohag, which are among the poorest in the country, with a significant population of around 7,750,000 and unrealized growth potential.
DEVELOPMENT OBJECTIVES

The program aims to improve the business environment for private sector development and to strengthen local government capacity for providing quality infrastructure and service delivery in the governorates of Qena and Sohag. The first part of the program is focused on improving government-to-business services, upgrading the six existing industrial zones, and supporting select economic sectors and clusters to become more competitive. Through a performance-based grant system, the second part of the program will increase the authority of the governorates to finance the infrastructure and services investments identified in consultation with citizens and businesses.

EXPECTED RESULTS

- The governorate-level business environment will improve by at least 30 percent in terms of business registration, construction permitting, operating licenses, time needed to obtain land, electricity and water in industrial zones, and transportation and roads.
- At least 70 percent of citizens and businesses will express satisfaction with the quality of infrastructure and services provided.
Egypt’s traditional social protection system is heavily reliant on energy and food subsidies, which largely benefit citizens who are not poor.

Nonsubsidy social safety nets are not better targeted, with very low coverage rates.

In 2015, the government, recognizing the importance of improving social safety nets to accompany energy subsidy and broader economic reforms, initiated a gradual shift in its social protection system, with an emphasis on targeting the most vulnerable and ensuring efficient and transparent delivery mechanisms.
DEVELOPMENT OBJECTIVES

The project seeks to help establish an efficient and effective Takaful and Karama Cash Transfer Program. Under the Takaful program, poor households receive monthly income support conditional upon school attendance and the utilisation of maternal and child health care services. Karama is unconditional income support aimed at protecting poor elderly people age 60 years and older as well as the severely disabled.

The program targets 1.7 million households to be covered by June 2017.

RESULTS AS OF JANUARY 2017

- 1.2 million households are beneficiaries of the Takaful and Karama program.
- Almost all of the beneficiaries of the Takaful program are women and children.
Unemployment and poverty increased significantly following the 2011 economic downturn. Public works programs, which have proved instrumental in many countries to create immediate employment opportunities, were considered as an emergency response to the growing crisis in Egypt.

Over the longer term, building institutional capacity and systems for implementing public works programs would ensure the availability of a responsive instrument that could be quickly scaled up or down depending on the economic and social situation.
DEVELOPMENT OBJECTIVES

The project aims to create short-term employment opportunities for unemployed, unskilled and semi-skilled workers (12.3 million person/day of work) and to provide access to basic infrastructure services to the target population in poor areas of the country.

RESULTS AS OF JANUARY 2017

- Twelve million person/days of work were created in community services and small-scale infrastructure subprojects.
- More than 120,800 direct jobs were created, of which 35 percent benefited women and 70 percent youth.
- There were 78,214 indirect job opportunities created.
- Infrastructure works were completed, including the rehabilitation of schools, social units, youth centers, houses and small canals, upgrading of rural roads, and protection of Nile banks. Community services were delivered in several sectors, including education (literacy) and health and environmental promotion and awareness.

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Key Government Partners
Social Fund for Development
Ministry of Investment & International Cooperation
EMERGENCY EMPLOYMENT INVESTMENT PROJECT

Funded by the European Union, the project supports the scaling up of Egypt’s labor-intensive public works and community services program (see page 16-17), with a focus on youth employability. Led by the Social Fund for Development, the program is implemented in partnership with local governments, NGOs, and community development associations.
DEVELOPMENT OBJECTIVES

The project aims to create short-term employment opportunities for unemployed, unskilled, and semiskilled workers in select locations in Egypt (13.5 million person/day); contribute to the creation and/or maintenance of community infrastructure and services; and improve access to basic infrastructure and community services among the target population. It further seeks to enhance employability among young men and women through short-term training and other support services that facilitate the transition to wage-based or self-employment.

RESULTS AS OF JANUARY 2017

- The project created 14.3 million person/days of work in community services and small-scale infrastructure subprojects. This has benefited 40,724 individuals. Of these 66 percent are women and 90 percent are youth.
- The bulk of the community projects implemented to date include environmental awareness campaigns, mother and child health support, and youth engagement initiatives.
- 4000 individuals, of which 70 percent are women and 90 percent are youth, participated in the worker’s employability program, with a job placement rate averaging 55 percent.
Egyptian citizens cover an estimated 61 percent of their health care costs out of pocket, despite the fact that over half of the population has access to some form of health insurance.

Widespread dissatisfaction with public health facilities leads patients to pay for private sector care, which has a significant impoverishing effect on the most vulnerable.

Improving the quality and equity of public health care services, especially at the primary health care level, and expanding health insurance coverage are interrelated aspects of the Bank-supported government program.
DEVELOPMENT OBJECTIVES

The project seeks to assist family health care facilities in Egypt’s poorest 1,000 villages meet national health care quality standards.

Ultimately, the project is expected to provide 1 million people with access to a basic package of health, nutrition, and reproductive health services; 400 facilities will become accredited and therefore eligible to be contractors under the forthcoming national social health insurance system; and 1,250 will complete level 1 or 2 pre-accreditation.

RESULTS AS OF JANUARY 2017

- Out of the 1,317 family health care facilities identified for potential support under the project, 1,142 have submitted quality improvement and maintenance plans to the established committee (114 percent of the end target).
- The verification for accreditation process was triggered, and 551 family health facilities were verified. The process will be ongoing on a monthly basis until April 2017.
- Doctors have been contracted for most of the facilities that lacked physician-provided services.

Key Government Partners

Ministry of Health & Population
Ministry of Investment & International Cooperation

Key Development Partners

UNICEF
UNFPA
Egypt has a chronic housing shortage and affordability issues affecting low- and middle-income Egyptians, which has led to a rapid growth in an informal market: an estimated 12–20 million people currently live in informal housing.

The government recognizes the need to address major gaps in the provision of housing programs for underserved groups, particularly the lowest-income households.
DEVELOPMENT OBJECTIVES

The project seeks to make formal housing more affordable for low-income households and to strengthen the Social Housing Fund’s capacity to design policies and coordinate programs in the social housing sector.

By the end of the program, an estimated 3.6 million beneficiaries, including 1.6 million living below the poverty line, are expected to own or rent a housing unit, with the support of a subsidized mortgage set at 7 percent interest rate by the Central Bank of Egypt, or an upfront demand side subsidy through the Social Housing Fund.

RESULTS AS OF JANUARY 2017

- The government’s Social Housing Fund has been created in the Ministry of Housing, Utilities and Urban Communities. It is developing its internal units and functions including internal audit, monitoring and evaluation, transparency and accountability, and housing occupancy monitoring.
- Subsidies were granted to over 68,000 families, who have received social housing units.
- The government launched a pilot public rent program.
- All the new housing units built by the government have been built in the vicinity of job markets.
Limited access to finance is a major obstacle for Egyptian entrepreneurs.

Small and microenterprises, which account for over 98 percent of businesses in the nonagricultural private sector, disproportionately suffer from low financial intermediation. Only 11 percent of microenterprises have bank loans compared with 38 percent of large firms, contributing to the concentration of microenterprises in low-productivity sectors.

Young and new microenterprises, as well as those led by women, find it particularly difficult to access credit.
DEVELOPMENT OBJECTIVES

The project aims to expand access to finance for micro- and small enterprises in Egypt using innovative financing mechanisms, with a special focus on youth, women, and underserved regions. The Social Fund for Development, which is implementing the project, is responsible for on-lending to financial institutions, such as banks, microfinance nongovernmental organizations (NGOs), and financial leasing companies; those institutions then extend credit to the ultimate project beneficiaries. Small- and medium-sized enterprises are also supported through equity participation provided by venture capital companies.

RESULTS AS OF JANUARY 2017

- More than 55,588 entrepreneurs, 38 percent of whom were women and 40 percent youth, were provided access to finance.
- A venture capital department was created in the Social Fund for Development and three proposals have been approved.

Key Government Partners

Social Fund for Development
Ministry of Investment & International Cooperation
Dominated by NGOs, the microfinance sector typically serves the micro, small and medium-sized enterprises, which comprise the vast majority of enterprises in Egypt in the nonagricultural sector.

Prior to 2014, the system suffered from a fragmented set of rules, lack of level playing field, and an inadequate regulatory and supervisory framework, constraining new entrants catering to the sector.

The legal and regulatory environment for the nonbanking financial sector was formalized with the passing of the Microfinance Law in 2014, which provides for the Egyptian Financial Supervisory Authority (EFSA) to regulate the nonbanking financial sector.
DEVELOPMENT OBJECTIVES

The project aims to support the development and implementation of the institutional, regulatory and supervisory framework of the microfinance sector to promote inclusive finance.

RESULTS AS OF JANUARY 2017

- The executive regulations under the 2014 Microfinance Law have been drafted and promulgated in national newspapers on November 13, 2014.
- 755 NGOs have been granted licenses by EFSA to provide microfinance services, exceeding the project target of 600 newly licensed institutions.
- The Microfinance Unit has been established in EFSA in 2014 to supervise the operations of the microfinance NGOs. The Unit is responsible for licensing new institutions, monitoring their activities, inspecting and auditing their operations, as well as protecting consumers and handling consumer complaints.

Key Government Partners

Ministry of Investment & International Cooperation
Egyptian Financial Supervisory Authority
Setting up and running a business in Egypt is not easy; the regulatory environment is complex, and entrepreneurs must comply with a multitude of administrative burdens that create an uneven playing field.

The small- and medium-sized enterprise sector is especially constrained, particularly regarding access to land, capital, and energy. Because small- and medium-sized enterprises provide an estimated 75 percent of jobs of the total employed workforce, any administrative hurdles faced by SMEs are also hurdles to creating new jobs.
DEVELOPMENT OBJECTIVES

This project aims to improve the regulatory environment for investors by supporting the government in developing and implementing simplified business licensing procedures and transparent industrial land allocation processes. The focus is on improving investor services, accessibility, and quality at the “one-stop-shops” of the General Authority for Investment and Free Zones (GAFI); reforming industrial licensing and transparent industrial land allocation by the Industrial Development Authority (IDA); and improving the capacity of the Egyptian Regulatory Reform and Development Activity (ERRADA) to manage regulatory reforms.

EXPECTED RESULTS

• The average duration of the industrial licensing process will decrease from 320 to 75 days.

• Two thousands land allocation requests will be processed by 2018 using a reformed land allocation system.

Key Government Partners

Ministry of Investment & International Cooperation
General Authority for Investment & Free Zones
Ministry of Trade & Industry
Industrial Development Authority
Egyptian Regulatory Reform & Development Activity
Population growth, the development of energy-intensive industries, and the increased use of electrical household appliances led to rapid growth in the demand for electricity—6 percent per year in the 2000s.

In 2009, at the start of this project, estimates indicated that securing Egypt’s future energy and meeting rising demand would require that generation capacity increases by 1,500 MW per year, and instituting fundamental reforms to improve sector efficiency, increase the reliance on clean energy, and improve the sector’s financial performance—all prerequisites for strong economic growth.
DEVELOPMENT OBJECTIVES
The project seeks to add 1,300 MW to Egypt’s generation capacity and to enhance the Egyptian Electricity Holding Company’s revenues and financial sustainability.

RESULTS AS OF JANUARY 2017
- The Ain Sokhna power plant has been fully operational since April 2015, adding 1,300 MW—around 4 percent—to the nation’s grid capacity.
- Ain Sokhna is the first power plant in Egypt based on supercritical technology, contributing to cleaner technology deployment.
- The plant created 3,000 direct jobs over its construction phase and up to 250 permanent jobs at the plant.
- The project is financing the expansion and strengthening of the transmission network, with the construction of a 500/220 kV Sokhna substation and an overhead transmission line already underway.
- Analytical work conducted as part of the project informs the ongoing reforms to energy pricing.

Key Government Partners
- Ministry of Electricity & Renewable Energy
- Egyptian Electricity Holding Company
- East Delta Electricity Production Company
- Egyptian Electricity Transmission Company
- Ministry of Investment & International Cooperation

Key Development Partners
- African Development Bank
- Arab Fund for Economic & Social Development
- Kuwait Fund for Arab Economic Development

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TOTAL PROJECT COST (US$ million)
- Approved: 2,190
- IBRD Loan: Financing 600, Disbursed 421
In 2010, Egypt ranked among the top 11 countries in the world with the most rapidly growing greenhouse gas (GHG) emissions.

Recognizing this, Egypt’s energy strategy includes a key pillar promoting the greater reliance on renewable energy sources, including wind, which has excellent potential along the Gulf of Suez.

The government, seeking to achieve its 2020 target of 20 percent of installed energy capacity in the form of renewable energy, initiated a wind commercialization program focused on engagement with the private sector.
DEVELOPMENT OBJECTIVES

The project aims to evacuate 3,000 MW of wind power through transmission lines connecting Suez Gulf to Samallout, Ras Gharib to Gabal El Zeit, and North Hurghada to El-Qusair. It also supports for the first time in Egypt the private investment of 250 MW of wind power on a build-own-operate (BOO) basis and the development of business models to scale up wind power in the country with private sector participation.

The new wind capacity expected to be enabled by the project will provide clean energy to over 1.4 million energy users and reduce annual GHG emissions by 7 million tons.

RESULTS AS OF JANUARY 2017

- Construction is completed of the Suez Gulf/Samalaut 500 kV transmission line to evacuate wind power from the Gulf of Suez.
- All contracts for the Nile Valley transmission network reinforcement should be awarded by the end of March 2017.
- Following a competitive bidding procedure, the government selected a private sector operator to develop the 250 MW BOO project in the Gulf of Suez. Financial close is expected by end June 2017.

TOTAL PROJECT COST (US$ million) 796

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In 2009–10, the need to increase electricity generation through new power plants put pressure on Egypt’s fuel supply, especially natural gas, which was in increasing demand domestically and as an export.

Improving the security of the electricity supply in this context required more efficient electricity generation technologies, such as combined-cycle gas turbine plants and supercritical steam plants.
DEVELOPMENT OBJECTIVES

The project aims to add 2,250 MW to Egypt’s generation capacity using combined-cycle gas turbines, the most efficient thermal power generation technology.

RESULTS AS OF JANUARY 2017

- The power plant and its associated transmission lines and gas connections are operational, contributing 2,250 MW to the electric energy supply, which represents over 6.6 percent of total grid capacity.
- The new plant serves more than five million households.
- Three modules of 750 MW each are operating on 100 percent natural gas, compared to 80:20 natural gas to light fuel in 2015 when there was a shortage of available natural gas for power generation.
- Around 3,000 new jobs were created, 75 percent of which were during the construction phase.
- Gas pipelines are being constructed to fuel seven additional power plants that are under development.

### TOTAL PROJECT COST (US$ million)

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**Key Government Partners**

- Ministry of Electricity & Renewable Energy
- Egyptian Electricity Holding Company
- Cairo Electricity Production Company
- Egyptian Electricity Transmission Company
- Ministry of Petroleum & Mineral Resources
- Egyptian Natural Gas Holding Company (EGAS)
- Egyptian Natural Gas Company (GASCO)
- Ministry of Investment & International Cooperation

**Key Development Partners**

- European Investment Bank
- OPEC Fund for International Development
While energy efficiency and pricing are critical to curb a growth in demand, an estimated 3,000 MW per year of new power generation capacity—from conventional and renewable energy sources—will be required to meet Egypt’s needs.

The Helwan South Power Project is the final piece of a diversified Bank program supporting government efforts to develop electricity-sector infrastructure.
DEVELOPMENT OBJECTIVES

The project aims to add 1,950 MW to Egypt’s generation capacity in an efficient manner.

RESULTS AS OF JANUARY 2017

- The construction of the power plant is over 60 percent complete. The power plant is expected to be precommissioned in June 2018 and fully operational by the end of December 2018.
- The new power plant includes three modules of 650 MW each that use supercritical steam technology fired primarily by natural gas.
- In June 2016, following major gas discoveries in Egypt that will significantly reduce its future dependency on gas imports, the project was restructured to finance the construction of a new gas pipeline connecting the Raven gas fields in offshore Alexandria—currently under development—to the Western Desert Gas Complex in Al-Amerya near Alexandria.
Over 75 percent of Egypt’s households rely on Liquefied Petroleum Gas (LPG), which is mostly imported. The distribution of LPG cylinders is characterized by seasonal shortages and difficulty with handling and transportation, especially for people with disabilities, the elderly, and women.

Following a successful project, completed in October 2014, which provided 330,000 households in the Greater Cairo area with gas connections, the Household Gas Connection Project contributes to the government’s goal of bringing the total number of households connected to piped natural gas to 8.2 million by 2020.
DEVELOPMENT OBJECTIVES

The project seeks to increase household access to reliable, lower cost, grid connected natural gas supply.

EXPECTED RESULTS

• There will be 1.1 million households in 11 governorates connected to the gas network.

• Subsidized connection rates will be introduced for new connections to poor households.

• A decrease in LPG consumption and lower LPG imports will lead to $406 million in annual savings.

• Customer service centers will be established and operational in the project areas, ensuring high quality services and consumer complaints handling.

• Over 6,000 direct jobs will be created by the project at the construction and maintenance stages.

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Key Government Partners

Ministry of Petroleum & Mineral Resources
Egyptian Natural Gas Holding Company (EGAS)
Ministry of Investment & International Cooperation

Key Development Partners

Agence Française de Développement (AFD)
European Union
Egypt’s railway sector is enormous: in 2007, its total rail traffic exceeded that of Algeria, Morocco, Tunisia, Turkey, and Iran, combined. Passengers account for over 90 percent of the total rail activity, compared with an average of 30–40 percent in other countries in the region.

In the 1990s and early 2000s, serious safety issues, deteriorating quality of service, and financial challenges facing the Egyptian National Railways became a matter of national concern.

A restructuring plan was initiated in 2007 with the support of the World Bank.
DEVELOPMENT OBJECTIVES

The project aims to improve the reliability, efficiency, and safety of railway services by updating the signaling system, renewing tracks on selected lines, and modernizing the management and operating practices of the Egyptian National Railways.

RESULTS AS OF JANUARY 2017

- Track renewal works are completed, with over 293 km of tracks renewed on the Cairo-Aswan and Benha-Port Said lines, exceeding the target of 260 km.
- Signaling modernization works are underway on the Cairo-Alexandria and the Beni Suef-Assyut lines.
Agriculture is vital to Egypt’s economic growth and rural incomes, employing 30 percent of the country’s workforce and providing livelihoods for 55 percent of the population. However, despite significant improvements in yields in the early 2000s, Egypt still imports around 40 percent of its food requirements. Improving agricultural productivity is key to keeping pace with growing demand, improving food security, and enhancing farmers’ incomes.

In a context of increasing water scarcity, irrigation practices are a crucial aspect of the equation. While irrigation water quality declines, especially in the Delta, the long-standing flood irrigation system is largely inefficient and disadvantages tail-end farmers.
DEVELOPMENT OBJECTIVES

The project seeks to increase access to improved irrigation systems in an equitable manner in the project areas of Mahmoudia, Manaifa, and Meet Yagid, located in the Nile Delta.

One hundred and forty thousand farmers are expected to benefit from improved irrigation systems by the end of the project, and 1,000 water user associations will be created or strengthened.

RESULTS AS OF JANUARY 2017

- Marwa improvements for about 180,000 feddan are underway, with 30 percent already completed to the benefit of over 60,000 farmers, who are now receiving a fair, reliable, and adequate supply of irrigation water.

- Electrification works to install dedicated power grids that are expected to cover 150,000 feddan are currently underway; and 2,600 electric and diesel pumping units have already been installed.

- Three hundred and fifty water user associations have been created, and 5,000 marwa committees have been established.

- Early results indicate that capacity building of farmers and agricultural extension agents through pilot demonstrations of best practices and “farmer field schools” effectively foster the adoption of modern irrigation and agronomic practices.

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Egypt has made impressive strides in providing rural areas with access to clean water. Piped water reaches over 90 percent of rural villages. Sewerage and sanitation services, however, have lagged far behind.

Only 20 percent of rural villages are served by sewerage networks with treatment plants, resulting in significant amounts of untreated wastewater being discharged into agricultural drains and canals—a threat to both public health and the environment.
DEVELOPMENT OBJECTIVES

The project aims to provide targeted populations in the governorates of Menoufia, Sharkeya, Assiut, and Sohag with increased access to improved sanitation and sewerage services.

By project close, 57,000 households will be connected to the sewerage network, serving approximately 284,000 individuals. Over 650,000 people are ultimately expected to benefit from improved sanitation and sewerage services by the 2050 horizon as a result of the project.

RESULTS AS OF JANUARY 2017

- There have been 215 kms of sewerage pipeline laid, representing 58 percent of the target.
- Five wastewater treatment plants are under construction.
- Eight pumping stations have been constructed, and 18 are under construction.
Despite significant progress over the last two decades, access to improved sanitation services in Egypt is uneven, and stark geographical and socioeconomic disparities persist, especially in rural areas. In the Nile Delta, the situation is particularly concerning because of the high groundwater levels and the discharge of untreated sewage directly into the Nile’s Al Salam Canal and Rosetta Branch, polluting Egypt’s scarce freshwater resources and jeopardizing the health of millions of Egyptians.

At the core of many of the water and sanitation sector’s problems is a centralized model that lacks incentives and mechanisms to ensure effective and accountable service provision by the water and sanitation companies at the local level.
DEVELOPMENT OBJECTIVES

The objective of the program is to strengthen institutions and policies to increase access to and improve rural sanitation services in the governorates of Beheira, Dakahliya, and Sharkiya.

Ultimately, the project is expected to provide 833,000 people with access to improved sanitation facilities.

RESULTS AS OF JANUARY 2017

- The detailed design of 35,600 household connections is completed.
- Around 95 percent of the land required for the civil works has been acquired by the government. This includes voluntary contributions from the citizens.
- A Grievance Redress Mechanism has been established.
- Draft guidelines for citizen engagement have been developed, and a citizen engagement ministerial committee has been formed.
Degradation of water quality due to land-based pollution is a major problem in the Mediterranean coastal areas. Lake Mariout, on the northern coast of Egypt, is a major conveyance source of land-based pollution to El Mex Bay: 8 million cubic meter of water is pumped from the lake to the bay every day, severely impacting coastal biodiversity, cultural heritage, and tourism in the entire Alexandria area.

The daily pollution of the lake by industrial effluents, discharge of primary treated sewage and drainage water from agriculture has also affected fish production and recreational activities in the lake area, threatening the livelihoods of local communities.
DEVELOPMENT OBJECTIVES

The project seeks to improve institutional mechanisms for sustainable coastal zone management in Alexandria, particularly by reducing land-based pollution to the Mediterranean Sea. An Integrated Coastal Zone Management plan for Alexandria, including Lake Mariout, will be adopted and operationalized, and pilot measures will be implemented to reduce by at least 5 percent the pollution load entering the Mediterranean Sea through Lake Mariout.

RESULTS AS OF JANUARY 2017

- After consultation meetings were held with stakeholders, the Integrated Coastal Zone Management plan for Alexandria was finalized and adopted by the Governorate of Alexandria.
- Construction is completed of pilot pollution reduction measures at Alexandria West-Waste Water Treatment Plant.
- Weed removal has been conducted in Lake Mariout to improve the lake’s water circulation and self-cleaning capacity.

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Key Government Partners

- Egyptian Environmental Affairs Agency
- Ministry of Environment
- Ministry of Water Resources & Irrigation
- Governorate of Alexandria
- General Authority for Fish Resources Development
- Ministry of Agriculture & Land Reclamation
- Alexandria Sanitation Drainage Company
- Ministry of Housing, Utilities & Urban Communities
- Ministry of Investment & International Cooperation
Persistent organic pollutants (POPs) are extremely dangerous to human health. They cause adverse effects, such as birth defects and damage to the immune and respiratory systems. Moreover, they are environmentally persistent and resist breakdown by natural processes. They bioaccumulate exponentially up the food chain, and they are semi volatile, enabling them to travel great distances.

Because of the lack of storage and disposal sites in Egypt and the high cost of exporting them to proper disposal facilities, POPs are usually stored in populated areas, presenting an immediate threat to the health of people and livestock.
DEVELOPMENT OBJECTIVES

The project aims to improve the management and disposal of targeted stockpiles of obsolete POPs in an environmentally sound way, including those containing pesticides and polychlorinated biphenyl oils (PCBs), present in older generation of transformers, capacitators, and other electric equipment.

RESULTS AS OF JANUARY 2017

- Proper disposal was conducted of 220 tons of Lindane—a POPs-containing pesticide—at Al-Abadeya port near Suez.
- An international consultancy firm was selected to guide and ensure the sound environmental management of the material removal and/or safeguarding of POPs at project sites as well as capacity building activities on international best practices in this field.

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Key Government Partners

- Egyptian Environmental Affairs Agency
- Ministry of Environment
- Ministry of Investment & International Cooperation