
What did IDEV evaluate?
IDEV evaluated the Country Strategy and Program of the AfDB in the Arab Republic of Egypt over the period 2009–2018. The evaluation also reflected key country factors in 2019 and 2020 that could influence the continuity of the Program. The purpose of this evaluation was twofold, to account for the Bank’s interventions in Egypt and to foster learning to help improve future Bank performance.

Between 2009 and 2018, the Bank supported 53 projects in Egypt, mainly in the governance, energy, and water and sanitation sectors (Figure 1). At UA 2 billion (close to USD 2.5 billion), Egypt was among the top five recipients of the AfDB’s lending over the period.

What did IDEV find?
Despite a volatile and challenging context during the period under study, the evaluation assessed the overall performance of the Bank in Egypt as satisfactory.

Ratings on evaluation criteria
The Bank’s performance was assessed against four key criteria: Relevance, Effectiveness, Efficiency and Sustainability. The evaluation used a four-level rating scale.
for each criterion to assess to what extent the Bank contributed to development results in Egypt, ranging from highly satisfactory to highly unsatisfactory. See the ratings in Table 1.

### How did the Bank organize itself to support Egypt during the period?

2009 to 2019 was a crucial period in Egypt, namely, the pre-revolution, the revolution, and the post-revolution. Over that period, the Bank implemented three Country Strategy Papers (CSPs) through which it responded to the changes in the country context, particularly in terms of selecting the appropriate mode of assistance. It delivered a flexible, highly focused and selective program, although it was ultimately unable to deliver on all the areas specified in the CSPs, partly because some became irrelevant to the changes in the country and due to resource constraints.

The Bank was not able to achieve a critical mass of funding for private sector operations, which comprised only 12% of the portfolio as compared to 88% for public sector operations. There were shifts in lending pattern from 95% investment lending (pre-revolution), to 90% budget support (targeting key reforms to macroeconomic policy and business environment) during the post-revolution phase. The Bank developed a working relationship with the Ministry of International Cooperation, which was the main interlocuter of the government on development investments, though as a result it had limited interaction with some line ministries. While there was enhanced coordination with other development partners around policy dialogue and technical assistance, there was little evidence of coordination around social development operations.

### How did the Bank contribute to the country's specific needs and development priorities?

#### I) Power and Energy

The Bank’s objective was to invest in power generation infrastructure, with a focus on renewable energy and energy efficiency, to stimulate economic activity. It aimed to improve the reliability and diversification of energy services at minimal cost to economic actors. The Bank's support has contributed over 3,400 MW of electricity production for Egypt and also facilitated the implementation of the Egyptian Feed-In Tariff Program Round 2 by facilitating the design, construction and operation of three 50 MW solar PV power plants (Shapoorji Pallonji, Alcazar I and Alcazar II).

#### II) Water and Sanitation

The Bank aimed to increase access to water and sanitation, to increase the availability of irrigation water, and to improve water use efficiency. This was in line with the priorities of the Government of Egypt, which had identified the need to increase the coverage of sanitation in parts of the country to address population pressures and high levels of water pollution. AfDB support has increased the water treatment capacity of both the Gabel El Asfar and the Abu Rawash wastewater treatment plants, which serve 12 million and 8 million people, respectively. The evaluation noted pronounced progress in building institutional capacity in social and environmental management for the Construction Authority for Potable Water and Wastewater and the Greater Cairo Sanitary Drainage Company.

#### III) Agriculture

The agricultural component of the program in Egypt aimed to develop irrigation networks, improve water management systems and create agribusiness opportunities, largely focusing on drainage infrastructure, strengthening of institutional actors in the irrigation sector, and knowledge generation. The National Drainage Program, the largest project in the sector (90% of the budget), was partially implemented at the time of the evaluation’s visit (only 13% of funds disbursed at July 2019). The performance of the sector will depend on the progress of this project. Indirectly, through the

### Table 1: Four-level rating scale assessment of the Bank’s contribution to Egypt’s development results

<table>
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<tr>
<th>Evaluation Criteria</th>
<th>Assessment</th>
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<tr>
<td>Relevance</td>
<td>The relevance of the country strategy and program to the priorities and needs of the Government, clients and target beneficiaries, as well as the Bank’s strategy, was deemed highly satisfactory. However, some planned areas were hardly addressed due to the Bank’s selectiveness.</td>
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<tr>
<td>Effectiveness</td>
<td>The effectiveness of the Bank’s assistance was assessed to be satisfactory. While the interventions achieved their intended outputs, outcomes were mostly noted in energy, water, agriculture and macroeconomic stability.</td>
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<td>Efficiency</td>
<td>Efficiency was assessed as satisfactory for resource use, portfolio quality, disbursement rates and cost-benefit analysis. While most projects faced long delays, timeliness was noted for recent investment projects and technical assistance operations.</td>
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<td>Sustainability</td>
<td>The sustainability of the results of the Bank’s operations in Egypt is satisfactory for the three focus areas energy, water and economic governance. The projects were designed and implemented with sustainability considerations in mind. It is expected that the benefits of the Bank’s support will be maintained.</td>
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Rural Income and Economic Enhancement Program, the Bank supported the development of agribusiness through credit provision including support to some women entrepreneurs.

IV) Support to Private Sector Development

The Bank’s engagement in this sector has been quite limited, focusing rather on measures to improve the investment and business climate, infrastructure development, and enterprise development. Major achievements in these areas include the establishment of a one-stop Investment Centre at the General Authority for Investment in 2018 to streamline the registration of companies; the revision of the Companies Act, which aims to enhance an open competition environment; and the liberalization of the gas sector to allow for private sector investments. The new Small Medium Enterprise (SME) law has increased the proportion of public procurement which should involve SMEs from 10% to 20%, clearly providing a boost for SME development.

V) Macroeconomic stability and governance

Under this component, the AfDB program in Egypt aimed to support budgetary and banking sector reforms, greater macroeconomic stability, and improved investor confidence. The Bank provided budget support assistance as well as capacity enhancement, analytical studies, and policy dialogue. Major outcomes achieved to enhance fiscal consolidation include a Presidential decree amending the tax law, unifying the top income tax rate for all economic actors, which increased the corporate tax contribution to GDP; automation of the wage bill; and the online presence of the budget that helped improve the ranking of Egypt on the Open Budget Index of 2017. The Bank has ongoing policy dialogue with the government and development partners that focuses on containing the fiscal deficit, promoting energy sector governance and efficiency, improving the business enabling environment and social protection. The evaluation however noted that some analytical studies hardly led to business development.

VI) Crosscutting issues in the Bank Program

The coverage of crosscutting issues varied in the CSPs, portfolio, and results. For each crosscutting issue examined, its coverage in the CSPs increased over time but there was a mixed picture regarding the extent of explicit focus during implementation, with limited information on implementation and results. The review noted that the program has done less than expected in addressing issues such as gender equality, inclusivity and green growth. In a portfolio dominated by large infrastructure investments and budget support, results from mainstreaming crosscutting issues were limited and could have been better.

What lessons did IDEV draw?

The evaluation presented important lessons from the Bank’s experience for its future engagement in Egypt and in other countries in similar contexts. Key among them are:

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

What did IDEV recommend for the next strategy?

- Lending in Egypt should support a balance between budget support and investment projects based on the Bank’s comparative advantage.
- The Bank should strengthen the balance in its program and project portfolio by increasing its focus on the private sector, synergies across its portfolio, and dialogue with government on a realistic pipeline.
- The Bank should enhance its role as a knowledge broker.
- The Bank should strengthen the delivery of its program by reinforcing its in-country staffing and by working with the government to reduce systemic delays and project ratification processes.

What was the methodological approach?

The evaluation adopted a theory-based approach which involved assessing overall program performance against a reconstructed Theory of Change that was derived from the last three CSPs. The theory-based approach was coupled with a pyramidal approach to assessing three levels of analysis i.e. the country level including strong contextual analysis,
Independent Development Evaluation (IDEV) at the African Development Bank carries out independent evaluations of Bank operations, policies and strategies, working across projects, sectors, themes, regions, and countries. By conducting independent evaluations and proactively sharing best practice, IDEV ensures that the Bank and its stakeholders learn from past experience and plan and deliver development results to the highest possible standards.

**What did Management Respond?**

Management welcomed IDEV’s evaluation, and agreed with its lessons, conclusions and recommendations, many of which were consistent with its own findings from regular monitoring, follow ups and portfolio reviews. The evaluation findings and recommendations will be used as a basis for dialogue with the authorities in the country, in the design of the new CSP (2022–2026), as a guide for implementing the ongoing operations and in the design of future programs.

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**About IDEV**

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