

# CASE STUDY



First, Second, and Third Fiscal Consolidation, Sustainable Energy, and Competitiveness Development Policy Loans

EGYPT

## 1. PROJECT HIGHLIGHTS

Key Cross-Country Benefit	Key National Benefit
 <p><i>Restoring a stable fiscal architecture in a major economy at a time of political turmoil and economic stress while also promoting climate change mitigation.</i></p>	 <p><i>Reversing the downward trend of the Egyptian economy and delivering the consolidation of the public finances.</i></p>

## 2. QUICK FACTS

Categories	Project Details
<b>Project Name</b>	Consolidation, Sustainable Energy, and Competitiveness Development Policy Financing
<b>Project Description</b>	The objectives of the project were to (i) advance fiscal consolidation through higher revenue collection, moderation of government sector wage bill growth, and stronger debt management, (ii) ensure sustainable energy supply through private sector engagement and reduction in energy subsidies, and (iii) enhance the business environment.
<b>Global Public Good (GPG) Theme</b>	Stable international financial architecture
<b>Sub-Theme</b>	Prevention and management of global financial crises
<b>Sector</b>	Macro-Fiscal Management

<b>Country of Implementation</b>	Egypt, Arab Rep.
<b>Region</b>	Middle East & North Africa
<b>Income Category</b>	Lower-middle-income economy
<b>Implementation Period</b>	2015-2019
<b>Project Volume</b>	US\$3,150 million
<b>Financial Source</b>	<b>International Bank for Reconstruction and Development (IBRD):</b> US\$3,150 million (loan)
<b>Instruments</b>	Development Policy Financing
<b>MDB Involved</b>	World Bank
<b>Implementing Partner</b>	Ministry of Investment and International Cooperation
<b>Link to Detailed Project Information</b>	<a href="https://documents1.worldbank.org/curated/en/857651602606636925/pdf/Egypt-First-Second-and-Third-Fiscal-Consolidation-Sustainable-Energy-and-Competitiveness-Programmatic-Development-Policy-Financing.pdf">https://documents1.worldbank.org/curated/en/857651602606636925/pdf/Egypt-First-Second-and-Third-Fiscal-Consolidation-Sustainable-Energy-and-Competitiveness-Programmatic-Development-Policy-Financing.pdf</a> <sup>1</sup>

### 3. WHY THIS IS A GOOD PRACTICE

This project is a good practice example for implementing the following features that promote GPG provision:

- **Ambition:** The DPF has high ambitions—both in the prevention of global financial crises and the mitigation of climate change. It reduces the resilience to financial shocks in the MENA region and saves probably a huge amount of CO<sub>2</sub> emissions.
- **Sustainability:** The project appears to have boosted both economic and environmental sustainability. The combination of the reduction in the fiscal deficit and the acceleration of economic growth left the economy in better shape to cope with the challenge posed by the coronavirus pandemic than it would have been barely five years earlier. Egypt has undertaken institutional measures to ensure the sustainability of reform measures. For instance, Egypt remains committed to streamlining energy subsidies by gradually raising electricity tariffs over the medium term.
- **Scalability:** The DPF series has shown how each DPF could be scaled to new reform steps in Egypt. As some of the issues tackled in the DPF remain—albeit to a lesser degree—the World Bank could continue to scale the concept and instrument in Egypt.

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<sup>1</sup> If not stated otherwise, this document provides the main source for the case study.

- Transformability:** The project is highly transformative of the energy sector as the cutting of energy subsidies removes distortions to the real price of energy and helps to increase the effective carbon rate which is the price that effectively applies to CO<sub>2</sub> emissions as a result of taxes and emissions trading and net of fuel subsidies. By raising the effective energy price, investments in energy efficiency are increased and the energy consumption is reduced. Similarly, this sustainably increases government revenues, reducing public debts and increasing fiscal buffers for financial shocks. Internal coordination within the World Bank Group between the DPF and the IBRD, IFC, and MIGA in energy and private sector development issues enhanced confidence among investors, which led to private sector investments of a total of US\$2 billion in Egypt's renewable energy sector.

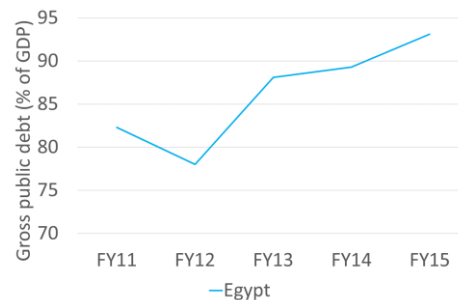
## 4. PROJECT INFORMATION

### 4.1 CHALLENGES OF GPG PROVISION IN THE COUNTRY CONTEXT

Egypt is the largest country in the MENA region with a population of 89 million, and the fourth largest economy with a GDP of US\$320 billion in 2015. In the wake of the 2011 Arab Spring, Egypt found itself at an inflexion point within a region laden with instability and conflict.<sup>2</sup> By 2015, the country was still emerging from a period of political and economic instability that had lasted for the preceding four years. Among the consequences of this instability, and the policies that prevailed before and during the period, was an **exacerbation of macroeconomic imbalances and structural weaknesses in the economy**.

On the macroeconomic side, **the fiscal deficit and public debt increased significantly**, while international reserves plunged. Government expenditures rose from around 29% of gross domestic product (GDP) in the fiscal year of 2011 (FY11) to 33% in FY14, revenues (especially from taxes) dropped sharply, and the fiscal deficit rose from an already high 9.8% of GDP in FY11 to 12.0% in FY14. Gross public debt increased from around 82% of GDP in FY11 to 89% in FY14 (see Figure 1). Reserves were used up in defending the exchange rate to such an extent that they declined from US\$26.6 billion in FY11 to US\$16.7 billion in FY14, just enough to cover 3.3 months of imports.

**FIGURE 1: GROSS PUBLIC DEBT IN EGYPT AT INITIATION OF DPF SERIES**



Source: [World Bank \(2022\)](#), page 6

Clear signs of foreign exchange shortages and rationing emerged. Supplier credits began rising as a proportion of import bills, foreign investors experienced difficulties in repatriating profits, and a parallel market for foreign exchange arose. **The growing misalignment of the exchange rate and frequent power outages in the energy sector had affected the confidence of the large-scale manufacturing and service firms that play a big role in the Egyptian economy.** Overall, private investment declined sharply during FY11–FY14, from

<sup>2</sup> World Bank (2015): <https://documents1.worldbank.org/curated/en/630471468186542188/pdf/100978-PGD-P157704-R2015-0233-1-Box393255B-OUO-9.pdf>

about 10% of GDP to only about 7%. Meanwhile, the formal unemployment rate rose from an already high 11.8% in FY11 to 13.3% in FY14.

On the structural side, **the energy sector showed signs of stress**. In 2014, Egypt’s electricity supply was characterised by frequent power outages that affected both consumer welfare and business output. Residential consumers were subjected to outages of up to six hours daily, while small and medium enterprises reported losses of 3.2% of annual sales. Power generation was affected by the shortage of gas and oil, and many plants were producing below capacity as they did not have the financial means.

**These factors combined to deliver an anaemic rate of economic growth.** The economy hobbled along at a real GDP growth rate of around 2.3% on average for the four years (FY11–FY14). The poor performance of the economy and the prospect of further decline led the Government of Egypt to initiate a reform programme in 2014. The initial focus was to reduce the fiscal deficit by raising taxes, cutting energy subsidies, and moderating wage growth in the government sector. Energy subsidies were cut; indeed, the prices of some major fuel and power categories rose between 40% and 78%. This led to budget savings and helped reduce the fiscal deficit. There was an upward move in inflation as energy prices increased but, on the positive side, economic growth jumped to 4.4% in FY15, and the budget deficit was cut to 12.5%. The Government also committed to fostering private sector-led growth through a package of reforms designed to cut red tape, reduce barriers to entry, and promote competition.

## 4.2 INTERVENTION

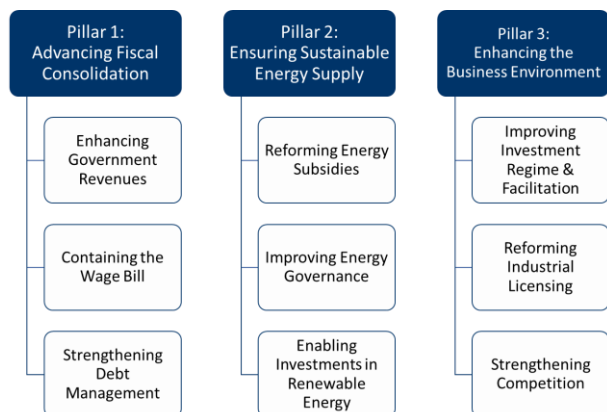
### 4.2.1 Project Design and Agents of Change

**The Development Policy Financing (DPF) described is the combination of three DPFs that aimed to deliver three Program Development Objectives (PDO).** The first was to advance fiscal consolidation through higher revenue collection, slower growth of government sector wages, and stronger debt management. The second was to ensure a sustainable energy supply through reforming energy subsidies, improving sector governance, and enabling private investments in renewable energy. The third was to enhance the business environment through modifying investment laws and industrial licensing requirements as well as through enhancing competition.

The project consists of three pillars as displayed in Figure 2. Pillar 1 aimed to advance fiscal consolidation through higher revenue collection, moderation in wage bill growth, and better debt and financial management. The pursuit of this objective was justified by the high fiscal deficit that still existed at the start of FY15. The implied theory of change was that increases in tax revenues and restraint in public expenditures would reduce the fiscal deficit over time. So would better management of the public debt and government financial operations.

For **Pillar 2**, the theory of change implicit in these objectives was that their achievement would **enable**

**FIGURE 2: PROJECT COMPONENTS**



Source: Oxford Economics based on [World Bank \(2020\)](#), page 9

**both public and private companies to invest more in energy supply as well as improve competition, private participation, and transparency in this important sector.** Reforms of energy subsidies were expected to improve the financial conditions of existing generating and distribution companies, thus enabling them to both improve the yield from the existing capacity (through better maintenance) and add to capacity (through new investments). Second, they were expected to attract new companies into the sector, further adding to the energy supply.

In terms of improving energy governance, institutional reform was thought necessary to introduce competition and transparency and shake the sector out of its low-performance rut. The DPF series contained several prior actions aimed at making progress toward this objective. For example, with respect to the electricity sector, prior actions were designed to promote competition by separating the Egyptian Electricity Transmission Company (EETC) from the state-owned Egyptian Electricity Holding Company (EEHC) to operate independently and allow third-party open access to eligible large customers.

Focusing on accelerating the low-carbon energy transition, legislation was needed to make it easier for private investors to enter the downstream part of the sector, enable third-party access to the distribution network, and establish an independent regulator. The transition to a low-carbon economy also required measures to improve energy efficiency. In part, these were covered by a decree of the Ministry of Electricity and Renewable Energy that specified measures to improve the energy efficiency of large electricity consumers. They were also covered by a decree to set up an energy efficiency unit at the same ministry to help implement the National Energy Efficiency Action Plan.

The programmes within **Pillar 3 aimed to make it easier for new businesses to be set up formally as well as for existing registered businesses to operate in an environment of greater regulatory certainty and competition.** To improve the investment regime, investment legislation strengthened investors' guarantees by extending the principle of national treatment to foreign investors, allowing repatriation of profits, and improving dispute resolution. To reform industrial licencing, the main objective of the DPF-supported measures was to introduce risk-based evaluation processes to reduce decision times significantly and provide greater regulatory certainty to licensees. To strengthen the competition framework, pre-identified actions were devised to submit executive regulations to the Prime Minister to implement relevant amendments in the Competition Law, get the Cabinet to issue a decree notifying these executive regulations, and the Egyptian Competition Authority (ECA) to adopt administrative regulations to strengthen anti-cartel enforcement policy (under DPF2) and, finally, have the Board of the ECA adopt secondary legislation to implement the Competition Law.

#### **4.2.2 Expected Results**

The results and evaluation of the DPF's components are displayed in Table 1. GPG-specific results are highlighted. **The achievement of objectives under the three pillars is rated satisfactory** based on the extent to which (a) specific results indicators were met under each pillar and (b) progress was made toward the three overarching objectives, Advancing Fiscal Consolidation, Ensuring Sustainable Energy Supply, and Enhancing the Business Environment. The overall outcome rating is satisfactory because of (a) a clear results chain linking the prior actions and triggers to the objectives and (b) the achievement of the results and PDOs. The overall outcome rating combines Satisfactory ratings for both relevances of prior actions and efficacy.

**TABLE 1: DPF OBJECTIVES AND RESULTS**

Prior Action	Objective	Expected outcome	Actual outcome	Evaluation
<b>Pillar 1: Advancing Fiscal Consolidation</b>		<b>GPG</b>		
A	Enhancing government revenues	Increased non-sovereign corporate income tax and sales/VAT on goods and services as a percentage of GDP from 5.4% in FY15 to about 6.7% in FY18	Increased non-sovereign corporate income tax and sales/VAT on goods and services as a percentage of GDP from 5.4% in FY15 to about 6.6% in FY19	<i>achieved</i>
B	Containing the wage bill	Reduction of the ratio of the Central Government's wage and salary bill to nominal GDP, from 8.2% in FY15 to 7.4% of GDP by FY18	Reduction of the ratio of the Central Government's wage and salary bill to nominal GDP, from 8.2% in FY2014/15 to 5.0% of GDP by FY19	<i>over-achieved</i>
C	Strengthening debt management and aspects of public financial management	Completion of at least four audits on sectors and entities affiliated with the Ministry of Finance by FY18	Not achieved in FY19, but met in FY20	<i>achieved</i>
		Publication of an updated Medium-term Debt Management Strategy by FY18	Achieved in FY19	<i>achieved</i>
<b>Pillar 2: Ensuring Sustainable Energy Supply</b>		<b>GPG</b>		
A	Reforming energy subsidies	Reduction of energy subsidies as a percentage of GDP from 6.6% in FY15 to 3.2% in FY18	Reduction of energy subsidies as a percentage of GDP from 6.6% in FY15 to 2.0% in FY18	<i>over-achieved</i>
		Notification and operationalisation of supply code transmission tariff by FY18	Achieved in FY18	<i>achieved</i>
B	Improving energy governance	Difference between peak electricity demand and the available peak capacity to reduce from deficit of 5,540 MW in FY15 to a surplus of 1,000 MW by FY18	Difference between peak electricity demand and the available peak capacity to reduce from deficit of 5,540 MW in FY15 to a surplus of 24.6 GW <sup>3</sup> by FY19 ( <i>overachieved</i> )	<i>over-achieved</i>
		Public disclosure of tariff methodology for computation of electricity tariffs by FY19	Achieved in FY19	<i>achieved</i>

<sup>3</sup> This surplus was a result of huge investments in building new plants to ensure security of supply in the long term, in addition to the significant decline in demand caused by the increase in electricity prices.

Prior Action	Objective	Expected outcome	Actual outcome	Evaluation
C	Accelerating the low carbon energy transition	Publication of a separate gas transmission tariff, transmission code, market rules, and approval procedures by FY19	Achieved in FY19 <i>achieved</i>	<i>achieved</i>
		Launching of dedicated web portal with all gas sector rules and regulations by FY19	Achieved in FY19 ( <i>achieved</i> )	<i>achieved</i>
		Financial closure of private sector-owned renewable energy projects from 0 MW (2015) to 1,500 MW (2018).	Achieved in FY19	<i>achieved</i>
		Increase in the number of energy audits performed for large consumer and government buildings from 134 in FY15 to 234 in FY19	Achieved in FY19	<i>achieved</i>
<b>Pillar 3: Enhancing the Business Environment</b>				
A	Improving investment regime and its transparency	Increase in business entry, as measured by the average number of company registrations at GAFI Investor Service Centers per month from 867 in 2015 to 1,430 in 2018	Increase in business entry, as measured by the average number of company registrations at GAFI Investor Service Centers per month from 867 in 2015 to 2,027 in 2018	<i>over-achieved</i>
		Increase in the number of GAFI Investor Services Centers offering automated and integrated registration services for companies under both the Investment and Companies Laws from 0 (2015) to 4 (2018)	Increase in the number of GAFI Investor Services Centers offering automated and integrated registration services for companies under both the Investment and Companies Laws from 0 (2015) to 11 (2019)	<i>over-achieved</i>
B	Reforming industrial licensing	Reduction in the average number of days to comply with all industrial licensing requirements from 634 days in FY15 to 160 days by FY18	Reduction in time to comply with licensing requirement from 634 days (FY15) to 55 (FY19)	<i>over-achieved</i>
		Average number of days to issue an industrial licence by notification of no more than seven days by the end of FY18	Average number of days to issue an industrial licence by notification of no more than five days by the end of FY19	<i>achieved</i>
C	Strengthening the Competition Framework	Increase in the number of anti-competitive practices prevented/eliminated from a baseline of 9 (FY13-FY15) to a target of 11 decided (FY16-18)	Increase in the number of anticompetitive practices prevented/eliminated from a baseline of nine (FY13-FY15) to a target of 17 decided (FY16-19)	<i>over-achieved</i>

Note: highlights indicators that are particularly relevant from the GPG perspective.

Source: [World Bank \(2020\)](#)

**GPG**



# 5. PROJECT IMPACT

## 5.1 NATIONAL BENEFITS

The DPF has supported the client country across all three pillars. **There was significant progress on fiscal consolidation.** The overall fiscal deficit declined from 12.5% of GDP to 9.7% over the three years FY16 to FY18, due largely to a decline in government spending, from 30.2% of GDP to 28.0%, assisted by the reduction of energy subsidies for both electricity and fuel, as well as the containment of the civil servants' wage bill. The outlook for economic growth has also improved with real GDP growth improving from 2.9% in FY14 to 5.5% in FY19. The economy also became less vulnerable as gross international reserves increased from US\$17 billion at the end of FY14 to US\$44.3 billion at the end of FY18.

Meanwhile, **measures taken to ensure a sustainable supply of energy have left Egypt's energy sector in a better shape.** Reforms of energy subsidies have turned an energy deficit, arrears to foreign companies, possible default on bilateral and commercial agreements, routine load shedding, and public protests into one featuring energy surplus, removal of arrears, resumption of interest among international energy companies in doing business, and more reliable and cleaner domestic power supply. The total energy supply capacity rose from 35.2 GW in FY15 to 58 GW by the end of FY19. Egypt has also moved towards better and substantially improved energy sector governance to enable greater competition, transparency, and private sector participation.

**The business environment has been enhanced.** Egypt achieved the three sub-objectives of improving the investment and facilitation regime, reforming industrial licensing, and strengthening the competition framework. This was accompanied by two positive outcomes relating to the overall impact. First, the rate of private investment rose to 9.1% of GDP in 2019, after many years of decline. Second, Egypt's ranking improved both in the Global Competitiveness Index (from 115 in 2016–17 to 93 in 2019) and in the World Bank's Ease of Doing Business index (from 126 in 2015 to 114 in 2019). On both specific and general grounds, therefore, it would appear that certain aspects of the private sector environment have improved in Egypt since the onset of the DPF operations.

## 5.2 CROSS-COUNTRY BENEFITS

Although the cross-country externalities are hard to quantify, the DPF series has produced significant benefits to other countries as well. Firstly, as the project reduced the fiscal deficit and accelerated economic growth the Egyptian economy was in better shape to cope with the challenge posed by the coronavirus pandemic than it would have been barely five years earlier. The fiscal consolidation reduced public debt while energy subsidy reform addressed a key fiscal risk and created space for social spending. Thus, Egypt entered

### Consolidated fiscal space

through an increase of tax revenues by 1.2% of GDP and a 3.2% of GDP reduction of government expenditures



the Covid-19 crisis with sizable buffers.<sup>4</sup> **This proven higher resilience to financial shocks is beneficial to countries in the MENA region and the world economy alike.** Empirical results by Neaime (2016)<sup>5</sup> indicates that the stock markets of Egypt are also highly linked with the world financial markets. The two dominant markets in the MENA region, Egypt and Saudi Arabia, seem to be more vulnerable to financial crises in advanced economies than the remaining MENA countries. These shocks in turn can negatively impact the other countries in the MENA region. Neaime (2016)<sup>6</sup> shows that financial shocks in Egypt appear to significantly impact the remaining stock markets in the MENA region. Hence, any measures to enhance Egypt's resilience to financial shocks have positive cross-country externalities in terms of higher global and regional financial stability.

Besides the contribution to the global public good (GPG) "stable financial architecture", the DPF series has high interlinkages with other GPGs as well. First and foremost, the cross-country externalities of Pillar 2: Ensuring Sustainable Energy Supply towards the GPG of climate change mitigation are immense. The policies that reduce fossil fuel consumption (because of lower subsidies for electricity and higher taxes on fuel) and that increase energy supply from renewables are likely to reduce CO<sub>2</sub> emissions significantly. Although the DPF series does not quantify the GHG emissions saved, a rough back-of-the-envelope calculation indicates that the climate benefits might have been large. Modelling by Merrill et al. (2015)<sup>7</sup> estimates that a phased removal of all energy subsidies in Egypt starting between 2015 and 2020 would reduce GHG emissions in 2020 by 14.88% compared to a business-as-usual scenario leading to cumulative CO<sub>2</sub> emissions of 0.154 Gigatons by 2020. As energy tariffs were reduced by one-third, **the GHG cumulative CO<sub>2</sub> emissions saved within the DPF series could be around 0.05 Gigatons by 2020. Valuing this at US\$307 per tonne CO<sub>2</sub> would result in cross-country externalities of US\$15.76 billion.**

Thirdly, the DPF programme was aligned with the pillars of the World Bank Group MENA strategy, which challenges the WBG to consider taking informed risks when the results can have an important impact on peace and stability in the region.<sup>8</sup> Thus, the DPF had **strong interlinkages to support the GPG peace and security in the wider region.**

## 6. LESSONS FOR FUTURE GPG PROVISION

### 6.1 SUCCESS FACTORS

One of the most important reasons for the success of the DPF was **the ownership of the reform programme by the Egyptian government.** The high target attainment of the DPFs has proved this impressively. Strong ownership was also demonstrated in the Government's approach to coordination. The Ministry of Investment

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<sup>4</sup> IMF (2021): <https://www.imf.org/-/media/Files/Publications/CR/2021/English/1EGYEA2021002.ashx>

<sup>5</sup> Neaime (2016): <https://www.sciencedirect.com/science/article/abs/pii/S1566014116300140>

<sup>6</sup> Neaime (2016): <https://www.sciencedirect.com/science/article/abs/pii/S1566014116300140>

<sup>7</sup> Merrill et al. (2015): <http://norden.diva-portal.org/smash/get/diva2:860647/FULLTEXT02.pdf>

<sup>8</sup> World Bank (2015): <https://documents1.worldbank.org/curated/en/630471468186542188/pdf/100978-PGD-P157704-R2015-0233-1-Box393255B-OUO-9.pdf>

and International Cooperation organised an inter-ministerial group through which it coordinated information and actions with the World Bank as well as among relevant ministries that served to resolve many blockages throughout the operation. Moreover, the government carried out multiple consultations with non-governmental organisations and citizen groups as well as legislative and regulatory measures to promote transparency with regard to important aspects of the reforms.

Another crucial factor was the **coordination with IMF and other partners that contributed to the implementation success and impact of the operations**. In particular, reforms aimed at increasing the energy supply would not have succeeded without a significant devaluation. Foreign investors would not have been attracted in the presence of severe exchange rate misalignment, for example. Furthermore, the fiscal space needed for social protection enhancement would not have been available without a simultaneous reduction in electricity subsidies and fuel subsidies or an improvement in revenue performance through the VAT.



*The operations support the government in its endeavours to catalyse private investments, realise full potential of the country, and raise the living standards of all its people.* —

*Sahar Nasr, Minister of Investment and International Cooperation*



Furthermore, **both the Government and the World Bank showed high sensitivity to social outcomes**. The Government adopted appropriate social protection measures to offset some of the consequences of rising prices on the poor before and during the DPFs. Before the DPF (and IMF) operations started, the Government had already put in place a labour-intensive works programme to provide work opportunities to the rural poor and a cash transfer programme to provide supplemental incomes to the poor and disabled. Both programmes were done with the support of the World

Bank. As Sahar Nasr, Egypt's minister of investment and international cooperation, said in 2017: "This operation is a central part of the World Bank's operations in Egypt that support the government in its endeavours to catalyse private investments, realise the full potential of the country, and raise the living standards of all its people."

## 6.2 HOW TO REPLICATE THE GOOD PRACTICE

The idea of **combining fiscal consolidation with climate change mitigation by reducing energy subsidies** is also highly replicable in other countries with large energy subsidies. Similarly, the programme of enhancing government revenues, containing the state wage bill, and strengthening debt management can be replicated in other troubled economies. However, as the project addresses state policies, the projects naturally need to be context specific.

The lessons learned include:

- The World Bank took advantage of a volume of prior analytical work that built on background analysis, built up over the past 10 to 15 years, that empirically supported a link between relevant actions and their stated objectives.
- Keeping an open line of communication with all stakeholders was also important. The Government implemented a communications strategy to explain its reform programme, and the associated support from international donors to the Egyptian public.

- Coordination between multilateral and national partners contributed towards the GPG of stable financial architecture. **Coordinated action with the IMF** helped with the implementation success and impact of the operations. For example, the IMF programme took up some business climate enhancement actions (such as reform of land development allocation principles and laws pertaining to competition) that served to complement the World Bank’s work in this area.
- **Internal coordination within the World Bank Group between the DPF and the IBRD, IFC, and MIGA** in energy and private sector development issues enhanced confidence among investors, which led to private sector investments of a total of US\$2 billion in Egypt’s renewable energy sector.
- The project helped to unlock funds from other multilateral partners. This included the provision of **US\$12 billion by the IMF, US\$1.5 billion from the African Development Bank, and a guarantee by the United Kingdom for US\$150 million to support the third and final DPF, while the French and German authorities** extended significant financial assistance over the relevant period as a part of a coordinated donor effort.
- The reforms in the energy sector were closely aligned with Egypt’s contribution to the Paris Agreement on climate change. By addressing the security of the supply of natural gas and promoting clean energy and energy efficiency, the DPF series has supported all four priority areas of Egypt’s Nationally Determined Contribution to global efforts for mitigating greenhouse gas emissions through (a) more efficient use of energy, especially by end-users; (b) increased use of renewable energy; (c) use of advanced locally appropriate and more efficient conventional energy technologies; and (d) reformation of energy subsidies.
- Although proven to be very effective for target attainment, the fact that the Egyptian government had envisioned the reforms of energy subsidies and public wages even before the World Bank programme started could question the additionality of the DPF series.
- Pillar 2 of the programme probably produced the largest GPG benefits although the DPF was primarily designed for consolidating Egypt’s fiscal situation. A cost-benefit analysis would probably have helped to better understand these large cross-country benefits.

Unlocking  
**US\$2 billion**  
of private sector investments in renewable energies

