



Project Summary Information

Date of Document Preparation/Updating: May, 2021	
Project Name	Inclusive Growth for Sustainable Recovery DPF Program
Project Number	P000487
AIIB member	Arab Republic of Egypt
Sector/Subsector	Economic Resilience/PBF
Status of Financing	Under Preparation
Project Description	<p>The Program is proposed to be supported under the COVID-19 Crisis Recovery Facility (the Facility) of the Bank and co-financed with the World Bank (WB) under the WB's Policy on Development Policy Financing (DPF).</p> <p>The Program will support the efforts of the Government of Egypt in continuing its policy reforms and mitigate the socioeconomic challenges of the crisis for sustainable recovery through and beyond the COVID-19 pandemic. To achieve inclusive growth for sustainable recovery, the reforms are organized around three policy pillars: (1) enhancing macro-fiscal sustainability, (2) enabling private sector development and participation, and (3) fostering gender inclusion. The reforms under the Program will not only address long standing structural issues but also help in economic resilience, inclusive growth, social protection and sustainable recovery to prevent long-term damage to the productive capacity of the economy. The Program addresses both the 'restructuring stage' focusing on, among others, the recapitalization of firms and financial institutions, and the 'resilient recovery' stage which entails taking advantage of new opportunities to build a more sustainable, inclusive and resilient future in a world transformed by the COVID-19 pandemic. Improved debt management and sustainability, private sector development, as well as higher female labor force participation will enhance the recovery of the Egyptian economy over the medium term.</p>
Objective	The Program's objective is to support inclusive growth for a sustainable recovery by: (a) enhancing macro-fiscal sustainability, (b) enabling private sector development and (c) fostering gender inclusion.
Expected Results	<p>To achieve inclusive growth for sustainable recovery, the reforms are organized around the three policy pillars.</p> <p>Policy actions around Pillar 1, enhancing macro-fiscal sustainability, the Program will support the government to improve debt management, enhance State-owned Enterprises governance and catalyze adoption of green finance.</p>

	<p>Reforms under Pillar 2, enabling private sector development, aim to build a more transparent enabling environment for private sector development and participation, strengthen financial sector stability and inclusion, promote digital financial services, enhance commercial justice and efficiency of cross-border trade.</p> <p>The measures under Pillar 3, fostering gender inclusion, are expected to achieve removing regulatory barriers hindering female labor force participation, preventing and addressing Gender Based Violence (GBV), and improving women's access to finance.</p>
Environmental and Social Category	N/A
Environmental and Social Information	<p>This Loan will be co-financed with the WB as lead co-financier, and the program's environmental and social (ES) risks and impacts have been assessed in accordance with the WB's DPF Policy. AIIB's Environmental and Social Policy (ESP) was designed to apply to investment projects and has no provisions for its application to DPF operations. Therefore, as permitted by the decision of the AIIB's Board of Directors set forth in the Decisions to Support the COVID-19 Crisis Recovery Facility, the WB's DPF Policy will apply to this operation in lieu of AIIB's ESP. This will ensure a harmonized approach to addressing the ES risks and impacts of the program.</p> <p>In accordance with its DPF Policy, the WB has reviewed the specific policies supported under the program to determine whether they are likely to have significant social and poverty consequences (especially on the poor and vulnerable groups) or to cause significant effects on the country's environment and other natural resources. The WB has determined that these policies are likely to have positive overall environmental and social effects, as described in the WB's Program Document. The proposed prior actions will have a net positive environmental impact due to the expected increased capacity and efficiency in managing solid wastes and the adoption of green finance instruments for sovereign projects. The current legal environmental framework in Egypt has adequate requirements to address the moderate potential environmental impacts associated with the priority actions of this Program.</p> <p>The poverty and social analysis conducted by WB indicates that actions supported by the Program encourage inclusive growth through enabling private sector participation and fostering gender inclusion. This will have overall potentially positive effects on poverty and inequality reduction. Some of the policy actions, such as increasing the use of digital payments, are expected to have additional positive impact.</p>

	<p>The Program addresses the gender gap by enabling women's effective economic participation. Reforms under Pillar 3 (fostering gender inclusion) aim to: (i) remove regulatory barriers hindering female labor participation; (ii) prevent and address Gender Based Violence, and (iii) enhance access to finance for women. Removing regulatory barriers will allow women to participate in economic activities that they were previously prohibited from engaging in. GBV is a constraint to women's voice and agency but it directly affects economic opportunities as a result of work absenteeism for both men and women, and mental and physical health which in turn affects the succeeding generations.</p>											
Cost and Financing Plan	<p>The total cost is USD660 million. The financing plan is as follows.</p> <table border="1"> <thead> <tr> <th>Co-financiers</th> <th>Amount (USD million)</th> </tr> </thead> <tbody> <tr> <td>AiIB</td> <td>300</td> </tr> <tr> <td>WB</td> <td>360</td> </tr> <tr> <td>Total</td> <td>660</td> </tr> </tbody> </table>				Co-financiers	Amount (USD million)	AiIB	300	WB	360	Total	660
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AiIB	300											
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Total	660											
Borrower	Arab Republic of Egypt											
Implementing Entity/Sponsor	Ministry of International Cooperation											
Estimated date of loan closing	March 2023											
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Date of Concept Decision	May 19, 2021
Date of Appraisal Decision	May 19, 2021
Estimated Date of Financing Approval	Q3/2021

Independent Accountability Mechanism	<p>AIIB's ESP was designed to apply to investment projects and has no provisions for its application to DPF. Accordingly, AIIB's Policy on the Project-affected People's Mechanism (PPM), will not apply to this operation. Submissions to the PPM under the program would, therefore, not be eligible for consideration by the PPM. The WB's independent accountability mechanism addresses issues raised by persons adversely affected by a WB-financed operation and allows them to report alleged noncompliance with the WB's operational policies and procedures, including WB's DPF Policy.</p>
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