Early Warning System

# AFDB-P-EG-BG0-003

## Egypt - Private Sector Development and Economic Diversification Support Program - Phase II (PSD-EDSP II)

# Egypt - Private Sector Development and Economic Diversification Support Program - Phase II (PSD-EDSP II)

## Quick Facts

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|---|---|
| **Countries** | Egypt |
| **Financial Institutions** | African Development Bank (AFDB) |
| **Status** | Approved |
| **Bank Risk Rating** | C |
| **Voting Date** | 2024-11-27 |
| **Borrower** | Arab Republic of Egypt |
| **Sectors** | Energy, Industry and Trade, Law and Government |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 170.00 million |
| **Loan Amount (USD)** | $ 164.70 million |

## Project Description

According to bank provided information, management submits the following report and recommendation on a proposed ADB Loan of USD 170 million to the Arab Republic of Egypt to finance the second phase of the Private Sector Development and Economic Diversification Support Program (PSD-EDSP II). The PSD-EDSP is designed as a programmatic series of two consecutive General Budget Support (GBS) operations covering the fiscal years (FY) 2023/24-2024/25. The proposed loan is the second of the two-year Program Based Operation (PBO) series, following the Board'sapproval of the first phase on 22 November 2023 for an amount of one hundred and thirty-one million USD (USD 131,000,000) and subsequent implementation of the related program measures. This multi-year framework provides a medium-term platform for dialoguewith the Government of Egypt (GoE) on essential reforms.

The Program is a sectorial budget support operation, and the overarching development objectiveof the PSD-EDSP II is to facilitate increased private sector development by improving the business environment and diversifying sources of growth. Egypt's macroeconomic areas under improvement, exacerbated by the recent global shocks, highlight the importance of building a stronger and more resilient economy notably through: (i) increased private sector participation, (ii) the development of the industrial sector and (iii) an accelerated transition toward green energies.

The program's direct beneficiaries are the Egyptian State through the Ministry of Finance (MoF), as the program amount will be added to the State budget; the private sector, notably the private industrial and agri-business sectors, which will also benefit directly from this program through different reforms that will enhance investment conditions. By promoting private sector development, the program will have a direct impact on job creation which in turn is expected to improve the standard of living for citizens. SMEs, especially women-owned SMEs, are also indirect beneficiaries of the PSD-EDSP, as the identified measures should facilitate business access to minor claims procedures through the amended law on small claims. Additionally, the program willcontribute to minimize the effect of climate change by promoting the green transition.

**Investment Description**

- African Development Bank (AFDB)

### Contact Information

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### ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.afdb.org/en/disclosure-and-access-to-information/request-for-documents. Under the AfDBÕs Disclosure and Access to Information policy, if you feel the Bank has omitted to publish information or your request for information is unreasonably denied, you can file an appeal at https://www.afdb.org/en/disclosure-and-access-to-information/appeals-process

### ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at: https://www.afdb.org/en/independent-review-mechanism/

**Bank Documents**

- Appraisal Report