

Document of  
The World Bank

Report No: 31765

IMPLEMENTATION COMPLETION REPORT  
(SCL-45000 IDA-32540)

ON

LOAN AND CREDIT

IN THE AMOUNT OF  
US\$ 225.0 MILLION AND US\$ 75.0 MILLION EQUIVALENT

TO THE

ARAB REPUBLIC OF EGYPT

FOR A

PRIVATE SECTOR AND A GRICULTURE DEVELOPMENT PROJECT

March \_\_, 2005

## CURRENCY EQUIVALENTS

(Exchange Rate Effective March 10, 2005)

Currency Unit = Egyptian Pounds (LE)

LE 6.00 = US\$ 1.00

US\$ 1.00 = LE 6.00

## FISCAL YEAR

July 1 to June 30

## ABBREVIATIONS AND ACRONYMS

AMP	Agricultural Modernization Project
BDAC	Bank for Development and Agricultural Credit (regional banks)
CAS	Country Assistance Strategy
GOE	Government of Egypt
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
IDA	International Development Association
MENA	Middle-East and North Africa Region
PAD	Project Appraisal Document
PBDAC	Principal Bank for Development and Agricultural Credit
PIP	Project Implementation Plan
PMD	Project Management Department
PSADP	Private Sector Agricultural Development Project
QSA5	Quality of Supervision Assessment

Vice President:	Christiaan Poortman
Country Director:	Emmanuel Mbi
Task Team Leader/Task Manager:	Jamal Al-Kibbi

**EGYPT, ARAB REPUBLIC OF**  
**Egypt - Private Sector and Agriculture Development**

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<i>Project ID:</i> P053832	<i>Project Name:</i> Egypt - Private Sector and Agriculture Development
<i>Team Leader:</i> Jamal Al-Kibbi	<i>TL Unit:</i> MNC03
<i>ICR Type:</i> Core ICR	<i>Report Date:</i> March 17, 2005

## 1. Project Data

*Name:* Egypt - Private Sector and Agriculture Development

*L/C/TF Number:* SCL-45000; IDA-32540

*Country/Department:* ARAB REPUBLIC OF EGYPT

*Region:* Middle East and North Africa Region

*Sector/subsector:* Agricultural marketing and trade (45%); General agriculture, fishing and forestry sector (45%); Banking (8%); Central government administration (2%)

*Theme:* Rural services and infrastructure (P); Rural markets (P); State enterprise/bank restructuring and privatization (P); Small and medium enterprise support (P)

### KEY DATES

*PCD:* 04/08/1998

*Original Effective:* 12/22/1999

*Revised/Actual*  
03/22/2001

*Appraisal:* 03/19/1999

*MTR:* 06/01/2002

*Approval:* 06/22/1999

*Closing:* 12/31/2006

08/19/2004

*Borrower/Implementing Agency:* PBDAC/PRINCIPAL BANK OF DEVELOPMENT AND AGRICULTURAL CREDIT (PBDAC)

*Other Partners:* None

STAFF	Current	At Appraisal
<i>Vice President:</i>	Christiaan J. Poortman	Kemal Dervis
<i>Country Director:</i>	Emmanuel Mbi	Khalid Ikram
<i>Sector Manager:</i>	NA	Doris Kohn
<i>Team Leader at ICR:</i>	Jamal Al-Kibbi	
<i>ICR Primary Author:</i>	Jamal Al-Kibbi	

## 2. Principal Performance Ratings

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HL=Highly Likely, L=Likely, UN=Unlikely, HUN=Highly Unlikely, HU=Highly Unsatisfactory, H=High, SU=Substantial, M=Modest, N=Negligible)

*Outcome:* HU

*Sustainability:* HUN

*Institutional Development Impact:* N

*Bank Performance:* U

*Borrower Performance:* HU

QAG (if available)

ICR

*Quality at Entry:*

HU

*Project at Risk at Any Time:* Yes

*QSA5 First Stage: 2 - QSA5 Second Stage: 2*

### **3. Assessment of Development Objective and Design, and of Quality at Entry**

#### *3.1 Original Objective:*

The Private Sector Agricultural Development Project (PSADP) sought to support the Government of Egypt's (GOE) continuing policies of encouraging broad-based private sector led growth in order to meet the need for increased employment opportunities and income for a rapidly growing population. The specific development objectives of the PSADP were to: (i) promote rural economic development, leading to increased income and employment in rural Egypt; and (ii) strengthen financial and institutional viability of Principal Bank for Development and Agricultural Credit (PBDAC), a public sector institution that is, in effect, the main institution providing financial services in rural Egypt. PSADP proposed to support these objectives by: (i) improving financial intermediation in rural areas; (ii) improving the availability of term investment funds through a line of credit; and (iii) assisting to transform PBDAC from a diverse agricultural development agency with questionable viability to a financially viable rural financial intermediary.

In the Bank's 1997 Country Assistance Strategy (CAS) four core themes<sup>1</sup> were identified to assist the GOE with its goal of reducing unemployment and raising living standards. PSADP should have contributed to each of these themes. The Implementation Completion Report (ICR) concludes that PSADP's objectives and components were consistent with the strategy established in the CAS, and are clear and realistic given adequate preparation and ongoing inputs including the Agricultural Modernisation Project (AMP) then under implementation by PBDAC. The ICR notes however, that the PSADP development objectives were designed outside a broader ranging financial sector reform program which meant that it did not have the support of a broad overall sectoral and/or macroeconomic program of reforms.

As concluded by three previous Bank reviews of the project<sup>2</sup>, the ICR also concludes that PSADP was a complex and ambitious project considering (i) the lack of capacity and poor commitment of the implementing agency; (ii) excessive conditionality to be met prior to negotiations, Board presentation, effectiveness, and release of resource tranches; (iii) the level and scale of the proposed institutional development intervention; (iv) sub-loan documentation requirements given the nature and wide diversity of targeted rural borrowers.

#### *3.2 Revised Objective:*

Not revised

#### *3.3 Original Components:*

The original components comprised:

Component 1: Line of credit (Total cost \$443.31 million including: IBRD loan \$222.75 million; and IDA credit \$45.0 million equivalent).

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<sup>1/</sup> These four themes were: (i) export development; (ii) private sector led growth including assisting in financial sector development; (iii) development of human resources; and (iv) natural resource management.

<sup>2/</sup> (i) Project Review, Private Sector Agricultural Development Project, Arab Republic of Egypt, Financial Sector Operations and Policy Department, BFR Group, October 15, 2002; (ii) QAG Quality Of Supervision Review (QSA5), First Stage Review, Assessment Date September 12, 2002; (iii) QAG Quality Of Supervision Review (QSA5), Second Stage Review, Assessment Date April 22, 2003.

Loans to sub-borrowers were to finance all categories of agricultural and rural investment, including investment in transportation, storage, and trading of agricultural inputs or products, irrigation investments, small industry and commerce. Maximum sub-loan size was not to exceed \$3 million to any sub-borrower or group of sub-borrowers. Items not covered by the loan included; (i) seasonal crop loans for less than one year; (ii) land acquisition; (iii) purchase and dealing with pesticides; and (iv) refrigeration and cooling units using ozone-depleting substances.

Component 2: Institutional Building (Total cost \$33.5 million including an IDA credit \$30.0 million equivalent)

The component was divided into five sub-components: (i) Independent audit of PBDAC (\$4.5 million equivalent); (ii) Operations and management assistance (\$9.6 million equivalent); (iii) Information technology (total cost \$13.5 million; IDA credit \$11.7 million equivalent); (iv) Agriculture technology dissemination and promotion (\$4 million equivalent); and (v) Project Management Department (PMD) (\$0.4 million equivalent).

The two components show the depth and scale of the project's proposed intervention. There is no doubt that the successful implementation of both components would have had a positive impact on the sector generally and PBDAC in particular and it would have ensured that the development objective was achieved. However, as was concluded by other project reviews, the ICR concludes that the project was virtually impossible to implement in its designed form given the level of project preparedness.

#### *3.4 Revised Components:*

Prior to Project effectiveness in March 2001 (some twenty-one months after Board approval) GOE requested that the IBRD loan of \$225.0 million (\$222.75 million for Component 1 and \$2.25 million for the front end fee) be reduced to \$100 million.

Towards the end of FY03, two years after effectiveness, the Government and the Bank agreed to cancel Component 1 entirely. The Bank then engaged the authorities in intensive dialogue to implement the remaining Institution Building component of the project (Component 2) starting with a May 2003 restructuring mission. However, follow up discussions in FY04 with the Borrower, Ministry of Agriculture, and PBDAC's new leadership (the third PBDAC Chairman since Board approval) revealed that it was not feasible to implement the remaining Institution Building component under the current circumstances. Remaining IDA resources were cancelled, and the project was eventually closed in August 2004 after ineligible disbursements were retrieved by the Bank. No project resources were utilized other than the \$1.0 million front end fee.

#### *3.5 Quality at Entry:*

Quality at Entry is rated highly unsatisfactory. The only redeeming feature of the project's design is that its objectives were in line with the CAS (as noted in Section 3.1 above).

Government and PBDAC ownership and commitment to such an ambitious project were not clear. The Government continued to consider PBDAC as a tool to support economic development in rural areas rather than envision PBDAC as viable, market-based financial intermediary. In this regard, PBDAC obliged Government calls to reschedule loans to farmers when Egypt faced adverse external shocks and economic growth decelerated in the late 1990s. Ambitious reforms under PSADP were not envisaged within a broader framework for modernization of the banking sector, or simply modernization of rural finance, which would help enhance ownership of the measures planned under the project. On its part, PBDAC was

focused on obtaining foreign exchange from the World Bank loan rather than on developing the institutional capacity to allow PBDAC to become a viable financial institution - as indicated by PBDAC management to the ICR team.

Project records suggest that the project was prematurely rushed through deadlines to allow Egypt to benefit from IDA resources and was approved by the Bank just before Egypt's graduation from IDA at the end of FY99. Project operational manuals and plans which are usually ready by project approval, such as the Project Implementation Plan (PIP), general operations manual, environmental assessment manual, etc., were never prepared. A detailed Strategy Statement and Institutional Building Plan and a Business Development Plan, both dated March 31, 1999, were commissioned during project preparation. However, terms of reference for consultants to implement those critically needed measures, which comprise the main elements of the Institution Building component of the project, were never prepared. It was clear that the project was not ready for implementation when it was approved, and that explains to a large extent the excessive conditionality envisaged at numerous stages of the project hoping to compensate for those shortcomings.

PSADP effectively followed on the Bank funded Agricultural Modernisation Project (AMP) which closed on December 31, 2001 nine months after PSADP became effective. AMP, which was rated unsatisfactory by the ICR had, as one of its objectives, streamlining the organization of PBDAC and strengthening staff capabilities to enhance its performance as an effective rural financial institution. Key lessons learned in the AMP ICR show that very similar problems with regard to PBDAC's capacity were encountered with PSADP.<sup>3</sup> These issues should have been readily discernable during PSADP preparation.

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<sup>3/</sup> Key lessons learned noted in the AMP ICR which warrant mention are: (i) the project was not ready for implementation; (ii) the project design proved overly complex for an institution in transition; (iii) ownership and shared objectives are essential to project success in Egypt; and (iv) the project exhibited a high degree of partial compliance or non-compliance with covenants as implementation progressed.

## 4. Achievement of Objective and Outputs

### 4.1 Outcome/achievement of objective:

Project outcome is rated highly unsatisfactory because the project failed to achieve any of its objectives and did not yield, nor is it expected to yield, any worthwhile development results.

### 4.2 Outputs by components:

Annex 1 (Key Performance Indicators) provides details of the project's two components and sub-components and the anticipated outputs as described in the PAD. They are summarised here as follows:

#### Component 1- Line of Credit

The component is rated highly unsatisfactory. New investment lending to private sector rural and agricultural borrowers was not achieved. Disbursements against the initial sub-loans under this component were judged by the Bank to be ineligible and were retrieved, and all resources allocated to this component were cancelled.

#### Component 2- Institutional Building

The component is rated highly unsatisfactory because there was minimal implementation effort under this component. It is clear that PBDAC was focussed on obtaining the credit and loan funds for on-lending without the commitment to undertake the institutional reform proposed by the project.

#### Sub-component 2.1- Independent audit of PBDAC:

The sub-component is rated highly unsatisfactory because an independent auditor to review the compliance of PBDAC's financial statements with internationally accepted accounting and auditing standards was not appointed.

There is little doubt that PBDAC resisted the appointment of an international firm to conduct an audit as proposed by the project. The ICR concludes that there are several reasons for this. First, the project had allocated \$4.5 million for this purpose and PBDAC considered this sum excessive. It is unclear if PBDAC fully understood the extent of the audit intervention proposed by the project and thus the indicated allocation of resources. Second, PBDAC accounting procedures do not conform to international accounting standards and PBDAC was not ready to accept the wide-reaching impact of adopting those standards. Finally, lack of clarity and consistency in the PAD and the Loan Agreement on the implementation of this sub-component were compounded by delays in communications between the Bank and PBDAC.

The project team managed to agree with PBDAC, as a starting point to implement this component, to appoint an auditor to conduct 'due diligence review of the portfolio' of four BDACs using funds provided by the AMP. No PSADP funds were used to pursue this effort for the remaining BDACs after AMP closed. The ICR reviewed the report which provided an assessment of credit control procedures, loan accounting practices, and loan portfolio quality as of June 30, 2000. The analysis appeared to be sound but the specific recommendations for each topic were weak.

#### Sub-component 2.2- Operations and management assistance:

This sub-component is rated highly unsatisfactory because terms of reference were not prepared for an envisaged international firm to manage, with the PBDAC Chairman, the PMD of PBDAC and to provide

other inputs to achieve the sub-component's objectives utilizing the results of the Institutional Building Plan commissioned during project preparation.

Sub-component 2.3- Information technology:

The sub-component is rated highly unsatisfactory because no parts of it were implemented.

Sub-component 2.4- Agricultural technology dissemination and promotion:

The sub-component is rated highly unsatisfactory because there was no followup on initial steps taken in this regard. The sub-component was to be implemented by a team of five professionals from within the PMD. As per the proposal for the sub-component, a Technical Advisory Committee was formed by Ministerial Decree, a work-plan was prepared, and guidelines for sub-borrowers under the project were prepared. This is the extent of the progress; key staff was not appointed, and no further proposals were implemented.

*4.3 Net Present Value/Economic rate of return:*

Because the project was effectively not implemented an economic analysis was not undertaken.

*4.4 Financial rate of return:*

Because the project was effectively not implemented a financial analysis was not undertaken.

*4.5 Institutional development impact:*

Institutional development impact is rated as negligible because PSADP did little to improve PBDAC's or Egypt's ability to make effective use of its human or financial resources.

## **5. Major Factors Affecting Implementation and Outcome**

*5.1 Factors outside the control of government or implementing agency:*

Factors outside the control of government or implementing agency

PSADP was prepared at a time when Egypt was experiencing relatively fast growth; an average of approximately 5 percent per annum in the second half of the 1990s. By 2000 this growth started to taper off and declined to approximately 3 percent in the following years. Additionally, the unfortunate incidents of September 2001 in the USA and ensuing military action in the Middle East increased uncertainty in the region. Under these circumstances, implementation of economic reforms slowed in Egypt and the environment was less favourable for the implementation of an ambitious project such as PSADP.

*5.2 Factors generally subject to government control:*

PSADP was approved by the Bank's Board on June 22, 1999 but it did not become effective until March 22, 2001 (some twenty-one months later). Delays in project effectiveness were very common in Egypt and these were almost entirely due to the GOE's lengthy review process and procedures and delays resulting from the annual parliament recess from June to November. Delays were also exacerbated by GOE's decision to reduce the IBRD portion of the facility from \$225 million to \$100 million and the consequential need to amend the Loan Agreement.

The change in PBDAC administration severely impacted project leadership by PBDAC. The Chairman of PBDAC, who had been a major force during project identification and preparation, left towards the end of 1999. PBDAC was only one of the next Chairman's interests and he had a different capacity, agenda and set of priorities to the person he replaced. Intensive dialogue to restructure the Institution Building component was conducted with a third Chairman.

*5.3 Factors generally subject to implementing agency control:*

When the Chairman who was involved with project identification and preparation moved, a number of key staff left with him; this left a significant gap of skilled personnel. Additionally, because of the time lag between Bank Board approval and effectiveness, a number of other key staff retired and moved on to other positions outside PBDAC. These staff movements had a significant and detrimental impact on the project, and PBDAC did not see the urgency to replace key officials.

As with the conclusion reached for the AMP, PBDAC was far more focussed on the implementation of the credit component than with the institutional development component of the project and it is clear that institutional development was seen by PBDAC as being necessary only to obtain the line of credit. This approach was clearly detrimental to the implementation of Component 2.

*5.4 Costs and financing:*

Total project costs were noted in the PAD to be \$479 million of which \$225 million was to be funded by an IBRD loan and \$75 million by an IDA credit. As noted, prior to effectiveness, the IBRD portion of the loan was reduced to \$100 million at GOE's request. Two years into implementation, the entire line of credit component (\$100 million IBRD and \$45 million IDA) was cancelled at GOE's request leaving just \$30 million or 10 percent of the original total Bank facility. By mid FY04, all project resources were cancelled at the request of the Government with no utilization of proceeds other than the front-end-fee.

## **6. Sustainability**

*6.1 Rationale for sustainability rating:*

Sustainability is rated highly unlikely because no benefits or achievements were delivered by the project.

*6.2 Transition arrangement to regular operations:*

Not applicable

## 7. Bank and Borrower Performance

### Bank

#### *7.1 Lending:*

The ICR rates Bank lending performance highly unsatisfactory. Project identification took place during a mission in April 1998, the project was appraised one year later in April 1999 after an Institutional Building Plan was submitted in March 1999, and the PAD was completed in June of the same year. PSADP utilized almost double the budgetary resources initially earmarked for its preparation. Adequate time and resources were available for project preparation, particularly in view of the Bank's prior experience with AMP, but still project design and preparation and lending documentation were inadequate.

It is apparent that a significant number of effectiveness and disbursement conditions before project resources could be utilized were meant to address the lack of clarity about ownership and commitment of the authorities to implement needed reforms. Excessive conditionality could have been a reaction to rushing project approval ahead of IDA graduation deadline at end FY99. However, PBDAC lacked the capacity to meet those conditions or even implement basic needed reforms. This should have been clear at the time of project preparation had the implementation experience available from the AMP, especially that of high degree of non-compliance with covenants (see footnote 3), been better taken into account and had the Institutional Analysis presented in Annex 5 of the PAD been more rigorous. Assessment of some of the critical risks identified in the PAD did not adequately reflect prevailing circumstances<sup>4</sup>.

The ICR notes that project documentation was inadequate and as a result the project was virtually impossible to implement or supervise; the task team leader had an almost impossible job. Sub-loan eligibility criteria were not effectively specified<sup>5</sup> and sub-loan documentation requirements were particularly difficult and not sympathetic to the capacity of PBDAC, the capacity of smaller sub-borrowers, or the rural environment in which they were supposed to be implemented in. There were no provisions in the project to train sub-borrowers to meet such requirements. Many of the terms and conditions noted throughout the PAD were not adequately reflected in the Loan, Credit, or Project Agreements<sup>6</sup>.

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<sup>4/</sup> One of the critical risks noted in the PAD, rated only moderate, was that an independent private sector auditor will not be hired to undertake a comprehensive, multi year audit of PBDAC. The risk mitigation measure is that the recruitment process for an auditor had been agreed upon and terms of reference for the assignment were being prepared; signing of a contract is a condition of release of the first tranche of the line of credit. The ICR notes that the PAD clearly anticipated this risk but that: (i) the recruitment process did not proceed; (ii) the terms of reference were never finalized; and (iii) the requirement that the signing of a contract was a condition of release was not included in the Loan Agreement or applied at the time PBDAC made the first sub-loans under the component.

<sup>5/</sup> Annex 3 of the PAD states that "Financing under the loan would cover all categories of agricultural and rural investment, including investment in such activities as transport, storage, and trading of agricultural inputs or products, irrigation investments, small industry, and commerce." Schedule 2 of the Loan Agreement notes that sub-loans will be used for "agricultural and rural investments, of specific cost-effective, financially viable, economically profitable and environmentally sustainable Sub-projects by Final Beneficiaries"; yet there is no indication what this means or what criteria should be used to ensure that applications comply with those requirements.

<sup>6/</sup> Annex 3 of the PAD notes that the first five sub-loans in excess of \$0.05 million equivalent and subsequently all sub-loans in excess of \$1 million would require the Bank's prior approval. This requirement is not reflected in Annex 9 (Procurement and Disbursement Arrangements) of the PAD which does not specify the need for prior review of the first five sub-loans. The issue of prior approval is also not clear in the Loan Agreement where initial disbursements under the project were declared ineligible and later retrieved.

It is unclear how very complex and confusing English legal agreements could be effectively translated into any other language for proper guidance - to both Bank and implementing agency staff especially for such an ambitious project - during implementation. The ICR notes that there was ample opportunity to correct many of those inconsistencies at the time the facility was reduced and the agreements amended - one year after initial negotiations but still before effectiveness. However, this was not done.

### *7.2 Supervision:*

The ICR rates project supervision unsatisfactory. With two year delays in effectiveness, extremely high turnover among PBDAC leadership and senior management, the lack of project operational manuals, and no implementation plan, supervision efforts should have focused on re-building project ownership and understanding by PBDAC as well as completing necessary documentation before trying to move forward with implementation.

The deadline for loan effectiveness was extended twice without direct links to progress made by the borrower to meet effectiveness conditions. During those two years, the task team did not follow up on preparing terms of reference for enacting the critical Institutional Building Plan that was ready at appraisal. It is not clear from Bank mission reports if there was follow up on this Plan beyond the post-effectiveness mission. Effectiveness was declared following an agreement between the task team and PBDAC to adopt a gradual approach to meet the critical effectiveness condition relating to audit requirements. While the approach adopted by the task team in this regard might have been the most feasible one under the circumstances, a more formal and institutional approach to dealing with such a critical element of effectiveness was warranted.

The ICR thus concludes that the effectiveness conditions, strictly interpreted, had not been met and that there had been considerable informal dilution of requirements<sup>7</sup>. Opinions differed among formal bank reviews of whether effectiveness conditions were met.<sup>8</sup>

It is clear that the perilous state of the project should have been recognized earlier, perhaps before effectiveness was declared, and corrective action taken before it was too late to rescue any aspect of the project for which substantial resources had been previously allocated. "Lack of Government commitment to the foundation of the project" as well as lack of PBDAC willingness to implement the Institution Building component were finally documented in the Options for Restructuring memo to the MENA Vice President dated July 31, 2002 after implementation was halted.

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<sup>7</sup>/ A case in point is the appointment of the auditor. The requirement relating to this condition should have been clear (Article VI of the Loan Agreement).

<sup>8</sup>/ The BFR Project Review concludes that almost all effectiveness conditions were not met while QAG notes in its May 2003 Supervision Assessment that "Having reviewed as well as we could at this point, what PBDAC has done towards meeting each condition at that point of time, it is our view that the Borrower met most of the prescribed conditions according to any reasonable understanding at the time".

PSADP was clearly not ready to implement and it is clear that supervision inputs did not compensate for this shortcoming. Supervision resources for PSADP were not commensurate with the needs of the project and were delayed in FY01 (before PSADP was effective) when overall budgetary resources were severely cut. PSADP apparently did not receive a dedicated supervision mission before implementation was halted; it was supervised along with other projects judging by the multi-project aide memoires so the the depth of supervision is not clear. Attempts to address complicated sub-loan documentation were not consistent and added to the confusion, and significant delays in finalizing agreed actions often resulted from poor communication and lack of timely responsiveness.<sup>9</sup>

In terms of the skills mix of the task team preparing and implementing the project, PSADP was jointly prepared by two Bank staff from the Rural and from the Finance Departments in MENA who both left the Bank before PSADP effectiveness and were replaced by a team leader from the Rural Department who was also the task team leader for the AMP project. A new financial sector expert was assigned to the project but left the Bank soon after; A banking sector consultant for AMP was on the joint AMP-PSADP missions. No banking sector specialized staff participated in a supervision mission beyond effectiveness.

During FY03 and FY04, dialogue with the authorities was quite effective in focusing Government and PBDAC attention on the Institutional Building aspects of the project. The Bank took a firm but diplomatic stand when it refused to utilize remaining resources to finance non-core activities, and the Government eventually requested the Bank to close the project and cancel all allocated resources including significant IDA amounts that the Government was very hesitant to give up.

### *7.3 Overall Bank performance:*

The overall lending and supervision performance of the Bank is rated unsatisfactory because: (i) project design and preparation were totally inadequate; and (ii) supervision tried to move forward with implementation without addressing the apparent lack of ownership of the project and the lack of commitment to implement the priority Institution Development component.

### **Borrower**

#### *7.4 Preparation:*

The Borrower's contribution to preparation is rated highly unsatisfactory. It is apparent that one of the key motivating forces behind the Borrower's pursuit of the project was access to IDA funding. As a consequence it was anxious to see these funds placed regardless of the level of project preparedness. In addition, there was very limited participation by PBDAC staff and management, beyond the then Chairman, in the preparation of the project. Some project preparation did occur during the implementation of AMP but the benefit of this work was eroded due to delays in effectiveness.

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<sup>9/</sup> Specific examples noted by PBDAC were Bank attempt to clarify and simplify sub-loan requirements which were inconsistent and created more confusion and Bank non-responsiveness to TORs for the environmental unit where the PSRs note that those draft TORs lack clarity without moving forward on resolving pending issues.

#### *7.5 Government implementation performance:*

Government implementation performance is rated highly unsatisfactory. Time from Bank Board approval to project effectiveness was some twenty-one months and this was largely the result of delays in GOE approving the IDA credit and IBRD loan and the renegotiation of the IBRD loan. This delay is unacceptable.

GOE's involvement in the project was minimal after project approval by the Bank. It is clear that project implementation was not being monitored by the Ministry of Agriculture and Land Reclamation as the line ministry responsible for operations in the sector. The Ministry did not intervene in an attempt to resolve the project's problems.

#### *7.6 Implementing Agency:*

Performance of the implementing agency was unsatisfactory. PBDAC failed to show any ownership of or desire to implement any of the reforms contained in the project after the Chairman who participated in project preparation left and it lacked momentum and resolve to strengthen its inherent weaknesses. The issue of the audit of PBDAC was particularly problematic as was PBDAC's reluctance to implement other institutional reforms. Continued staff turnover was also problematic.

#### *7.7 Overall Borrower performance:*

Overall Borrower performance is rated highly unsatisfactory because of the ratings assigned to preparation and GOE implementation performance.

## **8. Lessons Learned**

The lessons learned principally relate to project design, preparation, and readiness for implementation as no financial resources beyond the Front-end fee were utilized during implementation.

### Institutional lessons

- (i) Financial incentives and heavy reliance on effectiveness and disbursement conditions do not compensate for unequivocal ownership and commitment by all stakeholders to implement institutional reforms and capacity building programs for large public institutions. Such endeavors require the support of an overriding framework of macroeconomic or sectoral reforms (could be a broader framework for reform of the agricultural, financial, or rural finance sectors) to mobilize the support needed to implement ambitious reform programs. There is also a need to take fully into account the existing capacity of the implementing agency in setting the scope of such programs.
- (ii) Projects of the ambitious nature of PSADP that are designed as a banking reform project should be implemented as such, and not as rural credit or rural development projects, and need to have the appropriate resources and skills mix made available to them. In this regard, World Bank operational policies for reform of financial institutions need to better take into account the environment which rural credit institutions like PBDAC operate within and the capacity of such institutions to implement the measures required.

### Operational lessons

- (iii) Without clear commitment and support to all project components - especially institution building components - by the authorities and implementing agency, project implementation should not proceed.

Lack of commitment to some aspects of projects should be clearly and timely reported by task teams, supervision efforts need to re-build project understanding and commitment, and the task team should timely and proactively assess if corrective measures are needed.

(iv) Supervision efforts should complete project preparation, where necessary before embarking on implementation. In cases where basic operational documents like the Project Implementation Plan or the project operational manual were not commissioned during project preparation, the task team should give priority to preparing those documents that provide proper guidance to implementing agencies.

(v) Involvement of second tier officials in project preparation is necessary to protect project ownership and implementation from staff turnover risks. In addition, clarity of project legal documents as well as their consistency with the PAD help maintain implementation momentum should there be high turnover of leadership.

## **9. Partner Comments**

*(a) Borrower/implementing agency:*

The ICR of PBDAC on the PSADP is attached in Section 10 below.

*(b) Cofinanciers:*

None.

*(c) Other partners (NGOs/private sector):*

None.

## 10. Additional Information



### Principal Bank for Development & Agricultural Project

(Final)  
Implementation Completion Report  
For the Private Sector and Agricultural Development Project  
(IDA Cr. 3254,IBRD Loan No. 4500)

#### Background

The world Bank group financed the government of Egypt in a form of loan with total amount of US\$ 175.000.000 divided as follows:

- IBRD loan no. 3254 amounting \$100.000.000
- IDA loan no. 4500 amounting \$75.000.000

The main objectives of the project are :

1. Promote rural economic development , leading to increased income and employment in rural Egypt
2. Strengthen financial and institutional viability of the PBDAC , a public- sector institution.

The signing date of agreements: 4/6/2000

The effectiveness implementation date : 22/3/2001

1. The aide-memoir of the IBRD's mission in April 1999 included 11 items to be implemented by PBDAC and the Egyptian Government in order to sign the agreements with the IBRD for a loan in an amount of \$225,000,000 and IDA for a line of credit in an amount of \$75,000,000.
2. The two agreements were signed in June 2000 and the amount was reduced to \$100,000,000 from the IBRD, and \$75,000,000 from IDA.
3. The project's effective implementation commenced in 22 March 2001, after a notification from PBDAC that all conditions needed are covered.
4. The understanding of PBDAC was that upon signing the agreement, the first tranche (33.3 million dollar) will be available for withdrawal but PBDAC received a fax from IBRD in 11 April 2001 concerning the withdrawal procedures from the project's special account, which can be summarized as follows:

- an advance payment : \$800,000 from IBRD
- an advance payment : \$600,000 from IDA

The ceiling for the withdrawal applications is \$ 800,000 from IBRD and \$600,000 from IDA and after reaching \$9, 500, 000, the advance payments will increase to:

- \$ 4,000,000 from IBRD
- \$ 3,000,000 from IDA

When we began implementation, the reimbursement cycle of any withdrawal application took 3 months that means the amount withdrawn and reimbursed for a year will not exceed \$ 5,600,000 for both loans. Thus, to reach the amount of \$9,500,000 needs two years from the beginning of implementation and this reflects a great slow down in using the loan, and this will result that PBDAC pays a lot of costs (commitment charge) beside facing a shortage of liquidity which hinders PBDAC from opening L/Cs or lending the clients the required loans in US Dollar. In addition to that, VIPs stop borrowing any loans in US Dollar or open L/Cs to import the necessary needs for agricultural and rural development. Those clients demand a speedy performance in lending loans and according to market demands. Also, IBRD's conditions for performing international bids and the announcement which must be made through IBRD and the required time are considered great obstacles and repelling elements for those clients.

5. After the beginning of implementation and in 7 August 2001, PBDAC contracted with a consultancy firm "Mohamed Helal and Co," to prepare the accounting and financial systems for the project and to train the project implementation unit staff on the procedures and forms used in implementation.

6. In February 2002, the environmental unit was formed and 17 environmental coordinators were chosen in BDACs, in March 2002, the TOR for appointing the environmental consultants were prepared and a group of consultants were nominated by the Ministry of Environment. The consultants' C.Vs were sent to IBRD. PBDAC amended the TOR many times but without any approval from the WB. The environmental Manual was prepared and reviewed by the experts in the Ministry of Environment and was sent to IBRD and there was no response from WB to any of them. The consultants left work without taking their fees

7. In May 2002, IBRD approved on raising the ceiling of the project's special account from \$ 1,400,000 to \$3,500,000. IBRD sent a fax of approval to PBDAC but it was never executed by IBRD.

8. PBDAC management & WB mission in May 2003 agreed to formulate a plan to restructure the loan. The credit component of IBRD and IDA was totally cancelled and the loan reduced to 30 million dollars to cover only the institutional building component in PBDAC and its affiliates for rest of the project period.

9. PBDAC prepared the contracting procedures with the consultancy firm "Hazem Hassan and Co.," as an external auditor for PBDAC and 4 BDACs for year 2001 and to review the

project's activities in return of L.E 450,000. Three files including all the required documents were sent to IBRD by the end of 2002 to approve the contracting with the consultancy firm. PBDAC received a fax dated 8/8/2002 confirming that IBRD had received the files and they are under study. No approval was sent by IBRD and therefore PBDAC did not contract with the consultancy firm.

10. In August 2002, the financing plan of the institutional building component for 5 years and the project's procurement plan through the implementation years were prepared and sent to IBRD.

11. On implementing the credit component, some obstacles which delayed the cycle of reimbursing the disbursed amounts appeared. The most important of which is changing the forms attached with the withdrawal application many times all over the year , the matter which requires translating them to Arabic , retraining the staff in village banks to use the new forms , translating them to English again and waiting for the response of the WB whether by sending "no objection " or notices .

12. By the end of January 2003 , a drop of the price of the Egyptian Pound happened according to the floating of Egyptian pound against the US dollar the matter which its results were :

- a) shortage in the available local fertilizers which resulted a crisis , which lead the government to issue its instructions according to the People's Assembly's directions that PBDAC return to deal and distribute fertilizers all over the country .
- b) Increasing the burden of repayment cost of IDA loans financed in dollars which forms big burdens on PBDAC especially the amounts allocated for institutional building component which don't generate any cash return to PBDAC.

13. Currently , PBDAC made the necessary steps to hire experts in the fields of :

- credit
- banking activities
- MIS
- Training

Under TAF grant ( 10/2000 ) financed from African Development Bank (ADB) to develop the performance in these fields and train the different levels of PBDACs' staff .

16. The big share of IDA ( 36.6 % ) was allocated for mechanizing PBDAC (18 BDACs from PBDAC's) The mechanizing of 7 BDACs are fully completed from PBDAC's own recourses and the rest are under implementation.

17. One of the project requirements is the amendment of the legal framework of PBDAC & BDACs. In this concern, in July 2003 18 BDACs were merged to become 5 regional BDACs as a beginning of amending the legal framework according to the new law of banking and the directions of CBE.

18. Currently, PBDAC is establishing a new company for the non-banking activities. In the frame of International Finance Institution directions of reconstructing PBDAC and separate banking activities of the other activities. It will start working at the beginning of July 2004.

Lessons Learned:

1. On applying project's loan agreements and credit line, we found that the required procedures and its implementation are very complicated which led to a delay in implementation.
2. For every implementing step we need the "No Objection " of the bank, the matter which requires a long period of time despite of using more than one way of communication ( Fax, E-Mail,...etc) due to that no one can replace the project's team leader which suspend the work in the case of his absence from Washington.

So, there should be a project's representative in the resident WB's office in Cairo who has the eligibility and authority of taking decisions and approving implementation as the bank is responsible for providing technical assistance and help to implement the project.

3. Flexibility of amending the agreements is needed according to work requirements and the outcomes of the practical implementation which leads to the success of the project.
4. There is need to minimize the demands of the WB such as reports and the translation of all documents to concentrate upon implementing & operating the project not to waste effort and time in such detailed reports.
5. Hiring consultants at the very beginning of the project to help PBDAC and make use of their experience in preparing PBDAC's strategy, work plan, training staff, monitoring and evaluating the implementation. Also, the bank should facilitate the procedures of hiring them which takes from 4-6 month.
6. The project should fit with PBDAC's real capabilities setting objectives which PBDAC can implement, taking into consideration the possibility of changing and amendments through out the implementation stages according to the actual needs as soon as possible without waiting for the mid term review reports.
7. If possible, WB officials should not be changed all the project's life as possible, and in case of any change, the work of the project should continue without any change in the mechanism of work, procedure, or the used forms.

## Annex 1. Key Performance Indicators/Log Frame Matrix

### Outcome / Impact Indicators:

Indicator/Matrix	Projected in last PSR <sup>1</sup>	Actual/Latest Estimate
<p>Increased income and employment in rural Egypt.</p> <p>Strengthen financial and institutional viability of PBDAC</p>	<p>Projected in PAD</p> <hr/>	
	<p>- Number of jobs created as a result of the project</p>	<p>No project activity, not assessed</p>
	<p>- Increased lending to and savings mobilization from the rural/or agricultural private sector</p>	<p>No project activity, not assessed</p>
	<p>- Net increase in the number of borrowers</p>	<p>No project activity, not assessed</p>
	<p>Implementation by PBDAC of the institution building plan</p>	<p>No project activity, not assessed</p>
	<p>Improved financial indicators including: ROA of at least 1 percent</p>	<p>No project activity, not assessed</p>
	<p>Administrative costs/assets of no more than 5.0 percent</p>	<p>No project activity, not assessed</p>
<p>Capital adequacy ratio of at least 12 percent</p>	<p>No project activity, not assessed</p>	
<p>Full classification and provisioning according to CBE regulation</p>	<p>No project activity, not assessed</p>	
<p>Other operating and, profitability, and liquidity ratios</p>	<p>No project activity, not assessed</p>	

**Output Indicators:**

Indicator/Matrix	Projected in last PSR <sup>1</sup>	Actual/Latest Estimate
	Key performance indicator in PAD	
New Investment lending to private sector rural and agricultural borrowers	Net growth in lending portfolio	Effectively Nil
Institution building		
Improved staff capacity for lending and borrower assessment and loan and portfolio management	Completed upgrading of credit annual; environmental assessment manual; completed staff training in credit assessment; systems in place for loan supervision and follow up	No project activity, not assessed
Management information systems (MIS) in place	Satisfactory implementation of ongoing contract for installation of MIS hardware; study completed for network wide MIS extension	No project activity, not assessed
Accounting and auditing systems in place	Regular, automatic output of management information reports	No project activity, not assessed
Staff training programs in place	Completed and disseminated accounting manual; internal control systems in place and operational	No project activity, not assessed
Strengthening business development capacity	Yearly preparation of skills gap analysis and training program	No project activity, not assessed
	Number of staff trained; percentage staff trained	No project activity, not assessed
	Establishment of strategic business unit Information on new business products and/or areas distributed to relevant staff	No project activity, not assessed

<sup>1</sup> End of project

## Annex 2. Project Costs and Financing

### Project Cost by Component (in US\$ million equivalent)

Component	Appraisal Estimate US\$ million	Actual/Latest Estimate US\$ million	Percentage of Appraisal
Line of credit-investment sub-projects	443.31	0.00	0
Institution building			
Audit	4.34	0.00	0
Operations and management	10.30	0.00	0
Information technology	13.48	0.00	0
Agriculture technology dissemination	4.02	0.00	0
Project management unit	1.36	0.00	0
Front end fee	2.25	1.00	44
<b>Total Baseline Cost</b>	479.06	1.00	
<b>Total Project Costs</b>	479.06	1.00	
<b>Total Financing Required</b>	479.06	1.00	

### Project Costs by Procurement Arrangements (Appraisal Estimate) (US\$ million equivalent)

Expenditure Category	Procurement Method <sup>1</sup>			N.B.F.	Total Cost
	ICB	NCB	Other <sup>2</sup>		
<b>1. Works</b>		0.00	0.00	0.00	0.00
	()	(0.00)	(0.00)	(0.00)	(0.00)
<b>2. Goods</b>	10.04	0.90	0.58	0.00	11.52
	(8.83)	(0.76)	(0.45)	(0.00)	(10.04)
<b>3. Services</b>	0.00	0.00	19.96	0.00	19.96
	(0.00)	(0.00)	(19.96)	(0.00)	(19.96)
<b>4. Contracts under investment subprojects</b>	20.00	0.00	423.31	0.00	443.31
	(17.00)	(0.00)	(250.75)	(0.00)	(267.75)
<b>5. Recurrent costs</b>	0.00	0.00	0.00	1.66	1.66
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
<b>6. Front End Fee</b>	0.00	0.00	2.25	0.00	2.25
	(0.00)	(0.00)	(2.25)	(0.00)	(2.25)
<b>Total</b>	30.04	0.90	446.10	1.66	478.70
	(25.83)	(0.76)	(273.41)	(0.00)	(300.00)

**Project Costs by Procurement Arrangements (Actual/Latest Estimate) (US\$ million equivalent)**

Expenditure Category	Procurement Method <sup>1</sup>			N.B.F.	Total Cost
	ICB	NCB	Other <sup>2</sup>		
<b>1. Works</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
<b>2. Goods</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
<b>3. Services</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
<b>4. Contracts under investment subprojects</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
<b>5. Recurrent costs</b>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
<b>6. Front End Fee</b>	0.00 (0.00)	0.00 (0.00)	1.00 (1.00)	0.00 (0.00)	1.00 (1.00)
<b>Total</b>	0.00 (0.00)	0.00 (0.00)	1.00 (1.00)	0.00 (0.00)	1.00 (1.00)

<sup>1/</sup> Figures in parenthesis are the amounts to be financed by the Bank Loan. All costs include contingencies.

<sup>2/</sup> Includes civil works and goods to be procured through national shopping, consulting services, services of contracted staff of the project management office, training, technical assistance services, and incremental operating costs related to (i) managing the project, and (ii) re-lending project funds to local government units.

**Project Financing by Component and Sub-Component (At Appraisal) (in US\$ million equivalent)**

Component and Sub-Component (At Appraisal)	Appraisal Estimate			Actual/Latest Estimate			Percentage of Appraisal		
	Bank	Govt.	CoF.	Bank	Govt.	CoF.	Bank	Govt.	CoF.
<b>Investment sub-projects</b>	267.75	47.75		0.00			0.0	0.0	
<b>Institution building</b>				0.00					
<b>Audit</b>	4.50			0.00			0.0		
<b>Operations and management</b>	9.60	0.69		0.00			0.0	0.0	
<b>Information technology</b>	11.70	1.78		0.00			0.0	0.0	
<b>Agriculture Technology dissemination</b>	4.00			0.00			0.0		
<b>Project Management Unit</b>	0.40	1.04		0.00			0.0	0.0	
<b>Sub total</b>		3.50		0.00				0.0	
<b>Front end fee</b>	2.25			1.00			44.4		
<b>Total</b>	300.00	51.25		1.00			0.3	0.0	

Bank amounts include IBRD and IDA resources

**Project Financing by Component and Sub-component (actual/latest estimate) (in US\$ millions)**

<b>Component</b>	<b>Actual/ Latest Estimate</b>	<b>Total</b>	<b>Percentage of Appraisal</b>	<b>Total</b>				
	<b>IBRD</b>	<b>IDA</b>	<b>PBDAC</b>	<b>SB Sub-borro wers</b>	<b>IBRB</b>	<b>IDA</b>	<b>PBDAC</b>	<b>SB</b>
Investment sub-projects	0	0						
Institution building		0						
Audit		0						
Operations and management		0						
Information technology		0						
Agriculture Technology dissemination		0						
Project Management Unit		0						
Sub total	0	0			0	0	0	0
Front end fee	1							
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.44</b>	<b>0</b>	<b>0</b>	<b>0</b>

### **Annex 3. Economic Costs and Benefits**

Because the project was effectively not implemented an economic analysis was not undertaken.

## Annex 4. Bank Inputs

(a) Missions:

Stage of Project Cycle	No. of Persons and Specialty (e.g. 2 Economists, 1 FMS, etc.)		Performance Rating		
	Month/Year	Count	Specialty	Implementation Progress	Development Objective
<b>Identification/Preparation</b>					
April 1998-Identification	5	ML, IS, ES,BS, AE			
<b>Appraisal/Negotiation</b>					
March 1999 - Appraisal	8	ML (2), BS, FM, OP, UK(3)			
<b>Supervision</b>					
June 2000	3	ML, BS, RD	U	S	
September 2000	2	ML, FM	U	S	
March 2001		Unknown	S	S	
June 2001	4	ML, BS, FM, RD)	U	U	
October 2001		Unknown	S	U	
May 2002	5	ML, FM(2), OP, TA	HU	HU	
July 2002		Unknown	HU	HU	
May 2003	7	ML, ES, FM(3), LS, BS	HU	HU	
<b>ICR</b>					
March 2004	2	ML, ES			

(b) Staff:

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff weeks	US\$ ('000)
Identification/Preparation	162.5	910.0
Appraisal/Negotiation	57.1	241.1
Supervision	76.4	404.9
ICR	18.7	69.6
Total	314.7	1625.6

Source: SAP

## Annex 5. Ratings for Achievement of Objectives/Outputs of Components

(H=High, SU=Substantial, M=Modest, N=Negligible, NA=Not Applicable)

	<u>Rating</u>				
<input type="checkbox"/> <i>Macro policies</i>	<input type="radio"/> <i>H</i>	<input type="radio"/> <i>SU</i>	<input type="radio"/> <i>M</i>	<input type="radio"/> <i>N</i>	<input checked="" type="radio"/> <i>NA</i>
<input type="checkbox"/> <i>Sector Policies</i>	<input type="radio"/> <i>H</i>	<input type="radio"/> <i>SU</i>	<input type="radio"/> <i>M</i>	<input checked="" type="radio"/> <i>N</i>	<input type="radio"/> <i>NA</i>
<input type="checkbox"/> <i>Physical</i>	<input type="radio"/> <i>H</i>	<input type="radio"/> <i>SU</i>	<input type="radio"/> <i>M</i>	<input type="radio"/> <i>N</i>	<input checked="" type="radio"/> <i>NA</i>
<input type="checkbox"/> <i>Financial</i>	<input type="radio"/> <i>H</i>	<input type="radio"/> <i>SU</i>	<input type="radio"/> <i>M</i>	<input checked="" type="radio"/> <i>N</i>	<input type="radio"/> <i>NA</i>
<input type="checkbox"/> <i>Institutional Development</i>	<input type="radio"/> <i>H</i>	<input type="radio"/> <i>SU</i>	<input type="radio"/> <i>M</i>	<input checked="" type="radio"/> <i>N</i>	<input type="radio"/> <i>NA</i>
<input type="checkbox"/> <i>Environmental</i>	<input type="radio"/> <i>H</i>	<input type="radio"/> <i>SU</i>	<input type="radio"/> <i>M</i>	<input checked="" type="radio"/> <i>N</i>	<input type="radio"/> <i>NA</i>

### *Social*

<input type="checkbox"/> <i>Poverty Reduction</i>	<input type="radio"/> <i>H</i>	<input type="radio"/> <i>SU</i>	<input type="radio"/> <i>M</i>	<input checked="" type="radio"/> <i>N</i>	<input type="radio"/> <i>NA</i>
<input type="checkbox"/> <i>Gender</i>	<input type="radio"/> <i>H</i>	<input type="radio"/> <i>SU</i>	<input type="radio"/> <i>M</i>	<input checked="" type="radio"/> <i>N</i>	<input type="radio"/> <i>NA</i>
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> <i>H</i>	<input type="radio"/> <i>SU</i>	<input type="radio"/> <i>M</i>	<input type="radio"/> <i>N</i>	<input checked="" type="radio"/> <i>NA</i>
<input type="checkbox"/> <i>Private sector development</i>	<input type="radio"/> <i>H</i>	<input type="radio"/> <i>SU</i>	<input type="radio"/> <i>M</i>	<input checked="" type="radio"/> <i>N</i>	<input type="radio"/> <i>NA</i>
<input type="checkbox"/> <i>Public sector management</i>	<input type="radio"/> <i>H</i>	<input type="radio"/> <i>SU</i>	<input type="radio"/> <i>M</i>	<input checked="" type="radio"/> <i>N</i>	<input type="radio"/> <i>NA</i>
<input type="checkbox"/> <i>Other (Please specify)</i>	<input type="radio"/> <i>H</i>	<input type="radio"/> <i>SU</i>	<input type="radio"/> <i>M</i>	<input type="radio"/> <i>N</i>	<input checked="" type="radio"/> <i>NA</i>

## Annex 6. Ratings of Bank and Borrower Performance

(HS=Highly Satisfactory, S=Satisfactory, U=Unsatisfactory, HU=Highly Unsatisfactory)

### 6.1 Bank performance

#### Rating

- |                                      |                          |                         |                                    |                                     |
|--------------------------------------|--------------------------|-------------------------|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Lending     | <input type="radio"/> HS | <input type="radio"/> S | <input type="radio"/> U            | <input checked="" type="radio"/> HU |
| <input type="checkbox"/> Supervision | <input type="radio"/> HS | <input type="radio"/> S | <input checked="" type="radio"/> U | <input type="radio"/> HU            |
| <input type="checkbox"/> Overall     | <input type="radio"/> HS | <input type="radio"/> S | <input checked="" type="radio"/> U | <input type="radio"/> HU            |

### 6.2 Borrower performance

#### Rating

- |                                                                |                          |                         |                                    |                                     |
|----------------------------------------------------------------|--------------------------|-------------------------|------------------------------------|-------------------------------------|
| <input type="checkbox"/> Preparation                           | <input type="radio"/> HS | <input type="radio"/> S | <input type="radio"/> U            | <input checked="" type="radio"/> HU |
| <input type="checkbox"/> Government implementation performance | <input type="radio"/> HS | <input type="radio"/> S | <input type="radio"/> U            | <input checked="" type="radio"/> HU |
| <input type="checkbox"/> Implementation agency performance     | <input type="radio"/> HS | <input type="radio"/> S | <input checked="" type="radio"/> U | <input type="radio"/> HU            |
| <input type="checkbox"/> Overall                               | <input type="radio"/> HS | <input type="radio"/> S | <input type="radio"/> U            | <input checked="" type="radio"/> HU |

## **Annex 7. List of Supporting Documents**

World Bank CAS for Egypt, 1997.

Project Review, Private Sector Agricultural Development Project, Arab Republic of Egypt, Financial Sector Operations and Policy Department, BFR Group, October 15, 2002.

QAG Quality of Supervision Review (QSA5) First Stage Review, Assessment Date September 12, 2002.

QAG Quality of Supervision Review (QSA5) Second Stage Review, Assessment Date April 22, 2003.

ICR for the Egypt Agriculture Modernization project, June 2002.

Egypt, PSADP: Options for Restructuring: memo from the PSADP task team to the Sector Manager dated July 31, 2002.

PSADP: PAD, PSRs and Aide Memoires.

PSADP: Loan Agreement, Credit Agreement, and Project Agreement.

PBDAC: Institutional Development Plan, March 1999.

