



MULTI-SECTOR

LOWER MIDDLE INCOME *

CLIMATE-SMART

TRADE-ENABLING

EGYPT

Scaling -Up Private Investment in Infrastructure

GIF FUNDING & LEVERAGE

GIF Project Definition Support:

\$182,000

Projects:

- Renewable energy generation investments, through an auction process.
- Expansion of ports and related logistics infrastructure in the Special Economic Zone (SEZ) under the jurisdiction of the Suez Canal Authority (SCA)
- Developing Bus Rapid Transit (BRT) options as a collaboration between the Greater Cairo Transport Authority (GCTRA) and the private sector

The Government of Egypt is seeking commercial finance and private investment in infrastructure, while reducing the associated fiscal burden and contingent liabilities. As Egypt is one of the pilot countries for the Maximizing Finance for Development (MFD) initiative, support from the GIF to the World Bank will include reviewing priority project pipelines to identify and prioritize a set of early-mover projects—based on project readiness and sector priorities—and preparing project-specific action plans that detail the work needed to bring the projects to market.

EXPECTED PROJECT OUTCOMES

- ◆ Screen and prioritize potential investment opportunities in the energy, transport and water and sanitation sectors
- ◆ Identify the sector-level actions needed to take those projects forward
- ◆ Assess the current readiness of each first-mover project
- ◆ Set out further project preparation and structuring work needed to complete a successful transaction

TECHNICAL PARTNERS



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

* Based on World Bank Group classification by income

BACKGROUND

The Government of Egypt's ambitious economic reform program is intended to revive growth and spur job creation by attracting investment across high-potential economic sectors. The objective of this program of support is to identify investment projects in priority sectors that could present opportunities in the near term to mobilize commercial finance and private sector investment in pursuit of the Government's development goals, and to set out the specific actions needed to unlock and take forward those opportunities.

Infrastructure ownership and provision in Egypt is heavily dominated by state-owned entities: typically corporatized but not necessarily operating with full financial independence from government. In energy the sector has been unbundled, but ownership and operation of generation, transmission, and distribution remains largely with publicly-owned companies under the umbrella holding company, Egyptian Electricity Holding Company. In water, similarly, service delivery remains largely the responsibility of publicly-owned entities under a sector holding company, and is operated at below-cost-recovery levels. In transport, provision remains dominated by the public sector, with some experience with private concessions in ports and airports.

PROJECT FEATURES

The initial coverage of the engagement will be in energy, transport and water and sanitation sectors. The GIF support will focus on: developing sector-specific roadmaps to identify potential investment opportunities in energy, transport and water and sanitation and preparing detailed

Project Action Plans to take pre-identified projects forward. An initial set of potential first-mover projects for each sector have been identified. In the electricity sector this engagement will contribute to the Government's ongoing reforms that aim to unbundle and introduce competition in the sector, as laid out in the Electricity Law (87/2015), which the WB has already been supporting through a Development Policy Financing (DPF) series. Development of plans in the transport sector is at an earlier stage and ports and airports are expected to be the first-movers. In the water sector the principal opportunities for private investment or commercial finance are expected to be BOT-type engagements in wastewater installations in new cities.

WHY GIF

This engagement supports a significant strategic shift for the Government of Egypt towards pursuing private finance and commercial investment for infrastructure. Infrastructure investment has historically been overwhelmingly publicly-financed, and previous experience with private investment has been limited and mixed. In this context, support from the GIF's platform will add significant value. A coherent perspective from the Government's Development Partners – which include several GIF Technical Partners – will help support a well-integrated strategy for the Government in approaching the market with priority projects.

As Egypt has been identified as a pilot for the MFD approach, the GIF will add value in scaling up private-finance mobilization to support Egypt's development goals, in ways that complement and reinforce their public resources.

The Global Infrastructure Facility, or GIF, is a partnership of governments, multilateral development banks and private sector financiers that facilitates private-sector investment in complex infrastructure projects in emerging economies. We serve as a platform through which governments collaborate with international financial institutions and private sector investors to design, structure and implement these complex projects.

The comprehensive project-preparation support provided by the GIF draws on the expertise of its advisory partners which includes commercial banks and institutional investors. The broad partnership ensures that well-structured and bankable infrastructure projects are brought to market in a way that meets the needs of governments and service users in a sustainable way.