

Third Party Evaluation Report FY 2023
Ministry of Foreign Affairs of Japan

Evaluation of Japan's ODA to the Arab Republic of Egypt

February 2024

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Preface

This report is an evaluation of Japan's Official Development Assistance (ODA) to the Arab Republic of Egypt. The Ministry of Foreign Affairs of Japan (MOFA) commissioned it to Waseda University in fiscal year 2023.

Since its commencement in 1954, Japan's ODA has contributed to the development of partner countries while tackling global issues. Today, the international community acknowledges the necessity to improve the effectiveness and efficiency of ODA. MOFA regularly conducts ODA evaluations, of which most are conducted at the policy-level with two main objectives: to improve the management of ODA, and to ensure its accountability. These evaluations are commissioned to external third parties to enhance transparency and objectivity.

The objective of this evaluation was to review Japan's ODA policies and implementation for Egypt, and to produce recommendations based on the review to improve policy planning for the effective and efficient implementation of future assistance by the Government of Japan. For accountability purposes, the results in their entirety are available to the general public.

The Evaluation Team in charge of this study consisted of a chief evaluator (INADA Juichi, Professor of Political Economy, School of Economics, Senshu University), an advisor (KUMON Yasuyuki, Visiting Researcher, Institute for International Monetary Affairs), and Waseda University. Professor Inada supervised the entire evaluation process and Advisor Kumon provided advice and input on analytical and evaluation processes. In addition, to complete this study, we have received support from MOFA, the Japan International Cooperation Agency (JICA), and local ODA task forces, as well as government agencies, project implementation agencies, other donors, and private companies in Egypt. We would like to take this opportunity to express our sincere gratitude to all those who supported this study.

Finally, the Evaluation Team wants to note that the opinions expressed in this report do not necessarily reflect the views or positions of the Government of Japan.

February 2024

Waseda University

Note: This English language version is a translation of the Japanese Evaluation Report of Japan's ODA to Egypt.

Evaluation of Japan's ODA to Egypt (Brief Summary)

Evaluators (Evaluation Team)

Chief Evaluator: INADA Juichi, Professor of Political Economy, School of Economics, Senshu University

Advisor: KUMON Yasuyuki, Visiting Researcher, Institute for International Monetary Affairs

Consultant: Waseda University

Evaluation Period: FY2018–FY2022

Period of the Evaluation Study: June 2023–February 2024

Field Survey Country: Egypt



Grand Egyptian Museum (GEM) Entrance

Background, Objectives, and Scope of Evaluation

Egypt is home to the Suez Canal, which occupies a crucial position in international maritime trade. Located at a geopolitical strategic point between Asia, Africa, and Europe, Egypt plays an important political and economic role for the peace and security of the entire Middle East and Africa region. Therefore, because Japan values foreign trade and energy security, Egypt is an extremely important partner.

Based on a review of Japan's Official Development Assistance (ODA) policies and the assistance provided thereunder to Egypt in the period FY2018–2022, this evaluation aims to discuss recommendations and lessons learned for the formulation and implementation Japan's future ODA policy toward Egypt as well as to ensure public accountability.

Brief Summary of the Evaluation Results

• Development Viewpoints

(1) Relevance of Policies (Rating: Satisfactory)

Verification Item 1: Consistency with Japan's High-Level Development Policies

Japan's assistance policy toward Egypt has fundamentally been to support the building of a foundation for sustainable national development. The priority areas of assistance in the Country Assistance Program for the Arab Republic of Egypt (2008) (realization of sustainable growth and employment creation, poverty reduction and improvement of living standard, and promotion of regional stabilization) and in the Country Development Cooperation Policy for the Arab Republic of Egypt (2020) (promoting sustainable economic growth, social inclusion, education and human resource development, and regional cooperation) are both consistent with this basic policy.

Verification Item 2: Consistency with Egypt's Development Policy and Needs

Japan's assistance policy toward Egypt is consistent with the medium- and long-term goals and priority policies set forth in the Sustainable Development Strategy: Egypt Vision 2030 (SDS2030), namely, the three main pillars of the environment, economy, and society. At the same time, cooperation with and support to the private sector, trade, and governance are relatively low. The main goal of Japan's assistance is to support the building of a foundation for sustainable national development. This goal is in line with the development needs of the Egyptian side, in particular, the need to promote economic growth.

Verification Item 3: Consistency with International Priority Issues and

Relationship with Assistance from Other Donors

SDS2030 corresponds to the Sustainable Development Goals (SDGs) and can be recognized as consistent with international development goals. Implementing agencies are working with the Ministry of Planning and Economic Development to formulate and monitor SDS2030 to identify and respond to policy needs. Japan has participated in donor meetings and similar forums in Egypt through the Economic Cooperation Section of the Embassy of Japan in Egypt, the JICA Egypt office, and the Japan Bank for International Cooperation (JBIC) Dubai office, and it is also working with the Organisation for Economic Cooperation and Development (OECD) member countries and some Middle East donor agencies.

Verification Item 4: Japan's Comparative Advantages

Japan's comparative advantage in equipment is losing its effectiveness because of the advance of emerging countries. The operational method needs to be improved to ensure smooth implementation of the Special Terms for Economic Partnership (STEP), under which Japan provides technology in which it has a competitive edge through ODA loans. However, in the education field, Japan's comparative advantage is being demonstrated by its unique support—including the Egypt-Japan Education Partnership (EJEP), which is highly appreciated in Egypt.

(2) Effectiveness of Results (Rating: Partially Satisfactory)

Verification Item 1: Achievements of Japanese Assistance in Priority Areas (inputs)

Japan's has made a significant contribution to Egypt in terms of the amount of aid provided.

Verification Item 2: Achievement and Contribution from Japan's ODA for Each Development Issue (outputs)

While progress has been made on each development issue and some outputs are becoming visible, delays have occurred because of factors such as COVID-19, and efficiency and sustainability remain a challenge in some areas.

Verification Item 3: Effectiveness of Assistance in Priority Areas (Outcome/Impacts)

Although some effects have been observed, outcomes/impacts cannot be confirmed because most projects are still ongoing.

(3) Appropriateness of Processes (Rating: Satisfactory)

Verification Item 1: Appropriateness of the Formulation Process of the Country Development Cooperation Policy for Egypt

Japan's ODA policy toward Egypt was generally developed through an appropriate process.

Verification Item 2: Appropriateness of the Implementation Process of Japan's ODA to Egypt

The implementation process of Japan's ODA to Egypt which consisted of developing and operating a basic implementation system; identifying needs; and implementing individual projects based on Japan's priority areas of assistance to Egypt, monitoring and evaluation, and publicity, was appropriate.

Verification Item 3: Coordination/Collaboration in the Implementation Process of Japan's ODA to Egypt

Appropriate coordination and collaboration were in place with other development related actors.

• Diplomatic Viewpoints

(1) Diplomatic Importance

Egypt's geopolitical importance to the international community is significant. Located in the northeastern part of the African continent, the country is at a strategic point connecting countries in Africa, the Middle East, and Europe. Additionally, Egypt was the first country to sign a peace treaty between an Arab country and Israel after several wars, so it plays an important role in the Middle East peace process. Moreover, because it is surrounded by unstable countries and regions, Egypt's stability is crucial to regional stability.

(2) Diplomatic Impact

Although Japan's ODA policies and the assistance provided thereunder to Egypt in the period FY2018–2022 had a certain degree of success in strengthening exchanges between the Egyptian and Japanese governments at the summit level, enhancing Japan's presence in Egypt, and promoting friendly relations, some issues remain regarding strengthening economic relations between the two countries and expanding Japanese private companies into Egypt.

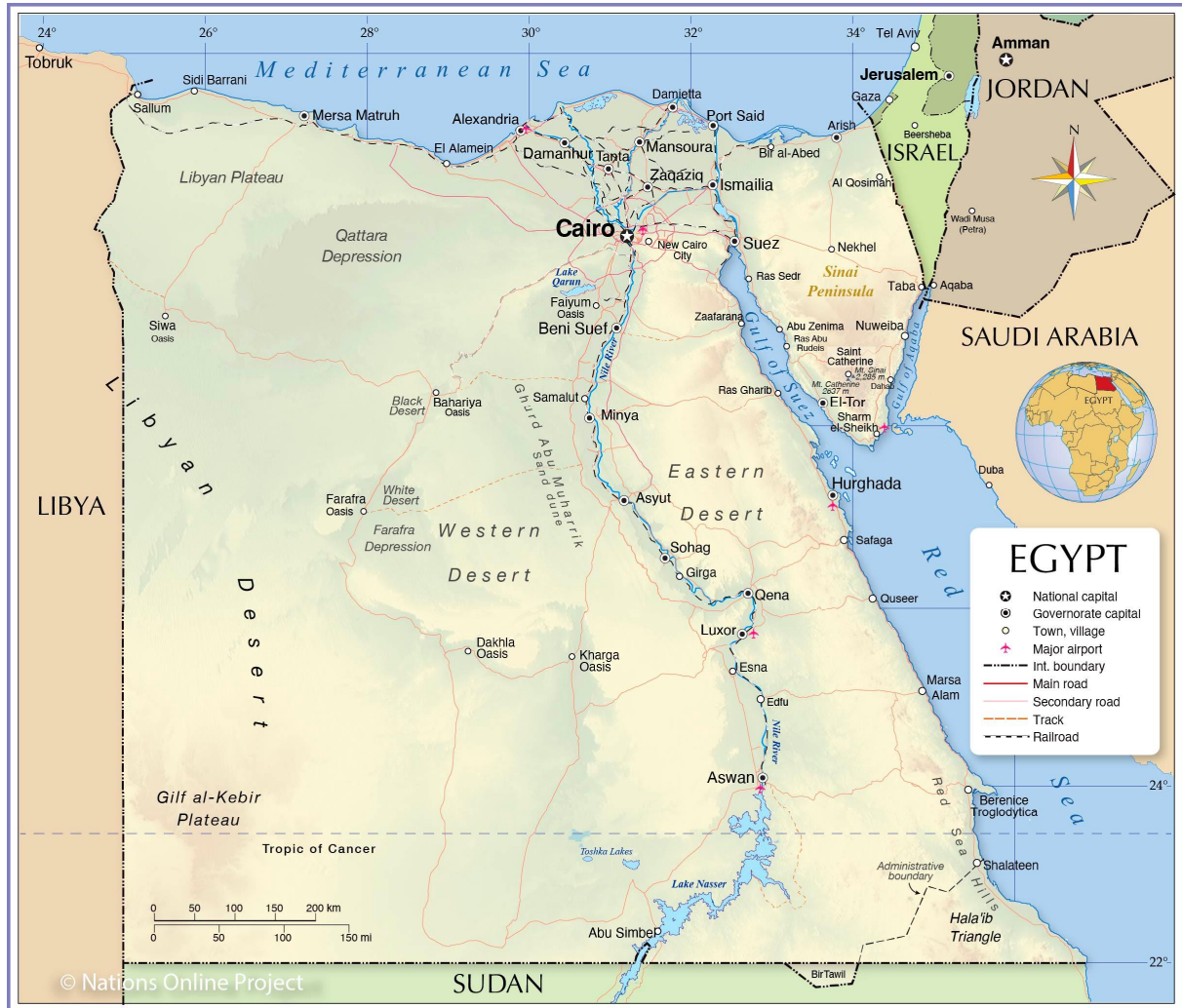
Recommendations

- (1) Provide continuous support to areas of Japan's comparative advantage
- (2) Devise ways of disclosing information
- (3) Scrutinize debt sustainability to avoid fueling foreign currency shortages
- (4) Create an environment for Japanese companies to enter the Egyptian market through all-Japan support, including Other Official Flows (OOF)
- (5) Enhance operational flexibility so that the STEP condition is easy to use for Japanese companies and their counterparts

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Map



Source: Nations Online Map of Egypt

https://www.nationsonline.org/oneworld/map/egypt_map.htm (viewed November 20, 2023)

Chapter 1 Implementation Policy of Evaluation

1. Background and Objectives of Evaluation

The Official Development Assistance (ODA) evaluations by the Ministry of Foreign Affairs of Japan (MOFA) are aimed at improving the management of ODA and ensuring accountability to the public. They are mainly categorized into policy-, program-, and project- level evaluations. The Evaluation of Japan's ODA to Egypt falls under a policy-level evaluation because it evaluates a country assistance policy. The main purpose of a country assistance evaluation is to verify the implementation of ODA to a country and to provide feedback on the Japanese ODA policy for the country, especially the future revision of the Country Development Cooperation Policy, as well as to promote public understanding of Japanese ODA in the country.

The Arab Republic of Egypt ("Egypt") is home to the Suez Canal, which occupies a critical position in international maritime trade. Located at a geopolitical strategic point among Asia, Africa, and Europe, Egypt plays an important political and economic role in the entire Middle East and Africa region's peace and security. Therefore, for Japan, which values foreign trade and securement of energy, Egypt is an extremely important partner. In April 2023, Prime Minister Kishida visited Egypt and elevated the Japan-Egypt relations to a "Strategic Partnership". Contributing to Egypt's economic development and social stability by helping to address its development challenges will serve to stabilize the Middle East and Africa regions, especially the former.

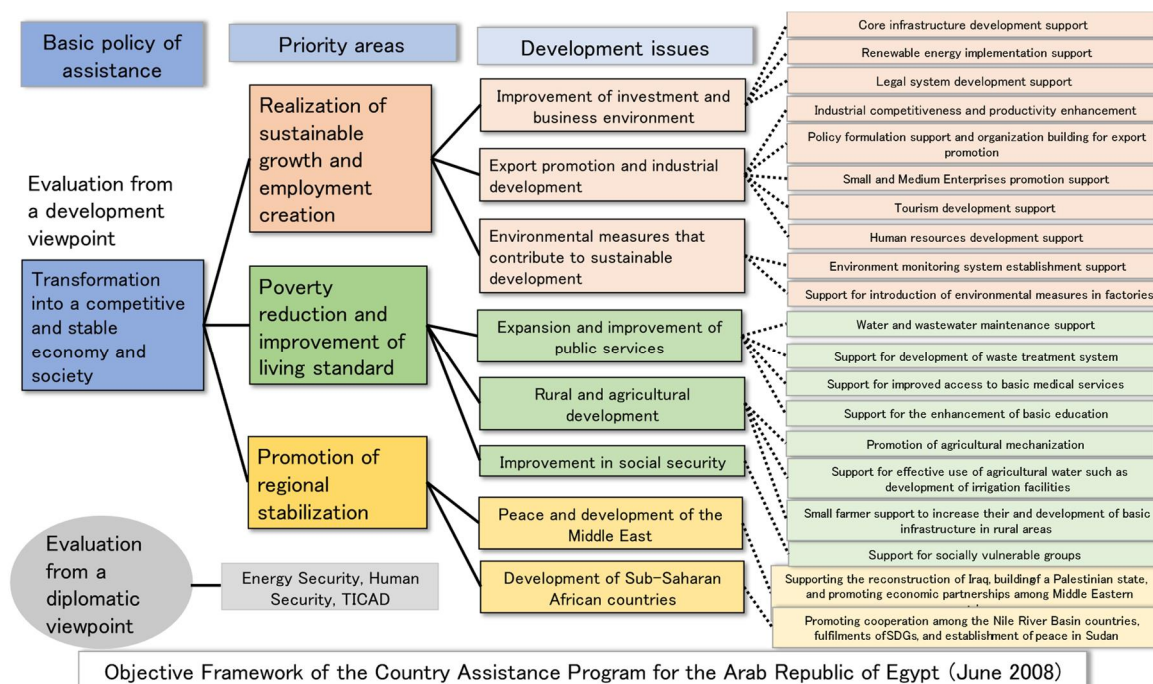
The purpose of the fiscal year 2023 (FY2023) "Evaluation of Japan's ODA to the Arab Republic of Egypt" is to evaluate Japan's ODA policies and the assistance provided thereunder to Egypt in the FY2018–FY2022 period and to make recommendations for the future revision of Japan's Country Development Cooperation Policy toward Egypt. Further, it will fulfill the accountability to the public through the publication of the evaluation results and provides feedback on the results to MOFA and JICA.

2. Scope of Evaluation

This evaluation covered Japan's ODA policies toward Egypt and the assistance provided thereunder over the past five years (from FY2018 to FY2022). Individual projects, including those that started, continued, or ended during the period covered by the evaluation, were analyzed. Because the individual

projects covered a wide range of areas, representative projects were extracted and used as a basis for the policy evaluation.

The policies to be evaluated were the Country Assistance Program for the Arab Republic of Egypt (June 2008) and the Country Development Cooperation Policy for the Arab Republic of Egypt (September 2020). The Rolling Plan formulated in September 2020 was also referenced. In addition to the major, medium, and small goals set forth in the Country Assistance Program and the Country Development Cooperation Policy, as well as the specific support measures in the Country Assistance Policy and cooperation programs in the Rolling Plan, the following items in Figure 1 were considered in relation to diplomatic viewpoints: Energy Security, Human Security, and the Tokyo International Conference on African Development (TICAD).



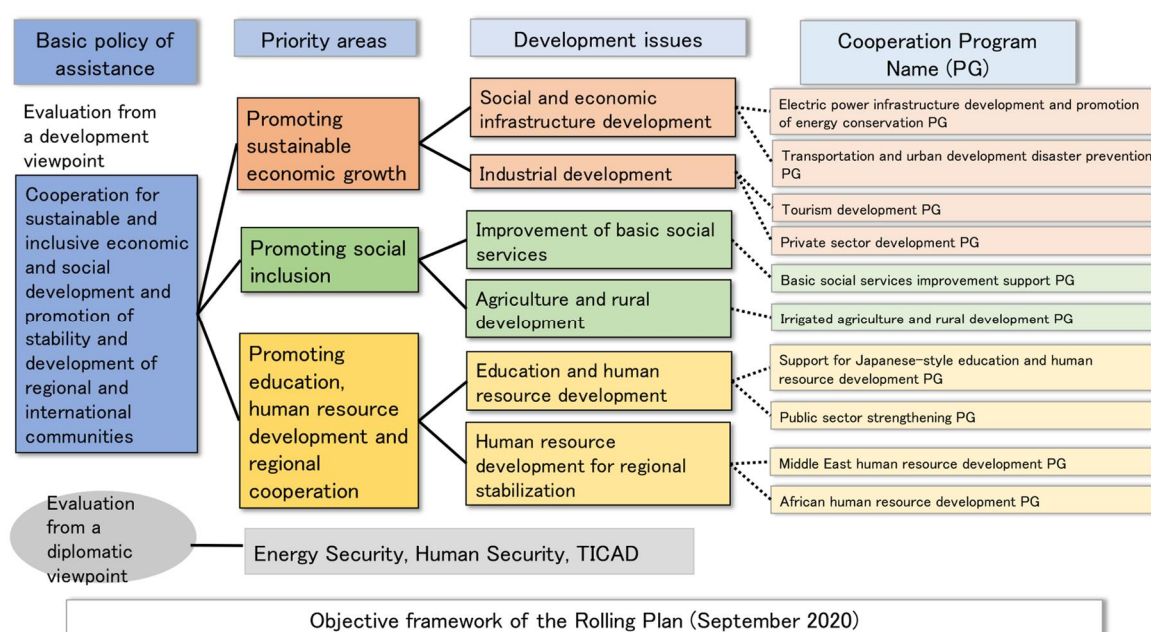


Figure 1. Objective Frameworks of the Country Assistance Program and the Country Development Cooperation Policy

Source: Created by the Evaluation Team based on the Country Assistance Program for the Arab Republic of Egypt (2008), the Country Development Cooperation Policy for the Arab Republic of Egypt (2020), and the Rolling Plan (2020)

Because development policies and diplomatic policies are closely related, the evaluation was conducted while paying attention to the synergistic effects between the two policies in multiple areas or issues where they are interrelated.

3. Evaluation Methodology

(1) Evaluation Viewpoints

In accordance with the ODA Evaluation Handbook (February 2023), this evaluation was conducted from the development viewpoints in terms of (1) relevance of policies, (2) effectiveness of results, and (3) appropriateness of processes as well as from the diplomatic viewpoints in terms of (1) diplomatic importance and (2) diplomatic impact based on Japan's national interest perspectives. The verification items in each evaluation viewpoint were as follows.

Table 1 Evaluation Viewpoints

Evaluation viewpoint	Evaluation criteria	Relevant evaluation criteria	Overview of verification items/detail
Evaluation from development viewpoints	Relevance of Policies	Relevance, coherence	Consistency of Japanese ODA policy with Egypt's development policy and needs, consistency and coherence with Japan's higher-level development policy, consistency with international priority issues, relationship with assistance from other donors, Japan's comparative advantage
	Effectiveness of Results	Coherence, effectiveness, impact, sustainability	Verification of results (outcomes) following the logic from inputs to outputs then to outcome/impact of key policy interventions by theme/sector
	Appropriateness of Processes	Efficiency	Process of elaborating Country Development Cooperation Policy, implementation of aid projects, continuous identification of recipient government needs and project formation and selection, acknowledgement of implementation status of individual projects, effective collaboration

			with various actors
Evaluation from diplomatic viewpoints	Diplomatic importance	Coherence	Contribution to peace and stability in the Middle East and Africa region, and contribution by Triangular Cooperation
	Diplomatic impact	Coherence	Contribution to stable energy supply, further strengthening of bilateral relations, and stabilizing marine shipping routes

Source: Evaluation Team

Note: See Appendix for the evaluation framework, which organizes the details of the evaluation viewpoints, criteria, verification items/indicators, and information sources/collection points.

For the three evaluation criteria of the development viewpoints (“Relevance of policies”, “Effectiveness of results”, and “Appropriateness of processes”), a four-level rating— “Highly Satisfactory”, “Satisfactory”, “Partially Satisfactory”, and “Unsatisfactory”—was assigned based on “Table 3: Rating Scale for Evaluations from Development Viewpoints” of the ODA Evaluation Handbook (February 2023). No rating was assigned for the diplomatic viewpoints.

(2) Implementation Procedures of the Evaluation

The study period for this evaluation was set from June 2023 to February 2024. Under the supervision of the chief evaluator and advisor, three study meetings were held with relevant divisions of the MOFA and JICA officials, and the following steps were taken.

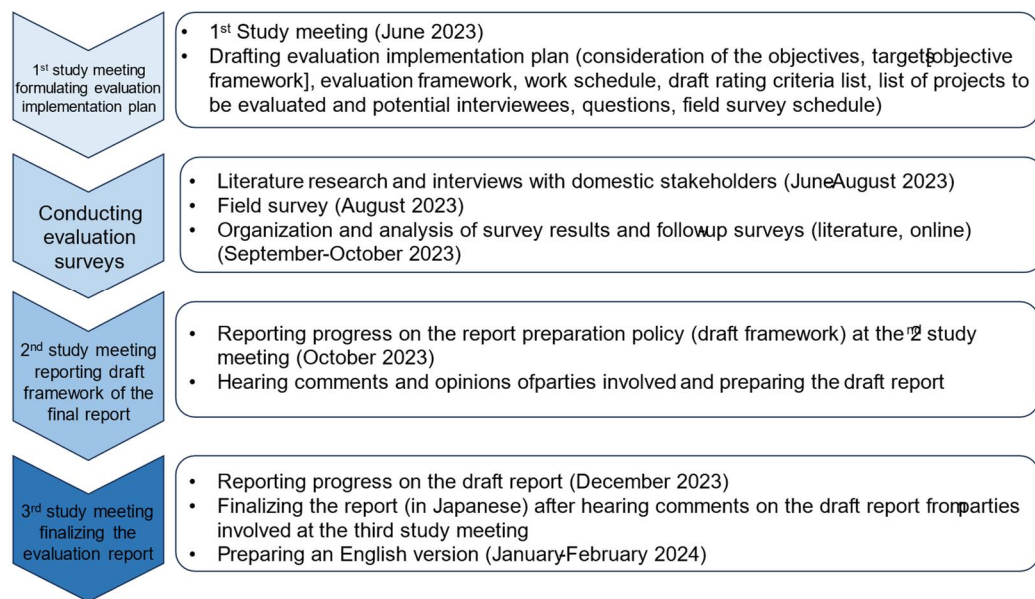


Figure 2. Procedures of the Evaluation

Source: Evaluation Team

At the first study meeting (June 2023), an evaluation plan was decided. Then, a literature review (June to August 2023), field survey (August 2023), and domestic survey (September to October 2023) were conducted. Data and information collected from these surveys were organized and analyzed. After discussions at the second study meeting (October 2023) and third study meeting (December 2023), the main report (in Japanese and English) and the Appendix (in Japanese) were completed.

The study meetings involved a series of discussions with external experts and relevant divisions from MOFA and JICA. For the domestic online interview, an official from the ODA Evaluation Division, Minister's Secretariat of MOFA, in addition to the above evaluation team, participated.

(3) Limitations of the Evaluation

The intention of this evaluation was to analyze the outcome and impact of Japan's ODA policy toward Egypt by taking up individual projects that commenced, continued, or ended during the evaluation period. However, the policy-level evaluation could not be conducted in accordance with the plan because most of the individual projects were still being implemented and ex-post evaluations had not been done.

(4) Implementation Structure of the Evaluation

The Evaluation Team, which consisted of the members listed below, conducted this evaluation.

Table 2 Members of the Evaluation Team

Responsibility	Name	Affiliation
Chief evaluator	INADA Juichi	Professor of Political Economy, School of Economics, Senshu University
Advisor	KUMON Yasuyuki	Visiting Researcher, Institute for International Monetary Affairs
Chief consultant/Evaluation analysis 1	DAIMON Takeshi	Director, Institute of International Peace Strategy, Waseda University
Deputy chief consultant/Evaluation analysis 2	SHOJI Hitoshi	Visiting Senior Researcher, Organization for Regional and Inter-regional Studies, Waseda University

Source: Evaluation Team

Note: The preliminary basic literature collection was recommissioned to Koei Research & Consulting, Inc.

Chapter 2 Overview of Egypt and Trends in ODA for Egypt

1. Political System

(1) Political Trends

Egypt, with a population of 19.26 million¹ and an area 2.7 times that of Japan, is the largest country in the Middle East and North Africa region and a regional power in the Arab and African regions. The ancient Egyptian civilization ruled by the Pharaohs began around 3100 B.C., during which time magnificent structures such as the Pyramids and the Sphinx were constructed. Later, after Persian, Greek, Roman, and Byzantine rule, the region became Islamic in the seventh century. It came under the control of the Ottoman Empire in the 16th century. The country gained independence from Britain in 1922 and became a republic after a coup d'état by Nasser in 1952 that abolished the monarchy. The year 1981 saw the assassination of President Sadat, followed by the inauguration of President Mubarak.

The democratic movement that began in Tunisia in December 2010 spread to Arab countries. In Egypt, the 30-year-old Mubarak regime ended in February 2011. After the ouster of President Mubarak, the Supreme Council of the Armed Forces formed an interim government and President Muhammad Morsi was elected in 2012. In 2013, however, protests against President Morsi intensified, and in July of that year, he was ousted in a military coup. The leader of the coup, Abdulfattah El-Sisi, assumed the presidency in 2014 and amended the constitution to extend his term from four to six years. He is now serving his second term in office, which ends in June 2024.

As described above, Egypt's priority is to maintain security by allowing the regime to maintain real power. As a result, the security situation is generally good, with the exception of the Libyan, Sudanese, and Israeli borders (Sinai Peninsula).

(2) Diplomacy

On the diplomatic front, Egypt has developed an omnidirectional diplomacy, taking advantage of its geopolitical location as both an Arab and African country. It has good relations with the United States (U.S.) and the European Union (EU) and friendly relations with Russia and China. It took a neutral position in the war

¹ Ministry of Foreign Affairs. (2023). *Japan-Egypt Relations Basic Data*. [<https://www.mofa.go.jp/region/africa/egypt/data.html>]

in Ukraine that broke out in February 2022. While it has maintained good relations with Western countries, it has imported arms and maintained cooperation with Russia in the energy sector.

Egypt was the first Arab country to sign a peace treaty with Israel in 1979. Counterterrorism measures in the Gaza Strip and Sinai Peninsula have been a common concern with the Israeli side. During the deteriorating Israeli-Palestinian situation in 2023, the Egyptian government held the “Cairo Peace Summit” in October, which 31 countries, including representatives of the Palestinian Authority, Middle Eastern countries, the U.S., European countries, Russia, China, and Japan, attended.

Egypt borders the Gaza Strip in the Palestinian territories. When the situation deteriorated in 2023, wounded people and foreigners from the Gaza Strip (South Rafah Crossing Point) were evacuated to the Egyptian side. Egypt has demonstrated political strength in mediating with Hamas, which effectively controls the Gaza Strip, and is expected to continue to play a pivotal role in keeping the peace in the Middle East.

2. Economic Situation

Table 3 shows Egypt’s key economic indicators. Economic growth, which declined because of the turmoil in the political situation caused by the “Arab Spring”, recovered to the 5% level under the El-Sisi administration but fell to 3.5% in 2020 and 3.3% in 2021 because of the COVID-19 outbreak. While Suez Canal tolls, tourism revenues, and overseas remittances are the main sources of foreign exchange, the current account deficit has been widening because of the rising international prices of energy, food, and other imports. The Egyptian government received a Rapid Financing Instrument and Stand-By Arrangement from the International Monetary Fund (IMF) in 2020 and an Extended Fund Facility in 2023.

Table 3 Key Economic Indicators

Year	2018	2019	2020	2021	2022
GDP (\$ million)	262,589	318,679	383,818	424,672	476,748
GDP growth rate (%)	5.33	5.55	3.55	3.29	6.59
GNI per capita (USD present)	2,760	2,690	3,010	3,520	4,100
Current account balance (% of GDP)	-2.93	-3.21	-3.71	-4.38	N.A.

Net inflow of foreign direct investment (% of GDP)	3.10	2.83	1.52	1.21	N.A.
Consumer Price Index (2010 = 100)	264.38	288.57	303.13	318.94	363.25
Population (million)	103.74	105.62	107.47	109.26	110.99
Unemployment Rate (% of total workers)	9.9	7.9	7.9	7.4	7.0

Source: World Bank WDI website²

The budget balance is in constant deficit, partly because of the subsidies given to the electricity and food sectors. Funds from the financial markets in the form of government bonds are mainly used to finance the deficit.

Table 4 Egypt's Fiscal Balance

Unit: % of GDP

Fiscal year	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23 (Forecast)
Revenue	18.5	17.7	16.7	16.6	16.9	16.9
Expenditure	28.3	25.8	24.7	23.7	23.1	24.8
Of which Energy subsidy	3.4	1.9	0.3	0.3	0.8	1.0
Income and expenditure	-9.7	-8.1	-7.9	-7.1	-6.2	-7.8

Source: IMF staff report³

3. Development Policies of Egypt

Until the political change in 2011, the “Five-Year Plan”, an investment plan compiled by ministries and agencies according to their requests, was the basis for Egypt’s development policy. After the political change, however, the challenge was to formulate and implement a strategic and transparent development plan that better reflected the will of the people. Against this backdrop, JICA provided technical cooperation (“Sharing Knowledge on Development and Implementation of Execution Plans Project”) to strengthen the capacity for development planning and policy implementation.

In February 2016, Egypt formulated its development policy for 2030, “The

² <https://databank.worldbank.org/source/world-development-indicators>

³ Each retrieved from Staff Report Table 1 of “Request for a 12-Month Stand-by Arrangement” August 2020, “2021 Article IV Consultation, Second Review under the Stand-by Arrangement” July 2021, and “Request for Extended Arrangement under the Extended Fund Facility” January 2023.

Sustainable Development Strategy: Egypt Vision 2030 (SDS2030)". SDS2030 is a long-term plan reflecting the SDGs formulated and implemented and monitored by the Ministry of Planning and Economic Development as the coordinating authority in cooperation with various ministries and agencies⁴. Identifying the Environmental Dimension, the Economic Dimension, and the Social Dimension as its three main pillars, it sets forth a vision of being "among the top 30 countries in terms of the size of economy (measure by GDP), markets' competitiveness, human development, quality of life, and anti-corruption by 2030", As in the SDGs, multiple key performance indicators (KPIs) have been established for each development goal, enabling management of achievement through numerical targets.

The major KPIs are listed below.

Table 5 SDS2030's Major KPIs

	As of 2015	Aim for 2020	Aim for 2030
Real GDP growth rate %	4.2	10	12
GDP per capita (USD)	3436.3	4000	10,000
Poverty rate %	26.3	23	15
Public debt as % of GDP	92.7	85.7	75
Inflation rate %	11.8	8	3–5
Unemployment rate %	12.8	10	5

Source: SDS2030 (Formulated in February 2016)

To achieve SDS 2030, the Executive (President) and Legislative (House of Representatives) branches of government are cooperating to establish a comprehensive database of KPIs in Egypt and a mechanism to collect data from relevant ministries and localities and report the evaluation of goal achievements. The Ministry of Planning and Economic Development is expected to play a central role in this process.

Additionally, the government annually discloses and updates the status of its efforts and achievements toward SDS2030 on its website, incorporating data from the World Bank, the IMF, and OECD. A mid-term plan that indicates the level of achievement every five years has also been formulated and disclosed. Such plans serve not only as a guideline for the Egyptian government but as a

⁴ Prime Minister's Decree no. 193 (2020) provides the legal basis and the linkage/connection with the budget.

<https://mped.gov.eg/MinistryVision?lang=en#Ministry%20Vision>

reference for assistance plans by various donors.

The economic plan went temporarily offtrack in 2020, partly because of COVID-19, but it had mostly recovered by 2021. Egypt has stated that it will adhere to the 2030 target in principle.

The Egyptian government has been promoting the introduction of “performance-based budgeting”, in which the status of the plans and achievements are linked to the budget for each FY. It claims that “the executive programs and performance measurement indicators related to investment projects have been integrated for about 60% of the sub-awarding agencies funded from the state’s general budget”⁵. The Egyptian government intends to continue promoting the linkage between SDS2030 and budgeting.

4. Trends in ODA for Egypt

(1) Trends in Bilateral Cooperation

In terms of bilateral assistance, Japan, France, and Germany are the major donors among OECD member countries. France and Germany appear to have expanded their support. Germany provided 225 million euros in financial support assistance through Kreditanstalt für Wiederaufbau (KfW) in 2019, and a cooperation agreement was signed between the Agence Française de Développement and the Egyptian Ministry of International Cooperation (Table 6).

⁵ Quote from Dr. Hala El-Said, Assistant Minister for Sustainable Development Plan Follow-up Affairs (October 2023).

<https://mped.gov.eg/singlenews?id=5133&lang=en>

Table 6 Trends in Bilateral Cooperation (ODA Commitments)⁶

Unit: Millions USD

	2018	2019	2020	2021
Japan	188.02	30.16	33.43	303.67
France	31.61	90.40	367.47	333.62
Germany	179.99	501.37	206.28	175.66
South Korea	1.82	6.62	4.96	323.57
UK	29.45	31.41	20.02	13.60
Switzerland	19.88	16.97	15.53	27.72
USA	228.75	173.52	221.12	177.61
Total of DAC members	722.67	900.33	922.20	1,467.19

Source: OECD Common Reporting Standard (CRS)

(2) Trends in Multilateral Cooperation

European institutions (EU)⁷ have accounted for about 75% of the total amount of ODA assistance to Egypt by multilateral institutions since 2019. This is thought to be due to (1) an increase in loans by the European Investment Bank and (2) the easing of loan conditions by EU institutions, which has lowered the hurdles for the Egyptian government to borrow.

Other multilateral institutions with significant amounts of support are Arab Fund for Economic and Social Development and the OPEC Fund (Table 7).

⁶ Commitments represent the amount committed with budgetary support in the year in question.

⁷ EU institutions include the European Investment Bank and the European Commission.

Table 7 Trends in Multilateral Cooperation (ODA Commitments)

(Unit: Millions USD)

	2018	2019	2020	2021
EU Institutions	344.21	740.96	1125.23	1841.30
UN Organizations	12.63	23.19	18.80	24.97
Arab Fund for Economic and Social Development	366.35	1.10	248.20	0.02
OPEC Fund	14.00	145.06	95.00	20.00
Islamic Development Bank	0.29	0.00	0.13	0.01
Global Environment Facility	7.55	2.35	0.00	14.42
Green Climate Fund	0.00	0.00	0.00	59.80
Multilateral Total	745.03	914.25	1492.18	1963.48
World Bank*	1915.82	1748.02	1170.08	557.87

Source: OECD Common Reporting Standard (CRS)

Note: The World Bank alone provides non-ODA funds

5. Trends in Japan's ODA to Egypt

(1) Japan's ODA Policies for Egypt

Japan's economic cooperation with Egypt began in earnest during the Sadat administration (1970–1981), when the country shifted to an open-door foreign policy. Japanese economic cooperation was maintained and continued during the Mubarak administration (1981–2011), which persisted with the policy of economic liberalization. Following the outbreak of the Arab Spring and the subsequent period of turmoil under the El-Sisi administration, which consolidated its power base, a long-term plan for Egypt called SDS2030 was formulated. Japan decided to provide all-Japan support, including ODA and OOF.

In the Japan-Egypt Joint Statement released in February 2016, then Prime Minister Abe and President El-Sisi agreed on priority areas of cooperation, marking a turning point in bilateral cooperation. The following is a summary of the main priority areas identified in the statement.

1. Cooperation in Education, Human, and Cultural Exchange

This cooperation included formulation of the Egypt-Japan Education Partnership (EJEP), the introduction of “Japanese style education” (with importance placed on conducting special activities, nurturing discipline,

promoting a collaborative spirit, and building character) in primary education, increased support for the Egypt-Japan University of Science and Technology (E-JUST) (founded in 2009), and human resources exchange.

2. Development of “high-quality infrastructure”

Electricity and energy: This included the Japanese government’s utilization of ODA from JICA, loans from JBIC, and trade insurance from Nippon Export and Investment Insurance (NEXI).

Health: This included cooperation toward realization of Universal Health Coverage (UHC), countermeasures against infectious diseases and maternal and child health, human resource development, and collaborating with private companies.

Grand Egyptian Museum (GEM): This included cooperation in construction; conservation and restoration of cultural properties; management and preparation of exhibitions; and introduction of state-of-the-art technologies and products of Japanese companies.

Transportation and traffic: This included the Borg El Arab International Airport Extension Project and the Greater Cairo Metro Line no. 4 Phase 1 Project.

3. Cooperation to the Regional and International Peace and Stability

This included Counterterrorism and Cooperation for stability in the Sinai Peninsula⁸.

The Country Development Cooperation Policy for the Arab Republic of Egypt (September 2020) is based on the above Joint Statement and has three pillars: promoting sustainable economic growth, social inclusion, education and human resource development, and regional cooperation.

(2) Achievements of Japan’s ODA to Egypt

Japan’s aid assistance achievements to Egypt have been as follows (Table 8).

⁸ For the full text of the Japan-Egypt Joint Statement (February 2016), see https://www.mofa.go.jp/me_a/me1/eg/page4e_000386.html

Table 8 Japan's ODA to Egypt by Aid Modality

Net expenditure basis, unit: Millions USD

Calendar year	Government loans, etc.	Grant aid	Technical cooperation	Total
2017	-83.10	7.62	32.24	-43.34
2018	82.16	3.76	18.33	104.25
2019	122.37	13.99	24.77	161.13
2020	57.39	18.93	15.74	92.06
2021	139.09	25.83	13.04	177.96
Cumulative total	1,449.32	1,461.81	873.53	3,784.66

Source: Japan's ODA data by country (MOFA, 2022)

Regarding spending by sector, the energy and infrastructure sectors accounted for a large share of total spending until 2016. However, the amount of spending in these sectors ceased to grow after 2016. In turn, from 2016 to 2018, the share of spending on the education and social sectors increased. After 2021, the share of spending on the energy and infrastructure sectors increased again (Figure 1).

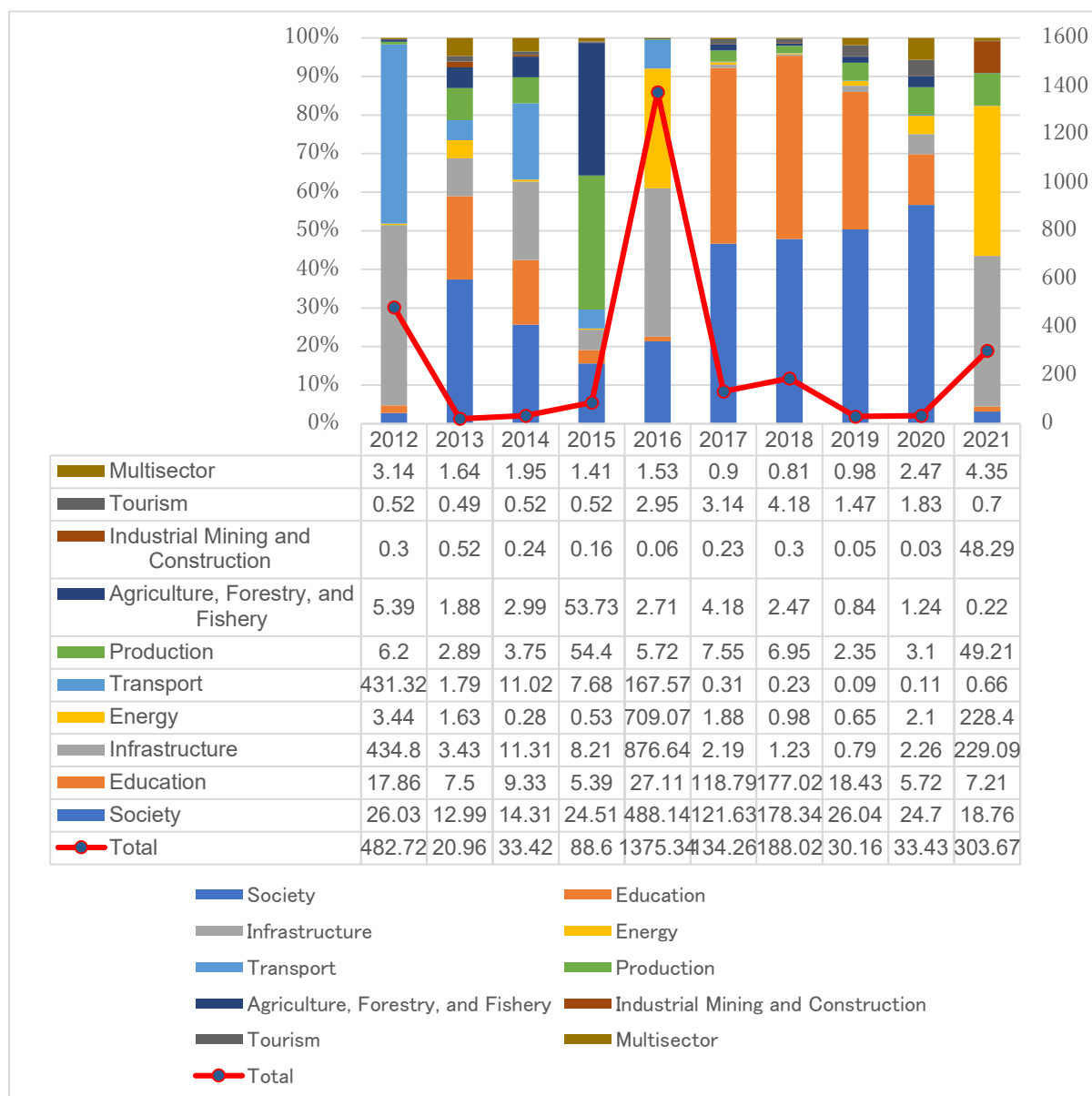


Figure 1 Japan's ODA to Egypt by Sector (in Millions of USD)
Source: OECD Statistics database

Although this is not reflected in Table 8, Egyptian counterparts widely recognized and highly appreciated the Grant Assistance for Japanese NGO Projects and for Grassroots Human Security Projects.

Photo 1 Sites Visited in This Study



Grand Egyptian Museum Entrance



Egypt-Japan University of Science and Technology Entrance



Women Empowerment and Employment Support Plan



Electricity Distribution System Improvement Project

Chapter 3 Evaluation Results

1. Evaluation from Development Viewpoints

(1) Relevance of Policies

With the aim of evaluating the “Relevance of Policies” of Japan’s ODA to Egypt, this section examines the following predefined verification items: (a) Consistency with Japan’s High-Level Development Policies, (b) Consistency with Egypt’s Development Policy and Needs, (c) Consistency with International Priority Issues and Relationship with Assistance from Other Donors, and (d) Japan’s Comparative Advantages.

a) Verification Item 1: Consistency with Japan’s High-Level Development Policies (Rating: Satisfactory)

Japan’s development cooperation with Egypt, mainly through ODA, is in line with the priority areas of support set forth in both the Country Assistance Program (2008) (realization of sustainable growth and employment creation, poverty reduction and improvement of living standard, and promotion of regional stabilization), and the Country Development Cooperation Policy (2020) (promoting sustainable economic growth, social inclusion, education and human resource development, and regional cooperation). Both policies have supported the creation of a foundation for sustainable national development, which is the Basic Policy of Assistance of Japan’s development cooperation with Egypt.

Furthermore, both policies are in line with the Development Cooperation Charter (2015), a development cooperation policy approved by the Cabinet⁹. The Charter includes basic policies such as “contributing to peace and prosperity of the world through cooperation for non-military purposes” and “promoting human security” and priority issues such as “quality growth” and poverty eradication through such growth” and “sharing universal values and realizing a peaceful and secure society”.

This Charter was revised in June 2023. While following the basic principles and priority policies of the past, in light of the outbreak of infectious diseases and

⁹ A Cabinet decision is the unified view of the Cabinet and has a certain validity as an internal decision of an administrative agency. However, unlike laws that the Diet has deliberated, Cabinet decisions do not have the binding power to restrict the rights and obligations of the people or of ministries and agencies. It is possible to file an administrative lawsuit to invalidate or revoke a cabinet decision if it is out of the administration’s discretion.

changes in the geopolitical balance of power, the revised charter considers development cooperation not only as economic cooperation but also as a concept that includes humanitarian assistance and peacebuilding. It calls for greater synergy among ODA, OOF, and private-sector funds. The recognition of and response to the international situation that led to this revision is consistent with the basic policy underlying the Japanese government's assistance to Egypt.

Based on the above, it can be said that Japan's development cooperation with Egypt is in line with the Country Development Cooperation Policy and the Development Cooperation Charter.

b) Verification Item 2: Consistency with Egypt's Development Policy and Needs
(Rating: Satisfactory)

(i) Consistency with Egypt's Development Policy

Japan's assistance policy toward Egypt is consistent with the medium- and long-term goals and priority policies set forth in SDS2030, namely, the three priority areas of the environment, economy, and society. In large part, this consistency has been achieved because Japan's Country Development Cooperation Policy for Egypt was formulated in close coordination with its Egyptian counterpart and policy discussions were held regularly between the two countries.

(ii) Consistency with Egypt's Development Needs

Japan's assistance to Egypt focuses on the basic policy of assistance of creating a foundation for sustainable national development. This is in line with Egypt's development needs, particularly its on economic growth needs. The economic damage caused by the spread of COVID-19 between 2020 and 2022 further underscores the importance of the need to promote social inclusion, education and human resource development, and regional cooperation and highlights the consistency of Japan's assistance which prioritizes these areas.

Meanwhile, the lack of good governance in not only the government sector but also the private sector is hindering efficient government operations and business transactions. In October 2023, the international rating agency (Moody's) downgraded the rating of Egyptian government bonds from B3 to Caa1. The main reason for this is the shortage of foreign currency due to the decrease in remittances from migrant workers. Although the Suez Canal tolls and the tourism sector have recovered, the inflation rate remains high and there is a lack of good

governance¹⁰.

At the project level, Japan's assistance is consistent with the priority items and contributes as a whole to the basic policy of assistance of creating a foundation for national development. At the same time, projects, which are individual policy interventions, require institutional support in the area of rule of law, including technocratic human resource development, governance, trust in organizations, and transparency and accountability, to be successful as a whole and reach development goals.

c) Verification Item 3: Consistency with International Priority Issues and Relationship with Assistance from Other Donors (Rating: Satisfactory)

(i) Consistency with International Priority Issues (SDGs)

SDS2030 corresponds to the SDGs and is recognized as consistent with the international development goals. In this regard, the institutional design goes beyond mere similarity in wording because the Egyptian implementing agency is working with the Ministry of Planning and Economic Development to formulate and monitor the SDS2030, thereby identifying and responding to policy needs as a set.

The challenge is the need to monitor from multiple perspectives to confirm that matters that should have been handled consistently in terms of institutional design are actually being handled effectively in terms of operation.

(ii) Relationship with Assistance from Other Donors

Japan participates in donor meetings and meeting bodies similar to donor meetings in Egypt, represented by the Economic Cooperation Team at the Embassy of Japan in Egypt, the JICA Egypt Office, and the JBIC Dubai Office. Japan also works with OECD member countries and some Middle East donor agencies. However, information sharing and policy dialogue with emerging donors are limited.

d) Verification Item 4: Japan's Comparative Advantages (Rating: Partially Satisfactory)

¹⁰ *Moody's downgrades Egypt's ratings to Caa1.* (October 5, 2023). Moody's Investors Service.

Questions have been raised about the areas in which Japanese firms have a comparative advantage in Egypt and whether such areas always exist from the beginning of providing aid. Technological innovations by emerging countries in the AI and solar fields cannot be underestimated. It is necessary to verify whether the STEP condition, which envisages the use of Japan's superior technology in ODA loans, can be a tool for Japanese companies to demonstrate their comparative advantage.

For instance, after the decision was made to implement the ODA-loan Hurghada Photovoltaic Power Plant Project, it took several years to discuss the project cost with the Egyptian government. During that time, the problem of power outages, which had been an initial issue, was resolved with the construction of a large thermal power plant and new discussions were conducted about using the storage battery system in a different area than originally planned (the project was eventually implemented under the original plan). With COVID-19 on top of this, it took seven years from the signing of the loan agreement to the bidding process. During that time, technological innovations related to battery photovoltaic power generation progressed, making it possible to procure products equivalent to the originally agreed-upon performance from countries other than Japan at a lower cost. Therefore, under this project, the mandated STEP condition ("Not less than thirty percent [30%] of the total price of contract(s) (excluding consulting services) financed by a STEP loan shall be accounted for by either (i) goods from Japan and services provided by a Japanese company(ies), or (ii) goods from Japan only, depending on the nature of the project") lost its economic rationale.

This case suggests that there are risks that can arise when procurement terms are fixed in advance and raises questions about the recipient country's confidence in Japan's comparative advantage.

On the other hand, EJEP's efforts demonstrate Japan's uniqueness and are highly evaluated on the Egyptian side. Japan's comparative advantage is thus being demonstrated in the field of education.

<Summary: Relevance of Policies>

Relevance of policies is rated as "satisfactory". While consistency with Japan's high-level development policies, consistency with Egypt's development policy and needs, and consistency with international priority issues and relationship with assistance from other donors are all significant topics, some issues as mentioned in the above Hurghada Photovoltaic Power Plant Project are seen regarding policies related to the demonstration of Japan's comparative

advantage.

(2) Effectiveness of Results

a) Verification Item 1: Achievements of Japan's ODA by policy items in the Country Assistance Program and Country Development Cooperation Policy (inputs) (Rating: Highly Satisfactory)

Based on the understanding that aid policies to overcome development issues are realized through the implementation of individual projects addressing specific development issues, and based on the belief that the results of specific projects represent the degree of achievement of the measures set forth in a policy, the evaluation was conducted by specifying in advance the projects to be evaluated. Table 9 shows the projects are being implemented in the policy areas covered in the development issues of the Country Assistance Program and the Country Development Cooperation Policy, as well as cooperation programs.

Table 9 Projects Subject to Evaluation Granted in Accordance with the Country Assistance Program and the Country Development Cooperation Policy

	2008 Assistance Program		2020 Development Cooperation Policy		E/N, contract	Program	Implementation period	Egyptian implementation agency				
	Priority sector goals	Assistance	Priority area	Program								
1	Improvement of investment and business environment	Core infrastructure development support	Development Issue 1-1 Social and economic infrastructure development	Electric power infrastructure development and promotion of energy conservation PG	2016.2	Electricity Distribution System Improvement Project	2016.3~continuing	Egyptian Electricity Holding Company (EEHC), Alexandria Electricity Distribution Company (AEDC), North Cairo Electricity Distribution Company (NCEDC), North Delta Electricity Distribution Company (NDEDC)				
2					2016.10	Electricity Sector Rehabilitation and Improvement Project	2016.10~2024.5	Egyptian Electricity Holding Company (EEHC), Egyptian Electricity Transmission Company (EETC)				
					2016.2	Hurghada Photovoltaic Power Plant Project	2016.2~continuing	New and Renewable Energy Authority (NREA)				
3					2016/2	Borg El Arab International Airport Extension Project	2016.3~continuing	Egyptian Airports Company				
4						Transportation and urban development disaster prevention PG	2012.3, 2022.12	Greater Cairo Metro Line No.4 Phase1 Project(I/II)	2012.4~continuing	National Authority For Tunnels (NAT)		
5							2022.1	Project for Enhancement of Marketing Strategy for Trade through the Suez Canal	2022.1~2024.1	Suez Canal Authority (SCA)		
6							Electric power infrastructure development and promotion of energy conservation PG	2020.4	Development Policy Loan for Power Sector Reform	2020年4月policy goal achieved	Ministry of Electricity and Renewable Energy	
7								2020.1	Project for Capacity Development on Energy Efficiency and Conservation	2020.1~2023.6	Ministry of Electricity and Renewable Energy, Ministry of Petroleum and Mineral Resources, Ministry of Trade and Industry, Industrial Development Authority, Central Agency for Public Mobilization and Statistics (CAPMAS)	
8	Export promotion and industrial development	Tourism development support	Development Issue 1-2 Industrial development	Tourism development PG	2016.1	The Grand Egyptian Museum Construction Project (2)	2006.4~continuing	Ministry of Tourism and Antiquities				
9					2016.11	Grand Egyptian Museum Joint Conservation Project (GEM-JC)	2016.11~continuing	The Grand Egyptian Museum (GEM), Ministry of Tourism and Antiquities, Giza Repository, Luxor Museum				
10					2016.2	Grand Egyptian Museum Management and Exhibition Project	2016.2~continuing	Ministry of Tourism and Antiquities				
11		Human resources development support	Development Issue 3-1 Education and human resource development	Support for Japanese-style education and human resource development PG	2014.2, 2019.2	Project for Egypt-Japan University of Science and Technology (E-JUST) 2, 3	2019.2.1~2025.1.31	Ministry of Higher Education & Scientific Research				
12					2016.7	The Project for Procurement of Education and Research Equipment for Egypt-Japan University of Science and Technology (E-JUST)		Egypt Japan University Of Science & Technology (EJUST)				
13					2017.12	The Project for Procurement of Education and Research Equipment for Egypt-Japan University of Science and Technology (E-JUST) (Phase 2)		Egypt Japan University Of Science & Technology (EJUST)				
14					2017	The Project for Development of Center of Excellence (CoE) for Technical Education	2017-2020	Ministry of Education and Technical Education				
15								2019.3	Plan for the Revival of Traditional Crafts and the Development of a Technical Training Center in the Old Cairo District, Cairo Governorate	2019.3~2022.12	Nile Palace Charity Foundation	
16	2017.5	Egypt-Japan Education Partnership: Human Resource Development Project	2016.12~2024.12	Ministry of Higher Education & Scientific Research								
17	Expansion and improvement of public services	Support for the enhancement of basic education	Development Issue 3-1 Education and human resource development	Support for Japanese-style education and human resource development PG	2017.6	The Project for Quality Improvement of Early Childhood Development (Phase 1)	2017.6-2020.6	Ministry of Social Solidarity				
18					2017.2	The Project for Creating Environment for Quality Learning	2017.12~2021.2	Ministry of Education and Technical Education				
19					2018.2	Egypt-Japan Education Partnership (EJEP)	2017.7~2021.7	Ministry of Education and Technical Education				
20					2021.10	Project for Enhancement and Dissemination of Tokkatsu Models	2021.10~2027.10	Ministry of Education and Technical Education				
21					Expansion and improvement of public services	Support for improved access to basic medical services	Development Issue 2-1 Improvement of basic social services	Basic social services improvement support PG	2017.1	Project for Quality Improvement of Hospitals	2017.1~2024.1	Ministry of Health and Population
22									2019.6, 2021.8(amout change)	The Project for Construction of Outpatient Facility at Cairo University Specialized Pediatric Hospital		Kasralainy Faculty of Medicine, Cairo University; Cairo University Children Hospital
23									2020.10	Economic and Social Development Plan		
24					2021.8	Expanding COVID-19 Vaccination in Egypt (UNICEF cooperation)		Ministry of Health and Population, UNICEF				
25						Development Policy Loan for Universal Health Coverage	2022.2~2024.7	Ministry of Finance				
26					Improvement in social security	Support for socially vulnerable groups			2018.3	Empowerment and Employment Support Plan for Low-Income Women in Old Cairo District, Cairo Governorate		Kozul Foundation
27	2019.3	Educational Environment Renovation Project in Saïda Zeinab District, Cairo Governorate	2019.3~2020.10	Tanweer Center for Development and Human Rights								
28	2019.3	Plan for Improvement of Supportive Environment for Children with Disabilities in Hadayak El Coppa District, Cairo Governorate	2019.3~2022.7	Misr El Kheir Foundation (MEK)								
	note: Loan aid											
	Grant aid											
	Technological aid											

Source: Created by the Evaluation Team based on prior consultation with MOFA

The implemented support method approaches development issues from multiple angles, and the continuity among individual projects addressing the

same issues is recognized.

For example, the power sector approaches issues from multiple perspectives, including the development of power plants and distribution centers as well as policy proposals. In the tourism sector, the GEM projects support GEM in a comprehensive manner, not only the construction but also the operation of the new museum, including the preservation of exhibits and the management of the museum. In the education sector, support is provided at every stage from preschool to graduate school.

The above confirms, for both the Country Assistance Program and the Country Development Cooperation Policy, that projects are selected to help solve the development issues they address and that the projects are intended to produce results through interrelated implementation among those projects. Further, the policy to expand the scope of assistance based on past assistance performance is reflected in the projects evaluated in this evaluation.

b) Verification Item 2: Achievement of Japan's ODA for Each Development Issue (Outputs) (Rating: Partially Satisfactory)

The spread of COVID-19 affected the projects under implementation during the period under evaluation. Remote support was continued while taking measures to prevent infection. However, depending on the type of project implementation, there were some projects that were almost unaffected, such as the dispatch of short-term experts.

Examples of delays in project implementation other than the pandemic-related ones include delays in domestic procedures on the Egyptian side, such as parliamentary approval for the entry into force of Exchange of Notes (E/N) and Loan Agreements (L/A), procurement procedures, and security clearances (Table 10), which are challenges to be addressed.

Table 10 Examples of Project Delays Due to Egyptian Procedures

Project name	Cause of delay
Project for Construction of the New Dirout Group of Regulators (ODA loan)	Revision of bid documents for consultant and consideration of means to secure funding due to re-estimated costs exceeding the original estimate
Hurghada Photovoltaic Power Plant Project (ODA loan)	Discussions on the proposed project cost. Discussions on the

	appropriateness of the project implementation due to the fact that time had passed since the project was planned, including the consultation period, and doubts arose regarding the resolution of power outages and the adoption of the conventional storage battery system
Greater Cairo Metro Line No. 4 Phase 1 Project (ODA loan)	Rebidding of civil works tenders due to high bidding prices; delay in effectuation of the Exchange of Notes and Loan Agreement signed in December 2022. This will result in delays in payments to contractors ¹¹
The Grand Egyptian Museum Construction Project (ODA loan)	Procedures for the entry into force of the loan agreement
Pump Maintenance and Management Advisor (technical cooperation)	Security clearance related to contract of sending expert
Expanding COVID-19 Vaccination in Egypt (grant assistance)	Security clearance procedures for importation of goods
Joint Commitment to Promote Circular Economy Practices in Egypt's Single-Use Plastics Value Chain (grant assistance)	Delays in security clearance procedures for the importation of goods
Grant Assistance for Grassroots Human Security Projects	Delay in approving projects by the Ministry of Social Solidarity

Source: Created by the Evaluation Team based on information obtained through field interviews (August 2023)

Other external factors contributing to project delays include increased construction costs due to higher prices of imported goods resulting from the strong dollar, and delays in material imports due to reduced foreign currency reserves.

¹¹ According to JICA, delays in payment to contractors have been gradually resolved since October 2023.

c) Verification Item 3: Effectiveness of Assistance in Priority Areas
(Outcome/Impacts) (Rating: Partially Satisfactory)

(I) Socioeconomic Infrastructure Projects

Under the Development Cooperation Policy, socioeconomic infrastructure projects are recognized as necessary to improve the investment and business environment and to realize inclusive and sustainable growth. Support is being provided in the electricity and transportation sectors through ODA loan and technical cooperation.

i) Electricity/Energy Sector

Cooperation was undertaken to support the development of electricity infrastructure and the reform of structural issues across the sector.

In the electricity sector, assistance is provided in accordance with the Egyptian National Energy Efficiency Action Plan, mainly through ODA loan. This assistance includes the repair and new installations of facilities to improve the energy efficiency of power plants and distribution facilities as well as the introduction of renewable energy. Technical cooperation is also being implemented in conjunction with ODA loan. For instance, workers of electric power distribution companies refurbishing electric power distribution facilities under the Electricity Distribution System Improvement Project (ODA loan) participated in the “energy assessment field training” implemented under the Project for Capacity Development on Energy Efficiency and Conservation (technical cooperation), indicating coordination among the different assistance schemes.

Additionally, the Development Policy Loan for Power Sector Reform (ODA loan) provides policy and system support for reducing energy subsidies, and for introducing small-scale solar power generation and energy efficiency both of which constituted a pillar of reform.

Regarding the results (outcomes) of the assistance, the refurbishment of power plants was completed under the Electricity Sector Rehabilitation and Improvement Project (ODA loan), and the output and energy efficiency of power plants were improved. A 16-year maintenance contract with the manufacturer was concluded for the power plant rehabilitated under the Electricity Sector Rehabilitation and Improvement Project (ODA loan), so that no particular problems with maintenance were observed. In addition, the capacity of the Ministry of Electricity and Renewable Energy (MOERE) and the Ministry of Petroleum and Mineral Resources (MOPMR) to implement policies regarding energy conservation has been strengthened, and the results of completed

project are being visualized through the publication of the National Energy Balance Statistics.

On the other hand, the power plants rehabilitated under the Electricity Sector Rehabilitation and Improvement Project account only for 5% of the total power generation capacity in Egypt. For Egypt to achieve its policy objectives, it is necessary to improve the efficiency of the remaining 95% of power plants. Similarly, the Electricity Distribution System Improvement Project targets only one distribution control station owned by each distribution company and a maximum of 10% of its customers. The project is considered to be a pilot project before introducing efficient facilities in full-scale in each distribution company. To realize company-wide benefits, the remaining facilities will need to be equipped for both distributing companies and customers, and efforts by each distribution company to introduce them and secure funding will remain an issue.

ii) Transportation Sector

In transportation, the lack and poor quality of land transportation, airports, and other infrastructure is an issue that needs to be addressed to improve Egypt's international competitiveness. The outcome of the support cannot be evaluated at this time because all of the projects are still in the process of implementation. However, once completed, each of the projects is expected to contribute to addressing the development issue, i.e. the improvement of social and economic infrastructure, for the reasons described below.

The Greater Cairo Metro Line No. 4 Phase 1 Project is being implemented in line with the plan under Cairo Regional Area Transportation Study supported by Japan. It is an important line connecting the GEM to the center of Cairo, and many tourists visiting the Pyramids are expected to use it. Transfers to other modes of transportation and area development centered around the station are planned at major stations, as is the introduction of an automatic fare-collection system that will be common to all metro lines. The start of construction work was delayed because of the re-advertising of construction bids for the 12 stations that comprise the majority of the two civil work sections. Consequently, all the subsequent works, such as procurement of materials, equipment, and vehicles and construction works for the remaining four stations have resulted in a significant delay in the overall construction schedule ¹². However, once

¹² According to the preliminary evaluation form dated 2012, the commissioning of plant was scheduled in September 2020. However, as of the time of this

completed, the project is expected to significantly improve the transportation situation in Cairo.

The National Authority for Tunnels, the implementing agency for Cairo Metro Line 4, has 15 projects under implementation, including the extension of Metro Line 3, Light Rail Transit Phases 3 and 4, rehabilitation of Metro Lines 1 and 2, and high-speed rail construction, as well as five more projects in the planning stages. Thus, this project is one of many that will form the commuting railway network in the city of Cairo.

The Borg El Arab International Airport is intended to serve as a gateway for migrant workers from Egypt to Gulf countries and other countries by attracting low-cost carriers (LCC). Although the number of migrant workers has decreased because of COVID-19, after the airport's completion, foreign exchange reserves are expected to improve thanks to the rising number of migrant workers and the subsequent increase in remittances to their home country. The airport is also expected to contribute to economic growth through tourism. More tourists are expected to avoid the crowded Cairo International Airport and use LCCs instead. Construction on the airport was delayed because of the pandemic and the difference in understandings between the client and contractor over interpretation of soil quality. Thus, at the time of field visit conducted in August 2023, the facility was scheduled to be completed in October 2023 and put into service in March 2024.

Technical cooperation on the Suez Canal is positioned as a continuation of Japan's long-term support. Through the Project for Enhancement of Marketing Strategy for Trade through the Suez Canal, technical cooperation is being provided to strengthen the competitiveness of the Canal as a shipping route. This cooperation includes methods for forecasting demand for vessel traffic, pricing of tolls, and estimating and capturing demand for canal use for the cargo from emerging markets. The project is expected to produce results that will increase vessel traffic and secure stable foreign currency revenues. The work envisaged had been largely completed and was expected to be fully completed by January 2024 as of an interview conducted in September 2023.

(II) Industrial Development

Regarding the industrial development, it aims to acquire foreign currency and achieve a current account surplus by strengthening the tourism industry's ability

evaluation, it is scheduled to be completed in 2028, a delay of approximately eight years.

to attract visitors through the development and preservation of tourism resources. However, the challenge is that Egypt's abundant tourism resources are not being effectively used. To address this challenge, aid is provided to the tourism sector for the construction, conservation and restoration of exhibits, and for the operation of the GEM.

Besides providing support for the tourism sector, the Country Assistance Program addresses development issues related to private sector development, including assistance for export promotion and promotion of small and medium-sized enterprises while the Country Development Cooperation Policy includes an assistance program for private sector development. As part of this program, experts are being dispatched to the Investment Free Zone Authority. The expert is engaging in investment promotion activities, such as meeting with Japanese companies and publishing investment promotion booklets. At the time of this evaluation, the expert was asked to extend the dispatching period.

Regarding the results (outcomes) of the support, the GEM building has been completed, its exhibits have been conserved, restored, and transferred, and it is ready to open. However, the opening has yet to take place because it depends on political decisions on the Egyptian side. Personnel training regarding the construction, conservation, and restoration of the GEM, identified as a policy issue in the Rolling Plan, has been implemented, but the improvement of the sustainable management capacity of museum staff remains an issue. Therefore, achievement of results corresponding to the policy issues in the Rolling Plan is yet to be materialized. However, in The Grand Egyptian Museum Joint Conservation Project (GEM-JC Project), the officials from the Egyptian Ministry of Tourism and Antiquities and Japanese experts collaborated, and the trust developed between them led to a proposal from the Egyptian side for the joint restoration of King Tutankhamun's relics. Furthermore, based on the techniques it has acquired, the Egyptian side has set a goal to make the Conservation Center a leader in the conservation of artifacts in the Middle East region. The center has achieved results that go beyond the mere restoration of artifacts, and it is highly commended for building an important foundation to support the realization of policy issues.

The operation of GEM will be outsourced to a private company after its opening. Thus, future issues after its opening will include smooth operation by the management company (including the formulation of a business plan to increase the number of visitors) and the establishment of a management system for outsourced operations by GEM. The need for continued Japanese support is recognized.

(III) Improvement of Basic Social Services

With regard to social inclusion, assistance is provided through the Grant Assistance for Grassroots Human Security Projects (GGP), working with local NGOs and other organizations to promote self-reliance and to improve the inclusion of vulnerable groups, including women and persons with disabilities. In each case, main actors in the activities such as local NGOs and other organizations are using facilities that have been newly built or renovated with Japan's assistance. During the Evaluation Team's visit to the cooperation site, the NGO operating the facility expressed its appreciation for Japan's comprehensive support because although other donors had provided training, they had not been able to receive assistance for facility.

Regarding the results (outcomes) of aid, the projects materialized by GGP requires management efforts from the NGOs that are the main actors in the activities, to continue to produce positive results. NGOs that have provided support for women's empowerment and employment, as well as that have provided support for children with disabilities, are working to reach out to other donors to continue their support activities. The interviewees of these NGOs showed a willingness to make effective use of the facilities that Japan's GGP supported, to achieve their respective activity objectives. It is hoped that, after the completion of the project, results already achieved will continue to be materialized.

(IV) Education and Human Resource Development

The education sector is one of Japan's priority areas of assistance. E-JUST is a model case of higher education assistance, and Japanese teachers have been dispatched to Egypt. At E-JUST, the achievement status of SDS2030 and SDGs (e.g., number of publications in international journals) is disclosed in an easy-to-understand manner. Research facilities have also achieved the highest level standards in the country, and E-JUST is ranked among the highest in Egypt.¹³

At the same time, the Japanese-style education with a focus on "special activities," has been popularized as "Tokkatsu", and the Egyptian side's

¹³ One of E-JUST's top visions was to become "one of the top 500 international universities within 10 years." As of September 2023, E-JUST was the only Egyptian university ranked between 601-800.

willingness to expand this education style nationwide is recognized. There is a high demand in Egypt to enhance group behavior and discipline through extracurricular activities.¹⁴ Egypt-Japan Schools (EJS) have spread throughout Egypt and aim to provide inclusive, equitable, and quality education for all. However, attention should be paid to their unique evolution on the Egyptian side. This evolution went beyond the initial expectations of the Japanese side. It is important to note how the Japanese side will support EJSs as they evolve into the Egyptian style.

(V) Human Resource Development for Regional Stabilization

In February 2016, EJEP was announced with the aim of contributing to the promotion of peace, stability, development, and prosperity in Egypt, and it was announced that the number of Egyptians dispatched to Japan should “reach at least 2,500 during a period of five years” together with Egyptians in other programs, especially in the health and education sectors. For this purpose, in May 2017, the Human Resource Development Project (ODA loan) was launched.

The purpose of this project is to send 350 international students and trainees (190 doctoral and graduate students) and short-term study/research students to Japan under this loan. Admissions are being granted at universities throughout Japan. In particular, in relation to (IV) above, the “Japanese-Style Education” training program at the University of Fukui has been implemented in cooperation with EJEP and has accepted more than 100 trainees to date. Thus, while the output of human resource development is gradually being achieved in the form of the acceptance of foreign students and trainees, it will take time before the outcome of peace, stability, development and prosperity of Egypt, which is the major goal of EJEP is realized.

(VI) Other Development Issues

The Country Assistance Program in 2008 addresses environmental measures that contribute to sustainable development from the perspective of “realizing

¹⁴ Fuchimoto, K. (2020). Training of Egyptian teachers at the United Graduate School for Teachers, University of Fukui (Fukui Daigaku Rengou Kyoushoku Daigakuin ni okeru Ejiputo Kyouin Kenshu). *Studies in and on Teacher Education*, 12, 53–71.

sustainable growth and employment creation”, and tackles agriculture and rural development from the perspective of “poverty reduction and improvement of the living standard”. The Country Development Cooperation Policy in 2020 also includes programs to support irrigated agriculture and rural development as well as to promote the resolution of environmental problems.

In the agricultural sector, the Country Assistance Program recognizes the production of high value added crops and the creation of non-agricultural jobs in rural areas, whereas the Country Development Cooperation Policy recognizes integrated water management as an issue.

In agriculture and rural development, three projects under Country Assistance Program were in implementation during the period of evaluation: (Improving Small-Scale Farmers’ Market-Oriented Agriculture Project, Efficient Water Resources Advisor [technical cooperation], and the Project for Construction of the New Dirout Group of Regulators [ODA loan]) and two projects under the Country Development Cooperation Policy (Deployment of Pump Maintenance and Management Advisors and Improving Small-Scale Farmers’ Market-Oriented Agriculture Project Phase 2 [technical cooperation]). Of these, work has only been completed on the Improving Small-Scale Farmers’ Market-Oriented Agriculture Project. All other projects are in the process of implementation.

In terms of environmental issues, the Country Assistance Program addressed the need to protect the health of the people and to preserve the natural environment while achieving sustainable economic growth. The Country Development Cooperation Policy identified the discharge of marine plastic litter as an issue. There was one project in the environmental area that was implemented during the evaluation period (Joint Commitment to Promote Circular Economy Practices in Egypt’s Single-Use Plastics Value Chain).

<Summary: Effectiveness of Results>

For the projects reviewed through this study, the outputs of the projects are likely to be achieved. Consequently, it is anticipated that the expected results of those projects will be achieved. In line of this logic, it is also assumed that the effectiveness of the results, expected at the time of the inputs, will be realized. Additionally, some of the projects were intended to enhance development effectiveness through collaboration among individual projects that transcended aid modalities in terms of inputs. The approach of using different aid modalities to address the same development issue was successful.

However, issues remain regarding the capacity and sustainability in the Egyptian implementing agency. These include the need to systematically

accumulate the effect of provided support for energy efficiency and for conservation policies in the relevant ministries and agencies. Issue remains in the composition of GEM as an organization after its opening. The GEM-JC Project is an example of the systematic accumulation of techniques acquired by the Egyptian side through technical cooperation. However, the management system of the GEM has not been established at the time of evaluation. The Energy Efficiency and Climate Change Directorate of MOERE, the Energy Efficiency and Climate Department of MOP, the newly established energy efficiency department of the Ministry of Trade and Industry, and the staff in charge of energy efficiency at the Central Agency for Public Mobilization and Statistics are the implementing agencies of the Project for Capacity Development on Energy Efficiency and Conservation. They are facing similar challenges regarding the capacity and sustainability of the effect of provided support because a small number of trained staff may be transferred to other departments and ministries. Continued support is necessary to ensure the systematic accumulation of the knowledge provided through Japanese assistance.

Depending on the sector, the projects supported by Japan, such as the Electricity Sector Rehabilitation and Improvement Project, the Electricity Distribution System Improvement Project, and the Greater Cairo Metro Line No. 4 Phase 1 Project, form only a small part of the many projects the Egyptian side are implementing. In such sectors, the technology and equipment introduced by Japanese assistance form only a small part of the support needed to overcome policy issues. The results of these projects are considered limited from the perspective of the larger impact on the sector as a whole. At the same time, when these projects are examined from the Japanese perspective, there is an undeniable risk that the focus on individual large-scale projects may lead to a loss of perspective on the positioning of these projects within the entire picture of the sector. Therefore, at the sectoral level, it is important to keep in mind that Japanese assistance contributes to Egypt's development efforts along with other assistance aiming to resolve the same development issues.

In discussions with the Egyptians, a strong sense of ownership of development on the Egyptian side were observed. It is desirable for the Japanese side to continue to provide the support needed by the Egyptian side while maintaining dialogue with the latter.

(3) Appropriateness of Processes

a) Verification Item 1: Appropriateness of the Elaborating Process of Japan's Country Assistance Policy for Egypt¹⁵ (Rating: Satisfactory)

The Country Development Cooperation Policy for each country is elaborated through a uniform process. Details of this process are published on MOFA's website.¹⁶

According to the results of interviews with MOFA, the Country Development Cooperation Policy was elaborated in accordance with the above unified process and based on discussions with relevant ministries and agencies. However, MOFA no longer retained any documents related to the process of elaborating the Country Development Cooperation Policy. The details of what kind of discussions were held were unclear. At the public hearings conducted as part of the above process, there were no submissions of opinions from the general public.

Based on past assistance experience, priority issues were narrowed down to three pillars, taking into consideration the priority issues in Egypt's development plan, SDS2030. Additionally, the content of aid was made easier to understand. Officials from MOFA also explained that based on the past results of assistance and the challenges each sector faced, Country Development Cooperation Policies were being developed with a focus on how to expand on the outcomes achieved in the past. Moreover, the period for elaborating the Country Development Cooperation Policy for Egypt in 2020 coincided with the period of the spread of COVID-19. Thus, the Country Development Cooperation Policy focuses on supporting Egypt's efforts to address its development challenges and to contribute to the country's stability and development, including recovery from the damage caused by the pandemic.

The individual projects that make up each program in the Rolling Plan are those that are being implemented or that were decided to be granted at the time of the elaboration of the plan. Those under consideration are not listed in the Rolling Plan. The projects listed in the Rolling Plan is reviewed based on a request from

¹⁵ Based on the "ODA Review Final Report" published in June 2010, the Country Development Cooperation Policy, which had previously been summarized as the Country Assistance Program, was renamed the Country Assistance Policy for all ODA-recipient countries. After another name change in 2015, it was unified into its current form: the Country Development Cooperation Policy and Rolling Plan. See https://www.mofa.go.jp/mofaj/gaiko/oda/seisaku/kuni_enjyo_donyu.html for details.

¹⁶ https://www.mofa.go.jp/mofaj/gaiko/oda/seisaku/kuni_enjyo_donyu.html

the Egyptian side and in consideration of Japan's past assistance performance. As a result, the number of projects for each priority issue differs.

It was explained by MOFA that the needs of the Egyptian side are understood by the local ODA task force through regular meetings and daily contacts with the Egyptian side, through local donor meetings, and through discussions with the Egyptian side on individual projects. High Level Policy Dialogue have been held with the Ministry of International Cooperation since 2022. The Minister of International Cooperation from the Egyptian side participated in these. It has also been agreed that a bilateral cooperation strategy will be prepared at the high-level consultations in 2023.

For the selection of individual projects for assistance, the local ODA task force played a leading role. It scrutinized the formation and selection of assistance projects, and the Ministry in Tokyo was asked to consider these projects.

Although past third-party evaluations are to be used in the process of elaborating development cooperation policies, it was not possible to confirm how the results of the third-party evaluation conducted in FY2010 were used.

b) Verification Item 2: Appropriateness of the Implementation Arrangement of Japan's ODA to Egypt (Rating : Satisfactory)

The local ODA task force is the main local actor in Japan's ODA policy. In Egypt, the task force meets once a year when the Egyptian side makes a request for support. At those meetings, the JICA Egypt Office, which is the implementing agency for ODA projects, explains about the projects under implementation. Then, the requested projects are discussed. Additionally, regular monthly meetings are held between the Embassy of Japan in Egypt and the JICA Egypt Office, with the main topic of discussion being ongoing projects. Individual consultations regarding the progress of the project are held as necessary. Moreover, issues with the Egyptian side that are difficult to resolve at the level of JICA staff are discussed step by step, first between the Embassy and its Egyptian counterpart ministries and agencies and then at the diplomatic level.

In implementing individual projects, ODA loans are administered by JICA. For grant assistance, in addition to those implemented by JICA, there are three ways: (1) Grant Aid for Economic and Social Development Programme, for which the Embassy of Japan in Egypt administers through its procurement agency; (2) projects by GGP, which is also administered by the Embassy of Japan in Egypt; and (3) projects funded by MOFA and entrusted to international organizations. JICA's implementation is supervised mainly by its Egypt Office. Among the grant

assistance programs implemented by MOFA, Grant Aid for Economic and Social Development Programme provides materials and equipment to be procured in Japan. Therefore, MOFA grasps progress through reports from Japanese companies. Because of its nature, equipment procurement requiring environmental and social considerations are not anticipated. However, if there is a possibility that such considerations may be required, inquiries are made with the contractor and reports are received. Regarding grant assistance implemented in cooperation with international organizations, MOFA receives regular reports from international organizations entrusted with implementation. When there are issues, the Embassy of Japan in Egypt holds discussions with the international organization in charge of implementation.

At JICA, which implements ODA projects, the Egypt Office takes the lead in project implementation, assigning local staff to supervise individual projects. Staff in each sector liaise with construction supervision consultants and consultants implementing technical cooperation. Consultations are also held with the Egyptian implementing agency, and good relations have been maintained. The challenges faced by individual cases were due to internal procedures on the Egyptian side. No challenges, related to monitoring by the Japanese side or to the discussions with the Egyptian side were found.

It has been confirmed that the local ODA task force is functioning as a key element in the implementation of Japanese assistance, including during consultations with the Egyptian side. No particular problems have been observed in the consultations with the Egyptian side by the JICA Egypt Office or in the supervision arrangement for individual projects.

The African Development Bank explained that JICA is actively coordinating assistance through donor meetings and other forums to avoid duplication of support from other donors. Hearings from the World Bank, EU, and KfW Development Bank also highlighted its active local consultation with other donors.

A local NGO that benefited the GGP pointed out that it appreciated the consultation with the Embassy of Japan in Egypt at the time of application. The purpose and scope of the project to be supported were clarified through the consultation, and there was no confusion at the implementation stage.¹⁷

However, the implementing agencies of the ODA loan projects have pointed out that the procedures for obtaining support from Japan are slower than those

¹⁷ Statement made during a meeting with the Misr El Kheir Foundation on August 17, 2023.

by other donors.¹⁸ Further improvement is needed to speed up procedures on the Japanese side.

c) Verification Item 3: Coordination/Collaboration in the Elaboration Process of the Country Development Cooperation Policy to Egypt (Rating: Satisfactory)

The Embassy of Japan in Egypt and JICA Egypt Office are participating in the 11 sectoral donor groups in Egypt, except for those inactive. At the group meetings, reports are made on the needs of the Egyptian side and the activities of each donor. An examination of the assistance strategies of other donors showed that all aid agencies are based on the Egyptian government's SDS2030. In this sense, it can be inferred that the orientation of the Country Development Cooperation Policy of Japan is broadly in line with those of other donors.

There are no records available to confirm whether a meeting was held specifically for the purpose of discussing the Country Development Cooperation Policy in September 2020 when the policy was elaborated. The Japanese Embassy in Egypt stated that it collects information on donor policies and projects through its participation in regular meetings and takes this information into consideration when elaborating Country Development Cooperation Policy. MOFA explained that the discussions on the Country Development Cooperation Policy was not conducted independently but was considered as part of the daily discussions.¹⁹

The World Bank,²⁰ the African Development Bank,²¹ and the EU²² have confirmed that donor collaboration takes place through discussions in working groups and bilateral consultations. Given that consultations for considering individual cases related to universal health insurance with the World Bank were being held at the time of the evaluation, and that the European Union has referred to the need for future collaboration, it can be confirmed that consultations with other donors are routinely held. Thus, given this context, it is possible to analogize that consultations with other donors were conducted as part of the activities of the donor working groups at the time the Country

¹⁸ Statement made by the Egyptians during a meeting with the MOERE on August 20, 2023.

¹⁹ Hearing from Country Assistance Planning Division III, International Cooperation Bureau, Ministry of Foreign Affairs, September 29, 2023.

²⁰ Response from World Bank Egypt Office, October 13, 2023.

²¹ Response from the Cairo Office of the African Development Bank, October 19, 2023.

²² Response from the European Union Egypt Office, October 13, 2023.

Development Cooperation Policy was elaborated.

<Summary: Appropriateness of Processes>

With regard to the process by which the Country Development Cooperation Policy dated September 2020 was elaborated, it was not possible to confirm how the intentions of the stakeholders involved in policy formulation were reflected. However, the local ODA task force actively coordinated assistance at the policy level through donor meetings and other forums, and overall, the process of elaborating the Country Development Cooperation Policy was appropriate.

2. Evaluation from Diplomatic Viewpoints

(1) Diplomatic Importance

a) Importance in the International Community

Egypt's geopolitical position in the international community is significant. Located in the northeastern part of the African continent, Egypt is at a strategic point connecting African, Middle Eastern, and European countries. After several wars, Egypt was the first country to sign a peace treaty between an Arab country and Israel, and it plays an important role in the Middle East peace process.

The U.S. has strengthened its alliance with Egypt by providing military assistance. At the same time, Egypt has had strong military and economic ties with Russia, importing Russian-made weapons and nuclear power generation technology. Against this backdrop, Egypt has adopted an omnidirectional foreign policy.

Regarding Japan, the stability of the Suez Canal is particularly important because Japan is dependent on oil and natural gas imports from the Middle East. Further, the two countries have close academic and cultural ties, having been involved in Egyptian archaeological excavations since the 1960s. Moreover, many Egyptian citizens are familiar with traditional Japanese culture through the spread of judo. Egyptian jujutsu practitioners are also providing guidance for the development of judo in various parts of Africa, and multilateral exchanges are taking place.

As described above, Japan's economic cooperation with Egypt has important diplomatic significance for the international community, including the Middle East and Africa.

b) Importance in Bilateral Relations

Reflecting the importance of bilateral relations, there is a continuous flow of dignitary visits to and from the two countries. The Japanese prime minister and foreign minister have visited Egypt (2015, 2017, 2021, 2023), and the Egyptian president has visited Japan (2016 and 2019).

During Prime Minister KISHIDA's visit to Egypt in April 2023, the two countries agreed to deepen bilateral relations by elevating Japan-Egypt relations to the status of a "strategic partnership." The agreed to work together in the areas of (1) economic cooperation (including ODA, JBIC, NEXI), (2) Japanese companies' expansion into Egypt, and (3) security. During the prime minister's visit to Egypt, he visited the GEM and the site of the "Second Ship of the Sun" restoration on the premises. There, he spoke about the importance of Japan's cooperation with the GEM since 2006 and its collaboration with the Greater Cairo Metro Line No. 4 Phase 1 Project.

Thus, Japanese economic cooperation has made a remarkable contribution to strengthening bilateral relations.

Table 8 Dignitary Visits

	Date	Name
Visits from Japan to Egypt	January 2015	Prime Minister, ABE Shinzo
	March 2015	Parliamentary Vice-Minister for Foreign Affairs, SONOURA Kentaro (as the representative of Japan for the Egypt Economic Development Conference)
	August 2015	Parliamentary Vice-Minister for Foreign Affairs, SONOURA Kentaro (as the representative of Japan for the inauguration of New Suez Canal)
	August 2016	Parliamentary Vice-Minister for Foreign Affairs, TAKIZAWA Motome
	September 2016	State Minister for Foreign Affairs, SONOURA Kentaro
	April 2017	Special Advisor to the Prime Minister, KAWAI Katsuyuki
	July 2017	Rules and Administration Committee, House of Representatives
	September 2017	Minister for Foreign Affairs, KONO Taro
	December 2017	President, House of Councillors, National Diet of Japan, DATE Chuichi
	March 2018	Parliamentary Vice-Minister for Foreign Affairs, HORII Manabu
	February 2019	Special Advisor to the Prime Minister, SONOURA Kentaro
	December 2019	Parliamentary Vice-Minister for Foreign Affairs, NAKATANI Shinichi
	August 2021	Minister for Foreign Affairs, MOTEGI Toshimitsu
	November 2022	Governor of Tokyo Metropolitan Government, KOIKE Yuriko
		Minister of the Environment NISHIMURA Akihiro (as the representative of Japan for the 27th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change)
	April 2023	Prime Minister, KISHIDA Fumio
	September 2023	Minister for Foreign Affairs, HAYASHI Yoshimasa
	October 2023	Minister for Foreign Affairs, KAMIKAWA Yoko

	Date	Name
Visits from Egypt to Japan	February 2016	President Abdel-Fatah El-Sisi
	September 2016	Minister of Antiquities, Khaled Al-Anani (Ceremony of the Enthronement)
	March 2017	Minister of Electricity and Renewable Energy, Mohamed Shaker
	May 2017	Speaker of the House of Representatives, Aly Abdel-Aai
	August 2017	Chief of Staff of the Armed Forces, Lieutenant General Mahmoud Hegazy Coptic Pope, Tawadros II
	December 2017	Minister of Investment and International Cooperation, Sahr Nasr
	February 2018	Minister of Education and Technical Education, Terak Shawki
	October 2018	Minister of Foreign Affairs, Sameh Shoukry (TICAD Ministerial Meeting, Japan-Egypt Foreign Ministers' Strategic Dialogue)
	June 2019	President Abdel-Fatah El-Sisi and Minister of Foreign Affairs Sameh Shoukry and other Ministers (G20 Osaka Summit)
	August 2019	President Abdel-Fatah El-Sisi and Minister of Foreign Affairs Sameh Shoukry and other Ministers (TICAD 7)
	October 2019	Minister of Antiquities, Khaled Al-Anani (Ceremony of the Enthronement)
	August 2021	Minister of State for Youth and Sports, Ashraf Sobhy Amer (for Tokyo Olympic 2020 Opening Ceremony)
	September 2022	Minister of Transportation, Kamel El-Wazir (for the late ABE Shinzo's state funeral)
	February 2023	Chairman of Suez Canal Economic Zone, Waleid Gamal Eldien

Source: “Japan-Egypt Relations (Basic Data)” (2023) by MOFA

(2) Diplomatic Impact

a) Contributions to Strengthening Bilateral Relations

Regarding Egypt’s development cooperation, grassroots exchanges over the years, including archaeological excavations, judo instruction, and training and study abroad programs, have fostered pro-Japanese sentiment and strengthened bilateral relations. President El-Sisi expressed his gratitude for Japan’s support during the summit meeting in April 2023.

b) Ripple Effects on the International Community

At TICAD7, held in Yokohama in August 2019, Egypt co-chaired the meeting and a memorandum of understanding on Triangular Cooperation for Africa was signed between JICA and the Egyptian government.²³ Since the 1980s, Japan has been working with Egypt to achieve Triangular Cooperation, such as by

²³ JICA Press Release. (August 30, 2019).
https://www.jica.go.jp/Resource/press/2019/ku57pq00002lcaml-att/20190830_01_04.pdf

providing training programs for Africa. On the Egyptian side, the Egyptian Agency of Partnership for Development, under the umbrella of the Egyptian MOFA, has been implementing Triangular Cooperation for Africa as a host institution. These efforts themselves contribute to SDG 17, “Partnerships for the Goals”.

E-JUST is a good example of Triangular Cooperation in action because it has accepted foreign students and researchers from African countries. Triangular Cooperation in the fields of agriculture, including rice cultivation, and medicine, including infectious diseases and maternal and child health care, has been carried out for a long time. It is bringing positive ripple effects to other African countries. In other words, African countries will benefit from Japan’s cooperation with Egypt in human resource development and other fields. Scholarship programs through TICAD have been launched, and 67 students from Africa entered E-JUST in 2020.²⁴

c) Egyptians’ Understanding of and Interest in Japan

ODA projects such as GEM, E-JUST, and EJEP have contributed to enhancing Japan’s presence in Egypt. Furthermore, it is believed that Egyptians’ interest in and understanding of Japan have been deepened through their training in Japan and exchanges with Japanese counterparts.

According to the results of the Public Opinion Poll on Japan in Egypt (2022)²⁵, 30% of 1,000 randomly selected Egyptians named Japan as an important partner country (multiple responses allowed), ranking third behind Saudi Arabia (57%) and China (39%). In the same survey, the most common image held of Japan was that of “a country with a strong economy and high technology” (85%), followed by “a country with rich traditions and culture” (69%) and “a country that introduces new culture to the world such as animation, fashion, and cuisine” (66%).

As for the perception of Japan’s international role, more than 60% of Egyptians answered that “Japan plays a very important role” or “Japan plays a somewhat important role” in “Stabilization of international order”, “Security”, “Stabilization and growth of world economy”, “Development cooperation in the international

²⁴ Okano, T. (2023). *University of science and technology in Egypt: Building a university in a desert land: Weaving a ‘story’ of people* (Kagaku Gijytsu Daigaku wo Ejiputo ni- Sabaku no Chide Hajimaru Daigaku Zukuri, Tsumugareru Hitobito no ‘Monogatari’). Saiki Communications.

²⁵ Ministry of Foreign Affairs. (DATE). *Opinion Poll on Japan*.
<https://www.mofa.go.jp/policy/culture/pr/index.html>

community”, and “Solutions to global issues”.

Furthermore, more than 80% of Egyptians stated they “welcome” the advancement of Japanese companies in their country, recognizing that Japanese economic and technological cooperation is “very beneficial” or “somewhat beneficial”.

The survey suggests that Egyptians recognize Japan as an important partner country, due in part to its international role in development cooperation and the presence of Japanese companies in the region. On the other hand, the level of favorability toward China, which has expanded investment and financing mainly in the infrastructure sector through its Belt and Road Initiative, is slightly higher than that of Japan, suggesting that the two countries are in a competitive relationship. However, if Japan and China are good rivals and will benefit Egypt through friendly competition, it is not necessarily appropriate to emphasize only the negative aspects of the competition.

d) Contribution to Economic Relations, Private Sector Advancement, and Business Promotion

The number of Japanese residents in Egypt was 764 (as of 2022) and the number of companies operating in the country was 51 (as of 2021)²⁶. Japanese companies’ investment was 2.4 billion yen (in 2022)²⁷. Although it differs in population size and economic level, the United Arab Emirates has 4,370 Japanese residents (2022), 346 companies (2022), and 25.4 billion yen in investment (2022), and Saudi Arabia has 622 Japanese residents (2022), 110 companies (2022), and 63 billion yen in investment (2022)²⁸.

While the statistics for 2018 also showed 51 companies in the country, the number of Japanese residents was 1,014 (2018), which means that the number decreased considerably after COVID-19.

At TICAD8 held in August 2022, the Japanese government promoted the Green Growth Initiative with Africa for climate change and mitigation, and the Egypt government set a target of achieving 35% renewable energy generation in SDS2030. In March 2023, JBIC co-financed a project worth 500 million USD with the European Bank for Reconstruction and Development, the Sumitomo Mitsui Banking Corporation, Norinchukin Bank, and Société Générale Bank (with

²⁶ Ministry of Foreign Affairs. (2023). “Survey Statistics on the Number of Japanese Residents Abroad” “Survey of Japanese Companies Operating Overseas.”

²⁷ Bank of Japan. (2023). Direct investment by region and industry.

²⁸ Both data sources are the same as for Egypt.

insurance by NEXI for the private financial institutions' portion of the loan) to support wind power projects in Egypt. Toyota Tsusho Corporation has also invested in Red Sea Wind Energy S.A.E., an Egyptian company.

Although JICA also has schemes such as private-partnership projects and overseas investment and loans, they are not on a scale that allows private companies to make full inroads. Further, there are limitations such as limited co-financing with private financial institutions²⁹. JBIC and NEXI should take the lead in encouraging private companies to expand their operations.

e) Mutual Private Exchanges

Egypt is a treasure trove of ancient civilizations, including the pyramids, and is a persistent favorite among Japanese tourists. Tourism is an extremely important source of foreign currency for Egypt. The excavation work that Japan has conducted in Egypt since the 1960s, as well as the Japanese government's support for the GEM, has contributed to increasing Japanese interest in tourism to Egypt through media dissemination. Direct flights on EgyptAir, which were suspended in 2020 because of the outbreak of COVID-19 and travel restrictions, were resumed in September 2023.

Although the popularity of tours to the pyramids, the Nile River, and the Red Sea will not wane, the ability to increase repeat business will be critical to the quality of tourism. Therefore, there is an urgent need to overcome challenges in security, transportation access, and sanitation. In addition to cooperation with the GEM, cooperation in tourism resources in the broad sense, including support for transportation infrastructure and the water and sanitation sectors, is an area where continued support is desirable. This can have a ripple effect on improving the current inconvenience in transport and sanitation and turning Egypt into a country that people are willing to revisit.

Regarding the number of visitors from Egypt to Japan, the number of tourists was increasing steadily until the pandemic. As for foreign students, the number was 310 (in 2022), slightly down from 317 in 2021 but still hovering around the 300 mark every year for the past five years.

²⁹ Co-financing with private financial institutions is possible and proven in overseas investments and loans.

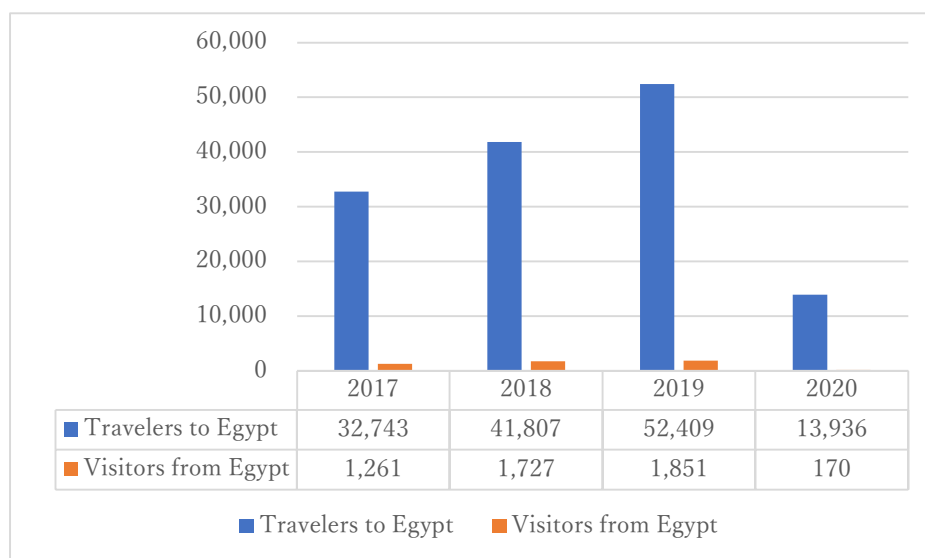


Figure 2 Number of Mutual Visitors between Japan and Egypt

Source: Created by the evaluation team based on data from the Japan National Tourism Organization

<Summary: Diplomatic Viewpoints>

Egypt is a regional power of geopolitical importance and plays an important role in the security of Africa and the Middle East. It conducts all-round diplomacy with the West, China, Russia, and the Middle East. Adjacent to Sudan and the Palestinian Gaza Strip, Egypt plays an important diplomatic role in stabilizing neighboring countries and regions. Maintaining friendly relations with Egypt is important to Japan's diplomatic strategy. Economic cooperation with Egypt will be effective in strengthening bilateral relations and the stability of neighboring countries.

Chapter 4 Recommendations

1. Recommendations Based on Evaluation Results

Recommendation 1. Provide continuous support to areas of Japan's comparative advantage

In terms of establishing a long-term relationship between Japan and Egypt, the Egyptian side has highly appreciated areas of long-term cooperation such as the Cairo Metro, GEM, and E-JUST. These areas have produced effective results. Continued assistance in these areas of comparative advantage is desirable. In particular, while adopting a policy of selection and concentration in the areas of education and GEM, the following points should be kept in mind.

(1) Education

The education sector is one of the priority areas for Japanese assistance. E-JUST is a model case in higher education support, and its research facilities are among the best in the country. Additionally, Japanese-style education has been popularized as "Tokkatsu," and the Egyptian side has highly evaluated it. It is necessary to keep in mind how Japan will support EJSs as they evolve into the Egyptian style.

(2) GEM

This project symbolizes Japan's longstanding commitment to Egypt, as exemplified by the conservation and restoration of the Tutankhamen collection. Prime Minister KISHIDA also visited the GEM in April 2023. It is necessary to set a long-term vision for how to continue the existing support to GEM while devising ways to make use of Japan's past support.

Recommendation 2. Devise ways of disclosing information

The way in which information is disclosed needs to be improved so that the general public can easily understand what kind of assistance Japan is providing to Egypt and why, what the relationship among multiple projects in different sectors and fields is, and what the relationship between the Development Cooperation Charter and the Country Development Cooperation Policy is.

For example, projects that are of interest to the public should be highlighted, such as those related to the Pyramids as a tourism hub or the GEM. The

interconnections among schemes such as ODA loans, grant assistance, and technical cooperation should be communicated in an easy-to-understand manner. A wide range of publicity is needed, including the use of online portals and dashboards and the use of influencers with strong media dissemination skills.

Recommendation 3. Scrutinize debt sustainability to avoid fueling foreign currency shortages

The IMF's financial monitor also takes a cautious view on Egypt's debt problem³⁰. An examination of ODA loans and OOF provided by the government showed that it is necessary to continue to rigorously examine the assessment of debt sustainability and the ratio of loans to ensure that there is no excess of loans, even if they are highly concessional public funds. It is also necessary to continue to monitor country risks³¹.

Recommendation 4. Create an environment for Japanese companies to enter the Egyptian market through all-Japan support, including OOF

Japanese companies are not advancing into Egypt as expected. It is necessary to take support measures that are not bound by the existing ODA framework to support the entry of Japanese companies into the country.

While using overseas investment and loans (JICA), all-Japan support, including support from JBIC and NEXI, is needed. This is in line with the concept of “offer-type” cooperation in the Development Cooperation Charter (2023). ODA and OOF should be combined to support the development of the investment environment through technical assistance, human resource development, and policy loans for private sector development.

³⁰ IMF (2023). “Debt clouds over the Middle East”. (Finance and Development-Selected Article). (See footnote 41, p. 50 of Appendix).

³¹ As noted in the text, in October 2023, Egypt was downgraded from B3 to Caa1 in Moody's Sovereign Rating. Credit ratings, such as Moody's or S&P, have become an important criterion for investors to assess risk. In calculating ratings, rating agencies analyze a wide range of quantitative and qualitative factors, including the financial and economic conditions of countries and companies, political risks, and market conditions. Although it was originally designed for investment and commercial financing and did not directly target public debt, it is useful to some extent for comparing the relative risks of each country.

Recommendation 5. Enhance operational flexibility so that the STEP condition is easy to use for Japanese companies and their counterparts

“Country of origin of goods and services procured under STEP loans” stipulate that “not less than thirty percent (30%) of the total price of contract(s) (excluding consulting services) financed by a STEP loan shall be accounted for by either (i) goods from Japan and services provided by a Japanese company(ies), or (ii) goods from Japan only, depending on the nature of the project.”³² However, technological innovation progressed more rapidly than anticipated at the project formation stage, and the equipment and materials provided with Japanese assistance became outdated.

Therefore, there is a need for flexibility in the operation of the system so that operational rules can be adapted to the circumstances from time to time. This should include the possibility of contract modification, such as the relaxation of some procurement conditions.

³² JICA. (2018). Operational rules of Special Terms for Economic Partnership (STEP) of Japanese ODA Loans. “6. Country of origin of goods and services procured under STEP loans.”
https://www.jica.go.jp/Resource/english/our_work/types_of_assistance/oda_loans/step/c8h0vm000053zae9-att/operational_rules.pdf

Table 9 Recommendations of this Evaluation and their Handling and Supporting Organizations, Period, and Importance

Recommendations	Handling and Supporting Organizations *1				Period *2	Importance *3
	Headquarters		Field level			
	MOFA	JICA	Embassy	JICA office		
1. Provide continuous support to areas of Japan's comparative advantage	○	◎	○	◎	Long-term	○
2. Devise ways of disclosing information	◎	○	◎	○	Short-term	○
3. Scrutinize debt sustainability to avoid fueling foreign currency shortages	○	◎	○	◎	Mid-term	○
4. Create an environment for Japanese companies to enter the Egyptian market through all-Japan support, including JBIC	◎	○	◎	○	Mid-term	◎
5. Enhance operational flexibility so that the STEP condition is easy to use for Japanese companies and their counterparts	○	◎	○	◎	Mid-term	○

Source: Evaluation team

Notes:

*1. Handling and Supporting Organizations: ◎...Handling Organization、○

...Supporting Organization

*2. Period: Short-term...Within 1–2 years, Mid-term...approximately 3–5 years,
Long-term...more than 5 years

*3. Importance: ◎...High、○...Medium

(The policy set forth in the Development Cooperation Charter (2023) was used
as the criterion.)