Country Partnership Framework 2015-2019

Consultations - Phase 1

**Summary – Alexandria, June 19, 2014**

**Outline:**

1. Executive summary
2. Introduction and process
3. Development challenges
4. Identified priority challenges
5. Constraints
6. Closing remarks
7. **Executive summary**

The aim of the event was to consult with a representative group of non-governmental stakeholders, to learn what they believe are the development priorities for Egypt, and to involve them in the Country Partnership Framework (CPF) process. The process was designed for the World Bank Group (WBG) to listen and facilitate a participatory approach spelling out the priorities of the Egyptian people.

An afternoon of dynamic dialogue, including two group sessions and a voting process, resulted in the identification of 5 development priorities for Egypt. Education came out as the first priority followed by health, social justice, renewable energy and governance of water, and development of the private sector. Compared to the Cairo event held on June 15, the list covered the same themes expect for one priority: the Alexandria consultations established private sector development as a priority, whereas Cairo consultations included agriculture. Alexandria consultations voiced strong support for the cross-cutting issues of civil society inclusion, local government management together with the use of arts and culture to increase civic participation.

1. **Introduction and process**

A series of three consultative meetings were conducted under the first phase of the preparation process for the WBG CPF 2015-2019. The second non-governmental consultation took place on June 19, 2014, at the Biblioteca Alexandrina in Alexandria, and was attended by around 70 participants from civil society, the private sector, as well as academia. The event was held in Arabic with English simultaneous translation. The event entailed three sessions:

1. Husam Abudagga, task team leader for the CPF consultations, along with members of the WBG team, gave an introduction to the WBG and the CPF process.
2. Following these introductory remarks, in order to foster an objective and non-biased discussion, an external moderator, who is an Egyptian development specialist, fully managed the consultation. The participants, who were seated on 10 round tables, were asked to establish on each table a list reflecting their development priorities for Egypt. Discussions at table level were moderated by a table representative, with one WBG facilitator whose role was to provide more information if needed and record the discussions. Table representatives presented their respective lists to the plenary. The various lists were compiled by the independent moderator to consolidate a final list of twelve priorities, of which the participants selected five by voting with “clickers”. During the next and final step, the participants freely split up into five thematic tables based on the five identified challenges, and discussed constraints for each of them.
3. Concluding remarks, including a presentation of the next steps in the consultation process, were delivered by Husam Abudagga.
4. **Development challenges** (discussion and collection of challenges in groups)

Individual table discussions resulted in a long list of development priorities that were presented to the plenary. Those challenges include:

* Facilitating logistics and naval trade
* Boosting tourism
* Social justice focusing on poor people, health insurance (also in new constitution), job opportunities and social safety networks (protection and guarantees)
* Developing education; skills development (unofficial education); education and expenditure in educational framework, supporting communities that lack education. Vocational training. Technical training of government employees
* Efficiency in food and energy
* Renewable energy sources; restructuring energy subsidies
* Transportation and infrastructure, construction development and transportation
* Technical assistance in cultural field and the use of art and culture to promote civic participation
* Employment and micro-industries including micro-projects for businessmen
* Private sector business development, including labor-intensive manufacturing (restarting factories that have been shut down after the revolution)
* Health, including health awareness and hygiene
* Poverty in marginalized areas, developing economic and social status of marginalized, quality of life, housing, infrastructure and transportation
* Decreasing waste; environmental awareness-raising and tackling the pollution problem
* Introducing technology in agricultural irrigation, drainage system, and clean water and irrigation services.
* Marginalized people, inclusion of women and people with special needs
* Unemployment and factories that should work - create jobs
* Improving agriculture
* Including civil society in planning and service delivery
* Administrative reform, decentralization and local government management

The drafting of priorities was followed by a debate in which participants disagreed on different components. There was a heated debate around dividing the list into priorities, with some participants advocating an integrated approach instead of prioritization. Additional comments dealt with what happens after the World Bank Group’s projects are finalized including comments on the continuation of the World Bank safeguards process after completion of projects, while other comments asked for clearly outlining understandings of development and poverty.

The long list was discussed and filtered under the guidance of the independent moderator, which resulted in the following consolidated list:

**Final list by Alexandria plenary:**

* Transport
* Social justice and the poor
* Education and skills that are market oriented
* Health insurance, especially for people with special needs
* Renewable energy, good water governance
* Tourism
* Environmental awareness
* Agriculture
* Infrastructure
* Administrative development
* Development of the private sector, including SME’s and legislative reform for the business climate
* Development of slums
* The role of civil society in planning
* Cultural awareness

**Four cross cutting issues emerged during the discussions:**

* The role of civil society and administrative reform
* Decentralization, administration and public management
* Governance
* Pensions and disabilities
1. **Results of voting: 5 main development challenges for Egypt**
2. Education and skills that are market oriented
3. Health insurance, especially for people with special needs
4. Social justice and the poor
5. Renewable energy and good water governance
6. Development of the private sector, including SME’s and legislative reform for the business climate

Cross-cutting issues: Civil society and administrative reform, decentralization, governance, pension and disabilities

1. **Constraints**

Participants discussed the 5 priority challenges in sub-groups and presented the following constraints. Solutions were also discussed, and recorded by note takers.

1. **Education**
* Lack of strategy and overall vision and strategy for the educational system
* Improvement of the basic educational system and development of the curriculum, including training of teachers and countering the tendency to base education on private tuition
* The educational system is dominated by private lessons, reducing the incentive for teachers to do their job in class and becoming a financial burden on households
* Government should sponsor students with special skills
* Misallocation of resources in education, for example spending most on buildings and books instead of developing capabilities of teachers
* There is a conflict of interest in the government bot being the provider of education and regulator of the educational systems. Suggestion: government could focus on the supervising role, and the private sector could play a greater role as a provider
* Lack of focus on extra-curricular activities and community work which results in limiting students creative thinking
* Change the community’s understanding of education
* Vocational training constraints: i) poor quality and limited availability of schools, ii) lack of incentives from the government
* Technical vocational education should be improved, as well as the image of certain professions which are seen negatively by the community (e.g. plumbers and carpenters)
* Put the students in the center of the education system and increase their skills

**b) Health**

* Restructuring of the financial and administrative system, low government spending
* Reactivating health protection systems
* Enforce the referral system
* Optimizing efficiency of service providers
* Awareness-raising and protection programs, also for professionals
* Increase the focus on basic medical education and continuous medical research (including participatory community-based involving citizens)
* Service provision in informal settlements and slums
* Maintaining and servicing the medical infrastructure
* Combatting chronic epidemics and contagious diseases
* Coordination among health programs between non-government and government providers
* Documentation and medical registration of cases, full profiles of patients. Information networks and health databases
* Quality control

**c) Social justice**

* Lack of solidarity: need for improved support by the government
* Sustainability: decide if support is geographical or individual. The need to give the families projects from which they can generate more income not just financial support
* Gap between government support and the threshold necessary for living a decent life - trade unions could be part of solving this issue
* Social solidarity includes health insurance. Problematic with increased costs of health insurance
* Building reliable and accurate database that can allow well targeted interventions and social protection program.
* Focus on sustainable interventions such as building capacity of the poor and enhancing their skills to be able to find and secure decent jobs.
* Lack of coordination between the government and active civil societies entities.
* The limited role and support provided by the government at present.
* To eradicate poverty requires building comprehensive and integrated social safety nets.
* Provision of entitlements through the establishment of databases. How to target the ones who are entitled. Where is the role of civil society in influencing the database and choices about targeting?

**d) Renewable energy and governance of water**

* High import tariffs in materials for renewables are an impediment for energy. Custom tariffs decrease the added value of renewables due to the high material price. The market will not absorb the price, thus there is no demand for renewables. There needs to be more supply in order to move to renewable energy
* Problems with scientific research for renewables, for example in solar energy: research must be customized in order to avoid replication of other experiences
* Encourage local investment e.g. in MSMEs
* Import of coal will limit the market for renewables. Problems related to importing coal: this will narrow the market of solar energy. Supporting coal will not be compatible with the Egyptian market. Before importing coal, Egypt should consider tenders and think about health issues involved. Waste and negative repercussions of using coal. There is a financial and material burden on the economic infrastructure: this would require the construction of port in touristic regions, damaging coral reefs
* Investments in renewable energy should be encouraged through subsidies for 3-4 years which can be removed gradually afterwards

**e) Private sector development**

* Bureaucracy and red tape in the administrative apparatus are major constraints to private sector development
* Difficulties in obtaining business licensing and operating permits
* The oft-times overlapping, inadequate and contradictory laws and regulations impacting the life cycle of businesses from start-up to exit
* Uncertainty about the macroeconomic situation, including aggregate demand and prices, and uncertainty about the regulatory policies investors face, including potential changes and arbitrary administration (Regulatory policy uncertainty)
* Need to restructure the state administrative system to better improve the implementation of rules and regulations. Weak labor rights protection
* Skills and education of available workers
* Centralization is an impediment to private sector development. There is a lack of coordination among different authorities and no clear strategy to develop the private sector
* Lack of Research and Development (R&D) to improve the industries
* Mismatch between projects and the allocated resources at the governorate level. (Nonuse of the Investment map) for better identification of investment opportunities
* Lack of women empowerment: women do not find easy access to the private sector
* Limited access to finance and difficulties to access banks and the Social Fund for Development (SFD)
* Weak consumer protection and quality assurance systems (Need to develop the [Egyptian Organization for Standardization and Quality](http://www.mfti.gov.eg/English/affiliates/industry/eos/eos.htm), and the Consumer protection Agency)
* High tax rates
* No support services to entrepreneurs. Lack of coordination between the government and the private sector
* The need to support the existing business clusters and establish new ones (cluster development). Cluster initiatives are an important way of fostering industrial productivity by increasing the networks within the industry, along its supply chain (Need to support the General Organization for Industrialization authority (IDA), and Industrial Modernization Center)
* Inefficient Supply chain
* Weak role for Social Corporate responsibility in sustained development
* The weak role of cooperatives, market dominance of multinationals makes it difficult for local small firms to thrive
* Corruption, favoritism and nepotism among the elites who own the capital
* Absence of effective and inclusive policy making
* Lack of transparency, limited access to information
1. **Closing remarks**

The day was rounded off stressing the continuous consultation process, forthcoming consultations with government and non-governmental stakeholders, and additional ways to engage. The moderator remarked on the level of substance, and very rich interventions. It was finally stressed that the points raised in the consultation will be part of the formulation of the Country Partnership Framework and that the World Bank Group will post it online and conduct additional consultations to receive input.