

# EGYPT

**Statement by Dr Sahar Nasr, Minister of International Cooperation  
EBRD Governor for Egypt  
On the Occasion of EBRD Annual Meetings  
London, 11-12 May 2016**

Honorable Chairman,  
Esteemed Governors,  
President,  
Ladies and Gentlemen,

Let me begin by expressing the Government of Egypt's sincere appreciation for the warm welcome and hospitality. I would also like to congratulate the Bank on the 25<sup>th</sup> anniversary of its founding, which took place last month, and highlight the Bank's vital role, as a neutral agency, in supporting emerging economies over the last quarter of a century, and we are confident of continued support in assisting our countries in addressing future challenges. The Bank has been efficacious on achieving its core mission, which is to assist countries in transition and rebuild the private sector through a systematic, inclusive and sustainable mechanism—a great business model.

Indeed, the EBRD has been remarkably responsive to people's demands and countries' emerging needs. This has been observed in the Middle East and North Africa (MENA) region, where an increase in the volumes of investments, amounting to more than Euro 3.5 billion has recently been injected in Egypt, Jordan, Morocco and Tunisia. The Bank has long been a key partner in development for Egypt, extending continuous and valuable support to the implementation of the Government's program and economic efforts, throughout a fruitful and strategic partnership that dates back to 1992. A key milestone for our relationship was the transformation of Egypt into a country of operations on October 30, 2015, which signifies EBRD's trust and confidence in the Egyptian economy and its leadership in the region. Egypt is highly appreciative of the role of the Bank in sustaining development in several pivotal sectors, including infrastructure among many others, where the Bank has cumulatively invested around Euro 1.7 billion.

I am very pleased to inform you that Egypt's political roadmap has been successfully completed, with the constitution approved in January 2013, presidential elections held in June 2014, and the parliamentary elections finalized in December 2015. Furthermore, I am proud to be member of a democratically elected Ministerial Cabinet, which submitted and received consensus from the members of the Parliament—representing Egyptians in each region, governorate and village, on a strong economic reform program, giving confidence to the world that Egypt acknowledges its challenges and is determined to take the necessary steps to address them.

A key pillar of the Government's economic reform program is promoting private sector development, through improving the financial infrastructure, providing a conducive business environment, and enhancing access to finance for micro, small and medium enterprises (MSMEs).

This is conducted through: (i) the launch of series of mega projects—a key stimulus putting in place the required infrastructure for economic growth. These projects include the Suez Canal, the North Coast Development Project, the Development of Sinai, and the Golden Triangle; (ii) the support of small and medium enterprises (SMEs) and creation of value chains through various support mechanisms, providing financial and non-financial services, with the objective of creating jobs, especially for youth and women; and (iii) undertaking structural reforms to enhance the business environment through streamlining investment procedures, strengthening the competition framework, upgrading the industrial licensing regime, amending the competition law, and fiscal consolidation, as well as greater political and social stability after years of turmoil. These reforms have already yielded results, reflected in the recent Global Competitiveness Report (2015-2016) where Egypt moved up for the first time since 2011 in areas such as a more efficient judiciary in settling business disputes (up by 23 places); and better protection of property rights (up by 7 places).

Continued reforms are being created to favorable conditions for private-sector growth, as they are seen as crucial for job creation and social cohesion. The expected outcome of all these policies, programs and projects is two-fold: to ensure long-term sustainability by creating a dynamic, competitive and private sector-led new platform for inclusive growth.

Promoting inclusive growth, the Government is committed to supporting micro, small and medium enterprise (MSME) development, which account for more than 98 percent of enterprises, and generate more than 40 percent of total employment—which are mainly led by youth. As such, H.E. President Abdel-Fattah El-Sisi declared the Year 2016 as “The Year of Youth”, based on which, the Government has embarked on major steps in promoting youth entrepreneurship through encouraging healthy competition, creating an enabling regulatory environment and strengthening financial infrastructure, as evident in the (i) issuance of the microfinance law; (ii) provision of specialized financial products, such as leasing, factoring, venture capital and Islamic finance; (iii) modernization of the payments system; (iv) issuance of a code of Corporate Governance to enhance transparency and governance; and the (v) establishment of the first private credit bureau (I-score), with the ultimate objective of creating jobs for the most marginalized segments of society—women and youth. The Government is very appreciative of donors' support in that pivotal sector.

Egypt proved to the international community that it has already undertaken strong, bold and right decisions to create a solid foundation for its future. A lot has been achieved, and there is still

more that needs to be done. There is a clear vision, and a program with a detailed timeline, drafted in extensive consultations with all stakeholders—Government officials, non-government organizations (NGOs), civil society, private sector, and parliamentarians, as well as youth and women in lagging regions—we are on the right track and we are reaching out to donors' support around the globe, moving forward.

Building upon this, we are very happy to see that the Bank is proceeding, in partnership with the Government as well as all relevant stakeholders such as the private sector, civil society organizations and parliamentarians, with EBRD's first country strategy for Egypt, which is fully aligned with the Egyptian's people's demands and aims at achieving inclusive and sustainable economic growth. The country strategy will scale up the Bank's pivotal support to a MSME development, an efficient transport system and a sustainable energy sector, stressing on its role as a frontrunner in the renewable energy sector, in line with the Bank's new Green Economy Transition approach—key priorities for the Government of Egypt.

Finally, on behalf of the Arab Republic of Egypt, I would like to extend our full appreciation to President Suma and the excellent EBRD Egypt team for their dedication and commitment, as well as their extensive efforts to the development of the Egyptian public and private sector—with the ultimate objective of achieving inclusive sustainable development. The Bank's operations significantly expanded in the Southern and Eastern Mediterranean (SEMED) region in general, and in Egypt in particular; where Egypt is expected to be the second largest country of operations by the year 2017!