

EGYPT

EBRD THE GOVERNOR FOR EGYPT STATEMENT
H.E. DR. RANIA AL-MASHAT
ANNUAL MEETING 2021

In Egypt, we cherish our long-standing partnership with the European Bank for Reconstruction and Development (EBRD).

Egypt is one of the founding members of EBRD, a key development partner for the country, through extending continuous and valuable support throughout our fruitful and strategic partnership since 1991.

In 2020, Egypt became EBRD's largest country of operations for the third year in a row in the SEMED region with the Bank's investments accounting for more than EUR 1 billion of the EUR 2.13 billion of the total development financing provided to SEMED countries. The EBRD has been active in Egypt since 2012. During this time, the Bank has rapidly scaled up its activities, with a total portfolio of more than EUR 4.6 billion, across 127 operations, with 80% in the private sector. Our partnership with EBRD focuses on three main areas:

- strengthening the private sector, small and medium-sized enterprises (SMEs) and financial resilience
- increasing resource efficiency and renewable energy
- supporting the development of sustainable infrastructure.

Renewables and infrastructure upgrades were prioritized to meet the needs of the fast-growing population and to provide critical basic services for economic development. We are also achieving a balanced and well-performing portfolio with private-sector and equity share on the rise. Our portfolio with the EBRD is distributed evenly between sustainable infrastructure (46%), industry and agribusiness (23%), and financial institutions (31%), with a special focus on renewable energy, small and medium-sized enterprises, women in business, youth in business, energy efficiency, and credit lines.

Together with the support of EBRD, Egypt has been prioritizing building for economically resilient and inclusive communities in the road ahead.

What we have learnt from COVID-19 is that there is an opportunity to build back better and stronger. I believe we are the architects and shapers of a greener and more circular future. With inclusive cooperation, we have the opportunity to build back for a better future.

Stakeholder Engagement and Economic Diplomacy

We risk becoming obsolete if we do not innovate, and this is why it is the most opportune time for a renewed and reinvigorated kind of multilateralism – a global economic system in which there is increased dialogue, resilience, connectivity, transparency and meaningful partnerships that ultimately serve human ends and goals, and that brings all stakeholders together.

From here, stems the novel approach of the Ministry of International Cooperation's Economic Diplomacy Framework that aims to maximize socio-economic returns from international development financing; ensure the alignment of development interventions with national objectives as well as with the SDGs; and enhance the management of development cooperation

for better implementation of development projects within Egypt. The framework consists of three principles:

1. Multi-stakeholder platforms: The main objective of multi-stakeholder platforms is to strengthen partnerships for achieving value-centric results through regular interactive and participatory consultations with all development partners. The platforms ensure harmony and complementarity of development collaboration to maximize impact and achieve sustainability and provide an opportunity to capitalize on successes, learn from pitfalls, and harness the power of group interaction.
2. Mapping of ODA to UNSDGs: This aims to support decision making by highlighting opportunities and gaps in development cooperation, financial and technical assistance to Egypt.
3. Global Partnerships Narrative: This is aimed at mobilizing national and international efforts towards the achievement of development goals through sharing a common language of communication to push the agenda forward through People, Projects, and Purpose.



Think green; act green.

As part of the economic reform program in which the Government of Egypt has embarked on, there is a high-level commitment to promote green growth in Egypt. There is an ultimate objective of promoting a twin-track approach, through striking a balance between expanding economic opportunities and addressing environmental pressures to support sustainable development; enhancing green financing tools. Accordingly, Egypt supports EBRD’s Climate Ambition Agenda and looks forward to cooperate with EBRD in formulating and implementing projects for the adaptation and mitigation of the effects of climate change in Egypt. Such projects are of great importance as there is a national will to integrate climate change in the development plans; attracting private sector investment to push towards the establishment of green cities, coastal protection, and agricultural development.

Egypt's government is on a mission not only to 'think green' but also 'act green' in all policies and projects to help preserve the environment and bring sustainable energy to the country's population. To meet the rising energy demand as the population increases, Egypt has been implementing its sustainable energy strategy, ISES 2035, which involves increasing the use of renewable energy and improving energy efficiency in the power sector. The government has set targets for renewables to make up a 42% share of the country's electricity by 2035. Since the Renewable Energy Law (Decree Law 203/2014), the private sector has been encouraged to play a role in the country's green transformation strategy and produce electricity from renewable energy sources. A number of initiatives have appeared in the market: KarmSolar was the first private solar integrator in Egypt to obtain a license from the Egyptian Electricity Regulatory Agency. This helped Egypt become one of the Middle East and North Africa's leading countries in renewable energy in the recent 2020 Solar Outlook Report.

Correspondingly, in light of President Odile-Renaud Basso's visit to Egypt in April 2021, there were four development agreements signed between EBRD, the Government of Egypt and the Private Sector in support of the transition towards a green economy and Egypt's 2035 Sustainable Energy Strategy. These include the signing of three memoranda of understanding with EBRD to include Cairo, Alexandria, and 6th of October City in the "Green Cities" Program, which aims to help these cities curb environmental challenges, improve the quality of life, and combat the effects of climate change, through an action plan that will be implemented in cooperation with the bank. Additionally, EBRD and ACWA Power signed an agreement worth \$114 million to inaugurate the largest private sector solar power plant in Egypt in Kom-Ombo.

Gender equality is a macro-critical issue.

On that note, providing equal opportunities for women is regarded as a macro-critical issue and is integral to Egypt's inclusive development, as the government is focusing on policies to improve women's social status and expand their participation in economic activities. This is portrayed in the launch of the "Closing the Gender Gap Accelerator" with the World Economic Forum and Egypt's National Council for Women. Egypt has won two 2020 Sustainability Awards by the Bank for its efforts in "Sustainable Energy" and "Gender Inclusion". One of those awards went to the Egyptian National Railways (ENR) for contributing to safe transport for women's economic inclusion and providing access to education.

Overall, around 34 projects, worth \$3.3 billion, are being executed to achieve the targets of gender equality, with the top targeted sectors including Health (20%), Education (14%), and Micro, Small and Medium-sized Enterprises (MSMEs) (15%). The Ministry of International Cooperation's current portfolio of projects that exclusively target SDG 5 include 13 projects amounting to \$82 million. This is in addition to the other projects in the portfolio that achieve the same goal as a collateral effect to their development.

The new world of digitization post-pandemic

On another end, technology is becoming the driving force for infrastructure, education, transportation, entrepreneurship, and industry. In parallel with EBRD's SCF 2021-25, Egypt is set on a digital transformation encompassing all sectors, as the country heads towards a paperless government with a clean energy transformation. Egypt is set on building new sustainable cities, such as the New Administrative Capital that is set to become the country's first smart city, which will include smart infrastructure to reduce consumption and cost with a focus on renewable energy. While digitalization was catalyzed by the pandemic, Egypt had

already taken strides towards major transformations across sectors; education is one of the key sectors to change. Under “Education 2.0”, Egypt is focused on digitizing education by providing servers, screens and tablets to 25,000 public schools; changing the assessment model for high school and other levels of education in the future; and uploading the curricula from kindergarten through to Grade 12 to a digital library online that is freely accessible.

Egypt; a startup nation.

We believe in the concept of the ‘startup nation’ – a nation that not only supports startups, but also thinks and acts like a startup. In 2021, we will be elevating entrepreneurship as a priority through private sector engagement in every policy discussion in Egypt, implementing significant and continued reforms to rejuvenate the heart of our economy. Entrepreneurship and youth lie at the heart of development in the digital economy. It epitomizes the beauty of the human spirit in its creativity, innovation and intelligence, and opens the door for various beneficial outcomes, whether it is material, cultural, technological or environmental. Egypt has the fastest growing entrepreneurship ecosystem in the MENA region.

To drive recovery, Egypt’s burgeoning young population and communities will need support from all levels - public and private sector, development partners and civil society groups, which is where our role as Ministry of International Cooperation falls under. Egypt Ventures, established in 2017, aims to cultivate and foster a startup culture in the Egyptian economy, catalyze the development of the entrepreneurship ecosystem, and build economic competitiveness leading to GDP growth. Egypt Ventures and its subsidiary enablers, including, but not limited to, Falak Startups and EFG-EV Fintech, invested in over 150 companies in Egyptian growth stage startups and scale ups. There are also various startup accelerators and programs, such as Flat6Labs, offering a wide range of services that include mentoring, training, and financing, and has grown to be the leading business accelerator in Egypt, supporting 106 businesses and creating 7,450 jobs of which 6,293 for women.

The year 2021 is the year of private-sector engagement.

Concurrently, the Government of Egypt views the private sector as the key driver of economic growth, with private-sector-led investment and technology expected to play a critical role in increasing the Egyptian economy’s level of competitiveness. We are keen to bring the innovative and technologically advanced expertise of the private entities into the public sector and the development agenda in hopes to push toward the national and global sustainability targets.

The EBRD projects are actual proof that public-private partnerships are a success. The Damietta Port and the 6th of October Dry Port projects show that Egypt is working hand-in-hand with the Bank and the private sector as main partners for success. More projects in railway and urban transportation are moving forward; with the help of the Bank we were able to bring in the best global practices to this vital sector. Furthermore, EBRD is the only international financial institution with offices outside the capital including in Cairo, Alexandria, Ismailia, and soon in Asyut to extend its support to small and medium-sized enterprises.

Egypt; the gateway to Africa

As a gateway to Africa, Egypt is renewing its focus on expanding our strong partnership with African countries and ensuring that the extensive potential of the continent is unlocked. In that

regard, there is ample investment potential in both the SEMED region and in developing the African countries to build a strong infrastructure which will result in economic growth, job creation, and improving regional trade. Africa can benefit from the EBRD's expertise in areas related to infrastructure projects, renewable energy, and the development of value chains to enhance production and export activities, as well as access to finance for small and medium-sized enterprises. This can only happen through increased investment in sustainable infrastructure, connectivity, and accelerating digital transformation. Additionally, Egypt's private-sector has prioritized several African markets – some of which are EBRD clients – in their international expansion strategies.

Hope for a better world starts when we all come together and remember that development is essentially a journey: a journey that will inevitably include several crises and challenges, but also an opportunity to rebuild back better.

Finally, on behalf of the Arab Republic of Egypt, I would like to extend our full appreciation to President Odile Renaud-Basso and the excellent EBRD Egypt team for their continuous dedication and commitment, as well as their extensive efforts to support Egypt's development and improve the lives of the Egyptian people.