

EGYPT

**Statement of Egypt
On the Occasion of EBRD Annual Meetings
Cyprus, Nicosia, 9-11 May 2017**

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

Let me begin by expressing the Government of Egypt's sincere appreciation for the warm welcoming and hospitality. Allow me to take this opportunity to congratulate Cyprus on its economic recovery and its successful exit from the three-year international bailout program.

Please allow me to take this opportunity as well to thank the Bank for its support to emerging economies. 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. The EBRD has been remarkably responsive to people's demands and countries' emerging needs and has long been a key partner in the development of 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 1.9 billion.

Egypt is carrying on its economic reforms program to stabilize the macroeconomic environment, create more jobs, improve the competitiveness of its economy and achieve high levels of sustainable and inclusive growth. To that end, the Government has adopted bold reforms in a number of areas which are considered key to restoring confidence in the economy; namely achieving progress on fiscal consolidation efforts, eliminating foreign exchange distortions, encouraging domestic and foreign investment and increasing the private sector contribution to growth and job creation. The Government has launched an ambitious economic and social reforms program this year. Most notably, the Central Bank of Egypt (CBE) has introduced a flexible exchange rate regime in early November 2016, which will play a critical role in preserving competitiveness and serve as an important buffer to external shocks. Fiscal reforms include the issuance of new laws on Value Added Tax (VAT) and Tax Dispute Settlement as important steps to expand the tax-base, improve the business environment and increase public revenues. Further steps are being taken to enhance the business environment including the issuance of the single-person company law, an ambitious Initial Public Offering (IPO) program for state-owned companies, and the establishment of a Supreme Investment Council to enable domestic and foreign private investment and promote SMEs growth.

The economic and social reforms program strives to create a dynamic economy by addressing macroeconomic imbalances, enhancing productivity and competitiveness and unleashing the growth potential. The Government is committed to further improve the domestic investment environment as part of its broader macroeconomic strategy prioritizing private investment-led growth. To this end, it has engaged in active and wide-ranging process of legal and regulatory reforms in order to cut the red tape and streamline procedures for doing business, to foster transparency, and to ensure a level playing field.

In order to further improve the investment regime and its transparency, particularly for MSMEs, the Law on Single-Person Company has been approved by the cabinet and submitted to Parliament. The new law will improve the business environment for small enterprises and facilitate entry. This action will contribute to equalizing the treatment of small and large investors under the law, giving small businesses greater security and a better chance to grow. The implementation of the Single-Person Company Law is expected to result in an increase in business entry, particularly small businesses, as measured by the number of Single Person Companies registered, from zero in FY15 to at least 500 in FY18.

Improving competition and the ease of doing business are key priorities for the Government. This entails a thorough review of business procedures in Egypt including those with regard to access to land, issuance of permits and licenses, inspection procedures, customs clearance, tax payments and compliance, and other sector-specific regulations. Accordingly, and as a first step, the Government has prioritized the review of the process of industrial licensing, whereby a committee of ministers has been formed to propose a roadmap for complete overhaul of the industrial licensing process by the middle of 2016. On another end, to foster competition, the Government is working on ensuring that Egyptian markets are more dynamic and open. To that end, efforts are carried out to prevent anticompetitive behavior, and to strengthen the institutional independence of the Egyptian Competition Authority (ECA). This is likely to generate a competitive business environment, create incentives for entrepreneurship and foster innovation.

Continued reforms are being embarked upon to create 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 and to create a dynamic, competitive and private sector-led new platform for inclusive growth.

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 our development partners' support around the globe, moving forward.

Building upon this, we are very happy to see that the Bank has launched the first country strategy for Egypt in partnership with the Government as well as all relevant stakeholders such as the private sector, civil society organizations and parliamentarians, which is fully aligned with the Egyptian'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 where it is a frontrunner in the renewable energy sector which are all in line with the 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.