

New Project to Support Egypt's Inclusive & Sustainable Economic Growth

Washington DC, October 28th, 2021 – The World Bank's Board of Executive Directors approved a US\$360 million Development Policy Financing (DPF) loan to support Egypt's post-pandemic recovery and enhance the country's prospects for sustainable and inclusive growth. To further support achievement of the operation's development objectives, the Asian Infrastructure Investment Bank is considering parallel financing for the operation of the same amount using the same package of policy reforms agreed with the World Bank.

Egypt's first wave of macro-economic reforms stabilized the economy and allowed the country to enter the global COVID-19 crisis with greater resilience and improved fiscal and external accounts. The newly approved ["Egypt Inclusive Growth for Sustainable Recovery"](#) operation builds on this by supporting a second wave of structural reforms focused on creating jobs and providing an inclusive enabling environment for the private sector laying the basis for a sustainable recovery.

Egypt has remained one of the few countries that has maintained positive growth during the crisis. The reform program implemented since 2015, as well as the quick action on fiscal and monetary measures to ease the effect of the pandemic on firms and households have supported Egypt's economy during the crisis. Significant steps have also been undertaken to address Egypt's long-term structural challenges that are helping with the pandemic recovery.

"Structural reform policies are integral to Egypt's efforts to accomplish a sustainable and resilient economic recovery that enables the economy to weather future shocks," said **Dr. Rania Al-Mashat, Egypt's Minister of International Cooperation.** *"This operation will support our efforts to maintain the reform momentum and achieve the milestones necessary for inclusive growth."* she added.

The program strategically addresses some of the long-term structural issues impacting growth through its focus on three thematic pillars: enhancing macro-fiscal sustainability, enabling private sector development, and fostering women's economic inclusion.

The first pillar on Enhancing Macro-Fiscal Sustainability, supports improving the management of State-Owned Enterprises through enhanced transparency and reporting. It also enhances debt transparency and debt management by introducing the regular publishing of a wider range of domestic and external debt data. This pillar also promotes

and empowers a greener and more sustainable economic recovery through the issuance of green bonds.

The second pillar on Enabling Private Sector Development builds on the first wave of reforms and supports digital and financial inclusion, the streamlining and automation of trade facilitation, and a modernization of bankruptcy processes that aim to improve Egypt's competitiveness and private sector job creation. The pillar also strengthens the regulatory framework for private sector participation in waste management, which provides a basis for greener and more inclusive development in the sector.

The third pillar on Fostering Women Economic Inclusion, focuses on legislative and regulatory reforms that promote female participation in the labor force and supports Government efforts to address gender-based violence. It includes steps to remove restrictions on women participation in sectors and limitations on working hours and supports the Government adoption of a national code of conduct that promotes safe and decent transportation for women in railways.

Through a Country Platform Approach, the Ministry of International Cooperation has organized key stakeholder engagements to ensure that the DPF program supports and strengthens the reforms taken by the Government. The program's design benefited from a collaborative process that had input from key stakeholders, including development partners, civil society, women and the private sector.

"Through this operation and many more, we are proud to support Egypt's endeavors to build back better," said Marina Wes, World Bank Country Director for Egypt, Yemen and Djibouti. "One of the key objectives of this operation is making Egypt's growth more inclusive and more resilient to future shocks, by addressing long term structural challenges and recognizing the pivotal role of women in the country's economic growth." she added.

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