



SUSTAINABLE DEVELOPMENT STRATEGY

EGYPT'S VISION 2030

AND MEDIUM TERM INVESTMENT FRAMEWORK
2014/2015 - 2018/2019



EGYPT ECONOMIC DEVELOPMENT CONFERENCE

مؤتمر دعم و تنمية الإقتصاد المصري

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I. EGYPT'S SUSTAINABLE DEVELOPMENT STRATEGY: 2030 VISION

During the last year, Egypt witnessed major positive developments towards achieving political stability. In January 2014, a new constitution was voted and in May 2014, President Abdelfatah El Sisi was elected. The political roadmap will be finalized as soon as a new Parliament is elected.

The Cabinet, appointed in June 2014, is committed to boost economic growth, attract investments and pave the way for social justice. The Cabinet continued its efforts to formulate a long-term vision and develop a sustainable development strategy for the country until the year 2030. The Sustainable Development Strategy (SDS): Egypt 2030 aims at creating a modern, open, democratic, productive, and happy society. A participatory planning approach was adopted to prepare the SDS. The civil society organizations and the private sector were leading this process, to ensure the enforcement and implementation of the policies, programs and initiatives that will be adopted to achieve the targets of the strategy. A comprehensive monitoring and evaluation (M&E) system will be put in place to closely observe the execution of the SDS, assess its impact and frequently measure the progress towards achieving the main goals of the strategy and the different key performance indicators (KPIs). (All KPIs are available on MOP website (<http://mop.gov.eg/Vision/EgyptVision.aspx>).



According to Egypt's vision, the government is committed to continue supporting a market, competitive, diversified, knowledge-based, and private-sector led economy, characterized by a stable macroeconomic environment, sustainable inclusive growth, maximizing value added, and generating adequate and productive job opportunities. By 2030, the Egyptian economy will be an active player in the world economy, capable of adjusting to international developments and well positioned to join the ranks of the world's medium-income countries.

Main KPIs	<ul style="list-style-type: none"> * Achieve economic growth rate of 7 percent on average * Raise investment rate to 30 percent on average * Increase the contribution of services to GDP to 70 percent * Raise the contribution of exports to 25 percent of the growth rate * Reduce Unemployment Rate to 5 percent
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The SDS deals with the main challenges that affect sustainable development, namely related to physical resources; energy, land, water, and environment, human development resources; population, health, and education, inadequate governance system, and disincentivized innovation. SDS sets specific goals and objectives for these elements to turn them into development catalysts instead of being major challenges.

The Egyptian government aims at maximizing the use of domestic energy resources (traditional and renewable); and developing the capacity of its energy sector to effectively contribute to competitiveness, and to adjust effectively to domestic and international developments in the field of energy and innovation; and to be a pioneer in the field of renewable energy.

Main KPIs	<ul style="list-style-type: none"> * Secure energy resources * Increase reliance on local resources * Reduce the intensity of energy consumption * Raise the actual economic contribution of the energy sector to national income
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To deal with urban development issues, an integrated dynamic urban plan that incorporates historical and modern architecture and that maximizes the utility and balance between energy, water and land is developed. The new urban development plan is capable of doubling the urban space, geographically redistributing development and citizens to maximize the use of available resources; as well as replacing and developing slum areas, and improving the quality of life.

Main KPIs	<ul style="list-style-type: none"> * Increase the urbanized area by about 5 percent of its total area * Establish 7.5 million housing units * Solve the problems of slum areas
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SDS also promotes sustained improvement of the quality of life for the present generations to raise awareness about protecting the environment and reducing the climate impact change in order to provide a clean, safe environment for future generations. An integrated environmental approach that strikes the balance between economic growth and environmental factors is adopted. This will prevent environmental degradation and maintain positive balance, and allow Egypt to move to more sustainable consumption and production patterns, protect biodiversity and fulfill environmental international obligations, as well as waste management based on governance concepts and promote recycling with a high environmental cognitive technical content.

Main KPIs	<ul style="list-style-type: none"> * Increase water productivity by 5 percent per year * Reduce the percentage of days where the air quality index is less than 100 percent compared to similar countries * Double the rate of energy efficiency by 2030 * Reduce the intensity of generating municipal waste to 1.5 kilograms per capita * per day
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SDS aims at promoting human development resources through two main pillars, education, and health. By 2030, high quality education, accessible to all (with no discrimination) within an effective institutional system, focusing on technologically capable learners will be provided. This education system will contribute to building an integrated personality that is encouraged to reach its potential, and that produces an individual that is confident, enlightened, creative, responsible, pluralistic, and able to interact competitively with regional and international entities.

Main KPIs	<ul style="list-style-type: none"> * Egypt is one of the top 30 countries in the quality of basic education * Illiteracy reduced to the zero default (7 percent) * Gross enrollment ratio for children at the age of 4-6 reaches 80 percent * At least ten Egyptian universities are among the top 500 universities * Egyptian universities among the best 20 higher education institutions publishing in international periodicals * Egypt to become one of the top 10 countries in the Trends in International Mathematics and Science Study (TIMSS) assessment
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More importantly, by 2030, all Egyptians are to enjoy a healthy and safe life through the application of an integrated, accessible, high quality, and non-discriminatory health system that is capable of improving the health indicators through a comprehensive health coverage for all citizens. The health system will ensure financial protection for the vulnerable and provide for the satisfaction of the citizens and workers in the health sector with the ultimate goal of achieving prosperity, happiness, social and economic development.

Main KPIs	<ul style="list-style-type: none"> * Reduce neonatal, infant and under 5 mortality rate by 50 percent * Reduce maternal mortality by 60 percent * Achieve equitable access to 80 percent of essential health interventions * Government spending on health reaches to 5 percent of the total GDP * Ensure 100 percent coverage for each vaccination and expand the national immunization schedule
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The GoE is committed to create an innovative and knowledge-based society needed to support its growth and secure human welfare. This is achieved through a national system, a high quality institutional and legal infrastructure for scientific research, technology and innovation, and skilled human resources. The knowledge-based society will identify implementable and measurable national priorities, identified within a strategic time-based plan.

Main KPIs	<ul style="list-style-type: none"> * Egypt among the top 40 countries in the field of: <ul style="list-style-type: none"> - innovation - quality of scientific research institutions - retaining innovative talents and capabilities * Egypt among the top 20 countries for: <ul style="list-style-type: none"> - the number of patents -Intellectual Property Rights
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In addition to an effective innovative and knowledge-based society, an efficient administrative system is considered as another major pillar of SDS. By 2030, Egypt's administrative system becomes efficient and flexible; highly capable of maximizing the use of its resources, provides high quality services, uses technological mechanisms and applies a clear and transparent governmental regulatory system that is applied fairly and effectively contributing to economic growth.

Main KPIs	<ul style="list-style-type: none"> * 10 percent annual increase in the services provided by non-government organizations * Egypt is one of the top 30 countries in institutional efficiency. * Egypt is one of the top 40 countries in efficiency of government spending * Egypt is one of the last 20 countries as measured by the corruption index
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SDS emphasizes the commitments of creating a fair, integrated society that is characterized by equality in rights and economic, social and political opportunities. Social justice is guaranteed through a high degree of societal homogeneity, emphasizing citizens' rights in participation based on efficiency, performance and rule of law. Social justice should also provide social mobility based on capabilities, and offer protection mechanisms for expected and unexpected life-risks, and simultaneously supporting marginalized societal factions and offering protection to the most vulnerable.

Main KPIs	<ul style="list-style-type: none"> * Egypt among the best 20 countries to promote gender equality * 30 percent increase of females with a permanent formal job * Egypt among the best 50 countries in labour market efficiency * 50 percent reduction of the gap between governorates in employment, female employment, health and education
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To achieve the different goals and objectives of SDS, efficient cultural, domestic and international political and security systems are emphasized. SDS will build a system of positive cultural values that respects diversity and differences, that enables Egyptians to have access to knowledge, and discovers new horizons of interaction with the contemporary world, while maintaining an understanding of the history and heritage of the Egyptian culture, and enhancing their freedom of choice. Positive aspects of culture should be a powerful force of development, and a benefit to the national economy, and the basis of Egypt's influence regionally and globally.

Main KPIs	<ul style="list-style-type: none"> * 60 new excellence centers are annually developed * One percent of the government budget is allocated annually to support talented people, and gradually increase it up to 3 percent. * Cultural exports are raised by 20 percent annually * Production of films is increased by 50 percent annually
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promotes the creation of a democratic political system that respects human rights, citizenship, and rule of law. A system that interacts with global developments, supports decentralization, and enables community empowerment, along with integration of all groups and social classes in the political process as long as they abide with the rules of the political structure, and that strengthens the role of institutions and civil society to enrich both institutional and non-governmental work.

Although GoE is interested in developing a long-term vision that is aligned with international trends and the UN Sustainable Development Goals (SDGs), the government is working actively to reach tangible achievements in both the short and long runs, especially in terms of economic growth and social justice. These efforts started to be rewarding. The government also started to adopt important measures necessary for administrative, legislative and institutional reforms that seem to be a necessary pre-requisite for boosting economic and social development. The government also started the implementation of a number of mega projects that aim at developing infrastructure, establish investment projects that raise economic growth, and create thousands of jobs, especially for youth and females. A number of economic sectors are developed through long-term strategies and major investment projects.

II. SOCIO-ECONOMIC OUTLOOK IN THE MEDIUM TERM

A. Growth and investment nexus

Real GDP growth rate reached 5.6 percent in the first six months of FY 2014/15, mainly due to the recovery of business confidence as a response to the political, economic and social reforms recently undertaken by the GoE. The forecasted growth rate is around 4 percent for FY 2014/2015. Tourism, manufacturing, construction and Suez Canal were the main driving sectors during the first six months of 2014/2015. Final consumption is the main source of economic growth (85 percent) in the first half of the fiscal year 2014/2015. In addition, investment is contributing positively to growth, for the first time in the last few years, due to gradual improvements in the business environment and to the bold reform measures adopted by GoE. Investments in the first half of FY 2014/2015 amounted to LE 147.6 billion, with a growth rate of 20.2 percent compared to the corresponding half of FY 2013/2014.

It should be noted that the fourth quarter of FY 2013/2014 realized a growth rate of 3.7 percent, reflecting the positive impact of the two stimulus packages, through which LE 60 billion were injected in productive projects covering almost all Egyptian governorates. In addition, real GDP growth rate reached 6.8 percent in the period (July-September) 2014. The upward growth trend that took place lately echoes the revived business confidence, which is expected to accelerate with the accomplishment of the political road map, the continuing macroeconomic reforms and the restructuring of the investment climate. The improved stability will lead to a recovery in domestic demand. In addition, further support from Egypt's partners is more likely to continue, and to contribute to infrastructure development. Retrieving the average growth rate of 7 percent that occurred prior to the global financial and economic crises requires several restructuring measures, among which dealing with an energy shortage, attracting more tourists, and re-opening the non-performing factories. Annual growth rates are forecasted to reach 6 percent on average for the coming 4 years that end in FY 2018/2019.

The Egyptian economy continues to face some challenges in the medium term that could accentuate its vulnerability to external shocks and to domestic imbalances. The continued economic slowdown that is facing a number of Egypt's partners might have negative impact on exports, FDI and tourism. In addition, the challenges of expanding terrorism in the region hinders Egypt's domestic security. Restoring domestic security coupled with bold and continued reform measures, especially in terms of fiscal consolidation and tight monetary policy will help restoring investors' confidence, promoting investment opportunities and boosting economic growth.

B. Decent jobs for the youth

The unemployment rate declined from 13.4 percent in December 2013 to 12.9 percent in December 2014. This downward trend in unemployment is a positive reflection of the government's continuous efforts to attract investments, increase growth and to restore the imbalances between supply and demand through active labor market policies. Improving the business environment, attracting domestic and foreign private investments, implementing mega projects, including the Suez Canal project, supporting large and medium size firms, in addition to several initiatives adopted to promote entrepreneurship are expected to have significant improvements on creating decent jobs and reducing unemployment.

One of the major flagship activities that the GoE recently adopted to support entrepreneurship was the creation of an investment fund "AYADY" that aims at establishing investment projects in all governorates, contributing to local economic development and creating decent and productive jobs for thousands of young Egyptians. AYADY is based on a very strong governance system that guarantees its success.

The Industrial Training Council, affiliated to the Ministry of Industry, Trade, and SMEs, initiated "Beaidak" project, in 2014, as a joint-venture between the UAE and Egypt. The project aims at training and teaching the youth handicrafts, and raising their efficiency to be able to join the labor market. The project includes a number of programs, including:

- National Training Program for Rehabilitation provides training on measurement of industrial plants, electrical and electronic maintenance of factories and automatic control and its applications, etc.

- National Training Program for Employment provides opportunities to work in the private sector in the fields of engineering, chemicals, food and other sectors.
- Herafy Program targets youth with any disabilities, such as hearing and speech impairment.
- The National Program for Economic and Social Empowerment of Women aims at training women to be able to work at home, establish a micro- project or finding a job in factories and companies. The program concentrates on food industries, printing and packaging, etc.
- Building and Construction targets training in the building and construction field and on the operation and maintenance of all types of heavy equipment for technicians such as painting, electrical work, carpentry work, plumbing, etc.

Creating productive and decent jobs, especially for youth, is the ultimate goal of these initiatives and of all government's efforts. Recent indicators show that unemployment rates will significantly decline within the next four years.

C. Social Justice Programs

The GoE realized the importance of adopting a comprehensive strategy to reduce poverty, and to pave the way for social justice. The main measures undertaken include the following:

- Reducing the deficit in the state budget for FY2014/15 by increasing the revenue through re-structuring the tax system to make a fair distribution of the tax burden and fight against tax evasion; and reducing the expenditure through re-prioritizing public spending to provide protection to the most vulnerable.
- Reducing the energy subsidy within 3 to 5 years, while protecting the poor, low-income and middle class. The program aims at rationalizing energy and oil subsidies during 2014/2015 as part of a gradual plan in the medium term to reduce these subsidies. This plan consists of three pillars:
 - Aligning the relative prices of petroleum products with their most efficient channel for energy generation.
 - Raising the efficiency of energy usage, and providing subsidy to some sectors in order to help them to move from the use of traditional energy sources to use the clean energy.
 - Using Smart card system for better targeting of subsidies.
- Increasing the social security pension by LE 1 billion to reach LE 3.3 billion for 2014/15 and the contribution in pension funds with LE 2.3 billion in the same year.
- Launching a cash-transfer program and increase the number of beneficiaries from 1.5 million to 3 million poor families.
- Establishing logistical hubs for grain trade and storage to contribute to food security, and launching commodity exchange initiatives in collaboration with international agencies.
- Launching a social protection-targeting program based on transforming all paper ration cards to smart cards.
- Adopting a new system of supply, that widen the choices of ration cardholders from the main commodities (Oil – Sugar – Rice) to more than 30 commodities.
- Implementation of a new bread system including the allocation of 150 pieces of bread for each citizen per monthly, at the price of 5 piaster/each piece of bread. The beneficiaries from this system are those who are eligible for social security pension, and Sadat and Mubarak pensions; widows, divorced women and breadwinners; and those with chronic diseases and special needs. Other groups benefit from this system including minors who have no breadwinner or fixed income after their parents' death; temporary seasonal employees, workers in agriculture, street vendors, drivers and those who have academic qualifications but are without work and with a monthly income up to LE 800 per month; government, public business sector and the private sector employees with salaries up to LE 1200 per month; government, public business sector and the private sector employees with insurance up to LE 1500 per month.
- Amending the Social Insurance Law to increase the early retirement pension starting July 2013. The law also provides self-employed social insurance to farmers with more than one feddan acquisitions.
- Extending the medical insurance to farmers and agricultural workers who do not have access to the public health-insurance program.
- Adopting some programs to protect the poor, support the marginalized societal factions and provide protection to the most vulnerable. Takafol and Karama are two programs that have been recently

implemented as part of a conditional cash transfer program to help poor families in order to provide the health and educational services to children. The two programs are targeting the groups that do not have the ability to work and produce (65 years and above), or they have a total or partial disability, but on the condition which is that the family does not have a social security pension

- Takafol Program offers conditional cash transfer for families that suffer from extreme poverty and have children in school or children who need health care (1 day to 18 years old). Every family will have 325 LE as a monthly payment and also LE 60 for each student in primary school, LE 80 for each student in preparatory school and LE 100 for each student in high school.

- Karama Program offers an unconditional and continuous cash transfer for those who suffer from extreme poverty and cannot work or produce. It includes the elderly people who do not have a fixed pension and who suffer from a total or partial disability. Each of the elderly people and the disabled (maximum 3 persons) will have LE 350 as a monthly amount.

III. ADMINISTRATIVE REFORM AND THE NEW CIVIL SERVICE LAW

The government successfully faced one of the crucial challenges that was negatively affecting the competitiveness of the Egyptian economy, and the daily life of citizens. A new strategy for administrative reform was adopted. The main goal of this reform is to create an efficient and effective public administration, characterized by professionalism, transparency, justice and responsiveness. The targeted administration offers better quality services, is held accountable, is capable of raising citizen satisfaction, and strongly contributes to the achievement of Egypt's development goals and improves citizens' lives. A new Civil Service Law was prepared and will be issued soon. The main objective of the law is to increase the efficiency of the public service delivery process. To achieve this goal, the law targets improvement of working conditions for civil servants. The law guarantees citizens' rights to civil jobs, based on merit, hence eliminating favoritism and discrimination. Civil service jobs will be earned based on a fair competition organized by the Central Agency for Organization and Administration (CAOA), and supervised by Minister of Administrative Reform. Promotions are also to be based on merit and not on years in service. The law also adopts a new capacity building approach. A new wage system is put in place to complement the major reforms introduced by the law. The new civil service law grants women 4 months of maternity leave instead of 3 months, as determined by the previous laws. A more effective, neutral and accurate evaluation system is emphasized in the law. It also allows early retirement and develops a new code of conduct for civil servants.

The new Civil Service Law represents a pre-requisite to and complements the different reform measures adopted by GoE, aimed at boosting economic growth, creating a business-friendly environment to restore investor confidence and position Egypt on the new international investment map. It contributes largely to addressing government bureaucracy and establishing a strong governance system. The new law will change completely the notion of public service and significantly raise citizen satisfaction. (For more information, please check the website on administrative reform as part of Ministry of Planning, Monitoring and Administrative Reform <http://ad.gov.eg/>).

IV. INSTITUTIONAL AND LEGAL TRANSFORMATION

The GoE succeeded during the last few months in settling several disputes with private domestic and foreign investors. The Ministerial Committee for Dispute Resolution, chaired by Minister of Justice settled 259 disputes representing more than 70 percent of the total. In addition, the Committee for Settlement of Investment Contract Disputes, headed by the Prime Minister resolved almost 60 percent of the 25 existing disputes during the last two months.

The Sub-Committee on Economic and Business Legislations has been created within the Supreme Committee for Legislative Reform to review the main legislation affecting the business environment. These laws include the bankruptcy law, building permit, and real estate property registration procedures. In addition, the Egyptian Regulatory Reform and Development Activity (ERRADA) board of trustees has been reformulated to complete the review of laws and regulations affecting the business climate. ERADA also aims at establishing a database service and an electronic registry compiling all such laws and regulations allowing more transparency and clarity to businesses.

In 2014, several laws that have a positive impact on improving the business environment and aiming at attracting both domestic and foreign investments were issued. These laws include:

- The new mining law (no. 198 for the year 2014). The law put in order the exportation of raw materials and the pricing of quarries and mines sustainable exploitation. It also gives the right to the Egyptian Mineral Resources Authority (EMRA) to undertake search, exploitation and mining operations either independently or in collaboration with other corporations.
- The new competition law (no. 56 for the year 2014). The main purpose of issuing this law was to guarantee the independence of the Egyptian Competition Authority (ECA). The amendment gives complete exemption from penalties to those who report market violations. In addition, it resolved the overlap between ECA and the sectoral regulatory authorities.
- The micro credit law (no. 141 for the year 2014). The new law organizes the microcredit provided by non-bank entities whether companies or NGOs, under the supervision of the Egyptian Financial Supervisory Authority (EFSA).
- The renewables feed-in tariff law (no. 203 for the year 2014). The main purpose of the law is to encourage private investment in this sector.
- The domestic product preference law (no.5 for the year 2015). The law implies that at least 40 percent of the government purchases should be domestically manufactured and the law gives priority to local production as long as it is not more than 15 percent more expensive than the imported equivalent.

V. INVESTMENT PRIORITIES AND FINANCIAL OPTIONS

A. Mega Projects

The GoE aims at creating a leapfrog development of its infrastructure through larger public investments, by attracting private investors and through public-private-partnerships (PPP). A number of mega projects were recently launched, and feasibility studies and master plans are currently being prepared for these projects.

A1. Suez Canal Area Development Project

The purpose of this project is to maximize the huge potential of the Suez Canal to create a huge number of jobs and make the region a global center for navigation (Maritime transport), logistic services, industry and a trade gateway between East and West. A number of key priority projects are identified including:

- North West Gulf of Suez: The project comprises a large industrial zone in close proximity to Sokhna Port; covering 200 km², including an industrial park of 176.5 km² and an area of 22.5 km² linked to the port, comprising the SeZone project of 20.4 km². This area is designed to become one of the major industrial centers in Egypt and a primary international investment destination by creating a superior business environment for attracting investments to Egypt.
- Port Said East Port: This project aims to develop the port, logistics services, maritime-related activities and an industrial cluster on the eastern side of the Canal.
- Port Expansion projects: A number of master plans have been prepared for the expansion of Port Said West Port; Sokhna Port; Adabiya Port; and Al- Tur Port. Developing the ports under this framework will provide an opportunity to create specialized ports for different activities so they are not competing with one another but complementing each other. Additionally, the expansion of the ports can be phased over a long-term plan, which will ensure that investments are appropriately, and effectively channeled.
- Ismailia Technology Valley: The project aims at establishing hi-tech projects in fields of electronics, communications, IT, biotechnology, medical components, and pharma technology.

A complete master plan for the development of the Suez Canal Area is to be finalized soon. This project is expected to contribute to achieving the SDS goals, especially those related to fostering economic growth and increasing the share of the services sector in GDP, as well as raising export contribution to growth.

The project is also expected to provide more job opportunities. In addition, considering the environment in the implementation of this megaproject will have a positive impact on achieving sustainable development, as well as indirectly supporting significantly increasing national income greatly needed to finance different social justice programs.

A2. Agriculture land reclamation for one million Acre

The main objective of this project is to create an integrated society in the new land, to support the overall SDS objective of increasing the urbanized area by 5 percent of its total area by 2030 at a rate of one percent every three years, in addition to its impact on supporting economic diversity, the provision of productive and decent job opportunities, and ensuring the participation of all governorates in achieving inclusive and sustainable growth. This project includes an integrated agro-industrial park for specific crops, vegetables and fruits, and the facilities required for packaging and processing of products. The project plays an important role in reducing the gaps between the demand for food commodities and the supply, in order to reduce imports. The land will be allocated among large, medium and small private investors.

A3. Building one million social housing units

The project aims at providing one million housing units for low-income citizens in all governorates with a total cost of LE 150 billion during 5 years. More recently, the GoE issued the Social Housing Law no. 33 for 2014 to establish the Social Housing Fund, which aims at reducing the burden of establishing these units on the state. It is estimated that this project will create almost 250 thousand job opportunities. This important project will also contribute to achieving the social justice goals highlighted in the SDS: Egypt 2030.

A4. Creating new development axes

The project aims at developing more than 4800 km, which represent 20.4 percent of the total roads and developing the surrounding areas. The project will be achieved in two phases. The first phase includes the development of almost 3400 km, and will be completed in September 2015. The remaining area will be completed before the end of 2016. This project will create job opportunities, reduce the cost of transportation of goods, attract investments and improve infrastructure and safety. This megaproject will contribute to achieving the SDS goal of creating new development axes that can support the state's efforts in addressing urbanization issues. The project will also enhance infrastructure that will in turn increase economic growth rates, and will support building new urban societies.

A5. The establishment of a number of storage and logistics centers in Damietta

This project aims at establishing a number of storage and logistic centers for global grain storage, which contributes to achieving food security in Egypt and the region. The project area is about 3.5 million m² of which about half a million m² are within the boundaries of Damietta Port and the rest is in an industrial area located north-east of the port. The total estimated investments of the project is around US dollar 2 billion. Undoubtedly, this project will have a huge positive impact on achieving the economic development goals according to Egypt's Vision 2030, and especially those related to diversity and increasing the share of the service sector in economic growth.

A6. The development of the Golden Triangle

The Golden triangle is located in the south-eastern part of Egypt in the Red Sea Governorate; the total area of the triangle is 41041 km². The project aims at establishing a development scheme in «Bernice area» to attract industrial, tourism, trade and agricultural investments. A master plan for this project will be completed within the next few months. This project will contribute to achieving the desired economic diversity according to the SDS goals. It will also help in achieving the goals related to maximizing efficiency of natural resources use, as highlighted in the strategy.

A7. The development of the 4th and 5th phases of the underground

The fourth phase of establishing the underground is the line (Heliopolis – Cairo Airport) with a length of 15.8 km. It extends from Haron station to Cairo Airport and includes 10 stations. The duration of this project is 5 years with a total cost of LE 11 billion. The fifth phase of establishing the underground is the line (Nasr City – Heliopolis – Sawah – Rood Al farg) with a length of 20 km, including 17 stations. The cost of the project is estimated to reach LE 14 billion.

A8. The development of North West Coast

The project extends from the El Alamein city to the city of Salloum (covering an area about 500 km by 280 km). The project aims at establishing several roads to strengthen the road networks and improve transportation. This project also plays an important role in solving energy and electricity problem to generate power through solar energy as well as to generate electricity through a nuclear power project in Daba area. The goals of this project are aligned with the SDS goals, especially those related to increasing dependence on local energy resources, and increasing the contribution of renewable energy sources in providing the energy needs required to achieve comprehensive and sustainable development. The project is also expected to generate positive economic impacts.

B. Sectoral strategies and projects

B1. The Energy Sector

In September 2014, the GoE announced the new feed in tariffs for renewable projects to encourage private developers to install 4,300 MW of renewable electricity generation capacity. In addition to the new feed in tariffs, producers will enjoy long-term leases of land charged at 2 percent of the value of energy produced, and a customs tariff of 2 percent will apply to imported equipment and materials.

The government is currently developing an integrated energy strategy that includes new energy prices to reduce the energy subsidy bill. The plan also aims at developing demand-side initiatives to ease energy consumption and implement initiatives based on a phased approach. The government also took some measures to settle payments to foreign partners to encourage upstream investments and incentivize deep-water exploration. The sector strategy will also identify and implement solutions to address the various challenges related to the use of coal by heavy industries.

B2. The Tourism Sector

The tourism sector is a key sector for achieving economic growth, creating jobs, providing foreign currency and for linkages with other economic sectors. Despite the downturn that this sector witnessed during the last 4 years, it is capable of reviving its upward trends as the political and security situation stabilizes. Several investment opportunities could contribute to boosting growth of the tourism sector, attracting investment, increasing its share of GDP and creating more jobs. These objectives are aligned with the SDS goals and KPIS of building a diversified economy that greatly depends on services. The tourism sector is expected to contribute significantly to economic objectives according to SDS, especially with the adoption of green tourism.

These projects include the development of the Pyramids precinct area to include hotels, shopping centers, fine dining, and building eco-wellness resorts with limited maximum capacity leveraging local architecture and natural availability of thermal waters and therapeutic sand, perfectly blending-in with natural surroundings.

The Ministry of Tourism will implement an ambitious strategy to reinvigorate the sector by diversifying tourism products; developing new markets; and enhancing private sector investments. The government's strategy in the sector relies on five main policy actions:

- A marketing strategy implementing a proactive campaign to reposition Egypt as a major touristic destination.
- Developing cultural destinations, enabling infrastructure and linkages with other destinations. The development of the Pyramids precinct area tourism facilities and the Egyptian Grand Museum project will promote both luxury and cultural tourism in the region and significantly increase the number of visitors per year.
- Improving the quality of the labor force will allow in turn attracting higher value-added tourism. Extensive training programs will be put in place to boost productivity in the sector and compensate for the decrease in skilled labor over the past 4 years.
- Improving the tourism sector's value chain by enhancing the creation of SMEs that gravitate around large tourism operators such as restaurants and recreational activities.
- Harmonizing and simplifying land and permit allocation processes for new development projects. A nationwide map for land allocation is being prepared and the government plans to reduce the number of approvals necessary to launch a new development project. Such measures would fast-track the development of new tourism areas notably at the Northwestern coast.

B3. The Housing Sector

The two main investment opportunities suggested by the sector strategy are the new capital city and the development of informal settlements. In addition, a number of institutional and legal reform initiatives are proposed, including developing and implementing a land management framework, settling investor disputes, expanding the housing assistance programs menu, and institutionalizing the provision of housing assistance programs.

Moreover, a streamlined land and property registration system is activated providing households and developers with a better institutional framework to undertake housing development projects. It would also facilitate household capacity to obtain a registered title for their property and therefore the collateral needed for subscribing to a mortgage loan. The institutional framework will also facilitate the application of regulations on owners of associations, the control of building maintenance, and the provision of solutions to slum areas among other required reforms.

The housing sector is considered to be one of the sectors that are expected to effectively contribute in supporting the sustainable development strategy, not only through the achievement of economic goals, but it also plays a crucial role in achieving the goals of social justice.

B4. The Mining Sector

In addition to the development of the Golden Triangle, the sector development strategy includes two main infrastructure development initiatives; revamping the Abu Tartour Safaga railway line, and promoting processed mineral exports. As for the legal and institutional reform initiative proposed as part of the sector strategy, they include issuing a new Mining Law, which has already been issued as previously mentioned. They also include the establishment of «one stop shop» for the issuance of all licenses related to mines, as well as developing the Shak El Teaban slum area that includes a large group of small and medium projects specializing in marble processing.

In order to attract international mining companies, the government is committed to developing a digital database that will enable all active participants in the sector and small companies to acquire all the required information and geological maps for presenting adequate offers. In addition, the legal dispute over the "Sukari gold mine project" is expected to be resolved soon. In parallel, GoE is planning to announce new rounds of mining bids for gold and different minerals in 2015.

B5. The Agriculture Sector

The Egyptian agriculture development plan aims at unlocking the sector's high growth potential, generating a large number of jobs and achieving large productivity gains. It follows a two-pronged approach; (i) vertical development aims at increasing production per unit on the "old land" of the Nile Valley and the Delta through the improvement of water management systems and irrigation networks; (ii) horizontal development into new "reclaimable" land in the desert, focusing on the Eastern and Western regions, will be implemented through heavy investment in land preparation and water resources development from aquifers. In addition, several laws were enacted in the recent period to improve the enabling environment for farmers through better insurance coverage, better contracts between farmers and their clients, and a better pension system. Other legislative proposals are currently being drafted to take concrete actions on agricultural land protection, agricultural specialized unions, water use rationalization, distribution policy of the new reclaimed lands and restructuring of the Principal Bank for Development and Agricultural Credit (PBDAC).

The agribusiness development strategy includes five main investment opportunities including the creation of strategically located collection points and storage facilities, facilitating and promoting investments in aquaculture, developing agro-industrial parks, and developing tomato processing and olive oil production. The agro-logistical hub aims to streamline existing agriculture supply chain inefficiencies in Egypt. This could be done through a network of collection centers and centralized hubs adequate for storing various crops. The hub can be implemented through a public-private joint ownership and it can generate revenues through rental or trading.

In addition to investment opportunities, the sector strategy includes several infrastructure projects and a number of legal and institutional reform initiatives. These infrastructure projects include improving irrigation infrastructure in old lands, improving quality and accessibility of main agriculture trade routes, enhancing waterways and railway infrastructure, and determining maritime and air cargo expansion requirements. As for the institutional and legislative reforms, they include enforcing property rights law and expanding sector R&D, modernizing agriculture laws, developing land allocation policy, reclamation master planning and one stop-shop, creating land exchange programs and land consolidation fund, and launching a new extension program and revamping extension centers. Other reforms include reform of agriculture cooperatives, creating an Egyptian Food Safety Agency, establishing an agriculture modernization center for private sector firms, developing agriculture financial commodity markets, formalizing contract farming mechanisms, revamping export promotion and creating a quality control agency, and adjusting the credit offering of the Principal Bank For Development and Agricultural Credit.

B6. Transportation and logistics

The development strategy supports the private sector in stepping in to bridge the gaps for river transport infrastructure and railways. The GoE is also committed to address urban transportation challenges (congestion, safety, and inefficiencies through increased public investment, more private sector involvement and the implementation of institutional reforms. In response to these challenges, the government is developing with IFIs a large number of urban transport facilities, such as metros (third and fourth phases of lines 3 and line 4 in Cairo to be tendered shortly), light rail transport projects and urban river buses. The Greater Cairo Transport Regulatory Authority, created in 2013, aims at overcoming the institutional fragmentation in Cairo urban transport, which was hampering decision-making and efficient management.

B7. Information and Communication Technology (ICT)

The comprehensive ICT strategy aims at bringing the sector contribution to GDP from 3.8 percent as of today to 8.4 percent by 2020, creating 250,000 direct job opportunities. The objectives underlying the government's strategy rely on the empowerment of the private sector to enhance the competitiveness of the Egyptian ICT sector; and the capitalization on Egypt's unique geographical location and abundant young increasing labor force to position Egypt as a global digital hub. The strategy also aims to develop the regulatory and institutional framework to increase its contribution to GDP and raise its competitiveness domestically and internationally. The government strategy also includes structural measures to accelerate private sector participation. This includes the expansion of basic infrastructure including the broadband optic fiber networks, cloud computing infrastructure, in addition to submarine cables. The government also aims at supporting innovation and entrepreneurship initiatives and at

encouraging linkages between ICT industries and universities. Finally, new innovative approaches are being introduced for PPP projects to foster private involvement in public-led projects. For the ICT sector to thrive, several regulatory reforms will be undertaken in addition to the infrastructure needs. Flagship projects in the ICT sector have been designed to foster private sector participation in the sector. Currently, a number of projects are implemented to increase the contribution of this leading sector in realizing the growth rates targeted by the SDS, creating jobs and increase the share of services sector in growth.

B8. Manufacturing and SMEs

The GoE have set up very ambitious targets for the manufacturing sector by 2020, based on a three-tiered action plan. Manufacturing has to grow at an annual growth rate of 9 percent, increase its share of GDP to 25 percent and create at least 3 million jobs by 2020. Its long-term action plan in terms of industrial policy relies on the following three components:

- Achieving structural transformation of the Egyptian industry by focusing on sectors where Egypt can generate jobs and increase its share of local value-added;
- Increasing the sector's export potential by fostering export-oriented investment (especially FDI); and
- Supporting the development of a healthy SME ecosystem with strong linkages with large corporate players.

In the medium term, the government aims at supporting the creation of industrial clusters gathering private investors in sectors with the highest employment, value-added and export potential. These sectors include healthcare, textile, leather and engineering industries.

Special economic zones ("SEZ") are the cornerstone of the government's strategy to develop industrial exports. The SEZ Law is currently being reviewed to streamline tax and investment incentives offered to investors in such zones and to target the development of specific industries. The SEZ Authority is currently seeking to attract private investors in the country's flagship economic zone (SEZone in Northwestern Suez). A sizeable special economic zone is currently under development in the "Suez Canal Corridor" (currently at master plan stage), and will leverage on international trade flows in and around the canal to attract export-oriented manufacturing activities.

Finally, several initiatives are ongoing to develop the MSME ecosystem by focusing on access to finance, technical support and streamlined procedures. The CBE is currently preparing a national strategy for financial inclusion aiming at identifying the policies and activities needed to help both private (financial service providers) and public (regulators) actors in playing a more active role in enhancing access and usage of formal financial services for MSMEs. The Social Fund for Development and the Industrial Modernization Center are currently undergoing restructuring to provide better-targeted support and incentives to SMEs.

V. CONCLUSION

The GoE is committed to develop a market oriented, open and competitive economy. The main target is to attract large domestic and foreign investments, that would foster inclusive economic growth, provide decent jobs and better living standards to all Egyptians.

Despite all circumstances, the Egyptian economy is recovering steadily and has a large potential to achieve leapfrog growth. The GoE is aware of the different challenges facing the Egyptian economy; however, all economic actors are committed to support its fast and steady recovery. In light of the long-term ambitious strategic objectives, the GoE is undertaking the necessary measures that will have a quick impact in the short and medium run. Macroeconomic measures are coupled with legal and institutional reforms that will have positive impact on economic prospects. The Egyptian economy is enjoying several unleashed opportunities, in several sectors, in different areas that could attract large domestic and foreign investments. Egypt's Economic and Development Conference (EEDC) presents a platform for investors to meet, exchange views, learn more about the reform measures undertaken by the GoE, and explore business opportunities in different sectors. EEDC is just a starting point that will be closely monitored and evaluated and more rigorous efforts will be pursued to achieve Egypt's medium and long term visions.



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