

# GoE's Program 2015/16-2017/18

Prime Minister Sherif Ismail presented the Cabinet Program in Parliament on the 27th of March 2016, now awaiting parliament's approval within 30 days

The program highlights the underlying challenges, and sets 7 fronts of focus on how to surpass the proposed challenges

## Challenges

- 01 National security
- 02 Population growth rate around 2.6% from 2009-2015 (one of the highest in the world)
- 03 Deteriorating public services (education, health, housing, sanitation and transport)
- 04 Sluggish economic growth and high inflation rate
- 05 High budget deficit & distorted public spending priorities (80% of public spending directed to public wages, service of debt and subsidies)
- 06 High public debt level (93.7% of the GDP)
- 07 Worsening balance of payments due to:  
a. Trade deficit increased from USD 29bn in 2009/10 to USD 39bn in 2014/15  
b. Decline in tourism revenues
- 08 Sharp decline in Net International Reserves (from USD 35.2bn in June 2010 to USD 16.5bn in June 2015)
- 09 Decline in Egyptian economic competitiveness – Global Competitive Index declined from 81/139 in 2010/11 to 116/140 in 2015.
- 10 The global economic slowdown

## The Program's Seven Pillars of Focus



# GoE's Program 2015/16-2017/18

## NATIONAL SECURITY

### TARGET

Maintain security and stability of Egypt

### POLICIES

- . Early detection of terrorist organizations and halt their financing resources
- . Tighten security measures, and support developmental efforts at the borders
- . Tighten security measures at airports, seaports and border crossings
- . Enhance police performance
- . Counter extremist ideology with moderate rhetoric
- . Combat drug trafficking
- . Establish IT system to improve Criminal investigation
- . Raise the military's defensive and offensive capabilities
- . Safeguard Egypt's rights in Nile water

## DEMOCRACY

### TARGET

Encourage an inclusive political environment that abides by value of democracy

### POLICIES

- . Equally support political parties
- . Ensure women and youth are represented in the political domain
- . Develop the Judiciary system
- . Conduct local elections in Q1 2017
- . Upgrade Parliament's physical and IT infrastructure
- . Ensure the independency of the media
- . Establishing Supreme Media Council to regulate the media agencies and the national press as per the constitution

## EGYPT'S REGIONAL ROLE

### TARGET

Reestablishing Egypt's regional position in way that serves the nation's political and economic objectives

### POLICIES

- . Arab States:
  - . Ensure security and stability of Arab states
  - . Activate the role of joint committees
  - . Support regional political and economic stability
  - . Promoting trade between Arab states
  - . Find solutions to the Syrian crisis
  - . Maintain the unity of Iraq
  - . Continued support the Palestinian cause
- . Work to enforce the recommendations of international experts regarding to the Renaissance Dam Project
- . Develop cooperation with the Nile Basin countries
- . Implement a new export strategy to enhance trade between Egypt and EU countries

## ECONOMIC PROGRAM

The GoE's economic program can be divided into two main components:

1. Stimulating Economic Activity
2. Fix Macroeconomic Imbalances

### 1. STIMULATING ECONOMIC ACTIVITY

TARGETS	2014/15	2017/18	2019/20
ECONOMIC GROWTH	4.2%	5-6%	Over 6%
UNEMPLOYMENT	12.8%	10-11%	Below 9%
INVESTMENT RATE (OF GDP)	15%		18-19%
SAVINGS RATE (OF GDP)	6%		9-10%

### POLICIES

1. GROWTH-INDUCING POLICIES:
  - a. Attract investments through
    - . Regulatory reform
    - . Streamlining investment procedures including granting permits and land allocation
    - . Conclude Egypt's investment map
  - b. Support SMEs through:
    - . Provide the necessary regulatory framework
    - . Access to finance
    - . Technical support
    - . Link them to large enterprises
    - . Activate the Egyptian Product Preference Law
    - . Formalize the informal sector
    - . Provide social and health insurance
  - c. Better management of state assets
  - d. Restructure public enterprises
2. PROP UP THE IMPLEMENTATION OF NATIONAL MEGA-PROJECTS
  - . Building logistics centers throughout the Suez Canal Axis
  - . Build new cities, including the New Administrative Capital
  - . Increasing agricultural land through the 1.5 mn feddan
  - . Developing tourism, industry, electricity, housing and agricultural projects in the North Coast
  - . Adopting an economic development plan for the Golden Triangle
  - . Developing Ain Sokhna and the Gulf of Suez through the 30 June Axis and New Galala City
  - . Earmarking USD 10 bn to develop 5 tn cubic ft of gas in the Mediterranean and USD 12 bn for developing the 30 tn cubic ft of gas in the Shorouk field
  - . Boosting power production through the Daba'a nuclear plant and the Siemens power plants.

## 2. FIX MACROECONOMIC IMBALANCES

TARGETS	2014/15	2017/18	2019/20
BUDGET DEFICIT (OF GDP)	11.5%	9-10%	8-9%
DEBT (OF GDP)	93.7%	92-94%	85-90%
INFLATION	10-11%	9%	

### POLICIES

#### 1. REGULATORY AND INSTITUTIONAL REFORM TO IMPROVE EGYPT'S FISCAL PERFORMANCE

- . Amending the Government Tender Law to streamline public procurement
- . Shift to the VAT
- . Raising the Tax Authority's capacity to increase tax revenues to international levels
- . Issuing a new Customs Law and adopt strict measures to combat smuggling and increase customs revenues
- . Diversifying sources of deficit-financing
- . Fix external sector distortions
- . Control inflation rate
- . Promote competition

#### 2. REPRIORITIZING PUBLIC SPENDING IN FAVOR OF DEVELOPMENTAL PROJECTS AND HUMAN CAPITAL DEVELOPMENT (education and health)

#### 3. BALANCE THE EXTERNAL SECTOR AND PROP UP NIRS THROUGH

- . Increase exports of goods and services
- . Increase FDIs

## SOCIAL JUSTICE AND PUBLIC SERVICES

Social justice is on top of the GoE's agenda. Measures to upgrade public services and redistribute wealth aim to avoid the mistakes of the past. The social justice pillar can be divided into two main components:

1. Reforming the Subsidy System
2. Upgrading public services

### 1. REFORMING THE SUBSIDY SYSTEM

#### TARGETS

Better target subsidies and provide social safety nets that benefit those who really need them.

#### POLICIES

- . Expand Takafol and Karama from EGP 1.8bn covering 600k households in FY2015/16 to
  1. EGP 4.3bn covering 1mn households in 2016/17
  2. EGP 6.4bn covering benefiting 1.5mn households in FY2017/18
- . Develop standards for the inclusion of people with special needs to grant them access to education, health and employment
- . Shift to cash-transfer subsidy system for farmers
- . Support the role of official bodies directly related to social justice such as Consumer Protection Agency and Egyptian Competition Authority
- . Expand the umbrella of social insurance

### 2. IMPROVE SOCIAL SERVICES: HOUSING AND PUBLIC UTILITIES

#### TARGETS

Provide housing, potable water and sewage for all income brackets.

#### POLICIES

- . Social Housing Project which targets to produce 350k units in 2016 and 400k units in 2017 (total of 750k units).
- . Land provision for the relatively higher income categories to build their own homes. 40k land slots were provided in new cities and the Nation's Home Project targeting Egyptian expats.
- . Reform the regulations governing the housing sector
- . Development of slums
  1. 24 slums will be removed in 6 governorates in 2015/16 with a total of 29k units to be built
  2. 91 slums will be removed in 20 governorates in 2016/17 with a total of 50k units
  3. 87 slums will be removed in 16 governorates in 2017/18 with a total of 57k units. Total cost EGP 10bn
- . Addressing building violations and remove any violations on agricultural land
- . Expand the water and sewage coverage with total investment cost EGP 32bn
  1. 100% potable water coverage by 2017/18
  2. 95% sewage coverage in cities by 2017/18 from the current 60%, and 50% in villages from the current 15%

## SOCIAL JUSTICE AND PUBLIC SERVICES

### HEALTH

#### TARGETS

Provide health services and medicines to all income services and upgrade the quality of the public health system

#### POLICIES

- . Expand the health insurance coverage to add 3mn households by 2017/18
- . Provide health services for the most endangered groups
- . Eliminate Virus C. Currently 5mn infected. Planned to increase cure centers from 35 to 194 by 2015/16 and increase the medicine outlets from 15 to 84. Lower medicine prices from EGP 13,125 to EGP 2300. Target to cure 600k infected in 2015/16 with the cost of EGP 2bn
- . Develop the pharmaceutical industry
- . Develop public hospitals (110 hospitals in 2015/16)
- . Develop family planning services with the objective of reducing population growth rate from 2.6% to 2.2% in 5 years

### EDUCATION

#### TARGETS

Eliminate illiteracy, enhance the quality of education and ensure graduates are better prepared for the labor market.

#### POLICIES

- . Reduce class density through doubling the General Authority for Educational Buildings (GAEB) budget to EGP 6bn and partner with the private sector to add 60k classrooms by 2017/18
- . Improve the quality of teachers, curricula and examinations
  1. New curricula by 2017/18
  2. Train 600k teachers by 2017/18 (37.5%)
  3. Train 5400 teachers for special needs
- . Improve the quality of schools
  1. Get 15% of all schools accredited by NAQAAE by 2017/18 and 100% in the following five years
- . Improve technical education
  1. Link its outputs with the demands of the labor market
  2. Establish 3 technological complexes
  3. Coordinate with FEI and the private sector
- . Improve higher education and scientific research
  1. Establish 5 community colleges to accommodate 20k students
  2. Establish 5 private universities to accommodate 5k students
  3. Enhance the conditions of faculty
  4. Increase the acceptance rate of Arab and African students by 10% annually

## SOCIAL JUSTICE AND PUBLIC SERVICES

### LOCAL DEVELOPMENT

#### TARGETS

Improve urban development in governorates and promote decentralization of policy-making

#### POLICIES

- . Enhance services in the most needy villages: more than 200 villages
- . Remove violations on Agricultural land
- . Adopt a new Municipalities Law
- . Adopt a mechanism to monitor the progress of different projects
- . Developing the capacities of municipalities' workers
- . Elect Local Council in Q1 2017

### TRAFFIC SYSTEM

#### TARGETS

Develop an effective transport system and address the underlying problems that affect economic activity.

#### POLICIES

- . Development of the public transportation such as Metro
- . Applying a full developmental program for the railways
- . Upgrading Nile transport sector by upgrading number of Nile river ports in Suhag, Qena, and Assiut, in addition to promoting project such as Nile Tax/Nile Bus Ferry for a value of EGP300mn
- . Nationwide development of Egyptian Ports, with special focus on ports along the Suez Canal, Alexandria, and Damietta.



### TARGETS

Achieve a balance between the growth of industry, agriculture and services

### POLICIES

#### 1. INDUSTRY

- Industrial growth of 8% by 2017/18 and increase industry's contribution to the GDP to 21%
  - . Establishing industrial zones especially in Upper Egypt
  - . Streamline the process of granting industrial permits
  - . Establish industrial clusters by 2018 to provide 30k jobs with a cost of EGP 5.2bn (Robiki and Damietta Furniture City)
  - . Technology transfer to 1076 factories by 2015/16
  - . Develop SMEs and increase their contribution to industrial growth to 5%

#### 2. FOREIGN TRADE

- . Increase Egyptian exports through enhancing their competitiveness and intensifying promotional activities: increase industrial exports growth to 5%/year annually by 2017/18 and SMEs exports to 10%/year
- . Rationalizing imports to cut the trade deficit by 3-5% by 2017/18 through encouraging investments in feeding industries

#### 3. PETROLEUM AND MINERAL RESOURCES

- Secure the nation's needs of petroleum products through:
  - . Accelerating the structural and financial reform of the sector
  - . Increase the production of oil and gas (15-20 exploration agreements will be issued by 2017/18 with investments worth USD14 bn/year)
- Develop the refining industry through adding 8 new refineries with total investments of USD 7.5bn to cover 90% of the local demand.
- Deliver natural gas to 2mn more households by 2017/18
- Projects to exploit Egypt's mineral resources such as the Golden Triangle

#### 4. ELECTRICITY AND RENEWABLE ENERGY

- Increase the electricity production capacity through building new generation plants
- Add 3 GWs of renewable energy
- Develop electricity transmission grid and increase its efficiency with total cost of EGP 31.7bn

#### 5. AGRICULTURE

- Regulatory reform of laws governing agriculture
- Roll out a new Smart Card systems for farmers to stop leakage of subsidized crop inputs
- Protect the agriculture lands
- Expand production capacity of key crops such as wheat by 4 mn feddans to produce up to 11 mn tones of wheat per annum in addition to domestic production by 2018.
- Increase corn by 2 million feddans to result an increase in production up to 7 mn tones
- Legitimize informal ownership of land being developed by occupants
- Increase production of meat, chicken, fish, and dairy by 80-100% by 2017/2018.



## SECTORAL DEVELOPMENT

### 6. WATER AND IRRIGATION

- . Spending EGP 4.5bn on upgrading and improving water pumps and other facilities
- . Reducing water usage through new technologies to save up to 2 bn m<sup>2</sup> annually which will incur an investment cost of EGP 5 bn
- . Enhancing the quality of water by building 11 new water treatment facilities

### 7. TOURISM

- . Attract 9 million tourists by end of 2016/2017 and up to 10 million by 2017/2018
- . Allocate 13.8 mn sqm of land for tourism projects and starting 36 private-sector projects by 2018 with investments of EGP 1.7 bn
- . Developing transport and other infrastructure in tourism hotspots
- . Accessing new international markets and providing incentives for tourists
- . Studying the implementation of electronic visas
- . Bolster security at airports

### 8. TRANSPORT

- . Develop of the maritime transport and sea ports sector at the ScZone
- . Develop river transportation through projects including Nile Taxi and river ports in Qena, Assiut, and Sohag at a cost of EGP 300 mn each
- . Improve the railway network by upgrading 2,500 wagons at a cost of EGP 2.5 bn, importing 100 locomotives at a cost of EGP 3 bn, and spending EGP 1.7 bn in upgrading 1,760 km of rail
- . Completing phase 3 of the Metro Line 3 (Attaba-Boulaq Dakroul) at a cost of EGP 23 bn (the project started 7/2016 and will end by 7/2022), and Phase 4 at a cost of 20 bn ending by December 2019
- . Starting Phase 1 with line 4 (6oct-fustat) at a cost of 22 bn (7/2017-7/2023)
- . Investing in port development nationwide

### 9. CIVIL AVIATION

- . Expand airport capacities in Sharm El Sheikh by 2 mn passengers to reach up to 9.5 million passenger and Borg El Arab airports by 4 mn with a total investment of EGP 3.3 bn
- . Establish an investment zone at the Cairo Airport
- . Increase EgyptAir's fleet to 83 planes by 2017/2018
- . Upgrade radar and air traffic control equipment across Egypt's airports
- . Obtain an international certificate for the application of quality standards at the airport



## ADMINISTRATIVE REFORM

### TARGETS

Upgrade the capabilities of different government bodies.

### POLICIES

- . Youth empowerment
- . Develop supervisory bodies
- . Adopt better governance practices to combat financial and administrative corruption
- . Linking different databases
- . Establish Unified industrial database
- . Provide 50% of the government services through the internet, "**Hekomty application**"