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**GIZ**  
Deutsche Gesellschaft für Internationale Zusammenarbeit

Parallel working groups on investment promotion  
Session 2

## Role of financial sector suitable investment routes for Egypt's industrial areas

Financial instruments  
to promote investment in industrial areas

# Results of Discussion and Recommendations

Cairo, Egypt

## Role of finance sector and financial instruments for a suitable Investment in Egyptian SIAs

### Facts

1. Macro Economic and Monetary Stability + Comprehensive, selective promotion policy & legal Framework are preconditions for a sustainable and fast growthing Investment; selective policies schould be focusing on promotion on: 1. Export, 2. supporting Industrie nad High-Tech, 3. SMEs, 4. Job Creating first and the higher qualification in long run;
2. FDI and domestice Investment through finance sector are the main pillars of Investment for Ezs and Izs;
3. A Paket of financial and fiscal incentives are need to promote the Investment into Ezs and Izs ;
4. Finance sector plays more and more role for domestic but also for FDI Investment into Ezs and Izs, while the unofficial sector in Egypt still large and the own financial capital of enterprises still weak.
5. Bank's, Guarantee and Credit Instruments often using, while capital market instruments still underdeveloped , but will plays more and more role for a favorable investment financing.

### Recommendations

1. Egypt, especially the National Bank ensure the macro and monetary stability, lowing inflation and stable FX of Egyptian EGP; so creating the conditions for more FDI and domestic Investment also into EZs and IZs;
2. NBE should be create and coordinate a selective policy to encourage the banks and financial institutions attending promotions credit programs to promote the key areas of Egyptian economy and EZs &IZs, may be on Export, Seaports Industry, SMEs....
3. Interest Rate Subsidy in the first phasses of Credit Promotion Programs will be phase out through mot market based instruments
4. Creating and Promotion the Investment Funds and Enterprises to Raising their Equities and Issuing Corporate Bonds at the home Capital market for the more favorable Financing and also Investment into EZs and IZs
5. .....

## Green and Sustainable Financing

### Facts

1. In Egypt there are some green financing Instruments as Feed In Tariff (solar, wind...) and financial Promotion form foreign and domestic Funding;
2. NBE and financial sector may be preparing next time first mesuares and action for introduction of green finance in Egypt;

### Recommendations

1. *Using Experiencies in Asia and Parcific as of China, Bangladesh, Vietnam ... can NBE together with Banks and Financial Institutions creates a Green Project Catalogue to setting Criterias and Standards for Green Credit Financing and Investment; By first Drafting the Green Projects Catalogue should respective of the high Demand of Sustainable Development and enviromental Protection of EZs and IZs such Waster Management... and green Invetment Projetc as Key Areas of Catalogue;*
2. *Together with the Creating the Credit Promotions Programs can Egypt using the Green Catalogue to comby from Beginning on the Requirements on Green Growth and enviremental Protection;*
3. *May be a regional cooperation of Arap Central Banks, Banks and Finance Institution enforce the Green Finance in Egypt;*
4. *Green Bonds Issuing is also very favorable Financing Instrument and A Green – Sustainable Index at Cairo SE can increase the Reputation and sustaiale Investment, inclusive for EZs and IZs of Egypt.*
5. *For Banks and Fis should be beginn with introduction of ESRM step by step and together with the Green Project Catalogue as Pilot in Projects, selective Areas, first voluntary and the upscaling and compulsory for whole banking and finance system.*
6. ....

## SMEs Financing

### Facts

1. To begin of 2016 has NBE newly up dated their SME Promotion Policy;
2. .....

### Recommendations

1. To create the Investment and also Bank's Credit for SMEs need a Set of financial and fiscal Incentives; here are Tax and Land Using Incentives the most important Instrument;
2. For Bank's Credit Promotion for SME need mostly Credit and Credit Guarantee, here are the credit processing and management regulation form NBE form essential important.
3. Credit Guarantee for SMEs may be in first phase implemented by state and financing by state budget, but in the long run should be using more market based instruments. Here are central SMEs Promotion or Guarantee Funds and local credit guarantee funds essential;
4. In Countries as Egypt where the informal sector still big, is the financial and technical promotion for this sector also essential;
5. .....