

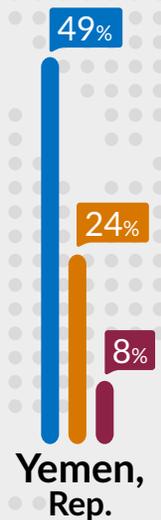
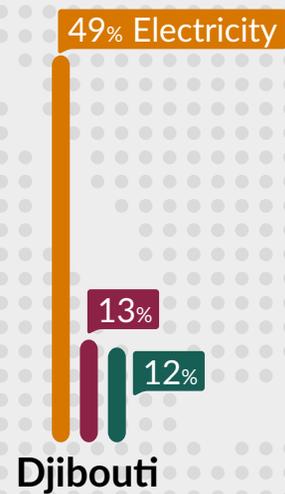
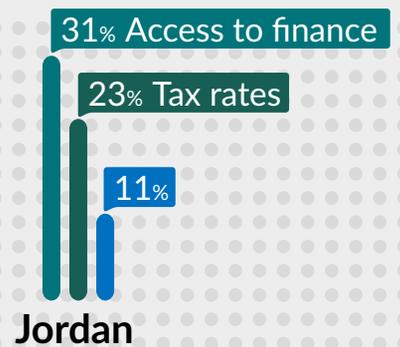
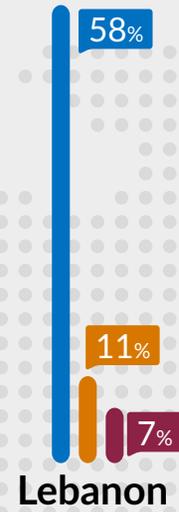
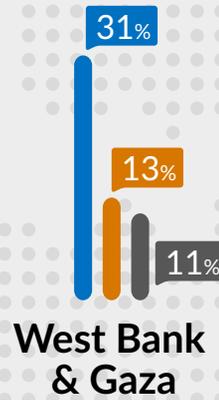
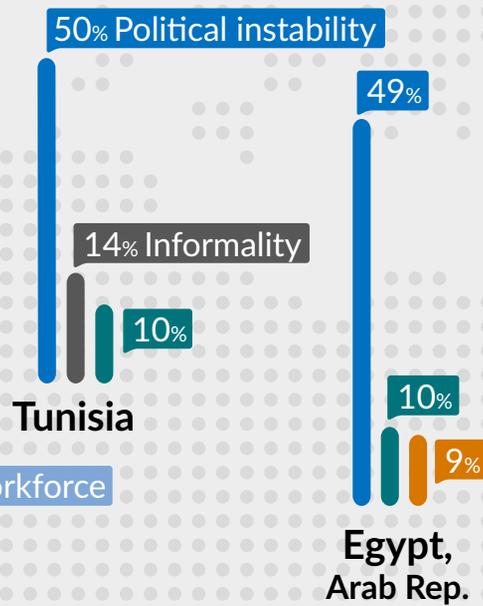
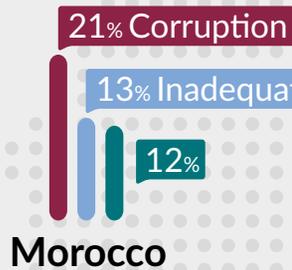
# Private sector is key driver for growth in MENA

The development of a vibrant private sector is essential for economic growth, to meet the needs and aspirations of the people of the region.

The formal private sector has the potential to drive job creation and raise living standards. Especially for youth and women.

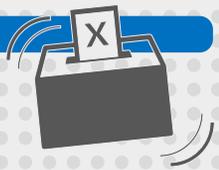
This report gives us an understanding how to create the right environment for businesses to thrive.

## Percentage of firms identifying the top obstacles to their business



Egypt, Arab Rep.

### Political instability

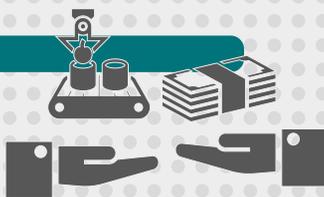


Political stability is critical to improving the lives of millions.

The region's unprecedented transformation arose out of thousands of young people wishing for improvements in living conditions, infrastructure, job opportunities, education and healthcare services, as well as better governance.

Through private sector development governments can satisfy the needs of their people and deliver economic growth.

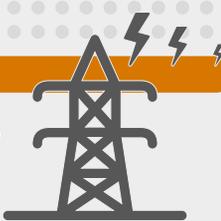
### Access to finance



Many firms are disconnected from the financial sector, greatly limiting their investment and growth potential. Firms are more likely to disconnect when collateral requirements are stringent, particularly when they are young.

Credit guarantee schemes, business-friendly collateral standards, such as banks accepting moveable assets as security or assessing risks based on in-depth cash-flow analysis of the firms, would enable them to challenge established enterprises, driving efficiency.

### Unreliable electricity



Irregular power supplies account for a significant loss of sales. Energy subsidies distort the market and favour large, inefficient firms.

Energy policy reform, improved supply infrastructure and efficiency savings will unlock potential.

### Corruption



Corruption deters firms from engaging with public authorities, limiting opportunities for expansion.

Improving financial transparency will encourage better governance. Removal of distorting incentives, transfers, privileges and barriers to competition will create an open playing field for all.

### Education, employment and skills

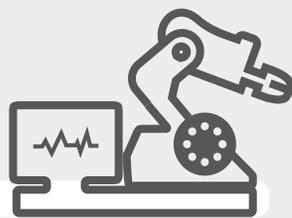


Employment in the formal private sector has room for considerable improvement.

Policymakers should remove distortions preventing entry of women into the labour market. Education for the young should be more focused and targeted.

Policies should also provide incentives to increase training intensity in firms. This would increase productivity and living standards.

### Trade, competition and innovation



Restrictions on firm entry and exit, and foreign investment discourage competition. Protection of state-owned or politically connected firms gives undue advantage.

More effective customs and trade regulations for imports and exports will encourage international trade. This will facilitate knowledge transfer and the firms will also benefit from better quality or cheaper source components.

## What's holding back the private sector in MENA?

Lessons from the Enterprise Survey

From a survey of more than

**6,000**

private firms in the manufacturing and service sectors

[www.ebrd-beeps.com](http://www.ebrd-beeps.com)

[www.eib.org/economics](http://www.eib.org/economics)

[www.enterprisesurveys.org](http://www.enterprisesurveys.org)