

IMF chief to recommend USD12bn Egypt loan approval

WASHINGTON - IMF chief Christine Lagarde said on Tuesday she will recommend the institution approve a \$12 billion loan for Egypt when the board meets on Friday to support the country's "ambitious" reform program.



Image by 123RF

Lagarde praised the country's economic reforms, including floating the Egyptian pound last week, and said the loan is needed to help restore stability and growth to the economy.

The International Monetary Fund had made floating the pound - which resulted in a steep devaluation and sharp price rises - a condition of the loan.

Egyptians are looking at a period of hardship as the government unrolls austerity measures ahead of the IMF program. The country has endured months of shortages of products ranging from sugar to baby formula.

Cairo governments had avoided the measures fearing unrest, but President Abdel Fattah al-Sisi says Egypt no longer has the luxury of postponing them. The November 3 move came amid a dollar crunch that led to a thriving black market and a slump in imports, and caused the pound to plunge to about 16 to the US dollar from 8.9.

The government also announced a 7% salary increase for civil servants, who number about six million out of a total population of more than 90 million.

Lagarde said in a statement that the moves, which also include cutting fuel subsidies, "will notably improve Egypt's external competitiveness, address shortages of foreign currency, support exports and tourism and help attract foreign investment."

The program aims "to put the country's economy on a sustainable path and achieve job-rich growth," she said.

Source: [AFP](#).

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