

3rd issue - September 2022
Volume 72

Economic Bulletin



Board of Directors

National Bank of Egypt

Hisham Ahmed Mahmoud Okasha Chairman
Yehia Abo El Fotouh Ibrahim Deputy Chairman
Dalia Abd Allah Mohamed El Baz Deputy Chairman
Sahar Mohamed Ali El Salab Board Member
Ali Fahmi Ibrahim El Saedy Board Member
Sherif Josef Alexan Wahba Board Member
Ahmed Mohamed Helmy Mohamed Seddik Board Member
Atef Ahmed Helmy Nageb Board Member
Mohamed Hany Mahmoud Salah El Din Board Member

06

The National Bank of Egypt maintains its leadership

10

National Bank of Egypt advances 13 places in The Banker's Top 1000 World Banks list

13

Economic and social development plan for FY 2022/2023

20

Egypt maintains its performance on the 2022 Sustainable Development Goals Index

24

The “Integrated Industrial Partnership for Sustainable Economic Growth” initiative (Egypt - Jordan - UAE - Bahrain)

30

Launching the second phase of the comprehensive strategy for non-banking financial services (NBFS) (2022-2026)

39

UNCTAD: Foreign investment rebounds in 2021, but uncertainty looms

45

IMF unveils gloomy and more uncertain outlook for global economy

48

WB: Russia-Ukraine war hastens deceleration of global economic growth

53

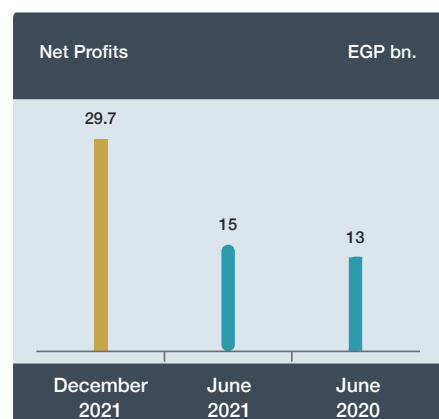
Covid-19 pandemic created a global upswing in financial inclusion and digital payments in 2021

61

Egyptian Economy in Brief



The National Bank of Egypt maintains its leadership



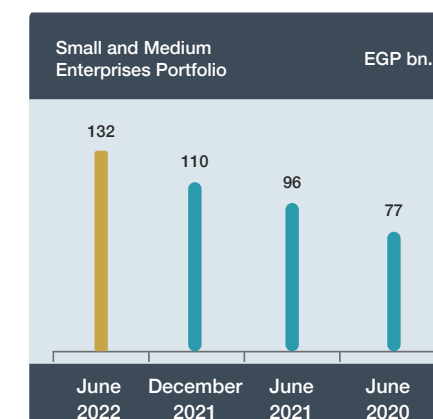
EGP
66 bn.
Before
income tax



41%



18.6%



20%



9.1%



18.2%



16.6%



16.6%

Supporting the Central Bank of Egypt's initiatives

EGP
89 bn.
SME's support

102,000
customers

EGP
24.5 bn.
Industrial
sector
support

1,548
customers

EGP
13.3 bn.
Real estate
sector
support

114,000
customers

EGP
3.5 bn.
Tourism sector
support

133
customers

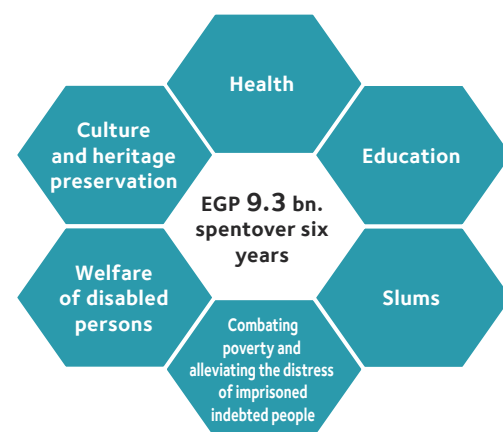


The National Bank of Egypt maintains its leadership

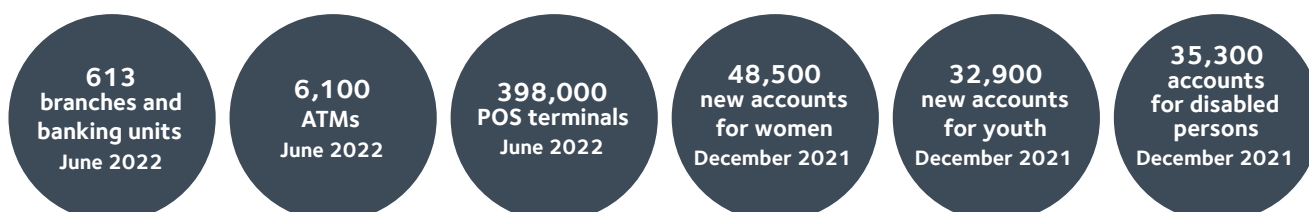
Social Responsibility



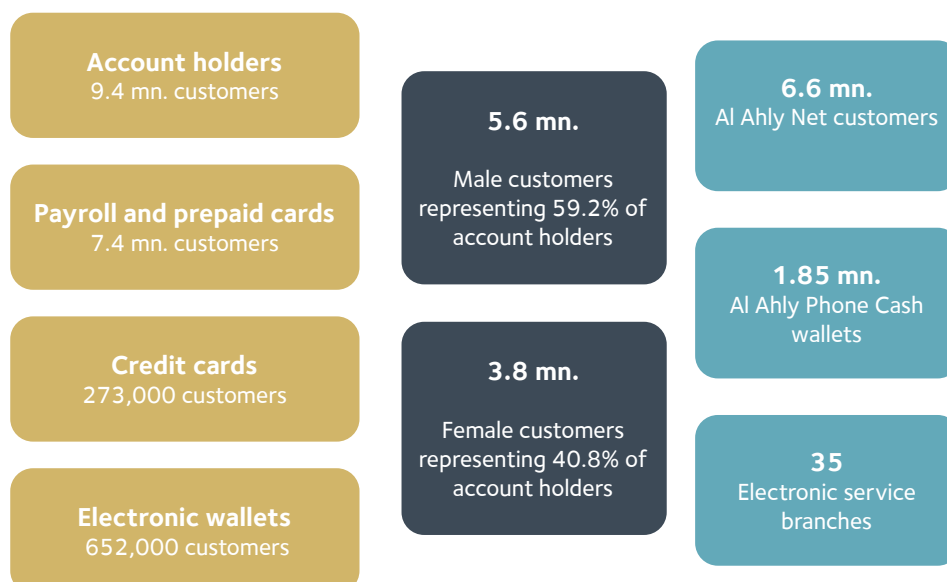
7.7%



Enhancing financial inclusion and digital transformation



17.8 mn.
Customers at the National Bank of Egypt



A strong banking entity among top world banks according to international institutions

The Banker
TOP 1000
WORLD BANKS 2022

1
NBE ranks
first locally

4
NBE ranks
fourth in
Africa

202
NBE ranks
202 globally

MOODY'S

B1

S&P Global
Ratings

B

Fitch Ratings

B+

Key awards given to NBE by major international institutions



National Bank of Egypt advances 13 places in The Banker's Top 1000 World Banks list

The Banker's Top 1000 World Banks ranking, issued in July 2022, named the National Bank of Egypt (NBE) among the top 1000 banks worldwide in terms of Tier 1 capital. NBE managed to make significant progress in its ranking in the 2022 list to move to the 202nd place up from the 215th position, advancing 13 places. Based on total assets indicator, NBE continued to make progress among the Egyptian banks in the Top 1000 World Banks list, with total assets worth USD 167.9 bn, with a growth rate of 33.8% YoY, to occupy the 150th position globally against the 169th position in 2021, advancing 19 places.

The Egyptian banks' rankings by Tier 1 Capital

Bank	Local ranking 2022	Global ranking 2022	Global ranking 2021	Change in global ranking
 NATIONAL BANK OF EGYPT	1	202	215	13 ↑
 BANQUE MISR	2	261	272	11 ↑
	3	341	355	14 ↑
	4	375	405	30 ↑
	5	FOS	FOS	It has no global ranking as it is a foreign ownership
 arab african international bank	6	544	542	2 ↓
 Banque du Caire	7	759	792	33 ↑
 FAISAL ISLAMIC BANK OF EGYPT	8	807	833	26 ↑
 ALEXBANK بنك الإسكندرية	9	FOS	FOS	It has no global ranking as it is a foreign ownership
 الوطني NBK	10	FOS	n/a	It has no global ranking as it is a foreign ownership

The Egyptian banks' rankings by total assets

Bank	Local ranking 2022	Global ranking 2022	Global ranking 2021	Change in global ranking
 NATIONAL BANK OF EGYPT	1	150	169	19 ↑
 BANQUE MISR	2	228	260	32 ↑
	3	490	521	31 ↑
	4	FOS	FOS	It has no global ranking as it is a foreign ownership
	5	604	629	25 ↑
 Banque du Caire	6	706	756	50 ↑
 arab african international bank	7	724	733	9 ↑
 FAISAL ISLAMIC BANK OF EGYPT	8	880	908	28 ↑
 ALEXBANK بنك الإسكندرية	9	FOS	FOS	It has no global ranking as it is a foreign ownership
 الوطني NBK	10	FOS	n/a	It has no global ranking as it is a foreign ownership

In its rating of both NBE and Banque Misr, The Banker relied on the balance sheets ended in June 2021. Meanwhile, the rest of the Egyptian banks were ranked based on the balance sheets ended in December 2021.

CBE introduces the first ten-pound plastic currency in the Egyptian market

In light of keeping pace with the latest global and technological standards in securing and printing the currency in circulation, the Central Bank of Egypt (CBE) released the first plastic polymer-made currency in the denomination of EGP 10, which has begun circulating in the local market. The new 10-pound note was produced using the latest banknote production lines applied worldwide, at the new printing house in the New Administrative Capital. The CBE confirmed that paper notes of the same category will not be cancelled and will be in circulation alongside the new polymer version.



The introduction of the new currency comes within the framework of implementing the clean cash policy and raising the quality rates of banknotes circulating in the Egyptian market. This is in addition to reducing the cost of printing banknotes, especially the most frequently circulated denominations on the long run due to the longevity of the polymer notes, in line with the sustainable development programs adopted by the state through Egypt vision 2030.



The new ten-pound currency was designed with a modern and innovative character. The new currency is adorned with the Al-Fattah Al-Aleem Mosque, that depicts a distinctive Islamic architectural style in the New Administrative Capital, and the statue of Queen Hatshepsut, reflecting the Pharaonic identity of the ancient Egyptian state. The new currency links the nobility of ancient Egyptian history to the modern era, combining the ancestors civilization and the grandchildren accomplishments.

Economic and social development plan for FY 2022/2023

The economic and social development plan for FY 2022/2023 is set under exceptional and unfavorable global conditions. The severe implications of the Russian-Ukrainian crisis are coupled with the global failure to recover from COVID-19 repercussions. This was reflected in the disruption of global supply chains and the sharp increases in prices of oil, natural gas and strategic agricultural commodities, in addition to the rising prices of basic metals involved in many industries. This had an adverse impact on the volume of international trade transactions, and the industrial production in several countries. The plan highlighted the proactive steps taken by the Government of Egypt (GoE) to hedge against the lack of international supplies of basic commodities, and to contain inflation and its social repercussions through diversifying sources of supply and scaling up forward contracts with trade partners, as well as allocating the necessary funds to support the social groups most affected by inflationary pressures.

The plan adopts three main objectives, each based on several strategic orientations:

First objective: building the Egyptian personality and improving the citizen's quality of life, through achieving integrated rural development within the framework of Decent Life initiative, the phased implementation of the comprehensive health insurance system, the technological development of education system, the upgrading of basic services provided to citizens and the economic empowerment of different groups.

Second objective: operationalizing the national structural reform program launched in April 2021, which focuses on developing three priority sectors, namely:

Industrial sector

By deepening local manufacturing to increase added value in line with the state's orientation towards localizing industry

Agricultural sector

By improving production capacities to increase self-sufficiency of basic agricultural crops

ICT sector

By developing electronic industries and promoting digitalization

Third objective: Strengthening the global competitiveness of the Egyptian economy through consolidating the pillars of knowledge and digital economy and moving towards green economy.

Key orientations adopted by the plan:

The strategic orientation towards developing Egyptian villages, addressing their unmet needs of infrastructure and services, enhancing their income and offering rural people a decent standard of living in line with Decent Life initiative

Effective implementation of presidential initiatives to improve the Egyptian citizen's health and quality of life, and enhance the Egyptian family's living conditions

Close follow-up of the executive programs of Egyptian family development plan, which is based on controlling population growth and improving population characteristics, in line with the state's endeavors to improve the citizens' quality of life

Increasing dependence on local resources, through boosting self-sufficiency of food commodities, expanding livestock projects, deepening the use of local input in industry, and localizing high-tech and value-added industries

Adoption of export-oriented strategy, through exploiting the promising export potentials and opportunities in areas of agriculture, industry, tourism, real estate, services and financial activities, while rationalizing imports by expanding the substitution of local products for imports and deepening the use of local input in manufacturing

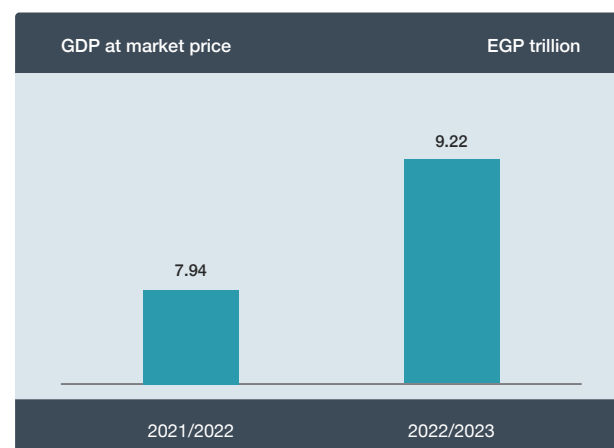
Encouragement of the private sector's participation in development efforts through offering more investment opportunities, providing facilities to enhance business environment, reducing transaction costs, and spurring joint ventures with the government within the framework of the public-private sector partnership system and GoE's adoption of the state ownership policy document

Focusing on environmental improvement initiatives and green economy projects, and strictly applying environmental sustainability standards to all projects

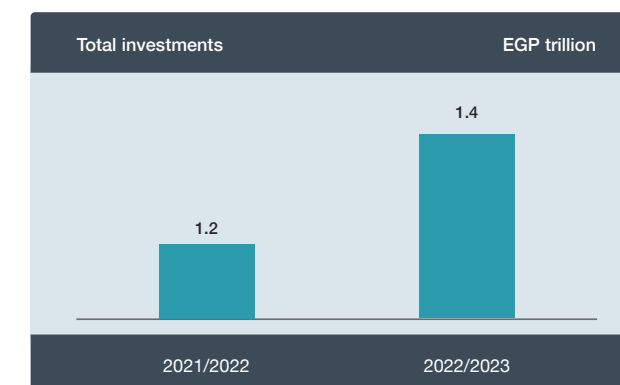
Intensifying efforts directed at providing financial support to low-income social groups, female breadwinners and disabled persons

Giving low-income governorates the priority in financial allocations, through equitable distribution of investments and financial appropriations for localizing programs and projects, taking into account narrowing development gaps between governorates

GDP growth rate is expected to slow down to 5.5% in FY 2022/2023 in light of the repercussions of current global events. In the same vein, GDP is estimated to reach EGP 9.22 trillion at current prices in the plan year, compared to EGP 7.94 trillion YoY, with a growth rate of 16.1%.



Total investments: The plan for FY 2022/2023 targets continued growth of total investments to reach EGP 1.4 trillion versus EGP 1.2 trillion in FY 2021/2022, with a growth rate of 16.7%. These include public investments of EGP 1.1 trillion (distributed between EGP 376 bn. for government investments, EGP 411 bn. for economic authorities, EGP 76 bn. for public companies and EGP 237 bn. for other central investments). The said growth of investments comes in light of the national projects targeted to be established and expanded by public economic authorities, especially in areas of energy, land reclamation, water resources development and rationalization, Egyptian countryside development, housing and reconstruction projects, and educational and health services development programs.



The plan highlights Egypt's keenness to adopt government initiatives promoting sustainable green growth, with investments accounting for 40% of total public investments in the plan year.

On the same note, the plan adopts a number of standards and controls aimed at maximizing the return on public investments, most notably:

- Giving absolute priority to projects of pharmaceutical manufacturing and medical care services that aims to maintain the safety of citizens, and projects that contribute to accelerating production and operation.
- Giving priority to the completion of ongoing projects implemented at a rate of no less than 70%, so that they can be completed before the end of the plan year.

The plan aims to enhance the capacity of labor market to accommodate 900,000 individuals annually, and maintain unemployment rates at their current level of 7.4%–7.5%

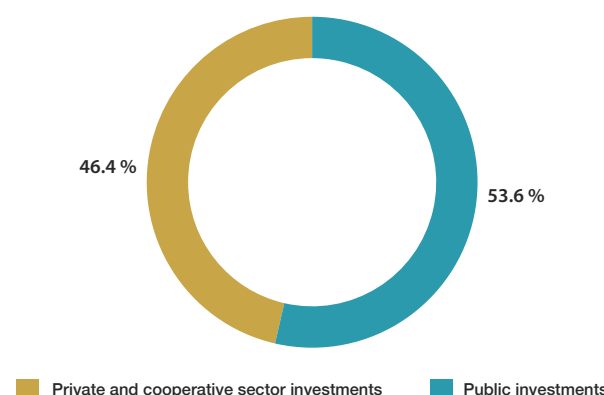
- The published plan comprises a set of guidelines for investment standards and controls, including "environmental sustainability" and "gender-responsive planning" guides. In addition, priority of investments is given to green projects and projects considering the rights of women, children and disabled persons.
- No new projects will be listed unless the application encloses a technical and financial feasibility study indicating the economic and social benefits of the project.

In terms of the sectoral distribution of investments in FY 2022/2023 plan, the following sectors are to be noted:

Manufacturing industries sector

The FY 2022/2023 plan aims to channel investments of EGP 93.5 bn. to the manufacturing industries sector, distributed between EGP 50.2 bn. for public investments and EGP 43.3 bn. for private and cooperative sector investments. In this context, the development strategy of the manufacturing industries sector includes:

Distribution of investments directed to manufacturing industries sector in 2022/2023 plan



Deepening local manufacturing to reduce dependence on imported components, as the supply of which is affected by global crises

Establishing a group of projects in line with the strategy for localizing priority industries, primarily pharmaceutical, food and engineering industries

Completing the establishment of industrial complexes and raising the operation efficiency of existing zones in Upper Egypt governorates

To improve the competitiveness of the sector, the plan aims to enhance the quality of industrial products through developing the system of specifications, quality, examination and tests and qualifying enterprises to obtain quality certificates, in addition to honing the skills of workers by upgrading the industrial training system.

As part of the endeavors aimed at stimulating and increasing industrial exports by at least 15%, the plan keenly targets to continue the export support program (ESP) for companies in alignment with the immediate payment initiative, while expanding the scope of burdens reimbursement by adding new commodity groups and companies, especially small and medium enterprises (SMEs), in addition to diversifying export outlets.

Moreover, in the context of encouraging sustainable industry, the plan pays great attention to the transfer and localization of technology and innovation to promote green industry, and to intensifying industrial investment in eco-friendly areas.

Agricultural sector

The FY 2022/2023 plan aims to sustain the developmental role of the agricultural sector, enhance its flexibility in meeting citizens' food needs, and optimize export opportunities. In this vein, the plan targets the following:

Expanding the agricultural frontier by half a million feddans within the framework of horizontal expansion projects, especially "Egypt's Future" project, "New Delta" project on EDabaa axis in North Coast, "Toshka" development project and "East El-Oweinat" Project.

Increasing feddan productivity by 15%–20%, through raising the efficiency of using land and water. This includes introducing varieties and strains of crops that are highly yielding, early maturing, drought-resistant, heat-tolerant and water-efficient, and applying modern agricultural practices, in addition to developing field irrigation systems and canal lining, and reducing wastage of agricultural crops by increasing the capacities of silos and logistic centers.

Increasing agricultural exports to exceed USD 3.6 bn. in FY 2022/2023, against USD 2.4 bn. in FY 2020/2021. This includes developing crops with export capacity and production surplus, especially vegetables and fruits, as well as promoting exports to traditional markets and opening up new markets in East and Southeast Asia and Latin America, besides revitalizing plans of exporting to African markets.

Healthcare services sector

The FY 2022/2023 plan aims to inject investments of EGP 54.9 bn. into the healthcare sector, including public investments of EGP 45.9 bn. In this context, the said plan comprises a number of initiatives, including:

The comprehensive health insurance system, which includes the establishment and development of 94 hospitals and 448 health units.

Providing 1,500 intensive care beds with focus on priority governorates, and increasing the number of beds at government hospitals by 11%.

Completing the establishment and development of 29 hospitals with average completion of 90% currently (with appropriations of EGP 800 mn. for the plan year).

Establishing and upgrading 15 hospitals and 104 health units in line with developing urban communities under "Decent Life" initiative, with appropriations of EGP 2.8 bn.

Providing seven hospitals, five ambulances and mobile clinics in Djibouti, South Sudan and Uganda.

Educational services sector

The investments targeted in the plan for the educational services sector account for EGP 77.2 bn, including public investments of EGP 69.2 bn, to implement a number of programs and initiatives, including:

Directing investments worth EGP 15.4 bn. to the General Authority for Educational Buildings, to establish 25,000 classrooms at all educational stages.	Establishing 19 Japanese and Nile Egyptian schools for gifted students in science, technology, geometry and mathematics.	Establishing 20 schools of applied technology, in line with the state's keenness on improving the competitiveness of pre-university education outputs and linking education to labor market needs.	Establishing and operating 15 national universities accommodating 150,000 students, with appropriations of EGP 7.4 bn.	Establishing and operating six technological universities accommodating 22,500 students, bringing the total number of technological universities to nine.
--	--	--	--	---

Electricity sector

The plan includes directing total investments of EGP 29.3 bn. to the electricity sector to implement a wide range of targeted projects during the plan year. In this context, the following is worth noting:

Several strategic projects are targeted to be implemented to expand the national electricity network and secure electricity for the economic development projects in East El-Owainat, North Coast, Sinai, land reclamation areas in Toshka and New Delta and the Monorail project.	Renewable energy projects are to be completed, e.g. the wind farm in Gulf of Suez, and the solar photovoltaic (PV) parks in Zafarana, Kom Ombo and Hurghada, in partnership with the private sector, like Benban solar park in west Aswan.	The plan highlights Egypt's importance as a regional energy hub in light of EuroAfrica Interconnector project linking electricity networks among Egypt, Greece and Cyprus, where electricity will be transmitted to the rest of European countries with a capacity of 2,000 megawatts, which can be increased to 3,000 megawatts. This will help enhance Egypt's position as a platform for energy trading.
--	--	---

Transportation and storage sector

The plan includes injecting total investments of EGP 306.9 bn. into the transportation and storage sector, divided between public investments of EGP 280 bn. and investments worth EGP 26.9 bn. by the private and cooperative sectors. In this context, it is worth noting that the plan gives priority of sector investments to projects that are almost completed, national projects that have an economic impact on the business climate, and social-dimension projects directly affecting citizens' lives. On the same note, the growth of investments directed to roads, bridges and land transportation effectively contributed to improving Egypt's global road quality ranking, jumping to the 28th position.

Egypt inks seven MoUs to produce green hydrogen in Ain Sokhna Industrial Zone

Egypt's strategy aims to diversify its sources of electric energy production, maximize the share of new and renewable energy resources in the nation's electrical capacity mix, and benefit from Egypt's natural wealth in this regard. In that vein, efforts were directed to boost green hydrogen projects as a promising energy resource, making Egypt a passageway for the transit of clean energy. Egypt signed seven memoranda of understanding to implement projects for establishing industrial complexes with a view to producing green hydrogen in Ain Sokhna Industrial Zone. Given its competitive advantages, this industrial zone is qualified to become a key global destination and a regional hub for green fuel industries.

Egypt has signed the aforementioned memoranda of understanding (MoUs) with a number of government agencies, represented by the New and Renewable Energy Authority (NREA), the General Authority for the Suez Canal Economic Zone (SCZONE), the Egyptian Electricity Transmission and Distribution Company (EETC), and Egypt Sovereign Fund on the one hand, and seven leading global companies and alliances specialized in the production of new and renewable energy, on the other. Such MoUs are demonstrated as follows:

Build a plant to produce green hydrogen on an area of 10 million square meters, with an annual production capacity of up to two million tons.	British Globaleq Co.
Establish a plant for the production of green fuel on an area of four million square meters, with a total production capacity of 500,000 tons annually.	Saudi Alfanar Co.
Construct an industrial complex for the production of green hydrogen on an area of 37,000 square meters, with a total production capacity of 230,000 tons annually.	UAE's Alcazar Energy Co.
Build a plant to produce 230,000 tons of green hydrogen annually.	Emirati K & K Co.
Establish a green hydrogen production plant, with a production capacity of 120,000 tons annually of green ammonia on an area of 100,000 square meters.	American/ Egyptian Mediterranean Energy Partner (MEP) Co.
Set up a plant for the production of green fuel on an area of 4.5 million square meters, with a total project production volume of 2.2 million tons per year of green hydrogen.	Indian ACME Group
Construct an industrial complex to produce green fuels from hydrogen and green ammonia, with a total annual production capacity of 200,000 tons on an area of two million square metres.	British Actis Co.

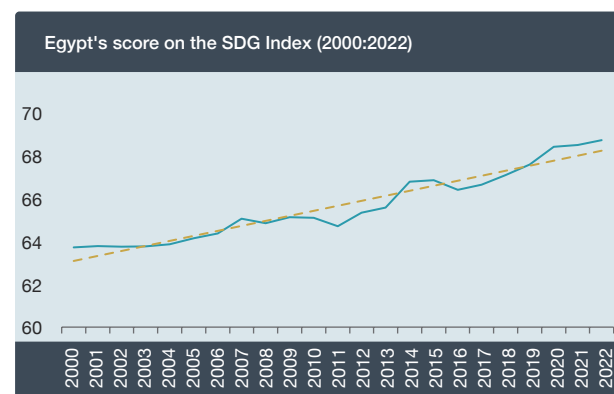
Egypt maintains its performance on the 2022 Sustainable Development Goals Index

Egypt managed to maintain its performance on the Sustainable Development Goals (SDGs) Index according to the Sustainable Development Report 2022 (SDR 2022) published in July 2022 by the University of Cambridge in collaboration with the German Bertelsmann Stiftung foundation and the Sustainable Development Solutions Network (SDSN) which operates under the auspices of the Secretary-General of the United Nations (UN). The 2022 edition is entitled "From Crisis to Sustainable Development: the SDGs as Roadmap to 2030 and Beyond". The Report is released annually to review progress made on the SDGs since their adoption by the 193 UN Member States in 2015.

The Report identifies major priorities to restore and accelerate SDG progress towards 2023 and beyond, especially before the heads of state SDG Summit to be held in September 2023 under the auspices of the UN General Assembly. The Report presents a proposal for a global plan to finance the SDGs, especially with severe financing constraints that have been aggravated by the Covid-19 pandemic and the Russia-Ukraine crisis. There is harmony between the six proposed pathways for increased SDG financing which include increased domestic tax revenues, increased borrowing from multilateral development banks, increased sovereign borrowing from international capital markets, increased official development assistance, increased funding by philanthropies, and debt restructuring for heavily indebted countries.

Egypt's profile in SDR 2022 is shown below:

✓ **Egypt's performance on the SDG Index:** Egypt obtained a score of **68.7** in 2022, vis-a-vis **68.5** in 2021, and thus it was able to maintain its performance on the Index despite the drop in the regional average from 67.1 in 2021 to 66.7 in 2022. It ranks **87th** globally out of **163** countries covered by the Report. In addition, Egypt occupied high-ranking positions both at the regional and international levels.



7th
out of 20 Arab countries

4th
out of 47 African countries

7th
in the Middle East and North Africa out of 16 countries

15th
out of 20 countries at the level of emerging markets

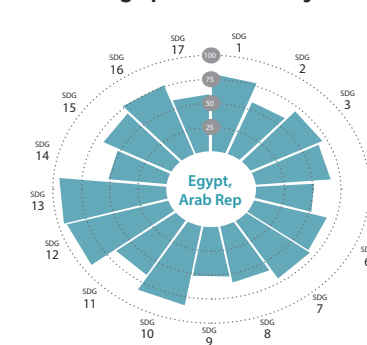
✓ **Egypt's performance in achieving SDGs:** A number of SDGs witnessed noticeable improvement in 2022 compared to 2021, namely: No Poverty (SDG1), Gender Equality (SDG5), Industry, Innovation and Infrastructure (SDG9), Reduced Inequalities (SDG10), Responsible Consumption and Production (SDG12), Climate Action (SDG13), and Life on Land (SDG15).

✓ **The Report also showcased Egypt's performance on three of the six SDG transformations scorecards**, which are education, gender and inequality; health and well-being; energy decarbonization and sustainable industry; sustainable food, land, water, and oceans; sustainable cities and communities; and digital revolution for sustainable development. All 17 SDGs can be achieved through these six societal transformations. Moreover, the Report noted that Egypt outperformed the average performance of countries in the Middle East and North Africa and lower-middle-income countries on education, research, and development indicators as well as health, welfare, and demography indicators.

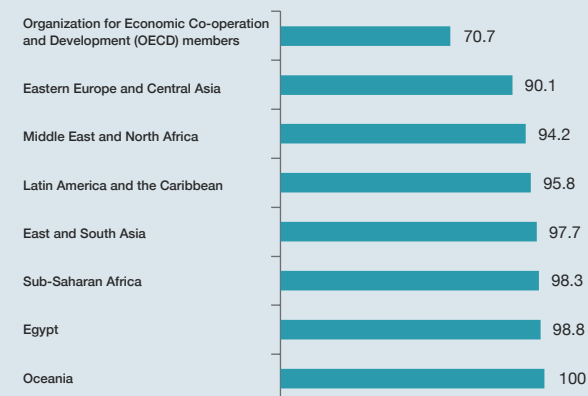
✓ **Furthermore, Egypt ranked 30th out of 163 countries on the international spillover index** that measures the positive and negative cross-

border impacts which affect the ability of countries to achieve SDGs at the level of three dimensions: the environmental and social spillovers embodied into trade; spillovers related to economic and financial flows; and security spillovers. Egypt's score on the index improved, reaching 98.8 out of 100, which reflects the increase in positive spillover effects for Egypt compared to negative ones.

Average performance by SDG



International spillover index 2022



It is noteworthy that multiple and simultaneous global crises such as the Covid-19 pandemic and Russia-Ukraine crisis have diverted policy attention and priorities away from medium and long-term goals such as the SDGs and the Paris Climate Agreement. As a result, the world is no longer making progress on the SDGs. The performance on SDG1 (No Poverty) and SDG8 (Decent Work and Economic Growth) remains below pre-pandemic levels in many low-income and lower-middle-income countries. However, there is a positive trend in Egypt indicating that it is on the right path to achieve SDG1 and SDG8 according to 2019-2020 report data. Yet, due to the Covid-19 pandemic, Egypt's performance on these two goals declined. In the 2022 Report, however, a number of SDGs witnessed remarkable improvement, especially SDG1 (No Poverty).

Main construction phase kicks off at El-Dabaa Nuclear Power Plant Unit 1

Giving the green light to the pouring of the concrete base for Unit 1 of El-Dabaa Nuclear Power Plant (NPP) in July 2022 marks a great milestone in Egypt's nuclear program and a new proof of successful efforts exerted over the years to include nuclear power in Egypt's power resources.



Three Egyptian airports among top 10 airports in Africa by passenger traffic in 2021

Three Egyptian airports have made a great achievement at the level of the African continent in terms of passenger traffic according to the Airports Council International's (ACI) 2021 top ten African airports rankings by passenger traffic. Moreover, Cairo International Airport has achieved a prominent status among the largest African airports in respect of air cargo. The key to this achievement is the ongoing development of Egyptian airports through the addition of new airports, infrastructure modernization, enhancing the efficiency of existing airports, strengthening the security and safety systems at all airports, developing the cargo village, and upgrading the air cargo fleet.



Eleven Egyptian Airports succeeded in receiving and renewing their ACI Airport Health Accreditation, sending a message of reassurance to all airline passengers, crews and representatives worldwide that Cairo International Airport and all Egyptian airports are hygienic and ready to receive air traffic in accordance with the international operating standards. This contributed to increasing flow of air traffic and tourist traffic to Egypt and strengthened the country's position on the map as one of the world's favorite tourist destination. All these achievements were realized despite the difficult conditions that the air transport industry experienced due to Covid-19 pandemic.



Below are some ACI statistics in 2021, as well as efforts exerted by Cairo International Airport:

- ✓ **Cairo International Airport came in the first place by passenger traffic:** the number of passengers reached around 11,346,000 passengers. Furthermore, the airport **ranked second by air cargo** as 333,536 tons of goods were moved. Meanwhile, Kenya's "Jomo Kenyatta International Airport" ranked first.
- ✓ **It is worth mentioning that Cairo International Airport has developed** services delivered to all its visitors, including passengers and non-ticketed visitors who come to see off or pick up their loved ones, by improving the efficiency of the internal road network connecting the three airport terminals to facilitate movement, increasing green spaces, and opening new store branches for international brands at the airport. This comes as part of **the Ministry of Civil Aviation's strategy** aiming to pay attention to developing services and highlighting the civilized and aesthetic face of Egyptian Airports, especially Cairo International Airport.
- ✓ **Cairo International Airport was one of the first airports in the world to take precautionary measures** by disinfecting its halls before the entrance and after the exit of passengers, using sterilization equipment, maintaining social distancing, and using thermal cameras to measure body temperature of passengers.
- ✓ **Hurghada Airport came in the fifth spot:** the number of passengers reached about 4,909,000 passengers. Furthermore, **Sharm El-Sheikh Airport** ranked eighth with 4,557,000 passengers.

ACI statistics reveal that the total number of passengers in African airports in 2021 amounted to 114.8 million passengers, with an increase of about 49.4% over 2020. Air cargo soared to 2.2 million tons of goods, growing 11.6% year-on-year. Total global passengers reached 4.6 billion in 2021, representing an increase of 28.4% over 2020. Global air cargo movement amounted to 125.3 million tons of goods, increasing by 15.4% year-on-year.



The “Integrated Industrial Partnership for Sustainable Economic Growth” initiative

In May 2022, the UAE capital of Abu Dhabi witnessed the signing of the “Integrated Industrial Partnership for Sustainable Economic Growth” initiative document between Egypt, the UAE and Jordan, followed by Bahrain in July 2022. This was seen as a step towards strengthening cooperation among the initiative’s member states in particular and Arab cooperation in general, and as a platform for promoting the growth of vital industries based on the integration between the advantages, resources and expertise of these countries.



Strategic objectives:

Strategic objectives

Developing globally competitive industries with an eye to accelerating and facilitating corporate investments in integrated sectors, and interconnected value chains to achieve flexibility, self-sufficiency and economic diversification in the member states.

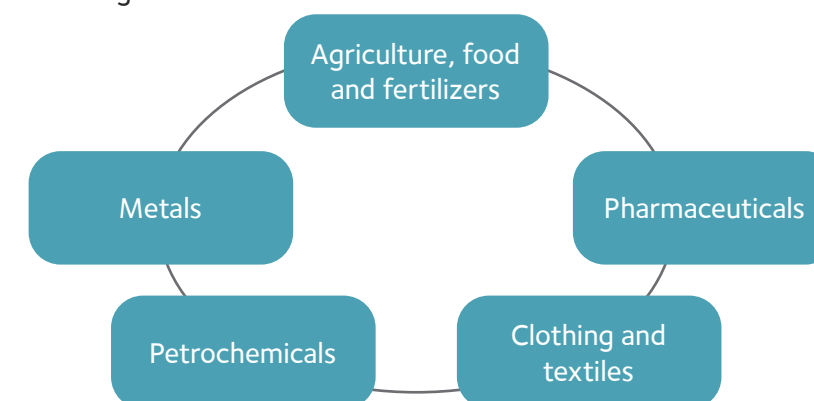
Forming integrated, reliable and flexible supply chains, helping achieve improved economic security and buffer against price fluctuations.

Pursuing sustainable growth through capitalizing on renewable and low-carbon energy sources, using natural resources more efficiently, including water and raw materials, and creating a circular economy to recycle waste.

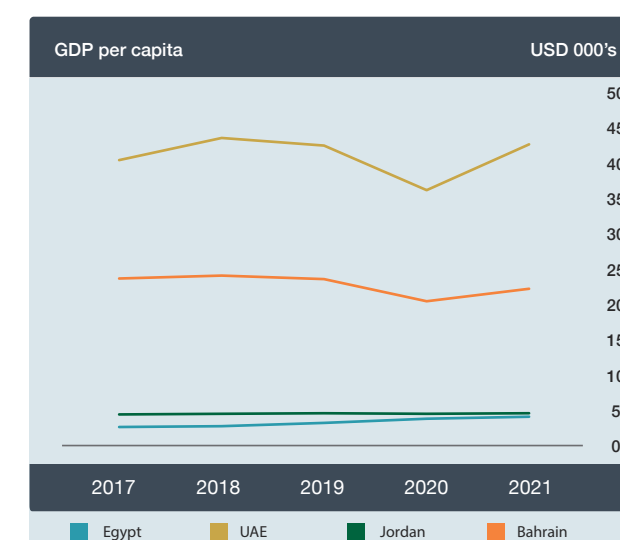
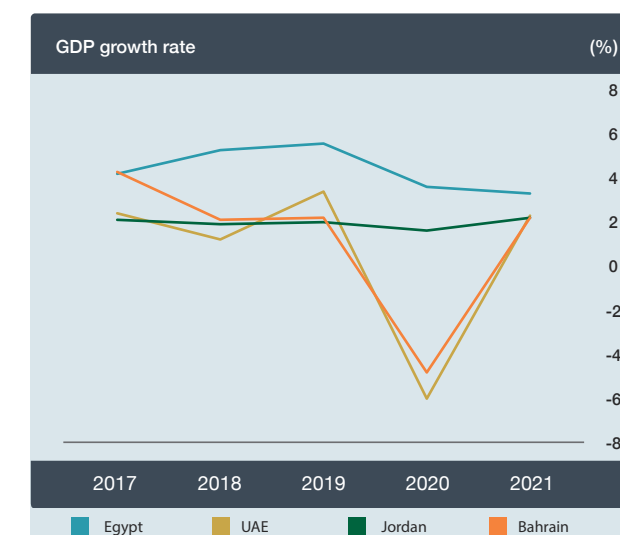
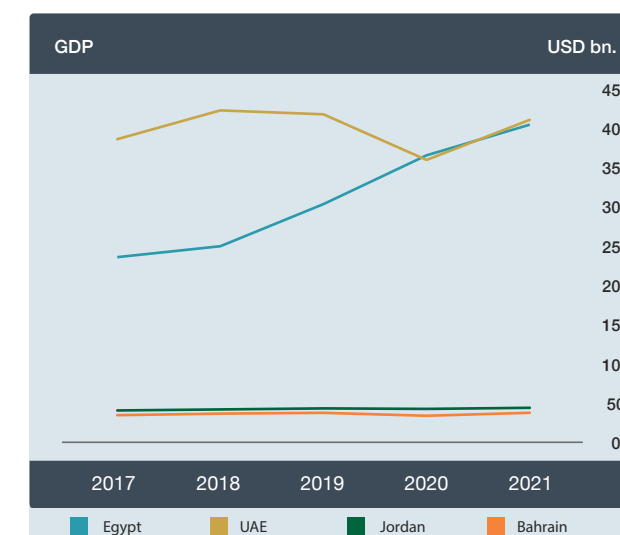
Promoting growth and integration of value chains and trade among the member states, through developing value chains within their economies in a way that ensures flexibility, self-sufficiency, integration and enhanced intra- and external trade.

Focusing efforts on manufacturing sectors in value chains that realize and add significant economic value, especially in light of a solid base of national expertise and capabilities, a favourable investment climate, a strong market purchasing power and a base of technological innovations that will help develop knowledge-based sectors.

The initiative identified the vital areas for deepening the integrated industrial partnership among member states, including the following sectors:



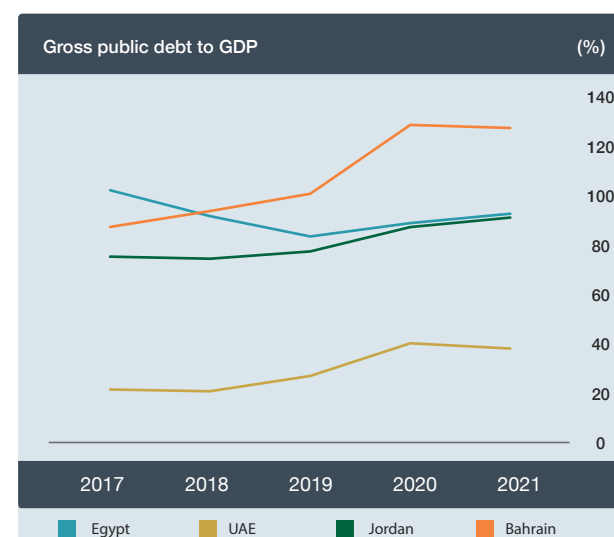
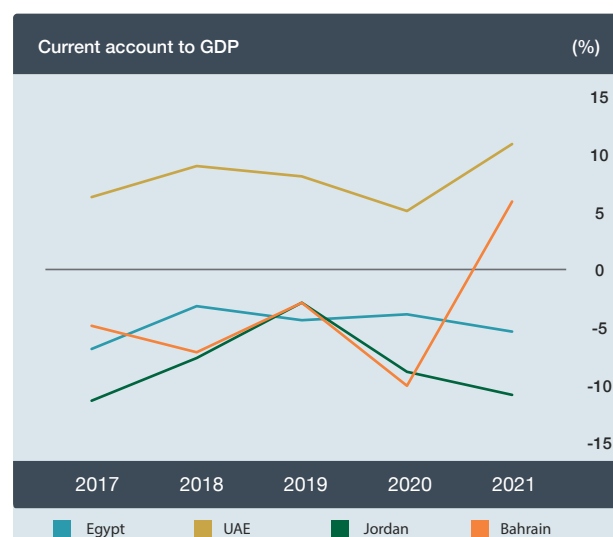
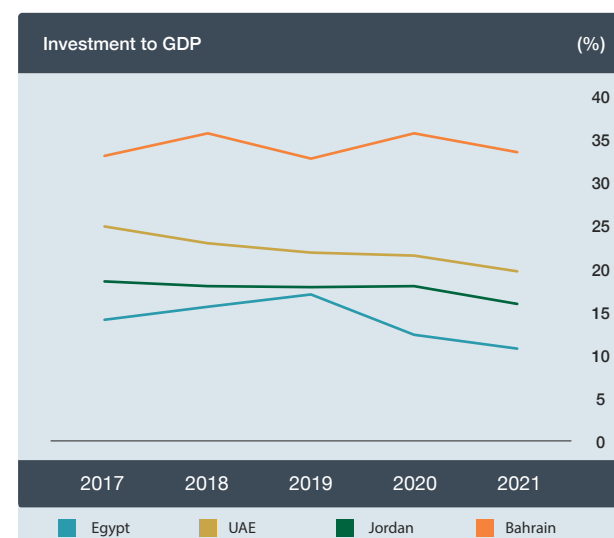
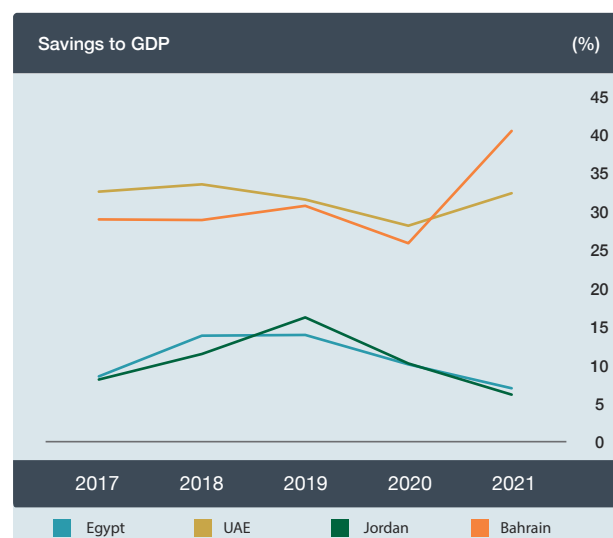
Economic indicators for the initiative’s member states:



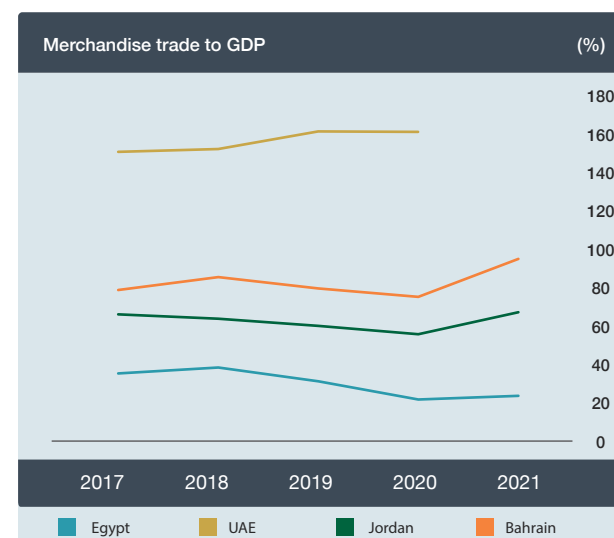
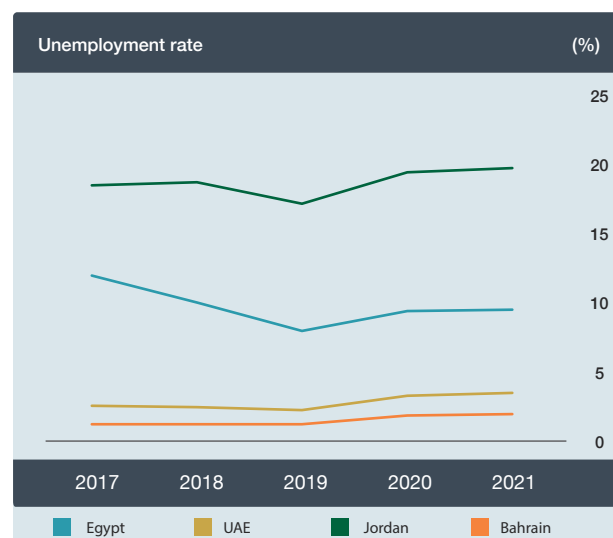
Source: world bank, database



The “Integrated Industrial Partnership for Sustainable Economic Growth” initiative



Source: International Monetary Fund (IMF) database.



Source: world bank, database

Indicators of the industrial sector in member states:

• The industrial sector's added value and ratio to GDP at current prices in 2020

Egypt			UAE		
Total for industrial sector	Added value (USD mn.) 84,455	Ratio to GDP (%) 23.3	Total for industrial sector	Added value (USD mn.) 99,709	Ratio to GDP (%) 27.6
Manufacturing industries	Added value (USD mn.) 58,794	Ratio to GDP (%) 16.2	Manufacturing industries	Added value (USD mn.) 34,630	Ratio to GDP (%) 9.6
Extractive industries	Added value (USD mn.) 25,661	Ratio to GDP (%) 7.1	Extractive industries	Added value (USD mn.) 65,078	Ratio to GDP (%) 18.0

Jordan			Bahrain		
Total for industrial sector	Added value (USD mn.) 8,483	Ratio to GDP (%) 19.4	Total for industrial sector	Added value (USD mn.) 10,552	Ratio to GDP (%) 30.7
Manufacturing industries	Added value (USD mn.) 7,557	Ratio to GDP (%) 17.3	Manufacturing industries	Added value (USD mn.) 6,295	Ratio to GDP (%) 18.3
Extractive industries	Added value (USD mn.) 925	Ratio to GDP (%) 2.1	Extractive industries	Added value (USD mn.) 4,257	Ratio to GDP (%) 12.3

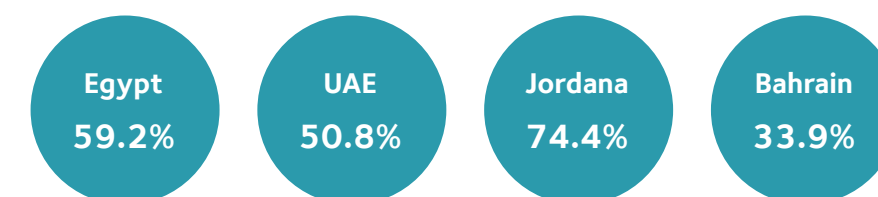
Source: Arab Monetary Fund (AMF), Joint Arab Economic Report 2021.

• Industrial exports as compared to total exports

Manufactured industrial exports (USD bn.)



Manufactured industrial exports to total exports



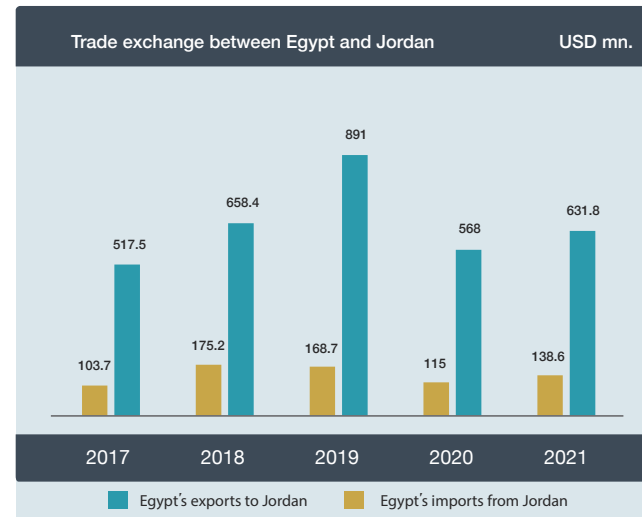
Source: Arab Monetary Fund (AMF), Joint Arab Economic Report 2021.



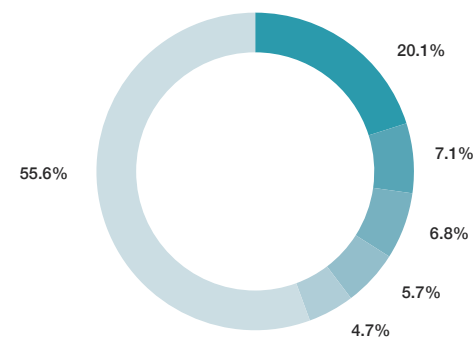
The “Integrated Industrial Partnership for Sustainable Economic Growth” initiative

Trade relations between Egypt and member states:

• Trade exchange between Egypt and Jordan

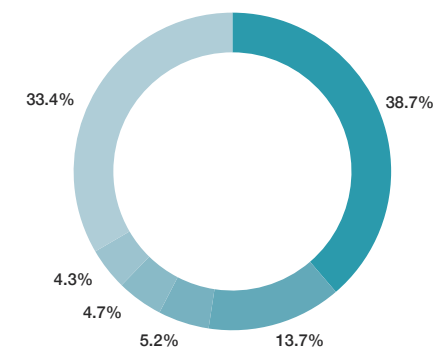


Egypt's exports to Jordan in 2021



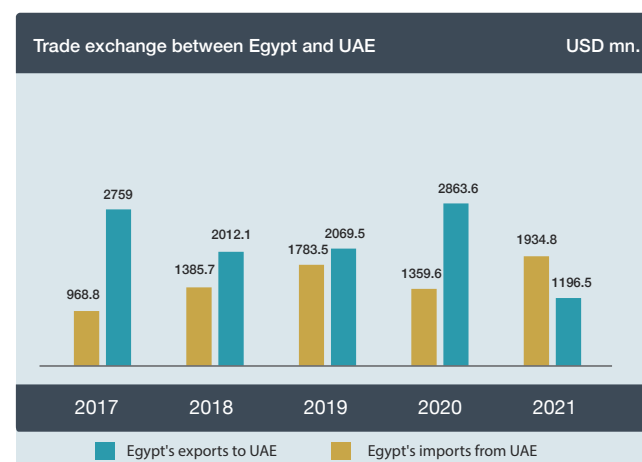
- Mineral fuels and mineral oils
- Ceramic products
- Electrical machinery and equipment & parts thereof
- Animal or vegetable waxes, fats and oils
- Edible fruits and nuts
- Other

Egypt's imports from Jordan in 2021

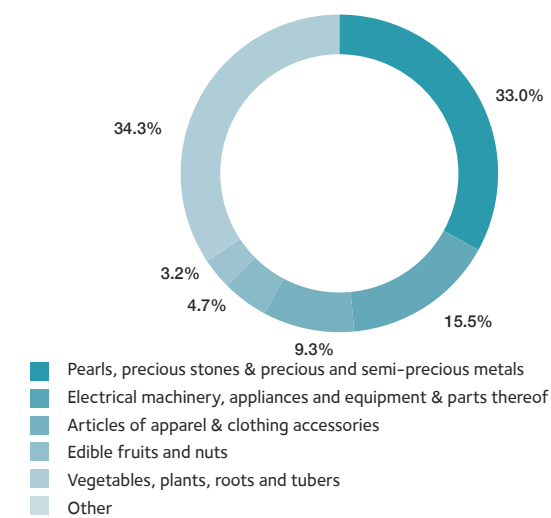


- Fertilizers
- Pharmaceuticals
- Various chemicals
- Metal ores and ashes
- Coffee, tea and spices
- Other

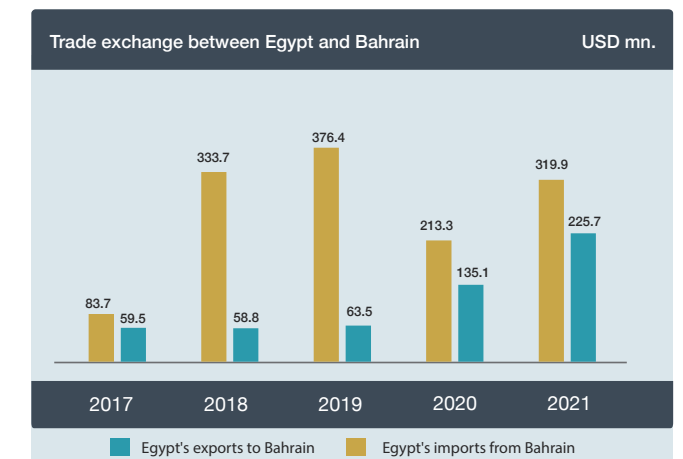
• Trade exchange between Egypt and UAE



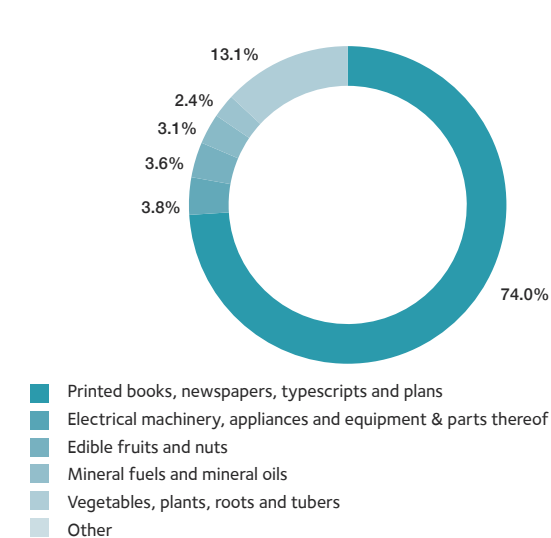
Egypt's exports to UAE in 2021



• Trade exchange between Egypt and Bahrain

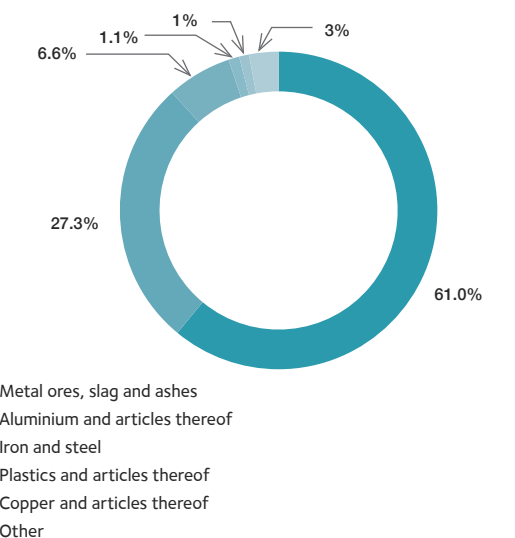


Egypt's exports to Bahrain in 2021



- Printed books, newspapers, typescripts and plans
- Electrical machinery, appliances and equipment & parts thereof
- Edible fruits and nuts
- Mineral fuels and mineral oils
- Vegetables, plants, roots and tubers
- Other

Egypt's imports from Bahrain in 2021

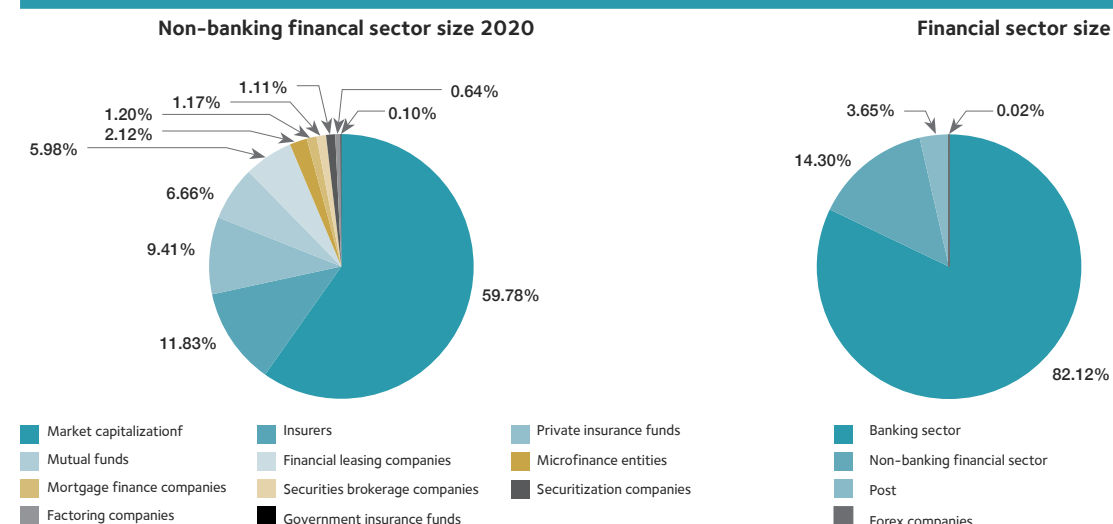


- Metal ores, slag and ashes
- Aluminium and articles thereof
- Iron and steel
- Plastics and articles thereof
- Copper and articles thereof
- Other



Launching the second phase of the comprehensive strategy for non-banking financial services (NBFS) (2022-2026): a quantum leap in non-banking financial sector

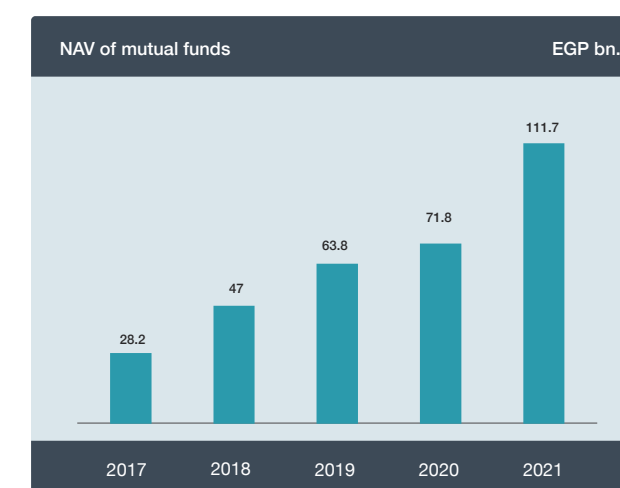
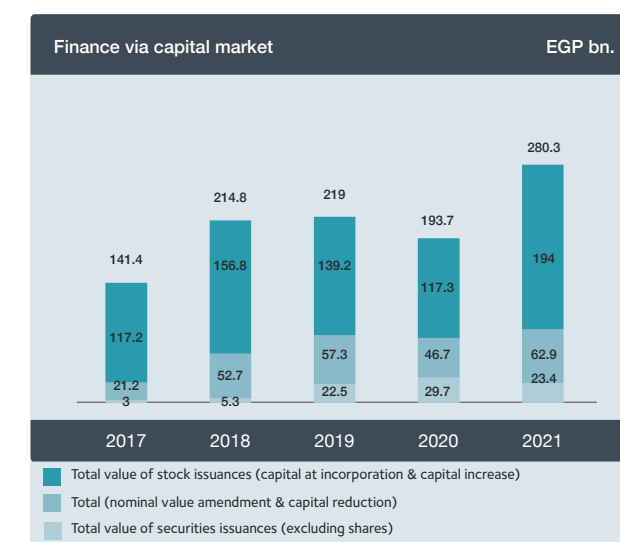
The financial sector is the main driver of the national economy's performance. It plays a key role in providing financial services including savings mobilization, intermediation services and risk management, along with providing the necessary finance for development projects in different sectors. Additionally, the financial sector enhances the role of capital market in courting local and foreign investors' funds, expanding the investment base and accelerating the state's economic development. It also provides various low-cost finances and contributes to raising the living standards which create a stable financial system. Therefore, it is inevitable to restructure the financial system to maximize its role and enhance its effectiveness.



During the recent years, Egypt has focused on introducing many structural reforms to the non-banking financial sector. The Financial Regulatory Authority (FRA) has adopted a comprehensive strategy (2018-2022) for the development of non-banking financial sector which resulted in a breakthrough in the sector contributing to improving its regulatory and legislative environment. As the 2018-2022 strategy met most of its targets a full year earlier than its scheduled term and rapidly changing socio-economic factors emerged, the second phase of the non-banking financial services (NBFS) strategy (2022-2026) is required to be prepared. In this context, the following indicators shall be outlined:

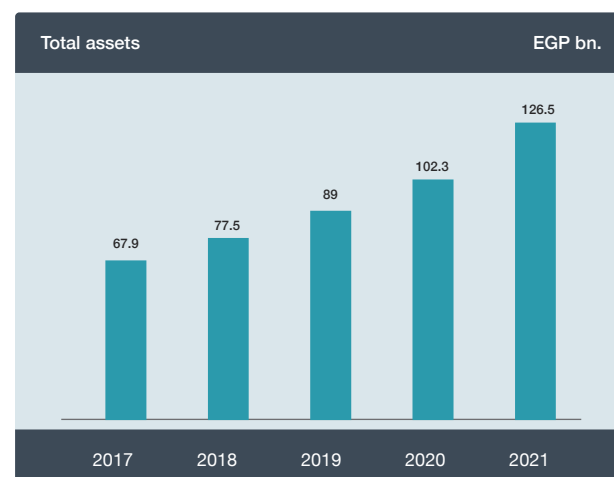
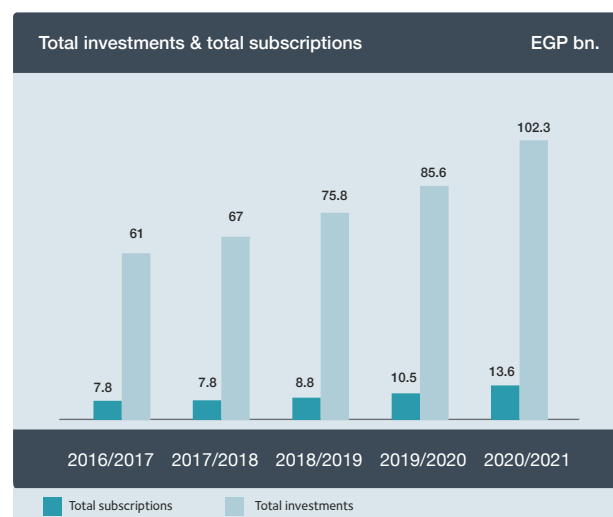
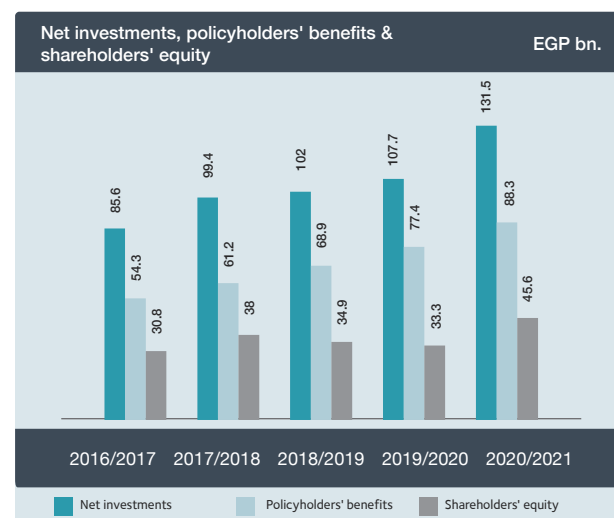
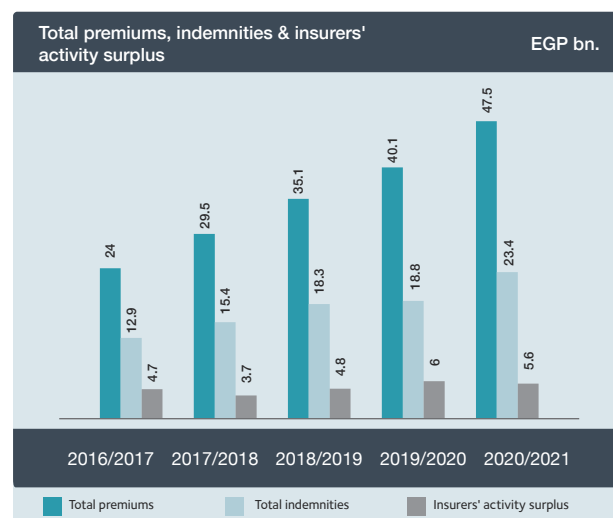
Salient indicators of the non-banking financial sector's activities

✓ **Capital market:** the capital market plays a major role in the national economy through encouraging the conversion of the accumulated savings into investments in new projects to achieve socio-economic development. Moreover, the capital market has high technologies and strict legislation that contribute to creating an attractive investment climate. Total finances via the capital market rose to EGP 280.3 bn. in 2021 and market capital increased to reach EGP 765 bn. in 2021. Meanwhile, the net asset value (NAV) of mutual funds recorded an increase of EGP 111.7 bn. in 2021

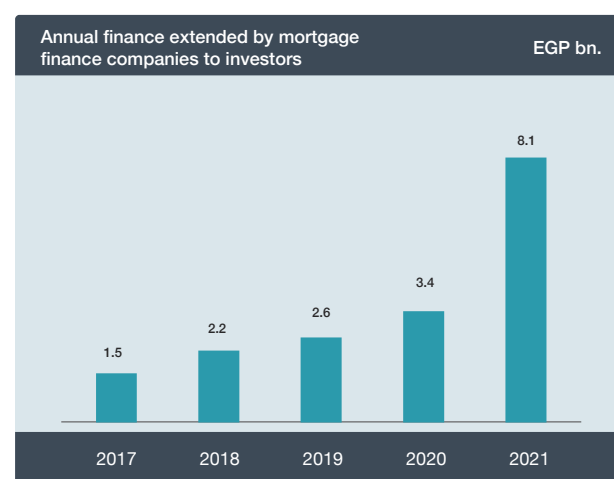


✓ **Insurance sector:** the insurance sector, which is considered one of the most important activities of non-banking financial services, contributes with other sectors to the gross domestic product (GDP) and is integrally linked to other economic sectors. Moreover, the insurance sector contributes to the management of risks sustained by the economic assets, which makes it a significant tool for stabilizing economic sectors and maintaining their activities. Total insurance premiums, the value of indemnities and the insurers' activity surplus recorded EGP 47.5 bn., EGP 23.4 bn. and EGP 5.6 bn. respectively in FY 2020/2021. Moreover, net investments increased to reach EGP 131.5 bn. during the same period. Meanwhile, total investments increased to hit EGP 102.3 bn. in 2021, while total assets grew to EGP 126.5 bn. in 2021.

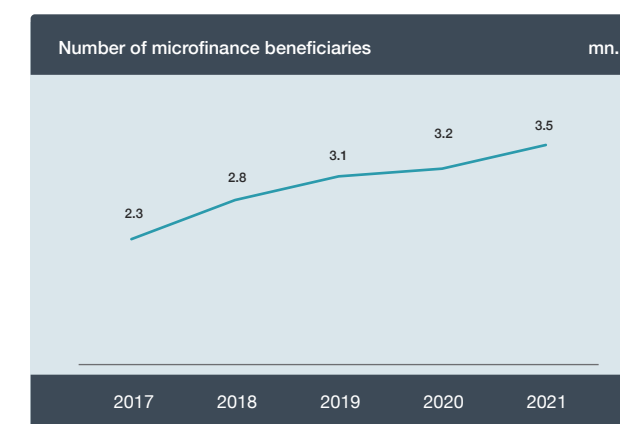
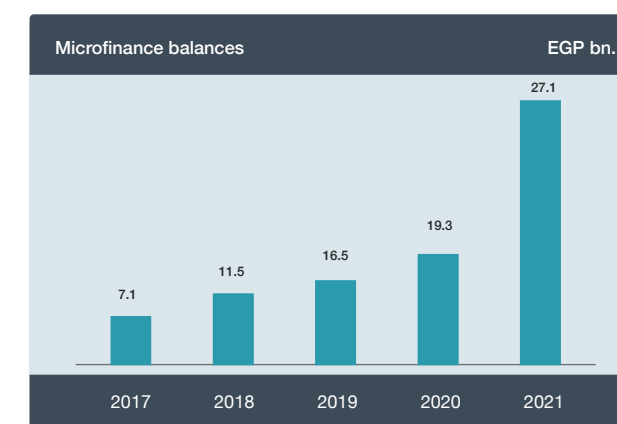
Launching the second phase of the comprehensive strategy for non-banking financial services (NBFS) (2022-2026): a quantum leap in non-banking financial sector



✓ **Mortgage finance:** the non-banking financial sector contributes to narrowing the economy's finance gap and greasing the wheel of growth through providing various finance sources and mechanisms. Furthermore, the non-banking financial sector is one of the most important financing tools of the real estate development activity. In this vein, annual finance extended by mortgage finance companies to investors grew to EGP 8.1 bn. in 2021.



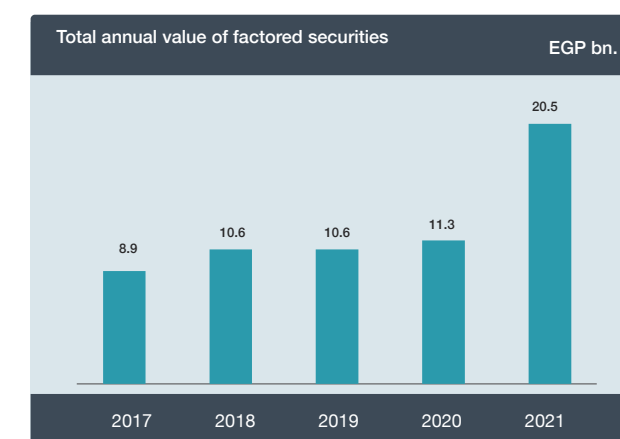
✓ **Micro, Small and Medium-sized Enterprises (MSMEs):** Microfinance activity was introduced by the FRA in 2014, in line with the state's financial inclusion strategy. The key aim of microfinance institutions is to contribute to encouraging the low-income brackets to bring their activities into the formal economy, through extending finance to individuals and micro-sized enterprises by means of soft loans. This will in turn help curtail unemployment and increase the income of the poorest families. Moreover, microfinance balances grew to record EGP 27.1 bn. and the number of microfinance beneficiaries raised to hit 3.5 mn. in 2021.



✓ **Financial leasing:** Financial leasing activity contributes to providing the finance necessary to possess the capital assets of productive projects. Moreover, it plays a significant role in supporting small and medium industries to purchase machinery, equipment and production inputs. Meanwhile, the annual value of financial leasing contracts increased to hit EGP 79.8 bn. in 2021.

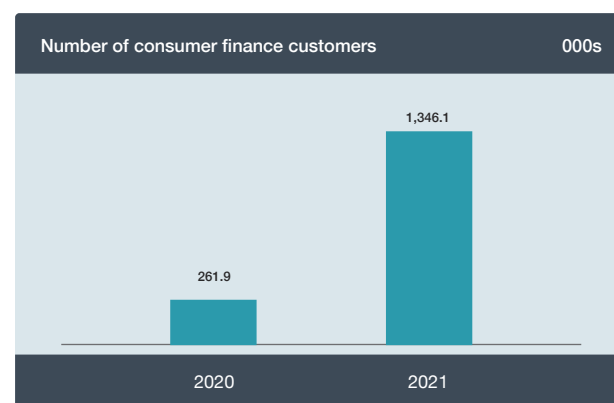
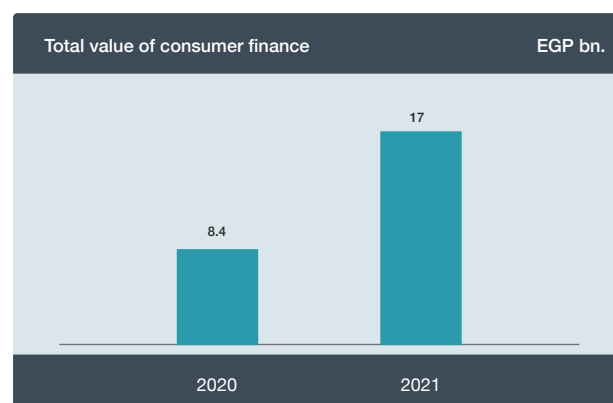


✓ **Factoring:** Factoring activity is a crucial pillar of providing working capital and accelerating its cycle. Furthermore, it has a prominent role in encouraging the Egyptian industry and export via the network of factoring companies across the globe. Meanwhile, the volume of factored securities jumped to reach EGP 20.5 bn. in 2021 versus EGP 11.3 bn. YoY.

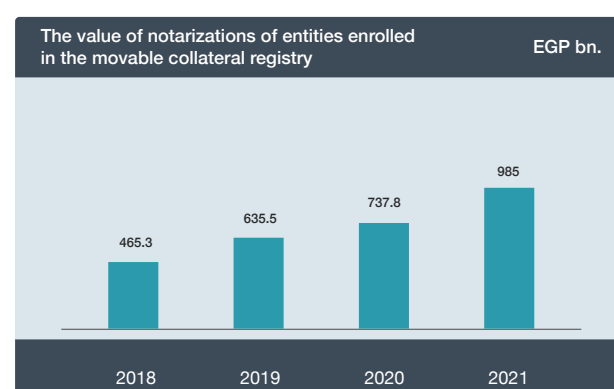


Launching the second phase of the comprehensive strategy for non-banking financial services (NBFS) (2022-2026): a quantum leap in non-banking financial sector

- ✓ **Consumer finance:** Consumer finance mechanisms help increase the local demand and accordingly result in growing investments, more employment and higher economic growth rates. The total value of consumer finance amounted to some EGP 17 bn. in 2021 against EGP 8.4 bn. YoY. Moreover, the number of consumer finance customers increased to 1.4 mn. in 2021.

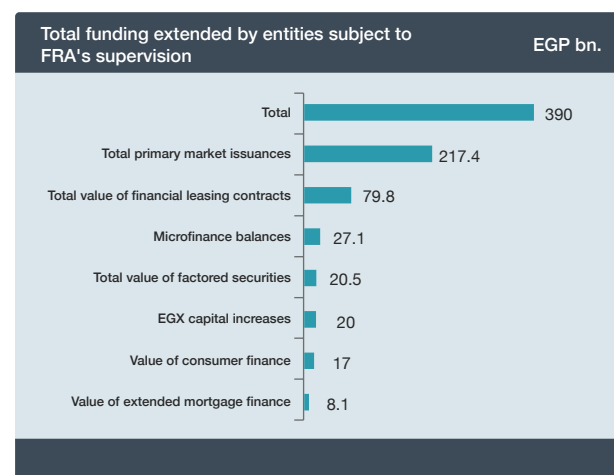
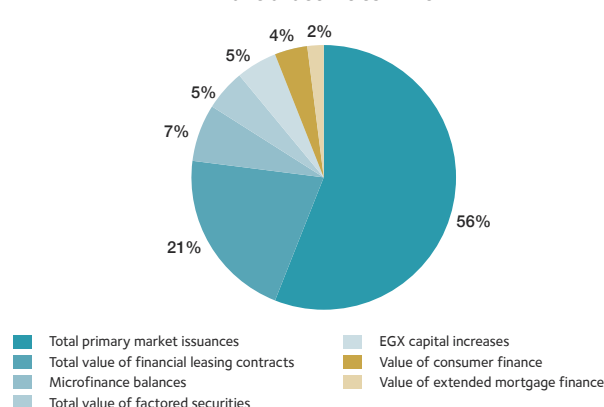


- ✓ **Movable collateral registry:** In line with its keenness on developing the non-banking financial services and providing them with the necessary funding, the FRA entered into an agreement with the Egyptian Credit Bureau "I-Score" at the end of 2017 to establish and operate the electronic movable collateral registry. The value of notarizations of the entities enrolled in the moveable collateral registry increased to reach EGP 985 bn. in 2021. Meanwhile, the total funding extended by the entities subject to FRA's supervision rose to EGP 390 bn. in 2021, compared to EGP 217.4 bn. YoY.



- ✓ **The contribution percentage of each sector of non-banking financial activities to total extended funding**

The contribution percentage of each sector of non-banking financial activities in 2021



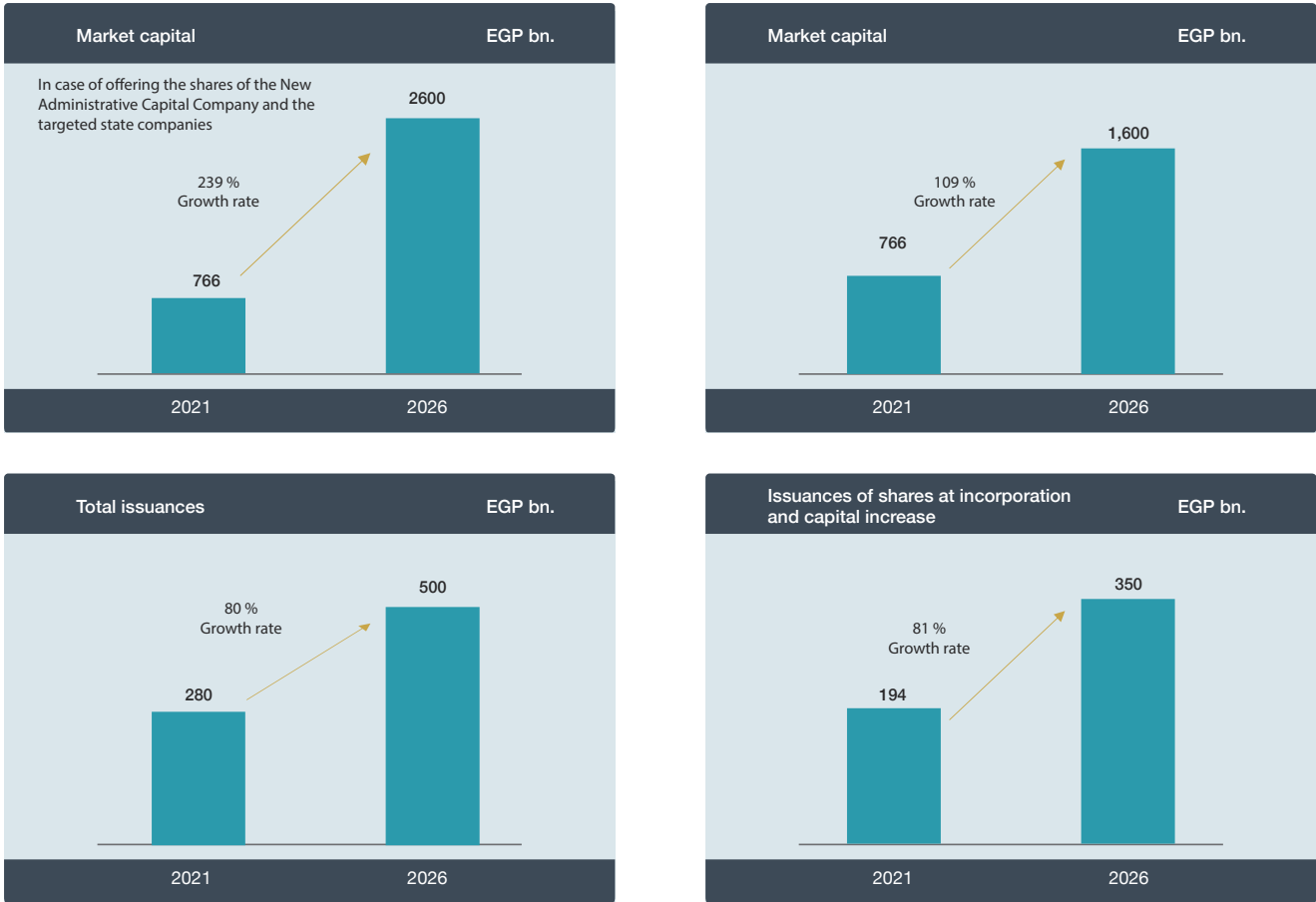
Main pillars of the non-banking financial sector's strategy

FRA's strategy (2022-2026) is a natural extension of the achievement of the strategic objectives outlined in the FRA's strategy (2018-2022), taking into consideration the reassessment and reprioritization of the main objectives and pillars of such strategy, in light of the economic, technological, and environmental changes, locally and globally. To achieve its objectives, this strategy relies on several pillars including the following:

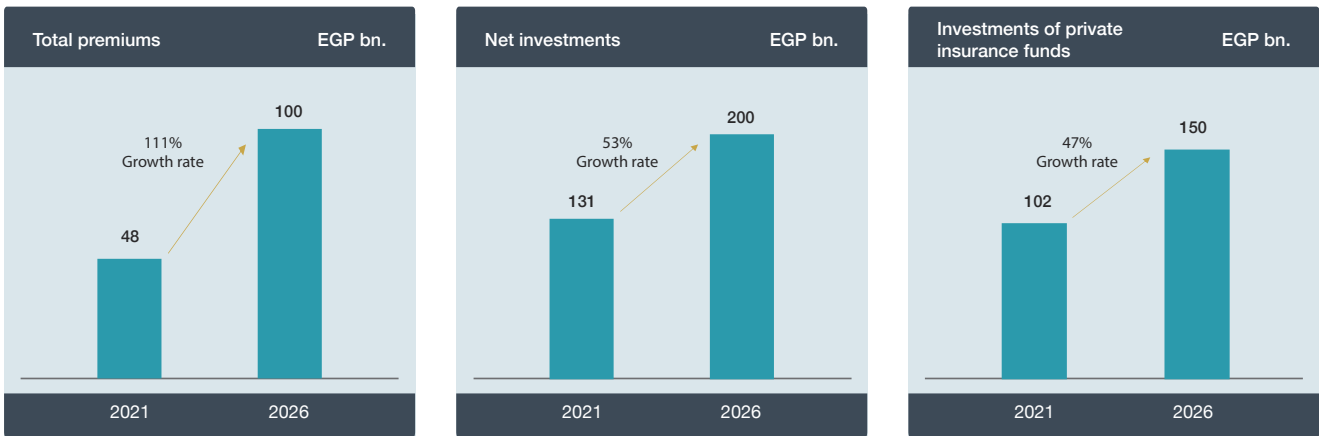
- **Pillar I: Promoting the use of FinTech and accelerating digitization** through supporting the use of FinTech to develop the non-banking financial sector, and the use of the regulatory technology (RegTec) to create innovative mechanisms for communication between the market players and FRA, in addition to using the supervisory FinTech (SupTech) to develop the HR organizational structure and workflow cycle.
- **Pillar II: Achieving financial inclusion and deepening sustainability levels** in order to achieve the national strategic objectives of financial inclusion and enhance financial inclusion through the use of digital technologies, in addition to expanding the financial inclusion base and aligning financial inclusion with anti-money laundering and terrorist financing combating. This also aims at institutionalizing sustainability in the non-banking financial sector, paying more attention to the risks of sustainable climate finance through applying legislation and incentives, and empowering women and youth by means of capacity building, supporting equality and providing leadership opportunities for competent individuals.
- **Pillar III: Managing risks and introducing an effective red flag system** through continuously developing a risk-based control approach and organizing the FRA's functional structure to be consistent with the nature of the risk-based control approach, in addition to applying a red flag system and using the self-assessment system in managing non-banking financial institutions (NBFIs).
- **Pillar IV: Developing legislation** to be solid and strict through taking the procedures for enacting a law to reorganize the FRA in order to perform its role professionally, in line with the international rules and standards of supervision and control on the non-banking financial activities and the Unified Insurance Law regulating the insurance industry in Egypt, in addition to drafting a law to regulate the real estate developers' activity of selling properties in installments and preparing a draft law for set-off in future contracts. Moreover, the FRA aims at making amendments to certain laws regulating activities that are subject to FRA's supervision and control, including the following:
 - Capital Market Law.
 - Mortgage Finance law.
- **Pillar V: Enhancing the levels of financial literacy and capacity building** to achieve several objectives including raising citizens' awareness of the non-banking financial sector's main principles and concepts, optimizing the use of finance sources and services and financial facilities offered by the financial institutions, in addition to expanding the financial inclusion base and enhancing the financial and economic stability.
- **Pillar VI: Developing market** where the FRA projects that several objectives in all activities of the non-banking financial sector would be accomplished by 2026 as follows:

Launching the second phase of the comprehensive strategy for non-banking financial services (NBFS) (2022-2026): a quantum leap in non-banking financial sector

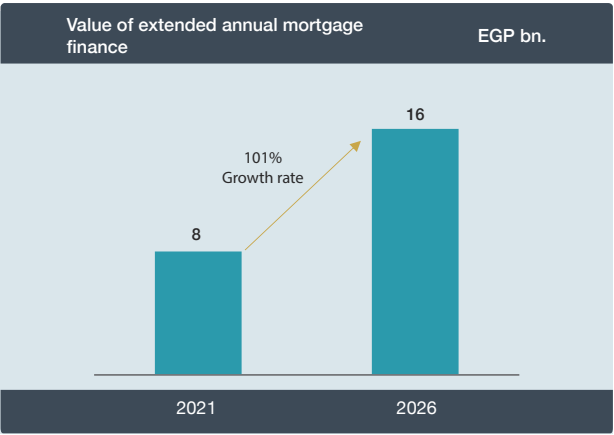
• Capital market



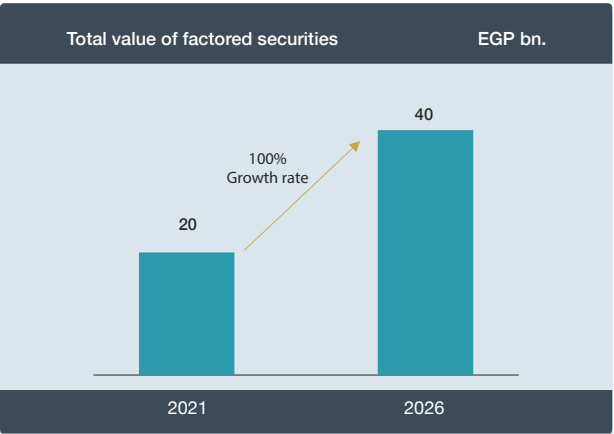
• Insurance market



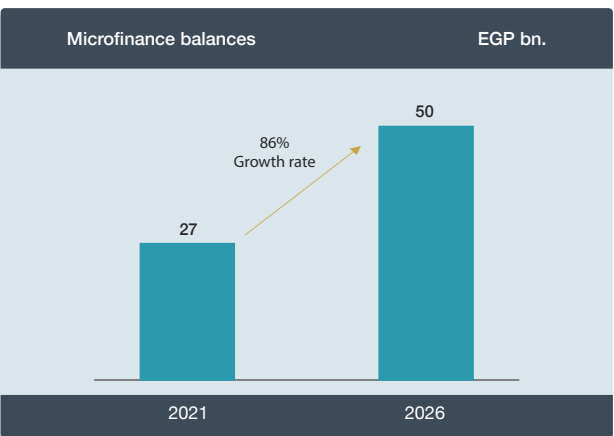
• Mortgage finance market



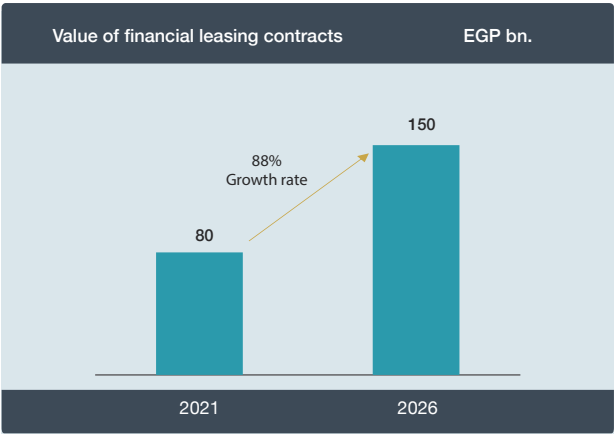
• Factoring market



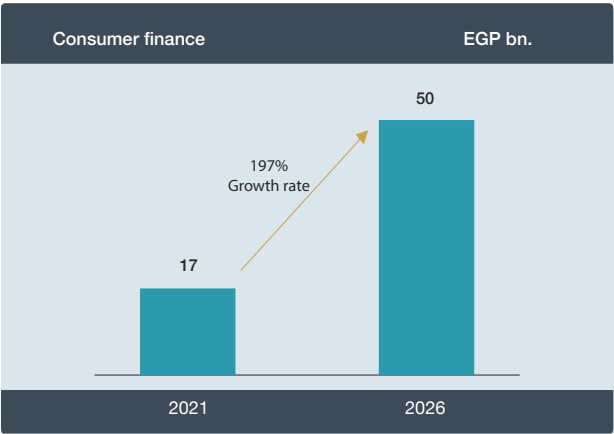
• Microfinance market



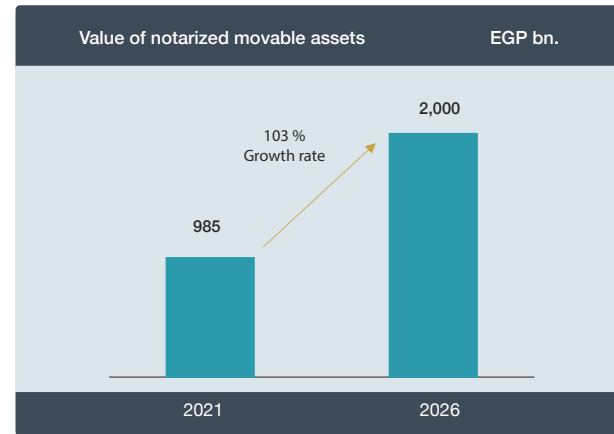
• Financial leasing market



• Consumer finance market



- Collateral registry market



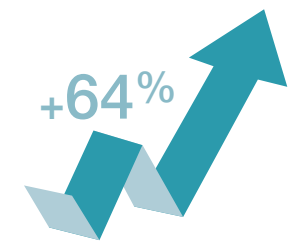
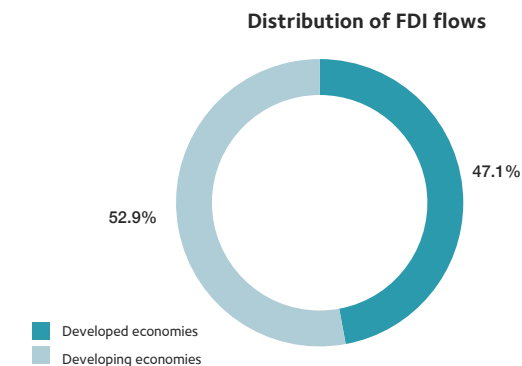
There is no doubt that the second phase of the strategy for Non-Banking Financial Services (NBFS) "2022- 2026" contributes to creating and applying an institutional framework to introduce a new cadre of leaders who can assume their responsibilities towards establishing important strategic principles, to ensure FRA's fulfillment of its assigned role, primarily working within a robust sustainable framework which is always based on certain visions and strategies approved by the FRA's Board of Directors (BoD).

The United Nations Conference on Trade and Development (UNCTAD) revealed in its World Investment Report 2022 that global flows of foreign direct investment (FDI) showed a remarkable recovery to pre-pandemic levels in 2021, hitting USD 1.58 trillion – a 64% increase compared with 2020. However, the UNCTAD highlighted the uncertainty that loomed over the global economy in 2022 under the fallout of Russia-Ukraine crisis as well as the ongoing repercussions of the Covid-19 pandemic.

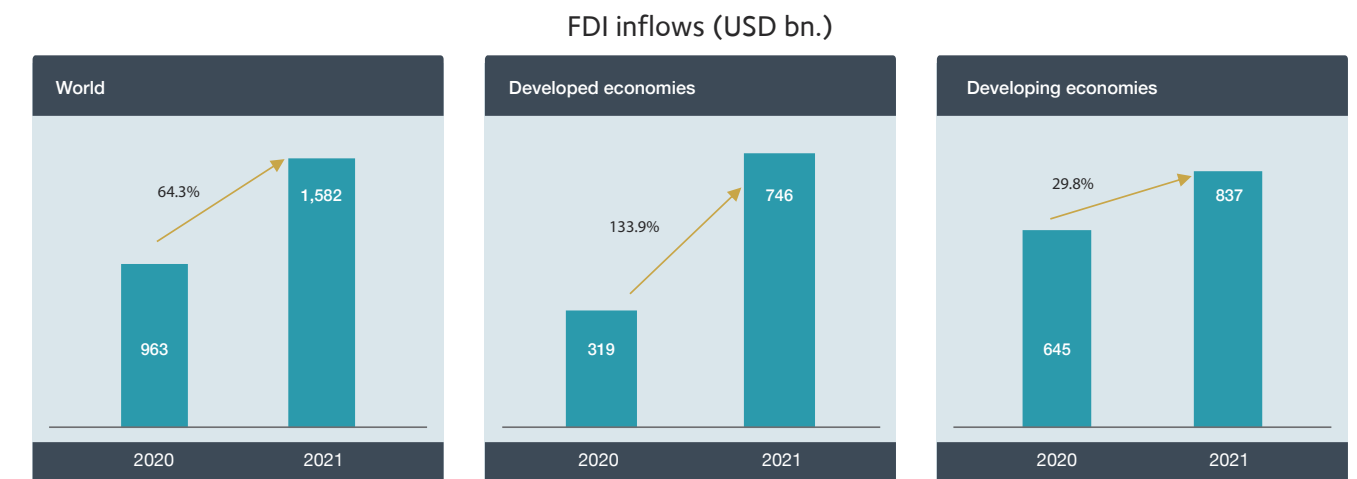
Global investment trends and prospects

- Coming off a low base in 2020, global FDI rose in 2021 with momentum from booming merger and acquisition (M&A) activity and rapid growth in international project finance. In this regard, the UNCTAD report states that developed economies saw the biggest rise in global FDI flows during the same year, accounting for about 69% of the overall rise.

On a similar note, the report says that in the aftermath of its sharp decline during the first year of the Covid-19 pandemic, international investment in Sustainable Development Goals (SDGs) jumped 70% in 2021. Most of the recovery growth was seen in renewable energy and energy efficiency projects. While investment in SDGs witnessed a noticeable recovery in 2021, investment activity in most SDG-related sectors in developing economies remained below pre-pandemic levels.



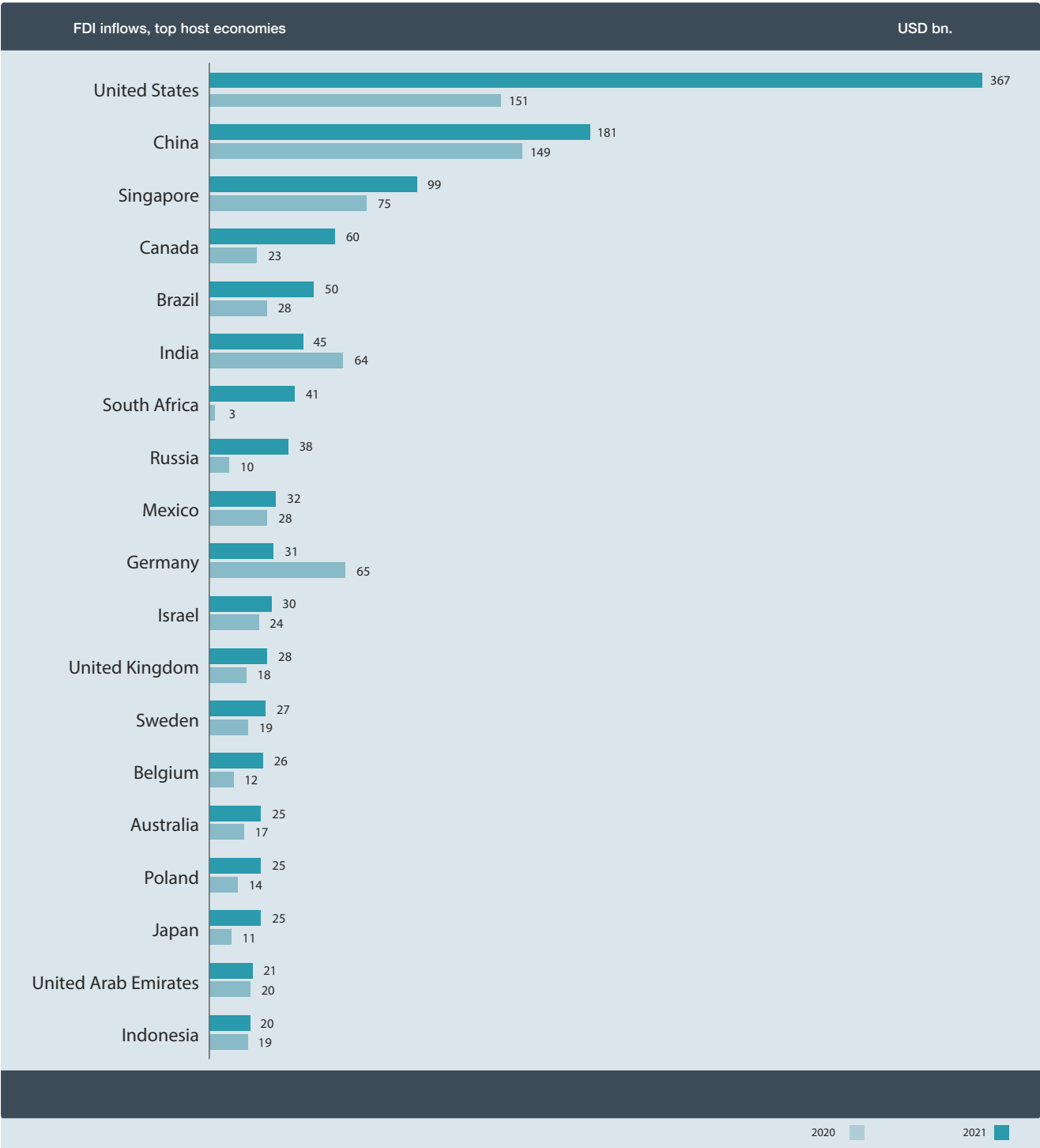
Global FDI growth rate in 2021



Source: UNCTAD, World Investment Report 2022

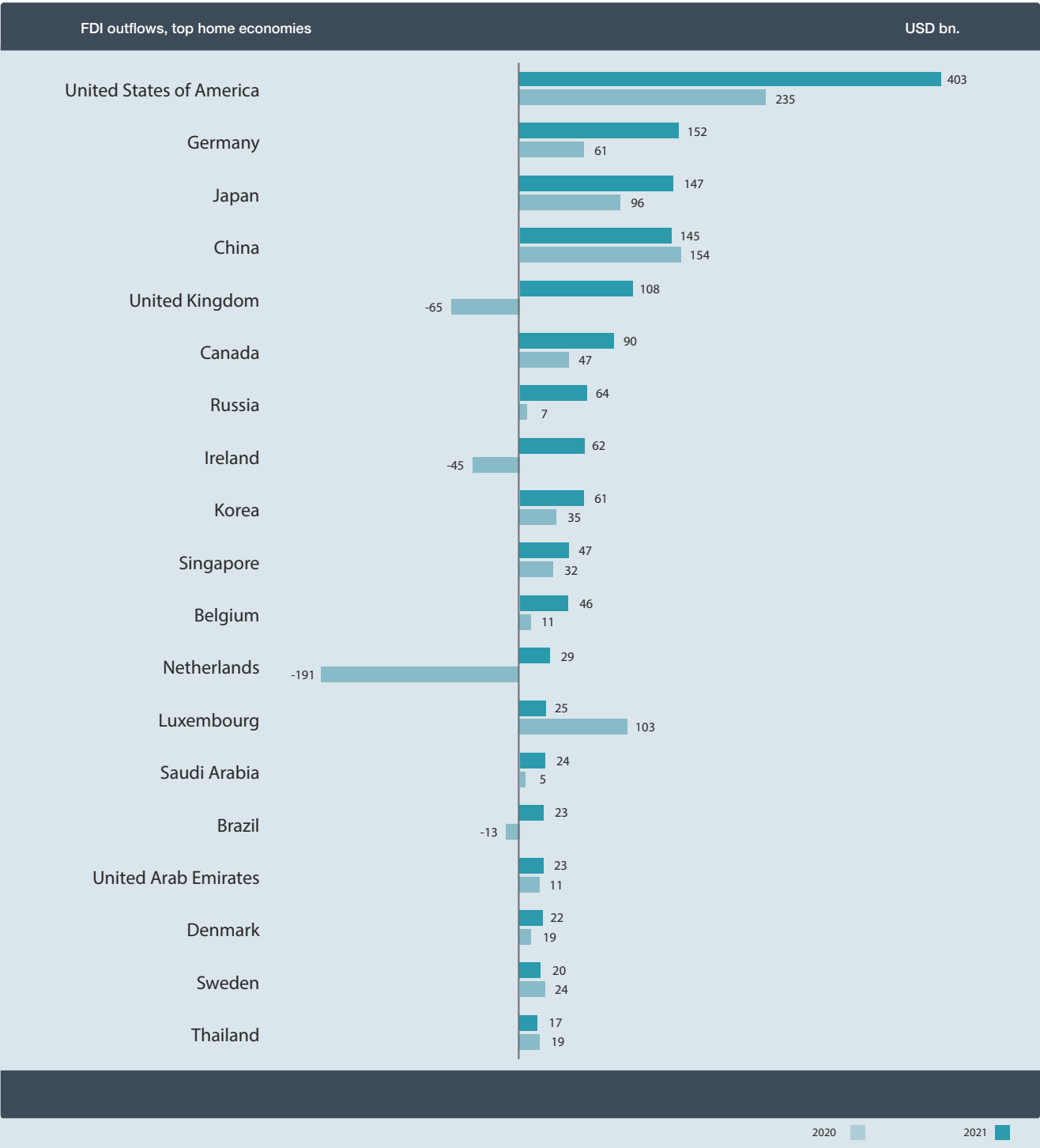
UNCTAD: Foreign investment rebounds in 2021, but uncertainty looms

- In 2021, the largest recipient of FDI inflows was the United States at USD 367 bn., followed by China in the second spot, then Hong Kong (China), Singapore, and Canada respectively.



Source: UNCTAD, World Investment Report 2022

- Similarly, the United States was the top source of FDI outflows at USD 403 bn. in 2021, followed by Germany in the second place, then Japan, China, and the United Kingdom respectively.



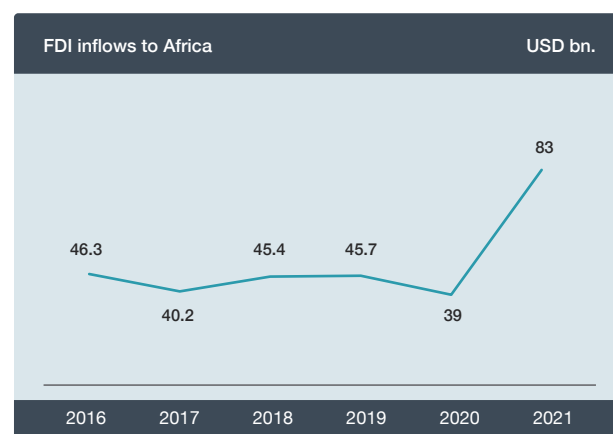
Source: UNCTAD, World Investment Report 2022

UNCTAD: Foreign investment rebounds in 2021, but uncertainty looms

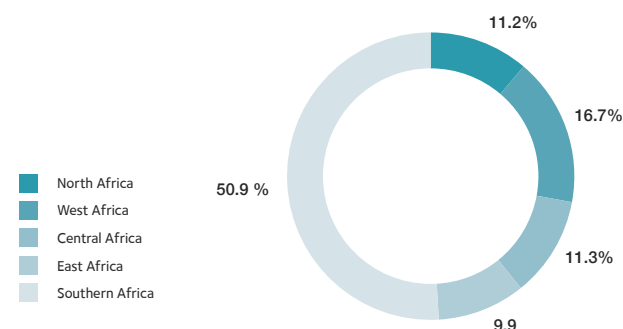
- The UNCTAD projects that the growth momentum of 2021 cannot be sustained and that global FDI flows in 2022 will likely move on a downward trajectory, at best remaining flat. Its report underlines that 2022 has witnessed a dramatic change in the business and investment climate as the war in Ukraine resulted in a triple crisis of higher food and fuel prices and tighter financing conditions. Other factors clouding FDI prospects include renewed pandemic impacts, the likelihood of more interest rate rises in major economies, negative market sentiment and a potential recession. According to UNCTAD, FDI flows to developing economies are anticipated to be strongly affected by the Russo-Ukrainian crisis and its wider ramifications and by macroeconomic factors including interest rates.

At the African continent level as a whole, regionally and locally

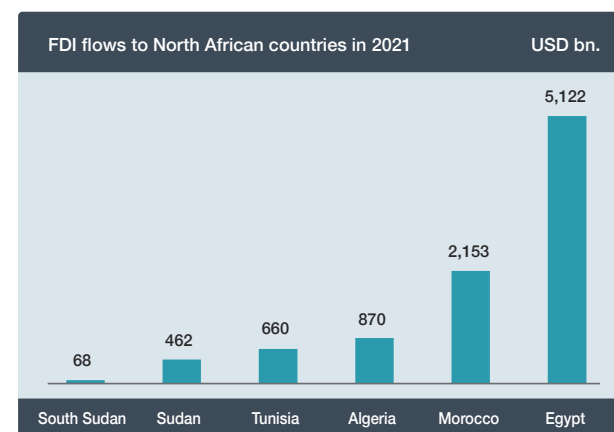
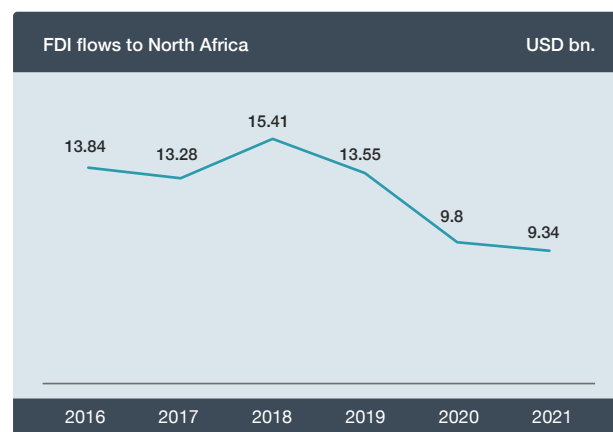
- FDI flows to Africa recorded a remarkable growth in the past years to reach USD 83 bn. in 2021 compared to USD 40.2 bn. in 2017. Southern Africa ranked first with half of the overall FDI flows to Africa in 2021, on the back of an upswing and extraordinary growth in the same year.



FDI inflows in Africa, by subregion

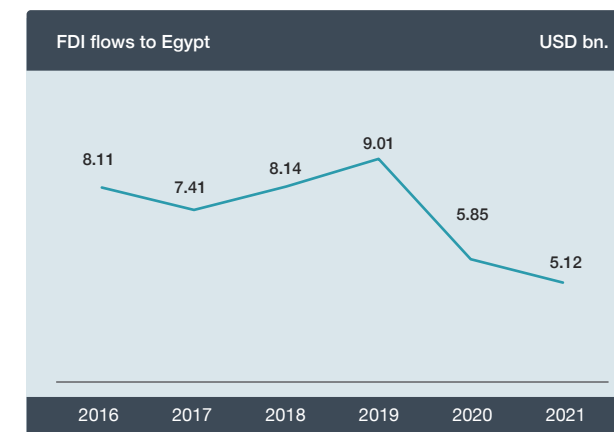


- FDI flows to North Africa continued to tail off for the third consecutive year to only USD 9.3 bn. in 2021. However, Egypt maintained its position as the top FDI host economy in North Africa, receiving about 55% of FDI inflows.



Egypt's ranking among African countries by FDI inflows (2016-2021)

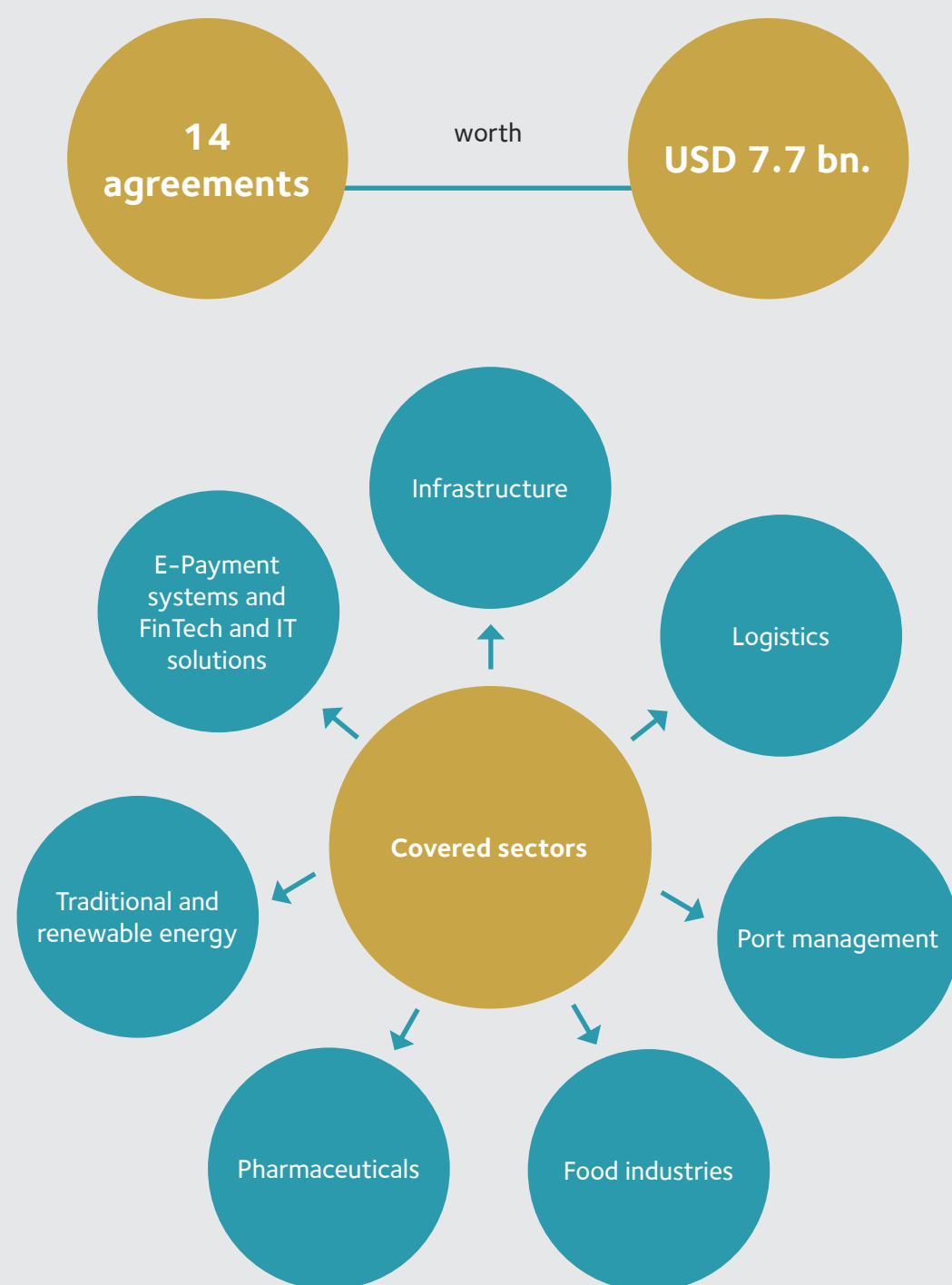
First place					Second place
2016	2017	2018	2019	2020	2021



Source : World Investment Report 2022, UNCTAD

Egypt and Saudi Arabia sign 14 investment agreements worth USD 7.7 bn.

In the framework of historical economic relations connecting Egypt and Saudi Arabia, and as a breakthrough to enhance the investment relations, the two countries signed 14 agreements covering wide fields of cooperation.



IMF unveils gloomy and more uncertain outlook for global economy

The International Monetary Fund (IMF) asserted that the global economy, still lacking balance in the aftermath of COVID-19 pandemic and the Russia-Ukraine crisis, faced gloomy and uncertain outlook. Moreover, the IMF warned that the world may soon be teetering on the edge of a global recession, only two years after the last one. Thus, it affirmed that multilateral cooperation would be key in many areas, from climate transition and pandemic preparedness to food security and debt distress.

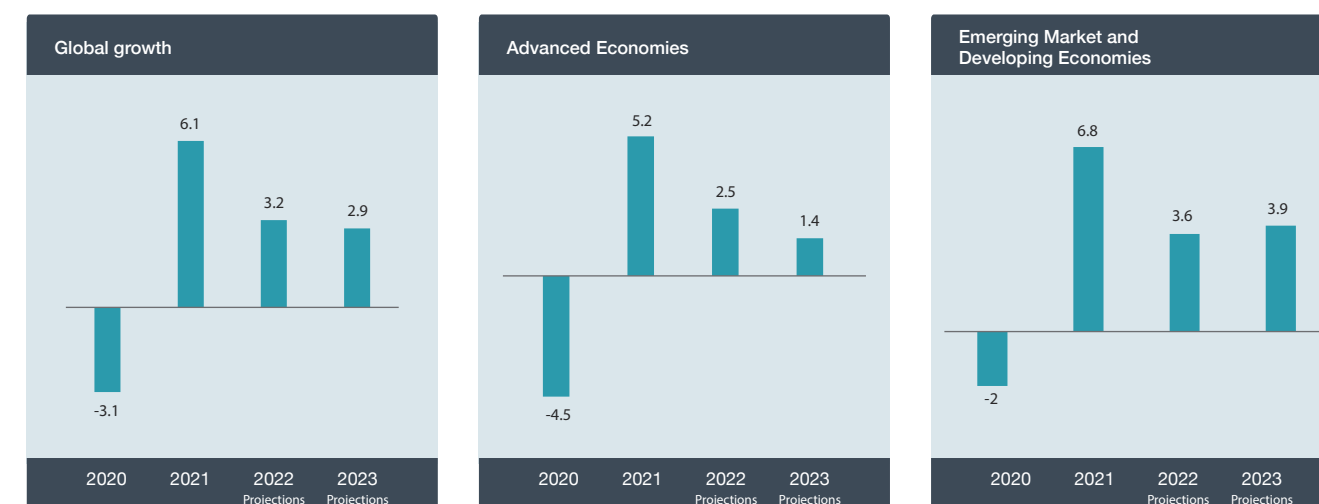
Global growth:

A tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022. Global output contracted in the second quarter of this year, being the first shrinkage since 2020. The baseline forecast is for global economy growth to slow from 6.1% last year to 3.2% and 2.9% in 2022 and 2023 respectively, with 0.4 percentage point and 0.7 percentage point lower than in the April 2022 World Economic Outlook (WEO).

The global growth rate is revised down by the IMF to reach 2.5% and 3.6% in "Advanced Economies" and in "Emerging Market and Developing Economies", respectively in 2022.

In this context, reduced household purchasing power and tighter monetary policy drove a downward revision of 1.4 percentage points in the United States. Accordingly, US economic growth is anticipated to reach 2.3% in 2022. In China, further lockdowns and the deepening real estate crisis have led growth to be revised down by 1.1 percentage points to stand at 3.3% in 2022, i.e. the lowest growth in more than four decades (excluding the COVID-19 pandemic period). Similarly, the growth in the euro area is revised down by 0.2 percentage point to reach 2.6 percentage points, reflecting spillovers from the war in Ukraine.

Growth projections (%)



Source: IMF, World Economic Outlook (WEO), July 2022

IMF unveils gloomy and more uncertain outlook for global economy

	Projections		Projections		Difference from the WEO's 2022 April Projections	
	2020	2021	2022	2023	2022	2023
World Output	-3.1	6.1	3.2	2.9	-0.4	-0.7
Advanced Economies	-4.5	5.2	2.5	1.4	-0.8	-1.0
United States	-3.4	5.7	2.3	2.4	-1.2	-0.2
Euro Area	-6.3	5.4	2.6	1.2	-0.2	-1.1
Germany	-4.6	2.9	1.2	0.8	-0.9	-1.9
France	-7.9	6.8	2.3	1.0	-0.6	-0.4
Italy	-9.0	6.6	3.0	0.7	0.7	-1.0
Spain	-10.8	5.1	4.0	2.0	-0.8	-1.3
Japan	-4.5	1.7	1.7	1.7	-0.7	-0.6
United Kingdom	-9.3	7.4	3.2	0.5	-0.5	-0.7
Canada	-5.2	4.5	3.4	1.8	-0.5	-1.0
Emerging Market and Developing Economies	-2.0	6.8	3.6	3.9	-0.2	-0.5
Emerging and Developing Asia	-0.8	7.3	4.6	5.0	-0.8	-0.6
China	2.2	8.1	3.3	4.6	-1.1	-0.5
India	-6.6	8.7	7.4	6.1	-0.8	-0.8
Emerging and Developing Europe	-1.8	6.7	-1.4	0.9	1.5	-0.4
The Russian Federation	-2.7	4.7	-6.0	-3.5	2.5	-1.2
Turkey	1.8	11.0	2.3	3.2	0.3	0.2
Latin America and the Caribbean	-6.9	6.9	3.0	2.0	0.5	-0.5
Brazil	-3.9	4.6	1.7	1.1	0.9	-0.3
Mexico	-8.1	4.8	2.4	1.2	0.4	-1.3
Middle East and Central Asia	-2.9	5.8	4.8	3.5	0.2	-0.2
Saudi Arabia	-4.1	3.2	7.6	3.7	0.0	0.1
Sub-Saharan Africa	-1.6	4.6	3.8	4.0	0.0	0.0
Nigeria	-1.8	3.6	3.4	3.2	0.0	0.1
South Africa	-6.3	4.9	2.3	1.4	0.4	0.0

Source: IMF, World Economic Outlook (WEO), July 2022

Inflation:

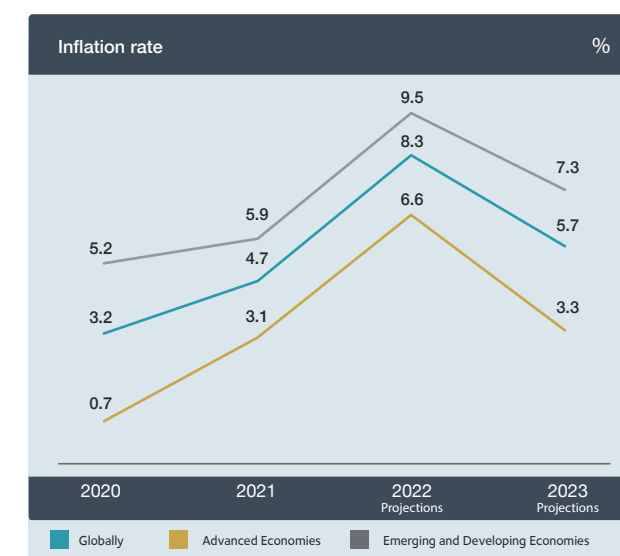
Global inflation has been revised up by the IMF due to food and energy increasing prices as well as lingering supply-demand imbalances. In this context, global inflation is anticipated to record 8.3% in 2022, 0.9 percentage point higher than the April 2022 World Economic Outlook. Meanwhile, global inflation is projected to reach 6.6% in advanced economies and 9.5% in emerging market and developing economies, with upward revisions of 0.9 and 0.8 percentage point, respectively compared to the April 2022 World Economic Outlook.

In the same vein, the IMF pointed out that with increasing prices continuing to squeeze living standards worldwide, taming inflation should be the first priority for policymakers. Moreover, the IMF stressed that tighter monetary policy would inevitably have real economic costs, but delay would only exacerbate them.

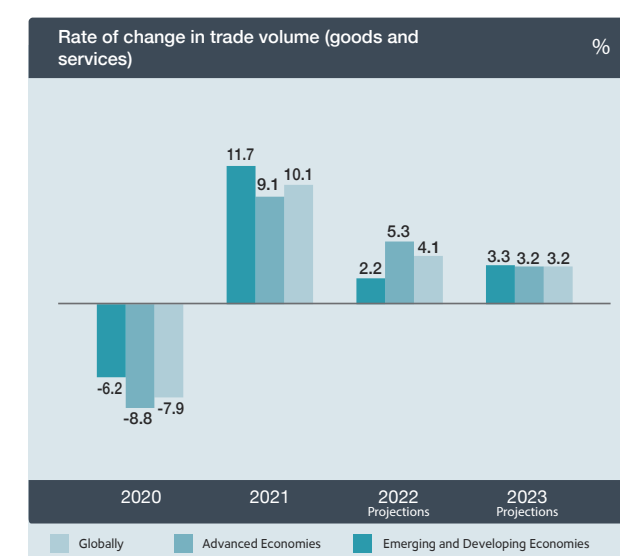
Major central banks have responded to high inflation by raising interest rates. But the exact amount of policy tightening required to lower inflation without inducing a recession is difficult to ascertain.

Global trade:

The IMF anticipates that the global trade growth would likely slow to reach 4.1% and 3.2% in 2022 and 2023 respectively, with a downward revision of 0.9 percentage point and 1.2 percentage points, against the April 2022 World Economic Outlook, compared to a growth rate of 10.1% in 2021. This reflects the decline in global demand and supply chain problems.



Source: IMF, World Economic Outlook (WEO), July 2022



Source: IMF, World Economic Outlook (WEO), July 2022

WB: Russia-Ukraine war hastens deceleration of global economic growth

World Bank (WB) sharply dimmed its June 2022 forecasts for global economy compared to those released in January 2022. Compounding the damage from the COVID-19 pandemic, the Russian invasion of Ukraine has magnified the slowdown in the global economy, which is entering what could become a protracted period of feeble growth and elevated inflation, according to the World Bank's latest **Global Economic Prospects** report. This raises the risk of stagflation, with potentially harmful consequences for middle- and low-income economies alike.

At global level:

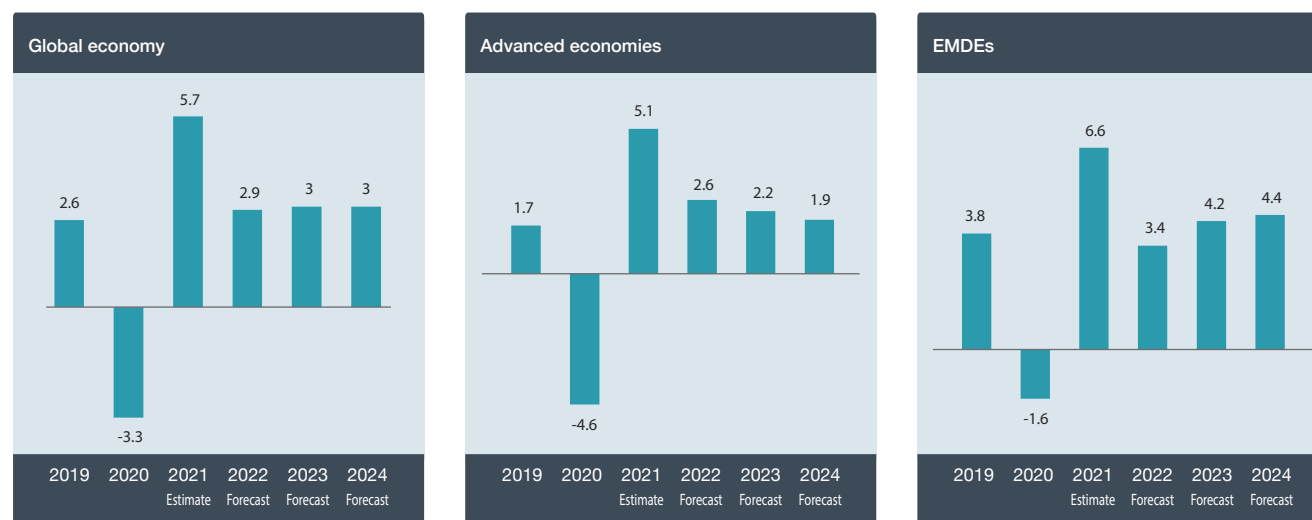
Global growth

✓ According to WB projections, global growth is expected to slump from 5.7% in 2021 to 2.9% in 2022—significantly declining 2.2 percentage points compared to what was anticipated in WB forecasts released in January. It is expected to hover around that pace over 2023/24, as the war in Ukraine disrupts activity, investment, and trade in the near term; in addition, fiscal and monetary policy accommodation is withdrawn, not to mention lockdowns in China and supply-chain disruptions.

In this respect, growth in advanced economies is projected to sharply decelerate from 5.1% in 2021 to 2.6% in 2022—1.2 percentage point below projections in January. Growth is expected to further moderate to 2.2% in 2023, largely reflecting the further unwinding of the fiscal and monetary policy support provided during the pandemic.

Among emerging market and developing economies (EMDE), growth is also projected to fall from 6.6% in 2021 to 3.4% in 2022—well below the annual average of 4.8% over 2011–2019. The negative spillovers from the war will more than offset any near-term boost to some commodity exporters from higher energy prices. Forecasts for 2022 growth have been revised down in nearly 70% of EMDEs, including most commodity-importing countries. Moreover, growth forecasts for 2022 have been downgraded in 80% of low-income countries (LICs).

Growth forecasts (%)



Source: WB, Global Economy Prospects June 2022

Real GDP (%)

			Estimate	Projections			Percentage point differences from January 2022 projections	
	2019	2020	2021	2022	2023	2024	2022	2023
World	2.6	-3.3	5.7	2.9	3.0	3.0	-1.2	-0.2
Advanced economies	1.7	-4.6	5.1	2.6	2.2	1.9	-1.2	-0.1
United States	2.3	-3.4	5.7	2.5	2.4	2.0	-1.2	-0.2
Euro area	1.6	-6.4	5.4	2.5	1.9	1.9	-1.7	-0.2
Japan	-0.2	-4.6	1.7	1.7	1.3	0.6	-1.2	0.1
Emerging market and developing economies	3.8	-1.6	6.6	3.4	4.2	4.4	-1.2	-0.2
East Asia and Pacific	5.8	1.2	7.2	4.4	5.2	5.1	-0.7	0.0
China	6.0	2.2	8.1	4.3	5.2	5.1	-0.8	-0.1
Indonesia	5.0	-2.1	3.7	5.1	5.3	5.3	-0.1	0.2
Thailand	2.2	-6.2	1.6	2.9	4.3	3.9	-1.0	0.0
Europe and Central Asia	2.7	-1.9	6.5	-2.9	1.5	3.3	-5.9	-1.4
Russian Federation	2.2	-2.7	4.7	-8.9	-2.0	2.2	-11.3	-3.8
Turkey	0.9	1.8	11.0	2.3	3.2	4.0	0.3	0.2
Latin America and the Caribbean	0.8	-6.4	6.7	2.5	1.9	2.4	-0.1	-0.8
Brazil	1.2	-3.9	4.6	1.5	0.8	2.0	0.1	-1.9
Mexico	-0.2	-8.2	4.8	1.7	1.9	2.0	-1.3	-0.3
Argentina	-2.0	-9.9	10.3	4.5	2.5	2.5	1.9	0.4
Middle East and North Africa	0.9	-3.7	3.4	5.3	3.6	3.2	0.9	0.2
Saudi Arabia	0.3	-4.1	3.2	7.0	3.8	3.0	2.1	1.5
Iran	-6.8	3.4	4.1	3.7	2.7	2.3	1.3	0.5
Egypt	5.6	3.6	3.3	6.1	4.8	5.0	0.6	-0.7
South Asia	4.1	-4.5	7.6	6.8	5.8	6.5	-0.8	-0.2
India	3.7	-6.6	8.7	7.5	7.1	6.5	-1.2	0.3
Pakistan	3.1	-0.9	5.7	4.3	4.0	4.2	0.9	0.0
Sub-Saharan Africa	2.6	-2.0	4.2	3.7	3.8	4.0	0.1	0.0
Nigeria	2.2	-1.8	3.6	3.4	3.2	3.2	0.9	0.4
South Africa	0.1	-6.4	4.9	2.1	1.5	1.8	0.0	0.0

Source: WB, Global Economy Prospects June 2022

WB: Russia-Ukraine war hastens deceleration of global economic growth

Inflation:

According to WB, global inflation has risen sharply from its lows in mid-2020, on rebounding global demand, supply chain bottlenecks, and soaring food and energy prices, especially since Russia's invasion of Ukraine. Global growth, however, has been moving in the opposite direction. The risk of stagflation—a combination of high inflation and sluggish growth—has risen. In April 2022, global inflation and EMDE inflation reached 7.8% and 9.4% —its highest level since 2008— respectively. Inflation in advanced economies was the highest since 1982. Inflation is projected to remain above target in all advanced economies and 90% of EMDEs which had target inflation rates as well. Nevertheless, global inflation is forecast to be still-subdued at 3% by mid-2023, although this is 1 percentage point above its average in 2019.

World trade:

Global trade growth is anticipated to slow to 4% and 4.3% in 2022 and 2023, respectively, down by 1.8% and 0.4% than previous January 2022 forecast, as indicated by the report.

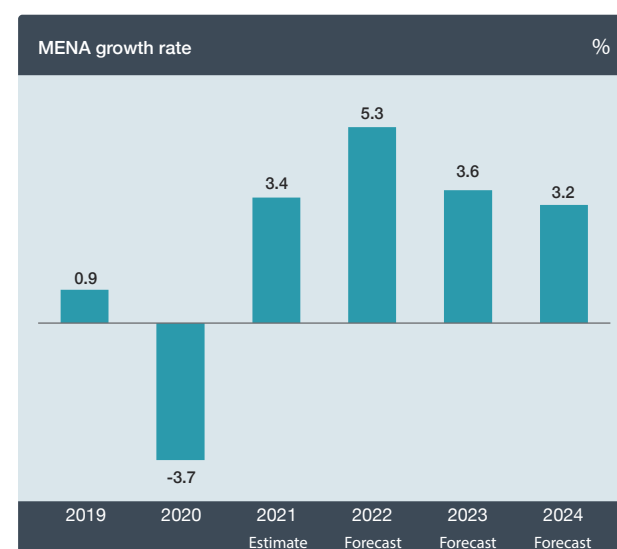


Source: WB, Global Economy Prospects June 2022

In MENA:

Regarding Middle East and North Africa (MENA), WB indicated that:

- ✓ MENA region experienced a strong economic recovery in 2021, bringing output above its pre-pandemic level in some economies during the year under review. Economic performance has been uneven across the region because of differences in the severity and effects of the pandemic.
- ✓ The Russia-Ukraine crisis has adversely affected the region through direct and global channels, with varying impacts across the region. Output in MENA is expected to expand by 5.3% in 2022. This would be the region's fastest growth in a decade; however, it indicates that the region faces a growing divide among its countries.



Source: WB, Global Economy Prospects June 2022

The current rebound has primarily been attributable to the robust growth in oil-exporting countries driven by buoyant oil revenues and the waning of the pandemic's adverse impacts due to high vaccination rates. In this respect, Gulf Cooperation Council (GCC) economies are expected to record 5.9% growth in 2022, a 1.2 percentage point upgrade from the January projections. Output in oil-importing countries is expected to grow by 4.1% in 2022, a 0.5 percentage point downward revision from the January projections.

Iraq is forecast to achieve the highest GDP among oil exporters at 8.8% in 2022, while Egypt is expected to top oil importers with a growth rate of 6.1% in the same year.



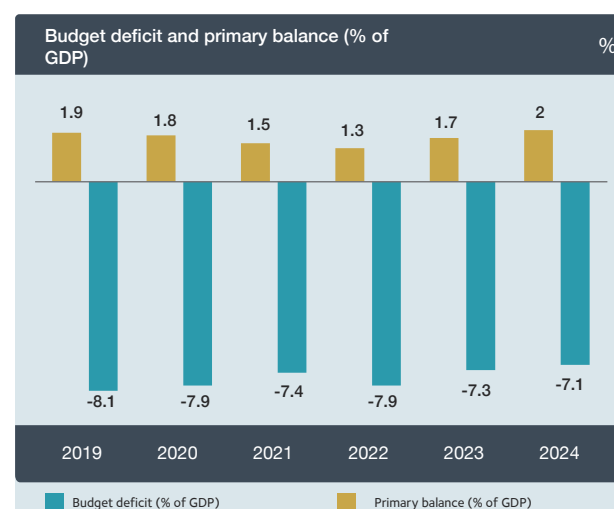
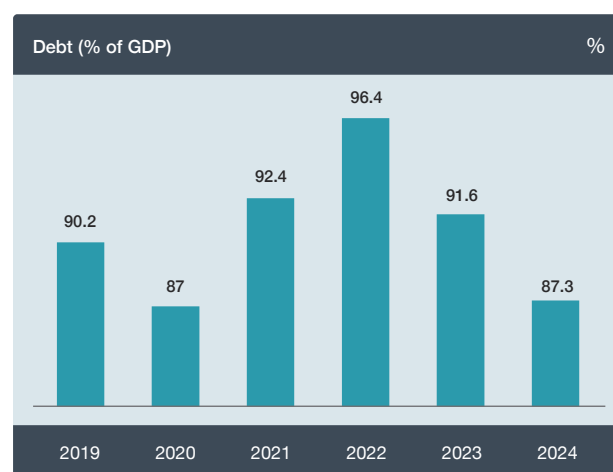
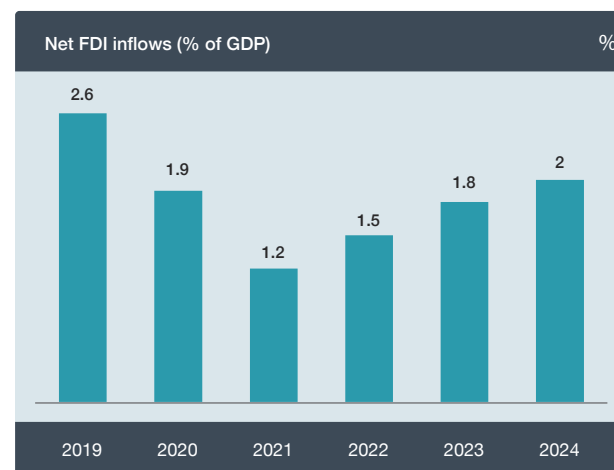
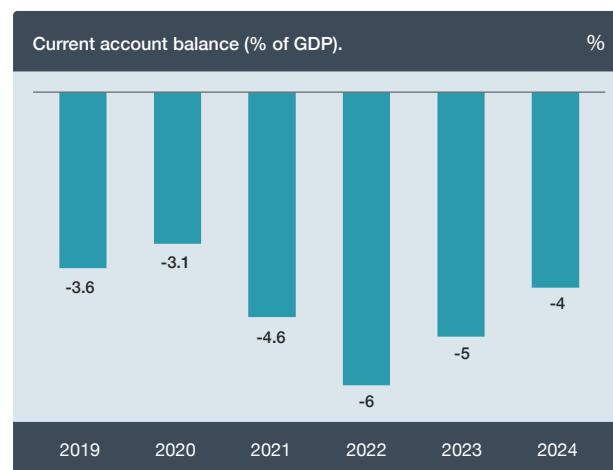
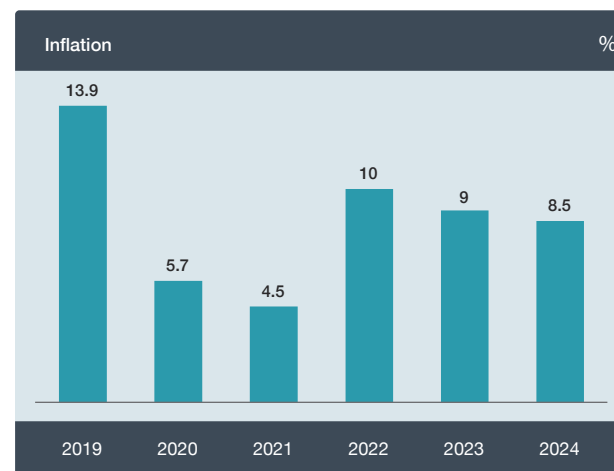
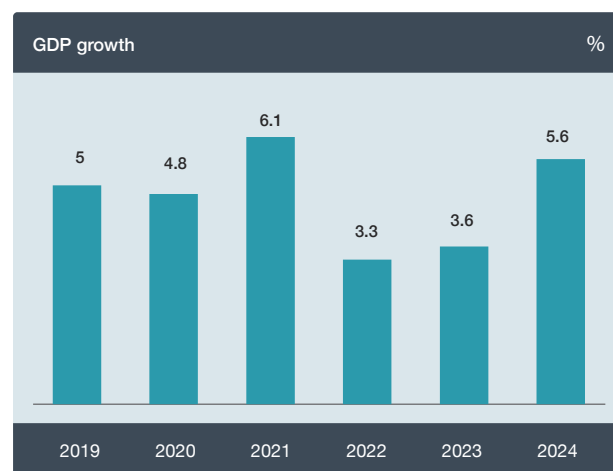
• Data on Libya are excluded.
• Data on Egypt and Iran refer to fiscal years.
Source: WB, Global Economy Prospects June 2022

At local level:

Regarding macroeconomic prospects for Egypt, WB pointed out that:

- ✓ Egypt implemented macroeconomic stabilization and energy sector reforms, as well as certain structural measures to strengthen public debt management and enhance aspects of the business environment.
- ✓ The country managed to face the pandemic with relative resilience due to the concerted reform efforts since 2016—along with the measures undertaken at the onset of COVID-19 to ease monetary conditions, support selected sectors and mobilize external financing.
- ✓ Nevertheless, the global economic consequences of the war in Ukraine, along with ongoing COVID-related disruptions, still threaten to exacerbate challenges facing Egypt's external balances, given the country's net commodity importer status, and the concentrated nature of trade with Russia and Ukraine, being major exporters of a number of strategic food commodities.

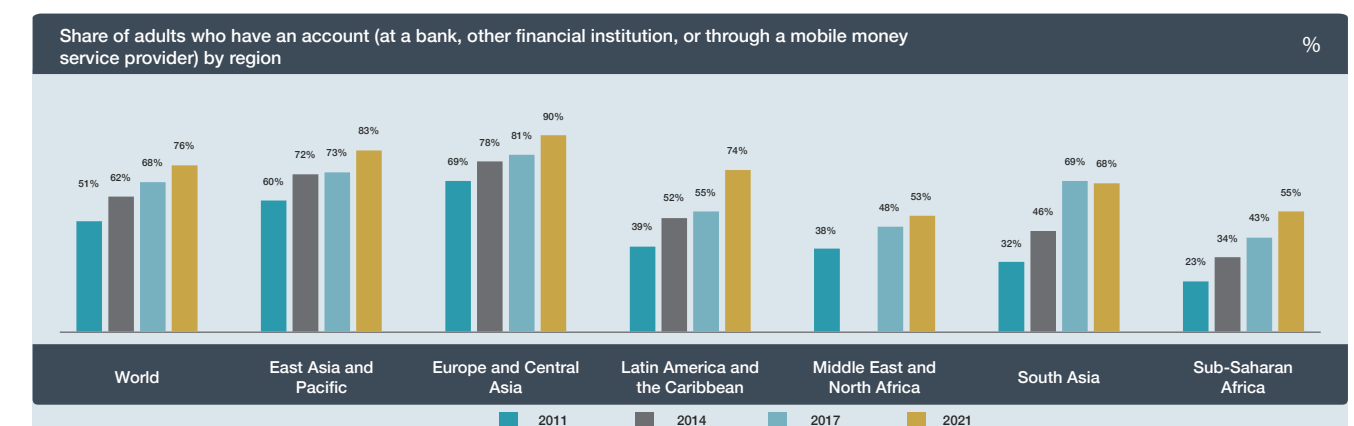




The World Bank released the Global Findex Database 2021, which is published every three years in collaboration with Gallup Inc. In 2021, the report surveyed the usage of financial services in 123 economies throughout the year. It confirmed that Covid-19 pandemic helped drive up financial inclusion and digital payments as a result of the global expansion in formal financial services. This expansion contributed to creating new economic opportunities, narrowing the gender gap in account ownership, and improving families' wellbeing and their ability to withstand financial shocks. The world currently has a crucial opportunity to build a more inclusive and resilient economy, and make available a gateway to prosperity for billions of people. By investing in the public digital infrastructure, payment systems and digital identification, and updating regulations to promote innovation and protect consumers, governments can build on the reported development in the Global Findex Database and increase access to financial services for everyone who needs them.

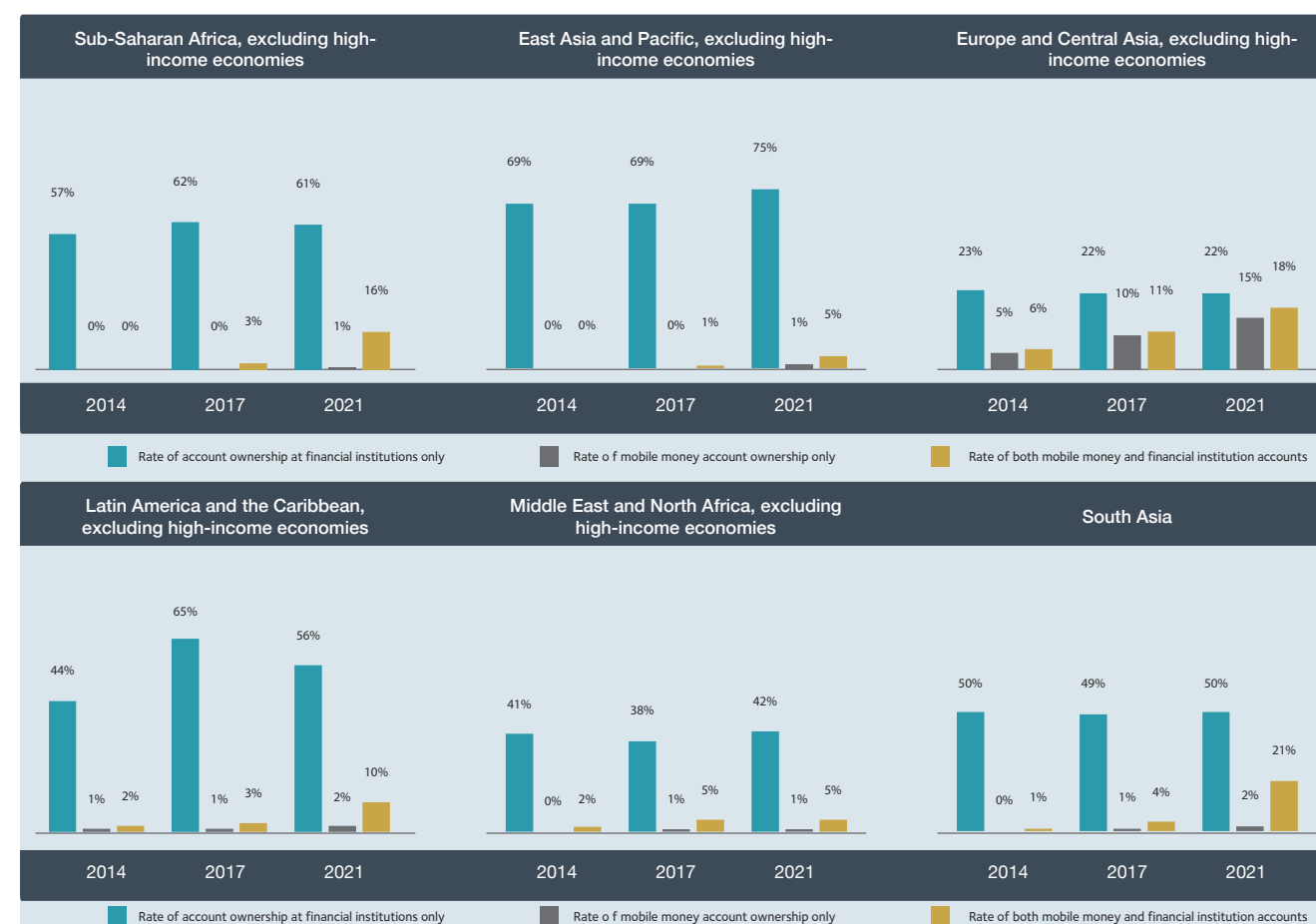
Below are the most prominent indicators demonstrated in the World Bank Database and change in such indicators as well as in financial inclusion rates in Egypt over the past six years according to the Central Bank of Egypt:

✓ The share of adults (15+) who have an account at a bank, financial institution or through a mobile money service provider worldwide increased by around 50% in the 10 years from 2011 to 2021 to reach 76%. The highest increase was concentrated in Sub-Saharan Africa, South Asia, and Latin America and the Caribbean at nearly 139%, 112.5% and 90% respectively.



✓ The possibility of opening a mobile money account became a driver of account ownership in particular in Sub-Saharan Africa. In 2021, Sub-Saharan Africa continued to be a global leader in mobile money account ownership, as 33% of adults in the region had mobile money accounts, compared to 10% of adults worldwide.

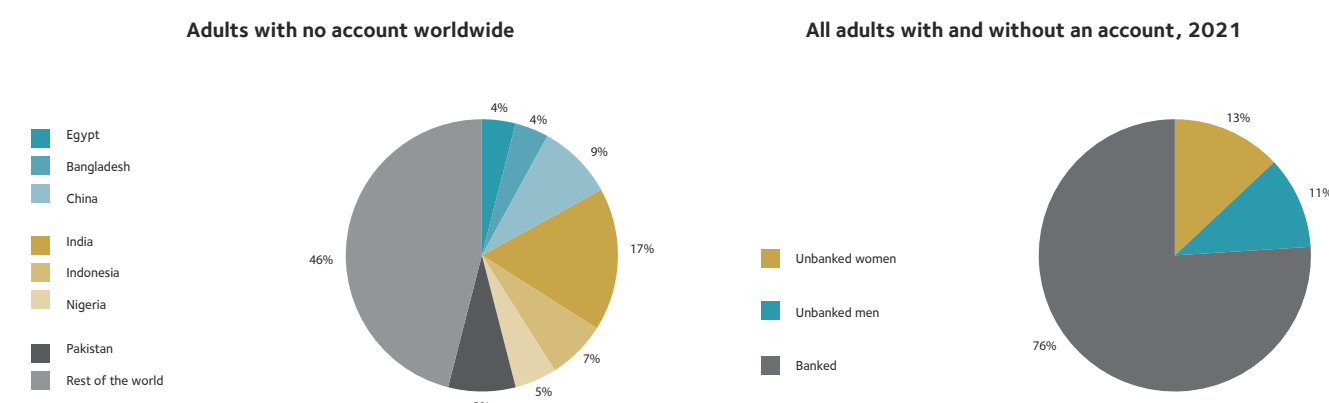
Covid-19 pandemic created a global upswing in financial inclusion and digital payments in 2021 according to the World Bank's Global Findex Database



✓ Globally, **about 1.4 billion adults are still unbanked in 2021** – that is, they do not have an account at a bank, financial institution or through a mobile money provider. However, this number has declined from 2.5 bn. in 2011. As account ownership continues to grow, the poor, less educated women and adults continue to make up the majority of people excluded from the formal financial sector. Improving financial access for these groups will involve building an enabling, inclusive infrastructure for financial services.

Globally, 1.4 billion adults are unbanked in 2021.

✓ The majority of the world's unbanked adults live in developing economies. **Around 54% of the unbanked -740 million people - live in seven developing economies only according to 2021 Database. Women are more likely than men to be unbanked. About 740 million women (13% of all adults globally and 54% of the unbanked) do not have an account.** Women are often excluded from formal banking services because they lack official forms of identification, do not own a mobile phone or other form of technology, and have lower financial capability.



✓ **Lack of money, high cost of financial services and distance to financial institutions are the top reasons people remain unbanked.** Expensive financial services were the most common reason in Latin America and the Caribbean. In Europe, and Central Asia and in Latin America and the Caribbean, about a third of unbanked adults said they do not have an account because **they distrust the banking system**. In the Middle East and North Africa, **religion** was the most common reason for not having a bank account as adults prefer Sharia-compliant banking services. In Sub-Saharan Africa, the lack of money **and not having a mobile phone or documentation needed** were the most common reasons for not having mobile money accounts.

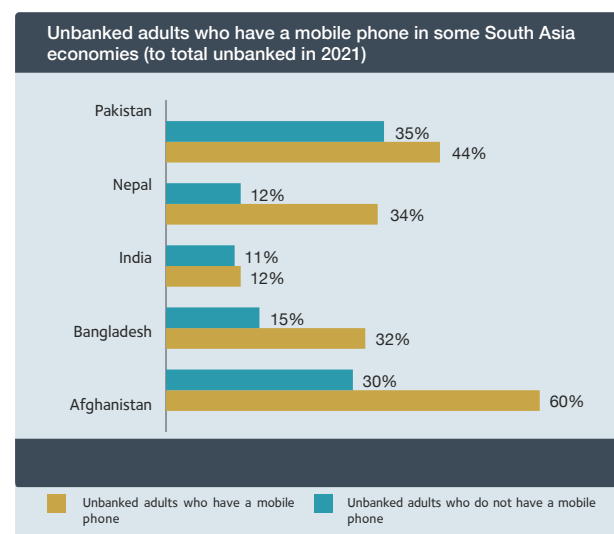
✓ **Opportunities to expand financial inclusion through better access to formal identification and mobile phones:**

- **Providing adults with identification could help increase account ownership:** Identification is almost always a requirement for opening an account at a bank, financial institution, or through a mobile money service provider. Widespread identification documentation is therefore necessary for the success of national strategies to expand financial inclusion, especially among women, rural dwellers and poor adults. In 83% of economies in Sub-Saharan Africa, commercial banks require a government-issued identification document. This requirement appears to be a barrier as 37% of unbanked adults said lack of documentation was one reason they did not have an account at a bank or financial institution, and 30% of adults said that it was a barrier to opening a mobile money account.

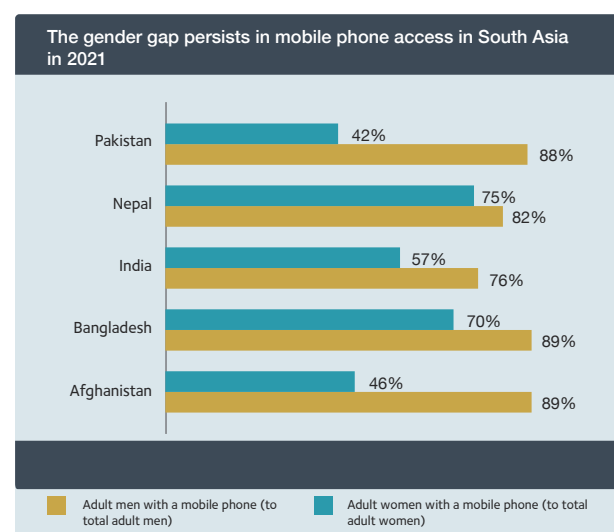
More than 100 million unbanked adults have no ID in Sub-Saharan Africa in 2021

Covid-19 pandemic created a global upswing in financial inclusion and digital payments in 2021 according to the World Bank's Global Findex Database

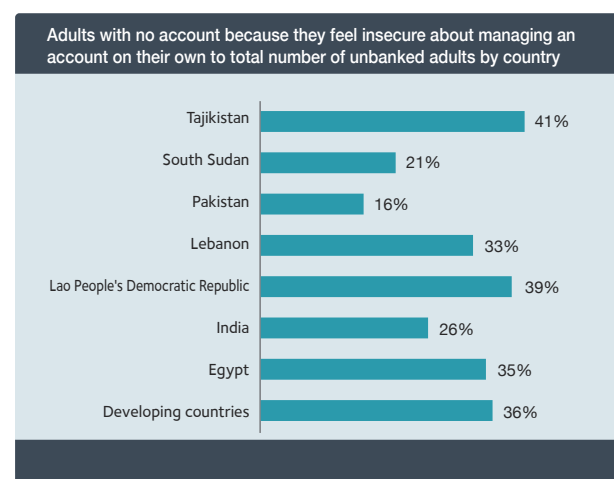
- Leveraging mobile phones could increase financial account ownership:** In many high-income economies, debit and credit cards used at point-of-sale terminals dominated the digital payments landscape. By contrast, in developing economies fewer adults had such cards. The growing presence of mobile phones in developing economies could allow these economies to leapfrog directly to mobile payments and thereby increase account ownership. In South Asia, for example, 240 mn. unbanked adults had a mobile phone – that is, more than half of the 430 mn. unbanked in the region. Similarly, in Sub-Saharan Africa 165 million adults without an account (56% of the unbanked) had a mobile phone.



- The gender gap in mobile access must be addressed to ensure equitable progress on financial inclusion:** Leveraging mobile phone ownership to expand financial inclusion could also narrow the gender gap in economies where women were as likely as men to own a mobile phone. In south Asia, for example, women were 22% less likely than men to have a mobile phone. Among adults in Sub-Saharan Africa, 80% of men had a mobile phone, compared with 69% of women, a gender gap of 11%.

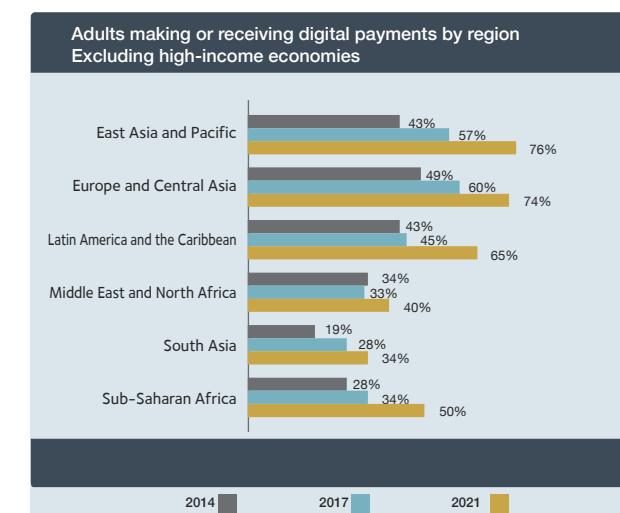


- Unbanked adults expressed insecurity about managing an account on their own:** In developing economies, 64% of unbanked adults said they could not use an account without help. Thus, financial service providers must play an important role in ensuring that staff and agents provide complete and accurate information, and governments must define and enforce consumer protection regulations.



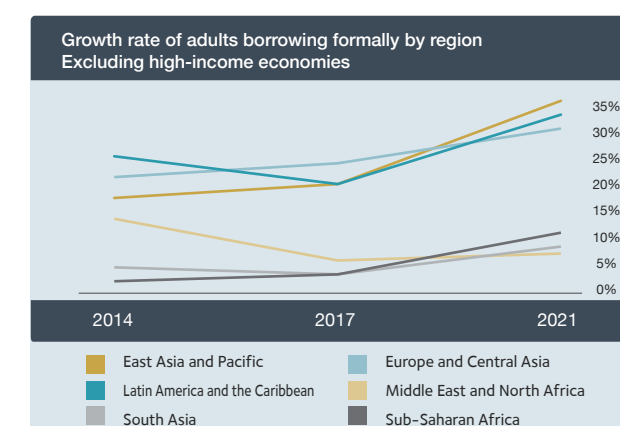
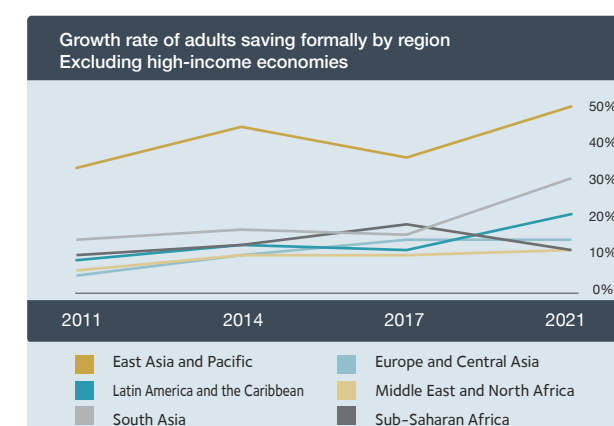
- The goal of financial inclusion is for individuals to benefit from the use of their formal financial accounts** in financial services including digital payments, savings, and appropriate credit. The Global Findex Database 2021 survey revealed growth in digital payments, savings, and borrowing as follows:

- The share of adults making or receiving **digital payments** using mobile money accounts, debit or credit cards, or using a mobile phone and the internet to make a payment or transfer money from their own account, as well as to pay bills or receive transfers and wages whether from individuals or governments in developing economies grew at a rate outpacing growth in account ownership. In 2021, growth in digital payments reached 76% in East Asia and Pacific, 74% in Central Europe, 65% in Latin America and the Caribbean, and 40% in Middle East and North Africa. **Modes of making digital payments** varied across different regions of the world during 2021 from using debit and credit cards only to using mobile money accounts and the internet. On the one hand, Sub-Saharan



Africa showed considerable growth in using mobile money accounts and the internet in direct purchase transactions as the share of adults using this mode reached around 30% in 2021, followed by East Asia and Pacific at 20% in the same year. On the other hand, the share of adults using debit and credit cards as a mode of making payments ranged between 2% and 8%. The share of adults using both modes in the Middle East and North Africa was the same at 6%.

- The growth rate of adults **saving formally** at a financial institution or using mobile money accounts in developing economies increased. East Asia and Pacific recorded the highest growth rates in formal savings, reaching 40% in 2021, followed by Sub-Saharan Africa at 26%, while Middle East and North Africa recorded 12% growth. Moreover, the share of individuals **borrowing formally** from a financial institution or through the use of a credit card or mobile money accounts in developing economies increased to around 23% in 2021. In addition, East Asia and Pacific witnessed the highest growth rate in individuals borrowing formally, reaching 33%, followed by Latin America and the Caribbean at about 31%, and Europe and Central Asia at around 29%.

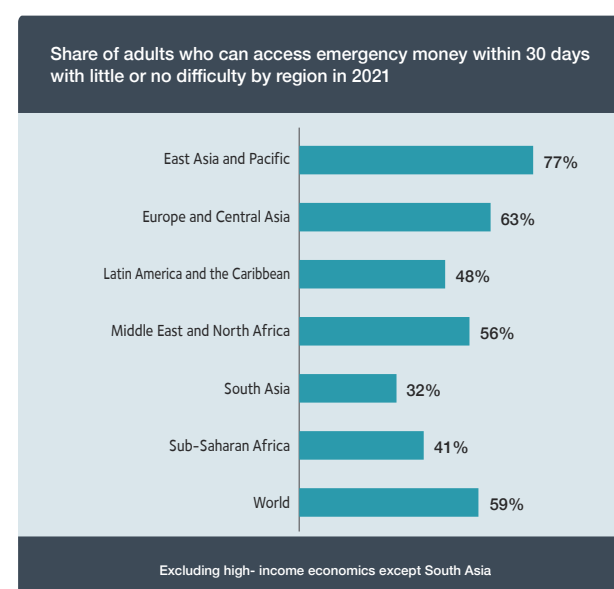
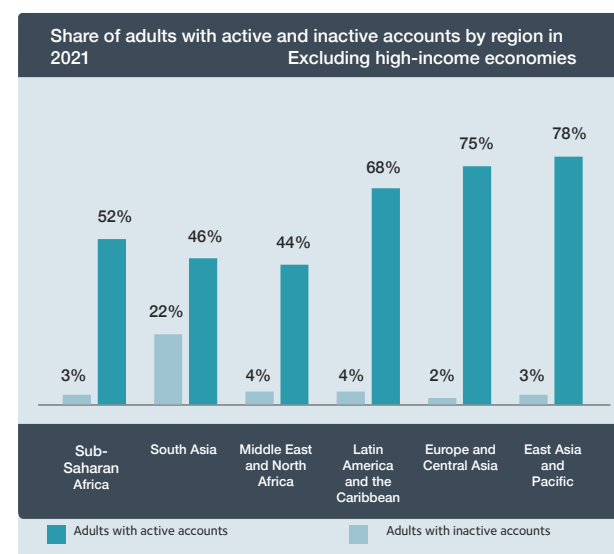


Covid-19 pandemic created a global upswing in financial inclusion and digital payments in 2021 according to the World Bank's Global Findex Database

✓ **There is still a gap in the usage of financial accounts as there are accounts that are still inactive.** The share of account owners with an inactive financial account in developing economies fell from 17% in 2017 to about 12% in 2021. South Asia had the highest share of adults with inactive accounts, reaching 22% in 2021.

✓ **Financial inclusion and financial well-being:** Financial inclusion can support well-being by helping people feel secure in their financial future. It is noteworthy that development goals include improvements in financial well-being. Financial resilience and financial worrying are considered the most important determinants of the level of people's financial well-being.

• **Financial resilience** is the ability of adults to access financial resources and cope financially when faced with a drop in income or an unavoidable expense. Adults adopt different approaches to bridge a sudden finance gap like calling on family and friends, working additional hours, drawing down savings, taking out a loan, or selling an asset. In high-income economies, adults prefer to use savings as a source of emergency money. However, in developing economies, adults prefer to call on family and friends to access emergency money, where calling on family and friends is the most common source of accessing emergency money in developing economies though it is often an unreliable source. More than half of the adults in the Middle East and North Africa depend on family in emergencies.

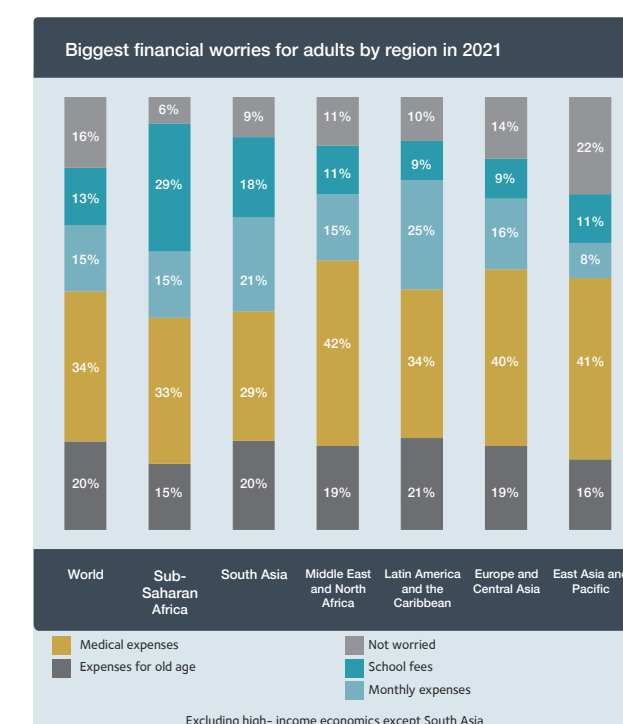


Financial accounts owned by individuals with banks can boost financial resilience: Owning a financial account is associated with an increase in the likelihood of using savings as a primary source of emergency money and in the reliability of savings. In addition, digitalizing payment systems, expanding bank services and mobile money agent networks, and offering commitment savings accounts may help individuals build stronger financial resilience.

• **Financial worrying** is another dimension of financial well-being. Financial worrying can be defined as the anxiety that people feel about their financial lives. Not having sufficient protection from financial crises, having trouble paying for basic family needs, or falling behind on personal goals influence how stressed people feel towards their financial security. Therefore, it is logical to assume that people who are barely meeting their living expenses with the income they have — and with no extra money for unexpected expenses—are likely to worry more than people who have an income buffer. In addition, adults in developing economies are more likely to be worried about finances than adults in high-income economies.

• **Financial issues facing individuals that usually cause them financial anxiety vary.** They can be summarized as follows: living expenses for old age, medical costs arising from a serious illness or accident, monthly bills and expenses, and school or education fees. Generally, medical costs stand out as the biggest financial worry for adults, especially in developing economies where 36% of adults said that medical costs were their biggest financial worry. Not having enough money for medical bills was the top financial concern in 71 of the 80 developing economies. Moreover, medical costs were the top cause of financial worrying in general, especially following Covid-19 pandemic that gave more weight to this factor.

• **School fees is the second biggest source of financial worrying** in Sub-Saharan Africa, where 29% of adults named school fees as the issue of most concern. But frequently old age was not often the biggest worry for adults because it could seem further away and adults had immediate concerns about more than one area of financial life such as medical expenses and school and education fees.



• **Opportunities to support financial well-being through the financial system:** Though financial well-being and its outcomes such as resilience and stress are mainly influenced by many factors outside the financial system, developing services provided by financial institutions and introducing the necessary laws can play an important role in driving financial well-being for individuals. It is worth noting that designing and delivering products and services with demonstrated benefits to customers by financial institutions as well as preventing and mitigating consumer risk and harm by identifying and weeding out bad practices have an effective role in improving financial resilience and reducing financial stress.

✓ Findex headline findings in Egypt until 2021, according to the Central Bank of Egypt:

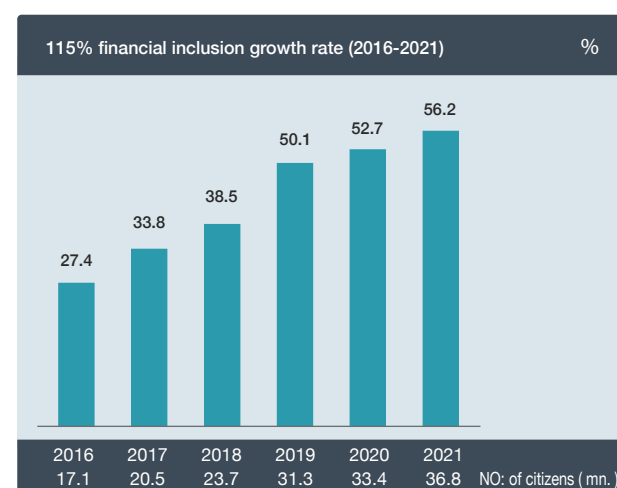
Financial inclusion percentage (financial account ownership for citizens aged 16+)

56.2%

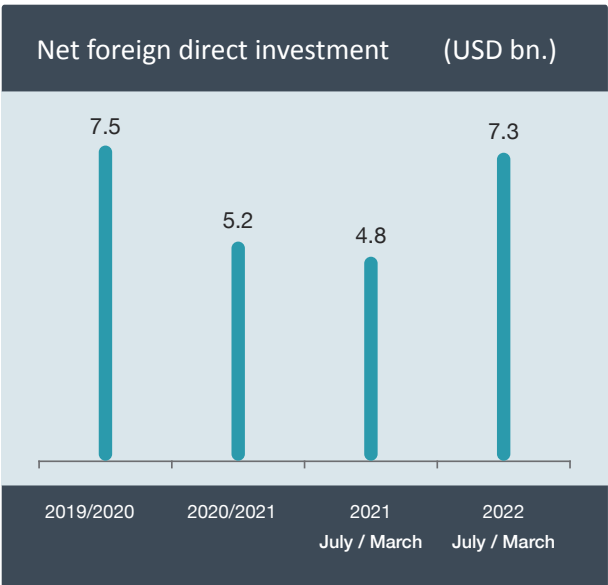
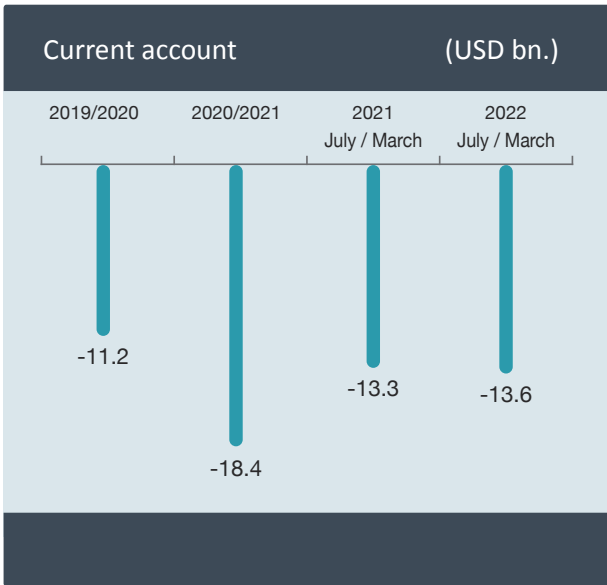
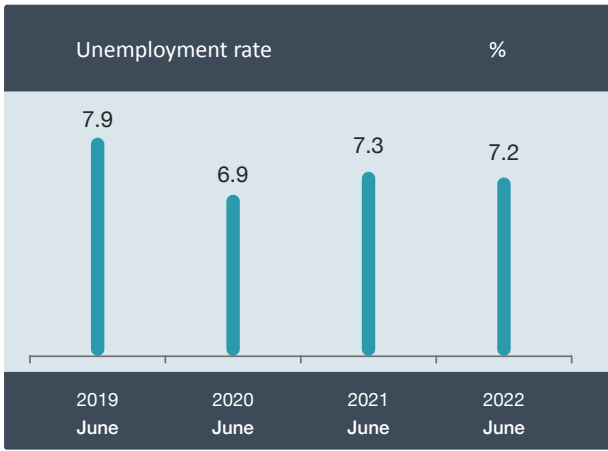
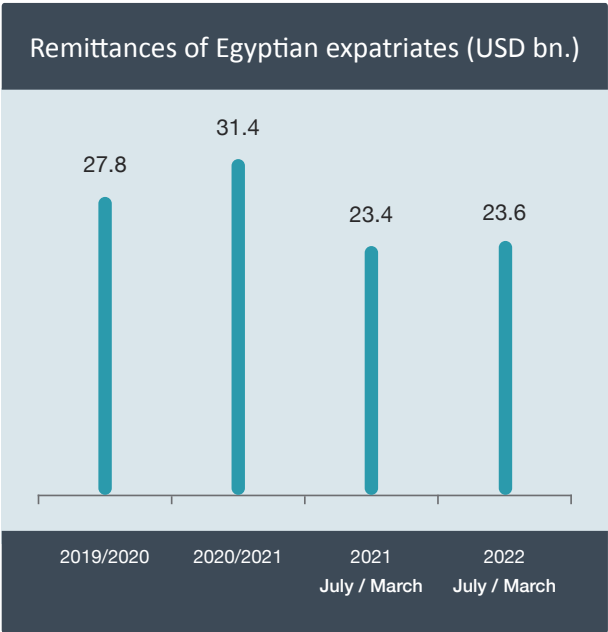
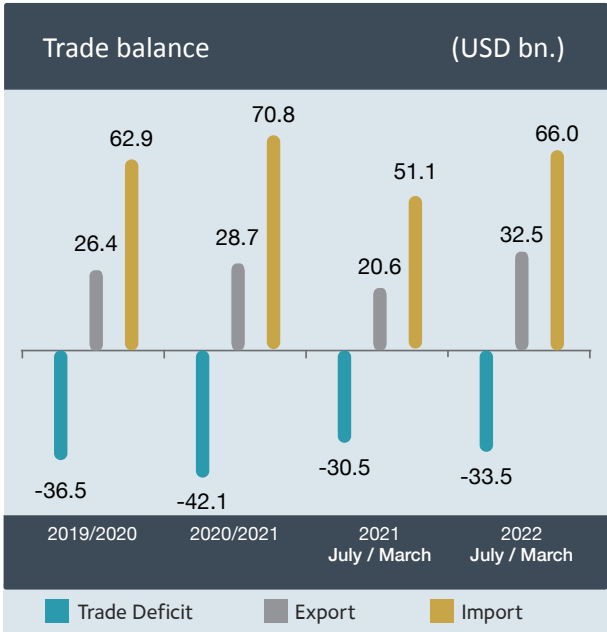
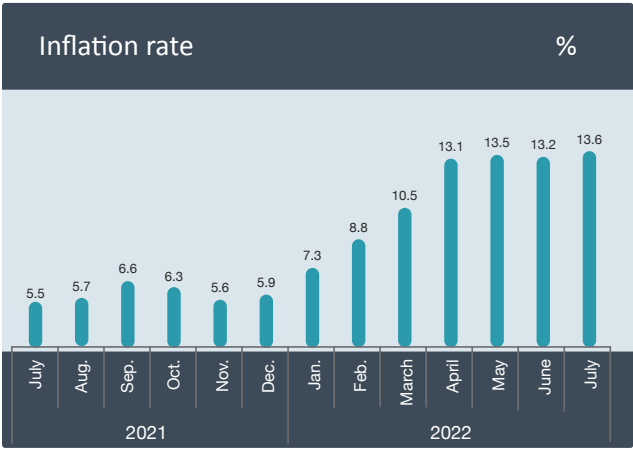
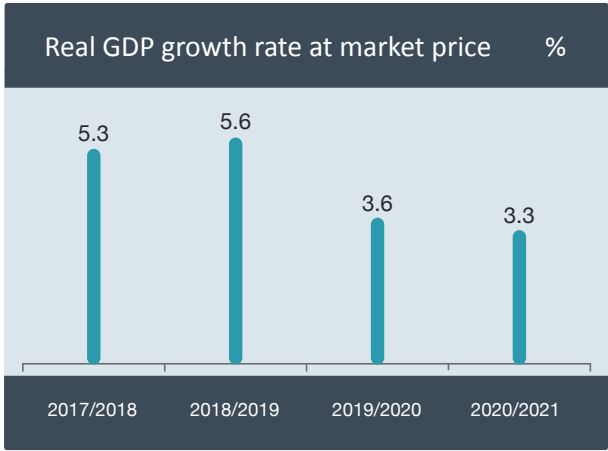


36.8 mn.
citizens out of a total of
65.4 mn. citizens

16 mn. women
own a financial account
growth rate 171%



Egyptian Economy
in Brief



Best Regards

For more information, please contact:

Research Team

Research_nbe@nbe.com.eg

This Bulletin is published in both Arabic and English languages quarterly for circulation in Egypt and abroad free of charge to those who are interested in following up the Egyptian economic developments. The staff of the Research Division have taken all due care to ensure the accuracy of the facts and figures, but the Bank assumes no responsibility for interpretations or opinions expressed. Reprints are permitted provided that the source is acknowledged.

Issues of Economic Bulletin are available on NBE's website:
[https:// www.nbe.com.eg/NBE/E/#/EN/EconomicBulletin](https://www.nbe.com.eg/NBE/E/#/EN/EconomicBulletin)





بنك أهل مصر

1187 Corniche El Nile - Cairo
Tel.: 25945000 - Fax: 25945137
Home page: www.nbe.com.eg