

4th issue - December 2024
Volume 74



Economic Bulletin



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Economic
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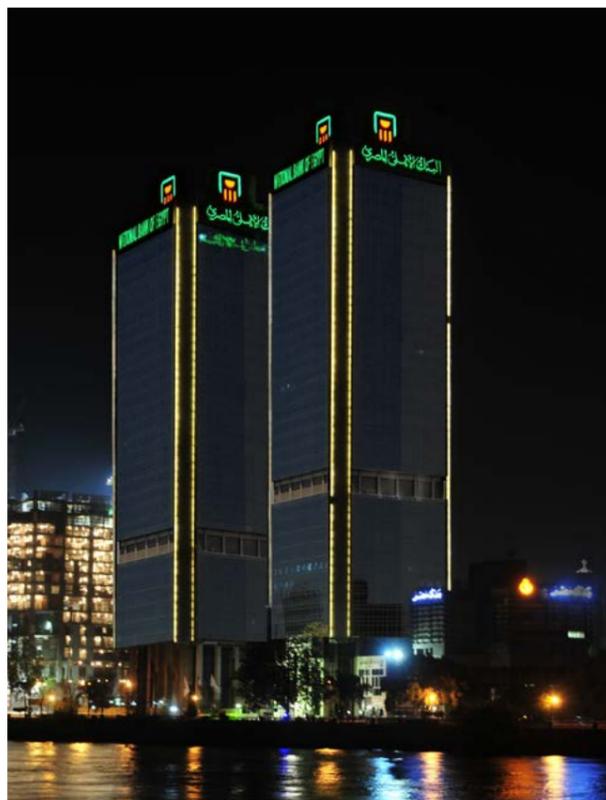
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Increasing NBE's authorized, issued and paid-up capital

EGP 300 bn.
Authorized Capital

EGP 160 bn.
Issued & Paid-up Capital



NBE launches the first Touch Card in Egypt

National Bank of Egypt (NBE), in cooperation with Mastercard, launched the first "Touch Card" in Egypt, to cater for the needs of visually impaired customers. Touch Card is the first innovative payment solution in Egypt, tailored for the blind, visually impaired and partially sighted. It was meticulously designed to be linked to currently used payment devices, i.e. POS and ATMs, which ensures its widespread use in line with NBE's strategy that supports financial inclusion. The Card will enable the visually impaired to confidently manage their financial affairs, and fully and independently engage in the digital economy in the era of digital technology. In this vein, the card is designed to have unique tactile (rounded or triangular) notches on its side to help users easily identify and differentiate between debit and prepaid cards. On a related note, NBE trained 400 employees to use sign language at 230 branches in various governorates, in addition to 60 branches offering Braille-enabled banking models to serve the blind and visually impaired. Moreover, the Bank provides 1,288 ATMs to serve the visually impaired, 34 ATMs with a special space for wheelchairs to serve people with motor disabilities, and 28 ATM buses equipped with special escalators. In addition, NBE offered 60 finance programs under "Himma" initiative for people with special needs.

NBE inks a cooperation agreement to introduce "Digital Human"

NBE and Mastercard signed a cooperation agreement to introduce "Digital Human" to manage non-financial customer interactions, and provide superior AI-powered digital services virtually, to uniquely enhance the digital banking experience. The agreement is seen as an unprecedented step in the Egyptian banking sector, and a rich experience for NBE to integrate the digital element into its non-financial services. This is commensurate with NBE's continuous drive for expanding its technological infrastructure, updating its electronic and digital services, and employing major investments to square with the digital developments in its digital products and services. NBE is keen on keeping pace with the rapid global developments in artificial intelligence (AI), as one of the global trends in various areas, especially banking. In this vein, NBE is expected to introduce "Digital Human" at its electronic service branches, marking a milestone in developing such model of branches. It is worth noting that "Digital Human" refers to providing services using a computer to simulate a person who can interact with users through digital interfaces. These services are usually designed to resemble the appearance, behavior and communication patterns of humans using advanced technologies.

NBE maintains its leadership in quality legal management in Egypt, Africa and the Middle East for the third year in a row, and receives the African Legal Award 2024

For the third year in a row, NBE Legal Group maintains ISO 9001/2015 certification for quality management system, granted by the prestigious and internationally leading British Standards Institution (BSI), being the first legal group in Egypt, Africa and the Middle East to obtain this BSI certification, which was granted to the Bank earlier in 2022. Moreover, the Legal Group received the African Legal Award (AFLA) 2024 from Law.Com International. This enhances international institutions' appreciation and confidence in the management systems and standards of NBE as one of the pillars of the Egyptian economy. It also highlights the efficiency of NBE Legal Group's team, including its two arms: Litigation and Legal Support, and promotes the Bank's leadership in complying with international best practices and standards with respect to the state-of-the-art legal approaches and procedures as well as controls commensurate with global developments, which are applicable at major financial and banking institutions. This came in light of the cooperation between NBE's Legal Group and various other groups in conducting business to achieve the highest quality and efficiency in providing banking services to customers, which will help achieve the Bank's goals and strategies most efficiently. In the same vein, the Legal Group developed and operated an automation system for the litigation divisions, which contributes to implementing NBE's digitalization strategy and leveraging the technological revolution to enhance the efficiency and effectiveness of legal services provided to the Bank's various business sectors. Moreover, the remote electronic litigation system was operated, where fully equipped halls were designed to follow up legal proceedings electronically before the competent courts. In addition, the Legal Academy Program was launched, which aims to transfer the expertise of the Legal Group's calibers to new employees to provide them with the necessary skills in various legal fields and qualify them to work as banking lawyers with diverse experiences.



NBE: Leadership, excellence and persistence in promoting Egypt's economy and financial inclusion

NBE maintains the quality certification in logistics and warehousing for the second year in a row

For the second year running, NBE maintains "ISO 9001" quality certification granted by the British Standards Institution (BSI) in logistics and warehousing, in light of developing and expanding its operations and upholding the highest levels of quality, efficiency and sustainability in this regard. This enhances international institutions' appreciation and confidence in the management systems and standards of NBE as one of the pillars of the Egyptian economy, especially that NBE is the first Egyptian bank to receive such certification. This also highlights NBE's keenness on providing all operational requirements at the highest technical quality, in line with successive developments, to achieve the Bank's goals and strategies most efficiently and effectively. The certification is a testimony to the efficiency of the logistics and warehousing support team at the Administrative Support Group, who is committed to achieving sustainability in logistics, promoting supply chains and reducing risk to the lowest levels.

Fitch upgrades NBE's credit rating with a stable outlook

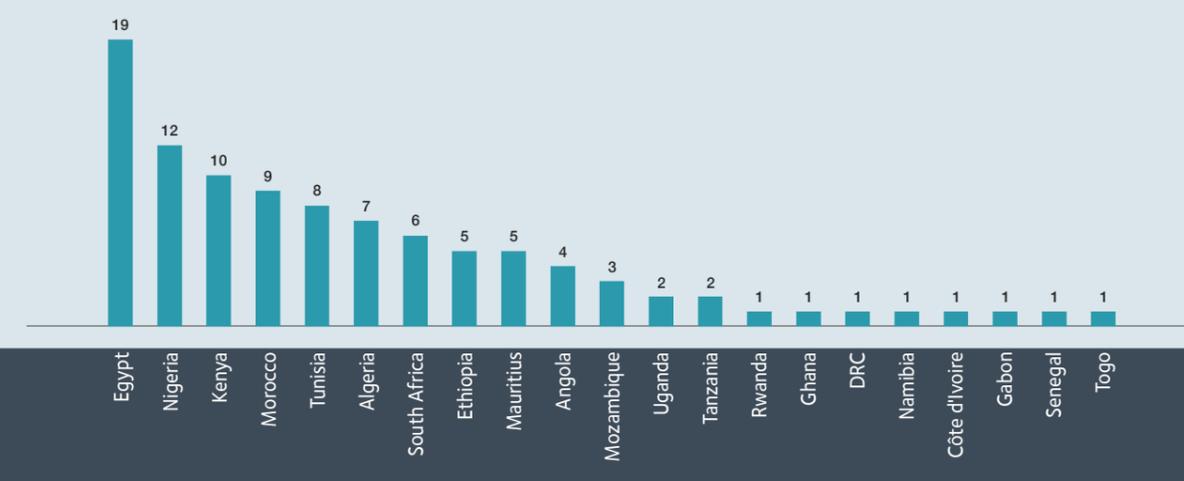
In November 2024, Fitch upgraded NBE's long-term credit rating from "B-" to "B", with a stable outlook. Fitch indicated that Egypt's improved economic climate was reflected in Egyptian banks' performance in general and led to risk reduction, in light of huge FDI inflows, increased international reserves, greater exchange rate flexibility, commitment to structural reform measures and expected growth of real GDP, as well as a projected decline of public debt/GDP ratio and lower inflation rates in the next two years. Fitch's upgrade of NBE's credit rating followed Egypt's sovereign rating upgrade.

Long-term credit rating	B
Outlook	Stable

19 Egyptian banks topped by National Bank of Egypt on African Business list for "Africa's Top 100 Banks 2024"

African Business announced its list for "Africa's Top 100 Banks 2024" according to Tier 1 capital. The list featured 19 banks from Egypt's banking sector that were led by the National Bank of Egypt (NBE). Nigeria and Kenya's banks came in second and third with 12 banks and 10 banks each, respectively.

Geographical distribution of African banks on the list of Africa's Top 100 Banks



Rankings of Egyptian banks on the list of "Africa's Top 100 Banks"

2	National Bank of Egypt	14	Commercial International Bank
6	Banque Misr	19	QNB Al Ahli
13	Arab African International Bank	31	Banque du Caire



19 Egyptian banks topped by National Bank of Egypt on African Business list for "Africa's Top 100 Banks 2024"

34	First Abu Dhabi Bank Misr	76	Export Development Bank of Egypt
40	Faisal Islamic Bank of Egypt	78	Ahli United Bank
41	HSBC Egypt	80	Abu Dhabi Islamic Bank - Egypt
55	ALEXBANK	82	Crédit Agricole Egypt
72	Housing and Development Bank	96	Al Baraka Bank Egypt
73	Société Arabe Internationale de Banque	98	Abu Dhabi Commercial Bank - Egypt
75	National Bank of Kuwait		

Positive outlook for Egypt's economy by major international credit rating agencies

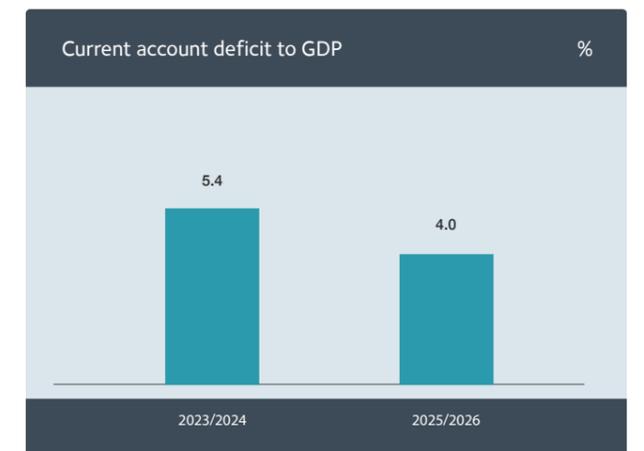
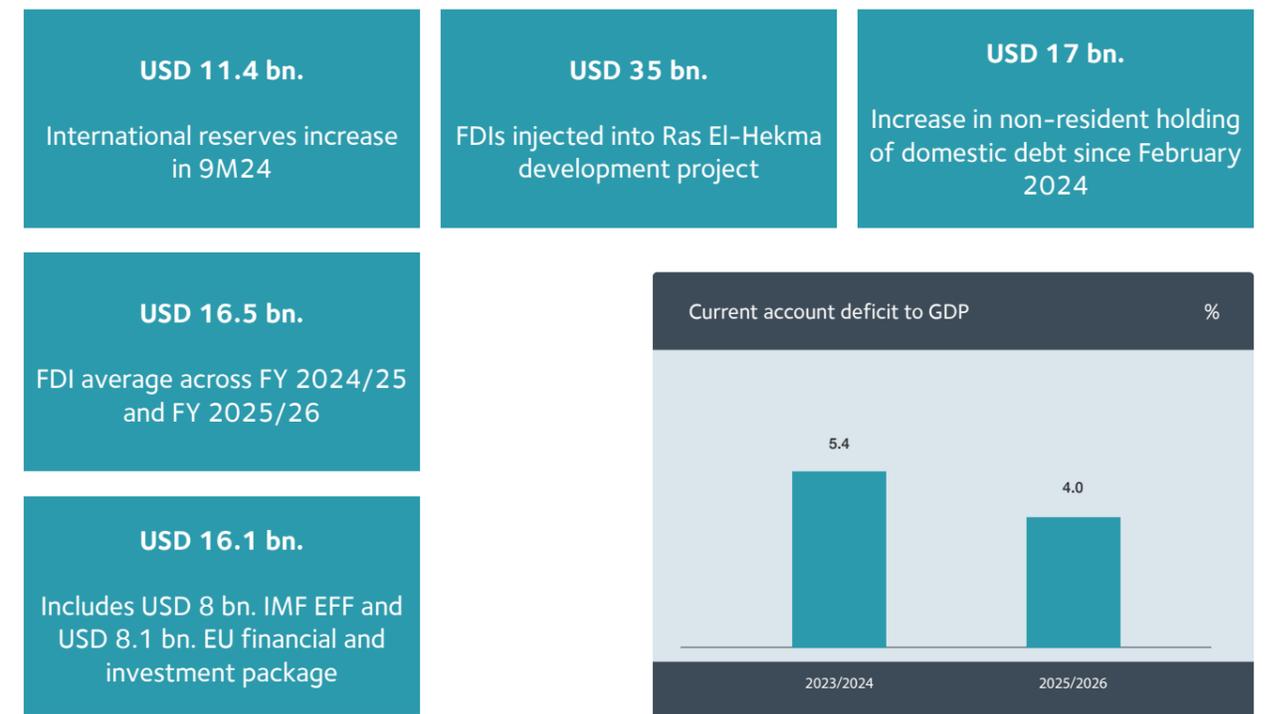
A number of major international credit rating agencies announced their positive outlook for Egypt's economy, by upgrading or affirming Egypt's sovereign rating, commending the economic developments and reforms recently adopted by the government.

Fitch Ratings

In November 2024, Fitch upgraded Egypt's long-term foreign-currency sovereign rating from "B-" to "B", with a stable outlook. Such upgrade reflects a positive outlook by a major international rating agency for the path and potentials of the Egyptian economy. In this vein, Fitch pinpointed the key drivers for rating upgrade:



- **Lower external risk:** Fitch indicated that Egypt's external finances have been significantly bolstered, which helped enhance foreign exchange reserves and raise market confidence in Egypt's ability to face external shocks, noting in this regard the greater exchange rate flexibility, tighter monetary conditions, huge foreign direct investments (FDIs) from Ras El-Hekma project, non-resident inflows into the debt market and new IFI financing, as well as Egyptian expatriates' growing remittances.





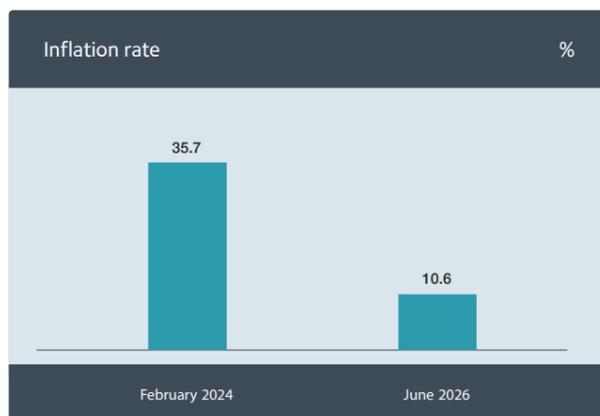
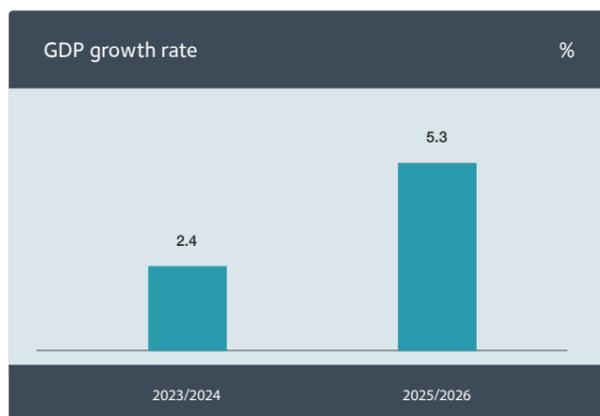
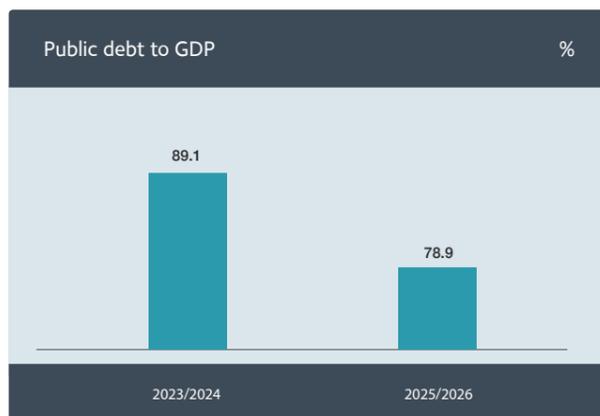
Positive outlook for Egypt's economy by major international credit rating agencies

- **Public finances and public debt:** Fitch noted lower risk in this respect, indicating that financing for large capex projects has slowed, and that overall public investment has been capped at EGP 1 trillion during FY 2024/25. Moreover, the planned inclusion of 59 economic entities into FY25 budget would help improve management of broader public spending. Measures to broaden tax base and cut fuel subsidies would help contain the general government deficit. It also anticipated a marked reduction in domestic debt interest burden to GDP.

Inclusion of 59 economic entities into the state budget

EGP 1 trillion
Cap for overall public investments in FY 2024/25

- **Accelerating growth:** Fitch forecasts GDP growth to edge up to 5.3% in FY 2025/26.
- **Falling inflation:** inflation is projected to slow down, in light of lower inflationary pressures and relative exchange rate stability, to 10.6% at end-FY 2025/26.
- **Banking sector:** Fitch Ratings announced upgrading its rating for four Egyptian banks from "B-" to "B", with a stable outlook. The upgrades reflected the strong correlation of the banks' creditworthiness with that of the Egyptian sovereign. The banks are the National Bank of Egypt (NBE), Banque Misr (BM), Banque du Caire (BDC) and Commercial International Bank – Egypt (CIB).



Standard & Poor's (S&P)

In October 2024, S&P Global Ratings affirmed its 'B-/B' long- and short-term foreign and local currency sovereign credit ratings on Egypt with a positive outlook, noting the following:

- ✓ The economic reform momentum is broadly on track, based on the IMF-supported reform program under the USD 8 bn. Extended Fund Facility (EFF).

Egypt has taken decisive steps to move to a flexible exchange rate regime, where exchange rate was liberalized and unified in the official and parallel markets in March 2024.

The monetary policy was tightened to reduce inflation and reverse dollarization, where basic interest rates were raised 600 bps in March 2024, following an increase of 200 bps in February 2024.

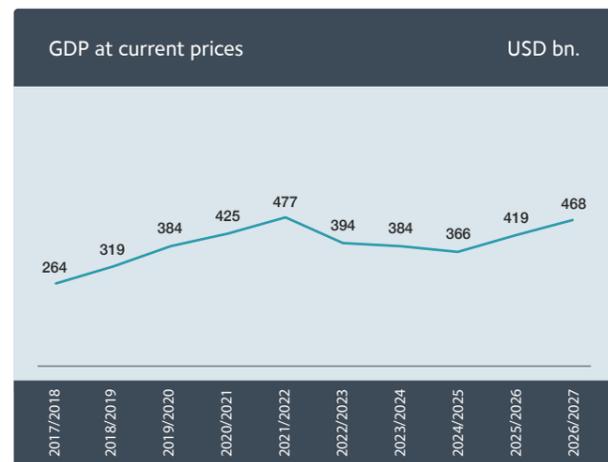
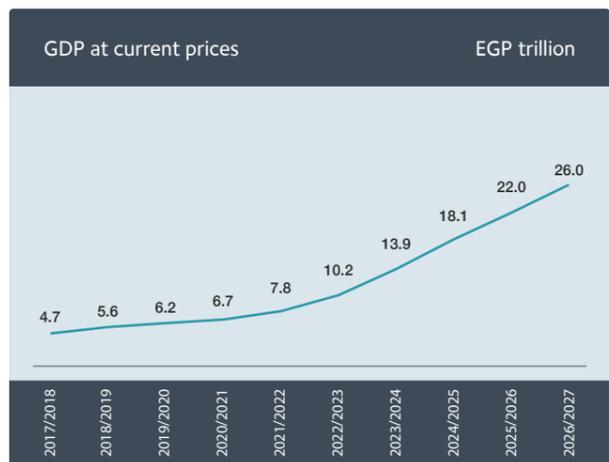
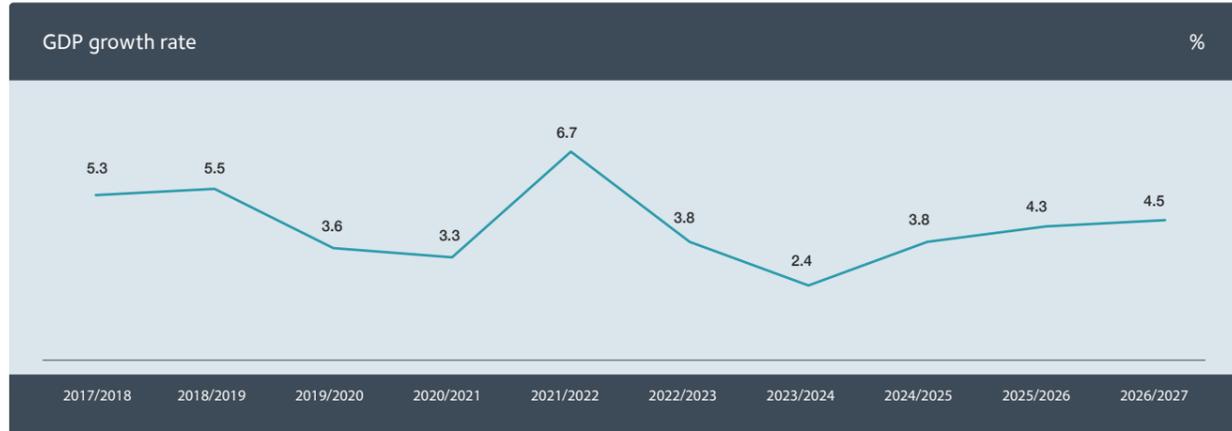
Three IMF reviews of Egypt's reform program were successfully completed, where the relevant IMF loan tranches were disbursed. The fourth review will be completed in December 2024.

- ✓ The exchange-rate liberalization in March 2024, alongside large FDI and donor inflows, has ensured the foreign-exchange market is now driven mostly by supply and demand, which would support Egypt's growth prospects and ability to adjust to external shocks. Over time, these factors should help reduce inflation and public debt burdens.
- ✓ The agreement with the UAE government on Ras El-Hekma development project guarantees pumping immediate FDIs worth USD 35 bn. The project is expected to court investments of USD 150 bn. during its development stages.
- ✓ The EU announced a EUR 7.4 bn. (USD 8.1 bn.) financial and investment package for Egypt, including about EUR 5 bn. in concessional loans, EUR 1.8 bn. in investments and EUR 600 mn. in grants.
- ✓ It is estimated that the effective interest rate on total debt to be below expected 2025 nominal GDP growth, paving the way for a downward debt to GDP path. However, this will only happen if real GDP growth remains solid, privatization receipts are used to pay down debt, and the government operates large primary surpluses.

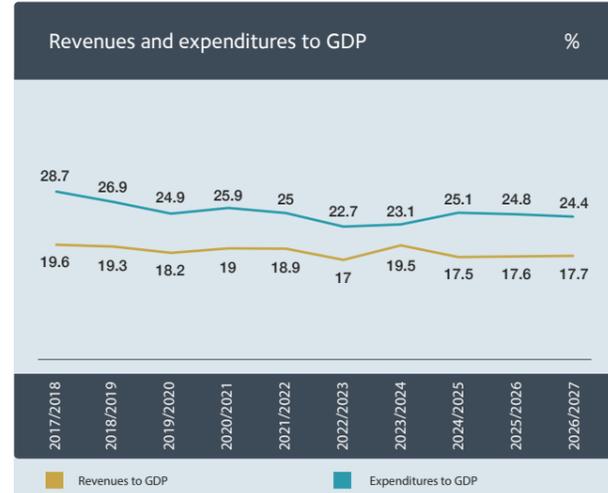
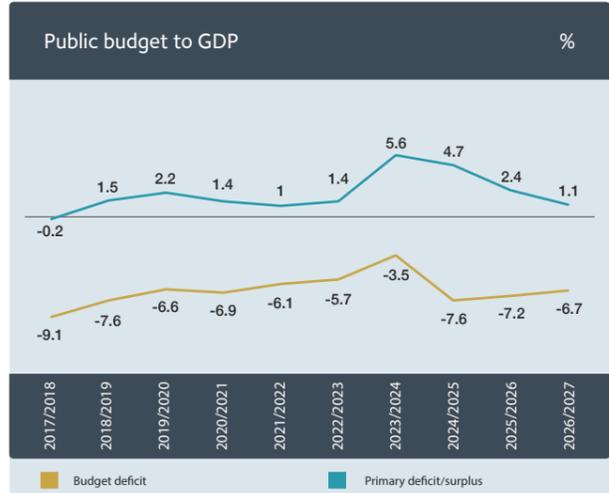


Egypt's economic indicators and S&P forecasts:

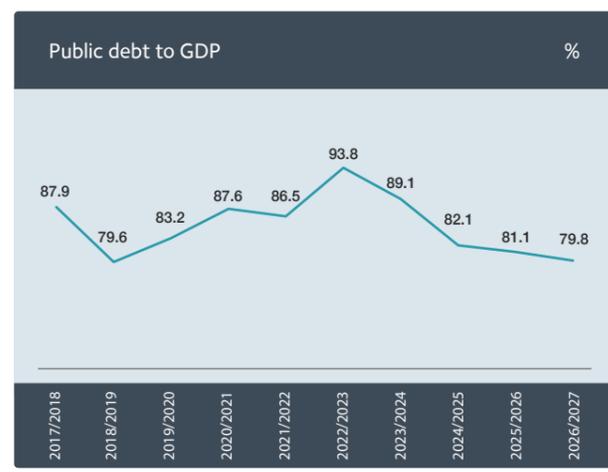
- **GDP growth rate picked up** to 3.8% in FY 2023/2024 and is expected to reach 4.3% in FY 2024/2025, signaling a recovery of Egyptian economy and rebounding market confidence. In this vein, S&P expects that construction, tourism and exports would be key drivers of growth, along with information technology and communications, wholesale and retail trade, agriculture and healthcare.



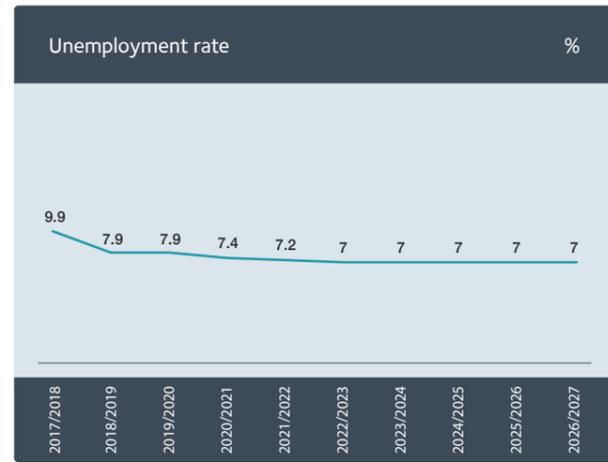
- **Public budget deficit remarkably improved** to stand at 3.5% of GDP in FY 2023/24 compared to 5.7% in FY 2022/23. This is primarily attributable to the exceptional increase in FY2023/2024 budget revenues due to receiving the USD 12 bn. share of public treasury from Ras El-Hekma deal, where primary surplus accounted for 5.6% against 1.4% YoY. However, according to S&P forecasts, budget deficit to GDP would multiply in FY 2024/25, owing to the large increase in debt service payments as a result of monetary tightening and higher interest rates that accompanied increased inflation rates, in addition to the exchange rate changes and their impact on the cost of interest paid in foreign currencies. Budget deficit to GDP would then decline, backed by efforts aimed at achieving the desired fiscal balance, including tax administration reforms and tax base broadening.



- **The government targets public debt to fall** from 89% in FY 2023/24 to 80% at end-FY 2026/27. On the same note, S&P indicated that such expected decrease in inflation and interest rates in FY25 would be reflected on interest rates on government debt issuances, which will have a positive impact on debt service burden.



- **It is estimated to maintain relatively low levels of the unemployment rate**, to stand at 7% during the period FY 2024/25 – 2026/27.

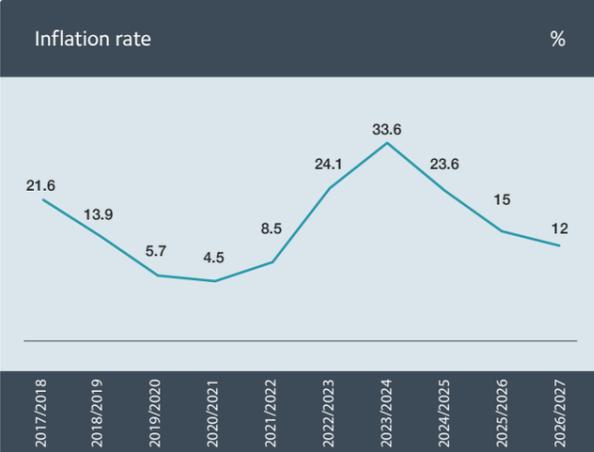
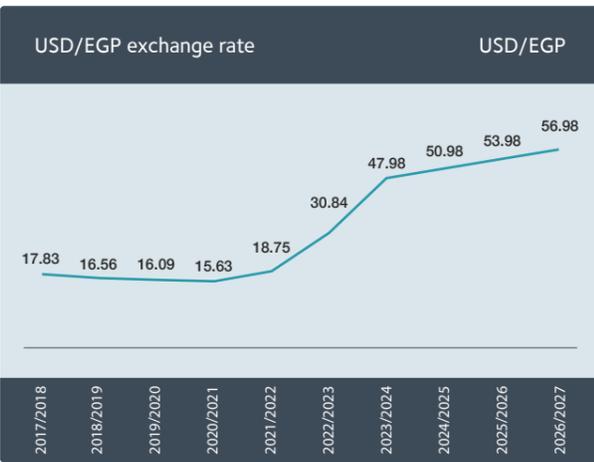
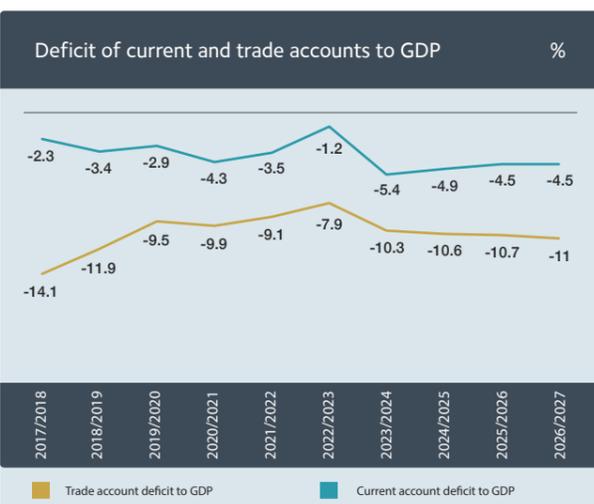


Positive outlook for Egypt's economy by major international credit rating agencies

• **Regarding transactions with the outside world,** S&P indicated that Egypt's current account balance is broadly characterized by constant deficit, which is mainly ascribable to a large goods-balance deficit and a net-income deficit, which service- and transfer-balance surpluses are insufficient to offset. In this context, the following is noted:

- In FY 2022/23, the lack of foreign currency supply led to a sharp contraction in goods imports, which positively impacted commodity balance deficit and current account balance deficit as a whole.
- Current account deficit widened in FY 2023/24, reflecting trade account deficit on the one hand and a fall in Suez Canal receipts amid the regional geopolitical tensions on the other hand.
- Increased exchange-rate flexibility and a more competitive exchange rate would begin to support exports and FDI, while Egyptian expat remittances will continue to strengthen. This should see a gradual narrowing of the current account deficit to GDP in the coming years.

• **Core inflation:** core inflation is well above the upper boundary of the CBE's target of 7% ($\pm 2\%$ p.p.) This is attributable to various factors, including the disruption of supply chains in light of the global and regional geopolitical tensions, depreciating exchange rate and high global inflation rates.



Moody's
 Moody's Ratings announced that Egypt's economic growth rate is forecast to accelerate to about 5% in FY 2025/26, compared to 4% YoY. Moreover, inflation rate is projected to fall to 16% against 27.5% YoY.

5%
 GDP growth rate in FY 2025/26

16%
 Inflation rate in FY 2025/26



Overview of the Egyptian economic performance during the early months of FY 2024/25

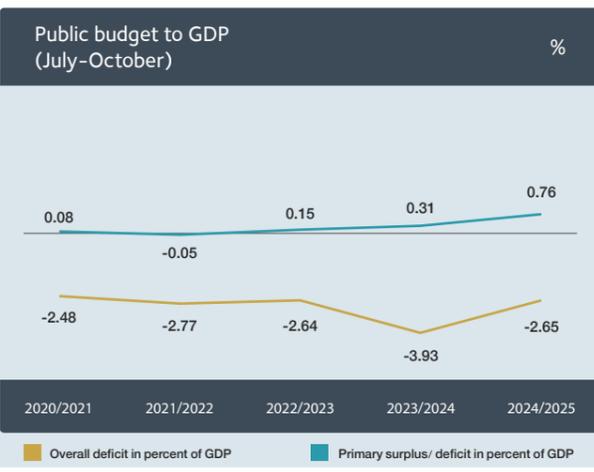
The Egyptian economy achieved outstanding performance indicators during the early months of FY 2024/25. This improvement is concurrent with the government's ongoing reform program and the adoption of many policies and measures aiming at boosting and greasing the wheel of the Egyptian economy.

Maintaining fiscal and economic stability

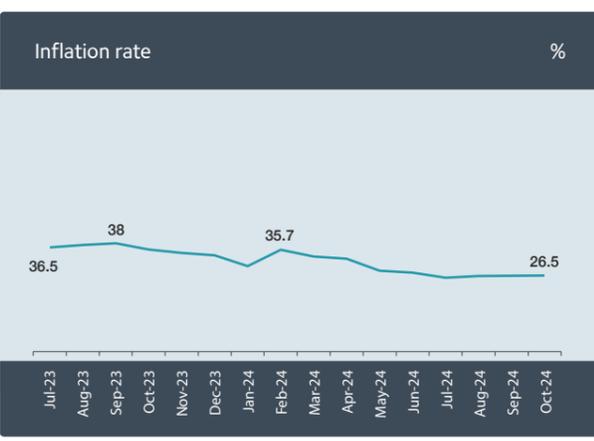
At indicator level

- During the first four months of FY 2024/25, a primary surplus of approximately EGP 130 bn. was achieved (i.e. 0.8% of GDP), driven by a 38% increase in tax revenues. This increase coincides with the Ministry of Finance's announcement of a tax facilitation package, which focuses on balancing and improving the relationship between businesses and the Tax Authority and attracting new taxpayers from the informal sector to the formal sector. Similarly, the overall deficit for the same period also witnessed a significant decline, dropping to 2.65% of GDP.

EGP 130 bn.
primary surplus during the first four months of FY 2024/25



- Inflation rate exhibited, during 2024, a downward trajectory reaching 26.5% in October 2024, lower by 9.3 percentage points compared to October 2023. Moreover, the disinflation trend is expected to continue in 2025.



Source: Ministry of Finance, Macroeconomic Overview and Strategic Initiatives, November 2024

At policy level

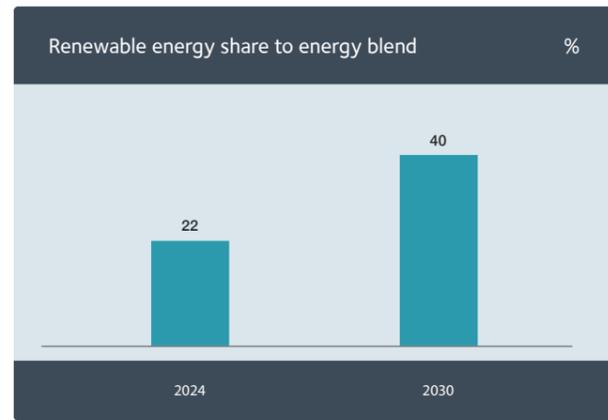
- The government is targeting a primary surplus of 3.5% for FY 2024/25 budget. This includes measures to rationalize public spending and optimize resource allocation.
- It is decided to cap public investments by about EGP 1 trillion for FY 2024/25 budget.
- An annual maximum limit is placed on the general government's debt in both nominal terms and as a percentage of GDP. This will help reduce the debt burden for the public government entities.
- The government has integrated the 59 economic authorities into the new general government budget.

The government is planning to achieve more tax revenues without imposing new taxes or increasing tax rates but rather through a better tax administration system. This includes the following:

- Digitalization and automation
- Widening the tax base and decreasing tax evasion
- Eliminating preferential tax treatment and exemptions for state-owned enterprises (SOEs)
- Revisiting tax breaks provided to companies in free economic zones, SOEs, public sector companies, public business sector companies and economic entities

Ensuring energy security and reducing dependency on fossil fuels

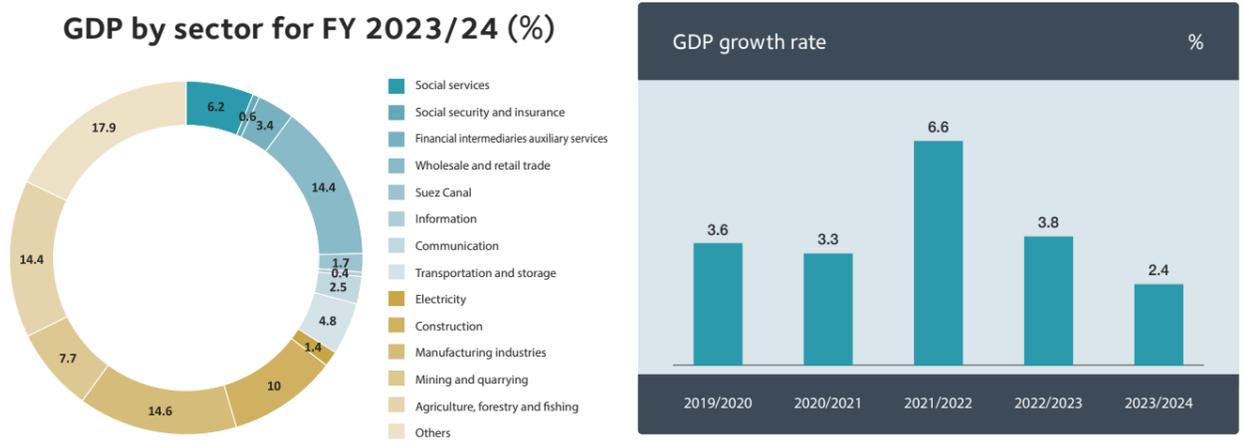
- Fostering investments and production**
Agreements have been made with many international major companies. This has been achieved by paying off and rescheduling arrears while offering attractive incentives to encourage further participation.
- Adjusting prices**
Fuel and electricity prices are increased to better align with production costs. This will have positive impacts on financial sustainability and create fiscal space for more effectively targeted social support programs.
- Energy diversification and transition to cleaner energy**
- Upgrading the national electricity grid**
This includes modernizing the grid using AI-powered control centers and smart units, in addition to upgrading transmission lines and substations.



Enhancing economic private sector-led growth

At indicator level

Despite realizing lower growth rate in FY 2023/24, the Egyptian economy is steadily growing, with more diversified economic activities driving sustainable development.

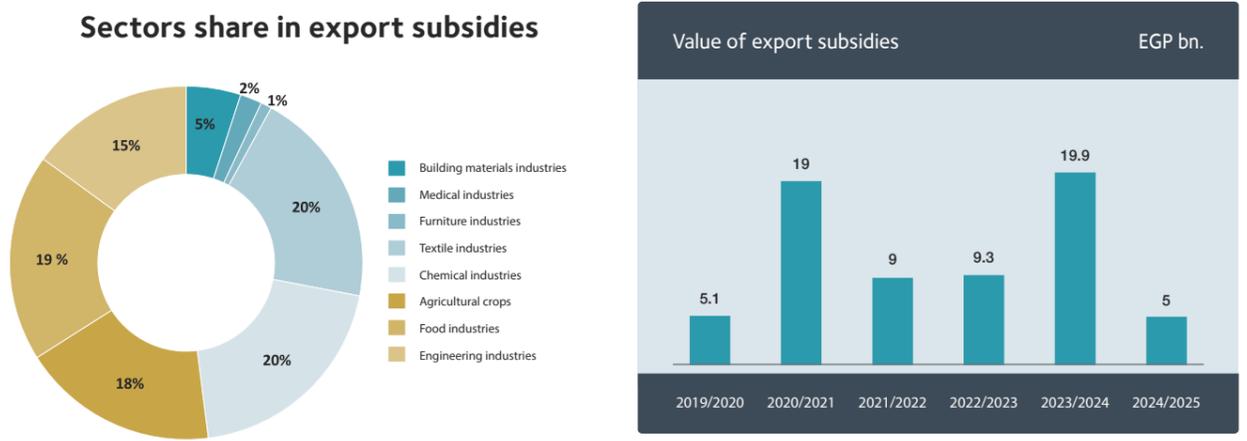


Source: Ministry of Finance, Macroeconomic Overview and Strategic Initiatives, November 2024

At policy level

Export Support Initiative

The total amount provided to more than 3,000 exporters under export support initiatives since 2019 amounted to around EGP 67.15 bn. This amount was disbursed through six initiatives aiming at enhancing the liquidity of exporters, enabling them to expand their operations, increase their competitiveness and access new markets.



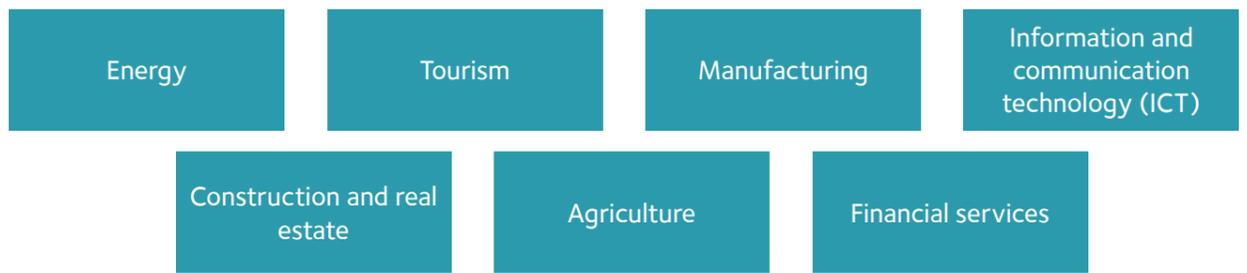
Source: Ministry of Finance, Macroeconomic Overview and Strategic Initiatives, November 2024

New Tourism Initiative

Egypt has launched a strategy aiming at attracting 30 million tourists annually by 2028. Key components of the strategy include:

- Expanding hotel capacity by adding around 250,000 new hotel rooms
- Providing financial support for tourism businesses, including launching an initiative to provide funding to companies for constructing and operating new hotels, and developing existing structures, with priority given to projects in key tourism regions
- The initiative is expected to create around 45,000 new jobs, and the new hotel rooms are projected to generate significant tax revenues and economic benefits
- Developing new tourism products, including cultural tourism and the promotion of sites like the Grand Egyptian Museum, which is expected to draw significant international attention

Key sectors potentially driving growth in the medium term:



Increasing fiscal space for social protection

The Egyptian government targets increasing fiscal space for social protection and expanding social safety nets.

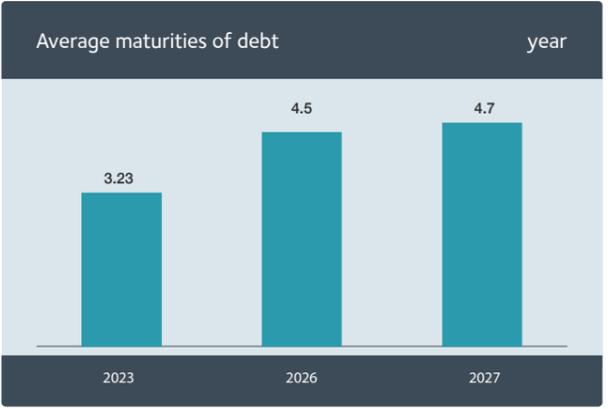
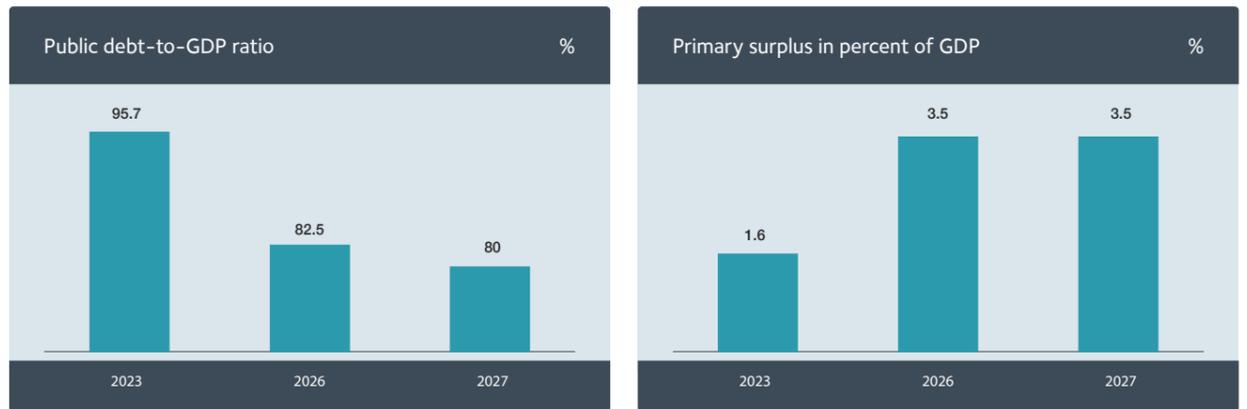
- Rationalizing energy and bread subsidies to provide targeted support to the most vulnerable segments of the society
- Shifting from broad-based subsidies to social welfare programs and initiatives that target families who are most in need, and improving the quality of life of Egyptians living in the most vulnerable communities by investing in healthcare, education, housing and job creation
- Investing in education, healthcare and social services to improve living standards and support long-term economic growth

- Increasing the minimum wage for public servants by 50% from EGP 4,000 to EGP 6,000
- Increasing the income tax exemption threshold by 33% from EGP 45,000 to EGP 60,000
- 15% increase in pensions for the social protection program "Takaful and Karama", costing EGP 5.5 bn.

Debt reduction

Egypt's medium-term debt strategy involves reducing its public debt-to-GDP ratio to around 80% by June 2027. In this regard, the following is targeted:

- Pursuing fiscal consolidation through expenditure rationalization and improving revenue collection.
- Continuing the government initial public offering (IPO) program, as at least 50% of the asset sales will target debt reduction.
- Promoting economic growth, which helps improve the debt-to-GDP ratio.
- Reducing reliance on short-term debt, and extending the average maturity of debts by issuing longer-term bonds and seeking loans with longer maturities.
- Securing external financing at favorable terms, particularly from international development partners such as the International Monetary Fund (IMF), World Bank, and other bilateral partners, which provide financial assistance and technical support. The IMF's Extended Fund Facility (EFF) programs are examples of such support, aimed at stabilizing the economy and implementing necessary reforms.
- Increasing the share of domestic debt compared to external debt.
- Exploring green and sustainable finance options. This includes issuing green and sukuk bonds to finance environmentally-friendly projects and attract a new class of investors interested in sustainable development.



Source: Ministry of Finance, Macroeconomic Overview and Strategic Initiatives, November 2024

In late August 2024, the Egyptian government announced launching the presidential initiative "A New Beginning for Human Building" as a national project that promotes investment in human capital and serves as an announcement of inking a new social contract that highlights the state's investments in human development and building.

In this vein, the list of initiative contributors and stakeholders expands to include several entities and ministries, such as the Ministry of Education (MOE), Ministry of Health & Population (MoHP), Ministry of Endowments, Ministry of Culture (MOC), Ministry of Social Solidarity (MoSS), Ministry of Youth and Sports, etc. The initiative was kickstarted nationwide in September 2024, for a period of one hundred days.

30 entities cooperate and integrate with a view to changing the reality and future of the Egyptian citizen and state

Main pillars: the initiative addresses several areas, including:

<p>Education</p> <p>Developing curricula, providing advanced training programs for teachers, and enhancing the use of modern technology in education.</p>	<p>Health</p> <p>Launching awareness campaigns, healthcare programs and medical convoys in governorates to improve healthcare services.</p>	<p>Job creation</p> <p>Creating new jobs and offering skill development programs, in line with labor market requirements.</p>
<p>Sports activities</p> <p>Promoting sports activities and ensuring the availability of relevant mechanisms in all governorates.</p>	<p>Culture</p> <p>Maximizing the role of culture houses, theaters and cinemas.</p>	

Objectives

- Achieving Egypt's Vision 2030 and the objectives of the Sustainable Development Program with respect to health, education, culture and sports.
- Creating jobs in alignment between state bodies and civil society.
- Improving quality of life for the citizens in all governorates.
- Providing various services, activities and programs targeting all age groups.
- Achieving fair distribution and efficient provision of citizen-oriented services and activities.
- Exploiting available resources to maximize benefits for citizens with immediate impact.
- Enhancing human skills and developing government services.
- Strengthening the role of public and private sectors and civil society in providing services.

- Creating healthy, athletic generations that enjoy culture and maintain values, morals and principles with the support of Al-Azhar, the Church and the Ministry of Endowments.
- Creating generations capable of creativity, innovation and utilizing modern technology.
- Developing and upgrading the legislative infrastructure, ensuring social protection and developing the local community.

CBE's participation in the initiative

In light of its constant keenness on promoting the state's development efforts in all areas, the Central Bank of Egypt (CBE) participated, in cooperation with the banking sector, in "A New Beginning for Human Building" initiative to implement and finance several promising projects with tangible impact on the health, education and financial inclusion sectors, which will help achieve the initiative's objectives. This includes:

- "Eliminating Waiting Lists" initiative, in cooperation with the Ministry of Health & Population (MoHP) and the Fund for Medical Emergency and Treatment of Genetic and Rare Diseases, to install stents and catheters, perform open-heart surgeries, provide 4,000 joints to perform orthopedic surgeries, and cover corneal transplant surgeries in all governorates, in addition to financing the cost of many surgical operations in various other specialties.
- "Development of University Hospitals" initiative, through financing new constructions, renovating existing buildings, providing the necessary equipment and medical devices at several university hospitals (e.g. Cairo University Hospitals and Ain Shams University Medical City), and developing the National Cancer Institute (NCI).
- Procuring, equipping and providing medical devices required for the first national center for liver transplantation in Egypt and the Middle East, affiliated to Mansoura University.
- "Your Health is a Commitment" initiative, in cooperation with Baheya Foundation for early detection of breast cancer.
- Participating in the initiative of developing 100 applied technology schools, in cooperation with the Federation of Egyptian Industries (FEI) and the Ministry of Education (MOE).
- The initiative offering full/partial scholarships at a number of Egyptian universities.
- Financial inclusion events included on CBE's agenda during "September - December 2024" in relation to farmers, savings and people with special needs, and the banking sector's participation in "Decent Life" Initiative. These events enable banks to be present outside their branches in all governorates, and to carry out many activities, including opening bank accounts without fees or minimum amount, issuing prepaid cards, opening mobile wallet accounts, promoting banking products and providing finance for micro enterprises. This is in addition to organizing various activities for financial awareness and education in coordination with relevant ministries, agencies and entities.

The Ministry of Finance announced a tax facilitation package that aims at controlling and improving the relationship between the business community and the Egyptian Tax Authority. The package contributes to overcoming tax obstacles facing economic activities and raising productivity rates to strengthen the macroeconomic structure and improves the growth structure for increased reliance on production and export.

Tax facilitations under the initiative include:

- ✓ Developing an integrated tax system for taxpayers whose annual turnover does not exceed EGP 15 mn. This system includes all tax bases, and grants a set of incentives, exemptions and facilitations.
- ✓ Applying a central clearing system to facilitate necessary settlements of the balances of taxpayers and registered taxable persons, and achieve the liquidity required to carry out their business activities, as well as setting a maximum limit for delay penalties that does not exceed 100% of principal tax due amount.
- ✓ Encouraging non-registered "natural or legal" taxable persons to register for tax without requiring them to pay any tax dues for previous periods.
- ✓ Allowing taxpayers, who failed to file tax returns on the legal deadlines from 2020 to 2023, to submit tax returns within a specified period without facing legal penalties.
- ✓ Enabling taxpayers to file amended tax returns for the period from 2020 to 2023 in case there was an omission, error, or missing information in the original tax return without facing legal penalties.
- ✓ Raising the limit for the obligation to submit a "transaction pricing study" for transactions among affiliates to EGP 30 mn., up from EGP 15 mn.
- ✓ Upgrading and improving the VAT refund system, leading up to quadrupling the number of VAT refund cases, raising the number of tax refund beneficiaries, and reducing the time required to process refunds.
- ✓ Forming an advisory council for tax opinions to unify opinions issued by the Tax Research Sector, and preparing and publishing guides for the established principles of taxation on the website of the Egyptian Tax Authority (ETA).
- ✓ Increasing the effectiveness of the advance tax ruling (ATR) system to which the law has given the authority to issue binding rulings to the ETA regarding the status of transactions that taxpayers and registered taxable persons wish to complete and which could have future tax implications.
- ✓ Enhancing the efficiency of the role played by the Investors' Support Unit affiliated to the office of the head of ETA.
- ✓ Simplifying tax returns and reducing the number of their pages.
- ✓ Phasing out tax returns with no documentary evidence, in relation to 2025 tax returns for legal persons and 2026 tax returns for natural persons, in order to apply the sample examination system to all tax returns, reduce the examination burden, and eliminate any random assessments, disputes, or differences of opinion or perspective.
- ✓ Expanding the sample examination system to include all tax centers and offices in order to reduce the burden on taxpayers and ensure that they are not subject to a tax examination on an annual basis. Instead, the examination will be conducted in accordance with the standards of selecting the annual sample for examination.
- ✓ Announcing the documents required for tax examination in advance to save time and effort, and give taxpayers and registered taxable persons sufficient time to prepare before the examination.

Ministry of Finance launches tax facilitation initiative

- ✓ Setting up a survey system to measure taxpayer satisfaction – through neutral bodies – with the services of the ETA.
- ✓ Upgrading the website of the ETA, and periodically uploading all the ETA's publications, including instructions, resolutions, laws, etc., to ensure easy access to information for all tax stakeholders.
- ✓ Preparing examination guides according to each business activity to standardize tax examination mechanisms at the level of all tax offices, and issuing guides with the rights and duties of investors, and all incentives and benefits set out in tax laws and related laws.
- ✓ Paying more attention to the human element and competencies.
- ✓ Re-enforcing the Tax Dispute Resolution Law, and authorizing the Minister of Finance to extend the Law's validity period for other periods.
- ✓ Imposing graded penalties for failure to file tax returns.

IMF: Future prospects for the ME & CA economy and a review of Egyptian economy indicators

The International Monetary Fund (IMF) revealed in its Middle East and Central Asia (ME&CA) Regional Economic Outlook: Navigating the Evolving Goeconomic Landscape, issued in October 2024, that the region's outlook remains overshadowed by heightened uncertainty and risks amid escalating conflicts and increased goeconomic fragmentation. Economic growth in the region is projected to strengthen in the near term, but only to the extent that current challenges abate. Ongoing regional and global conflicts, oil production cuts and commodity price volatility are dampening economic performance. However, to boost growth and create jobs, a stronger reform momentum is required including strengthening governance, encouraging private sector investment, and advancing financial development. Furthermore, strong and sustainable growth would help reduce high levels of debts and place countries on the path to achieve aspirations for social welfare.

Key figures

USD 268.2 bn.

Total gross government financing needs expected in 2025 for MENA and Pakistan emerging markets (about 100% of public fiscal revenues) against USD 260.6 bn. in 2024

USD 47.7 bn.

A new funding provided by the IMF to ME&CA countries since 2020

USD 13.4 bn.

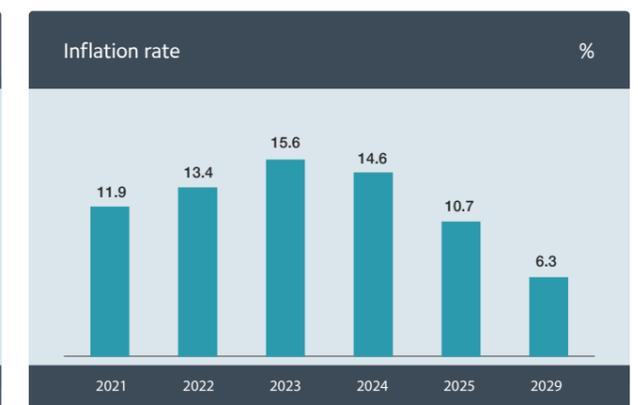
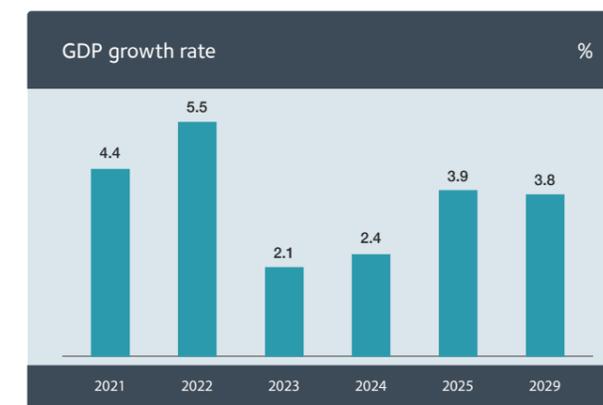
A new funding provided and approved by the IMF for ME&CA countries since January 2024. This includes programs in Egypt (an increase of about USD 5 bn. under the Extended Fund Facility), Jordan (USD 1.2 bn.) and Pakistan (USD 7.2 bn.)

361 projects

Technical assistance and capacity building projects in 31 ME&CA countries

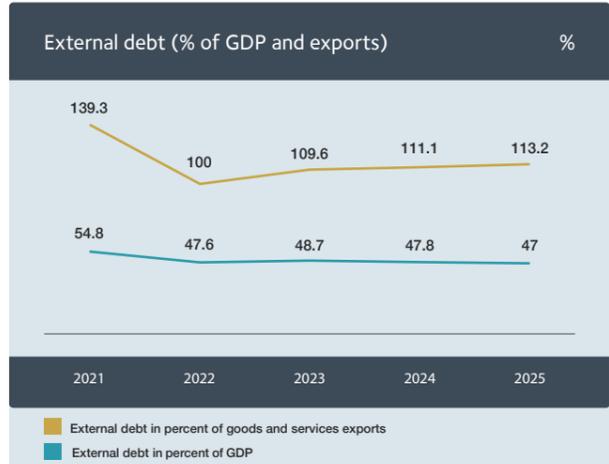
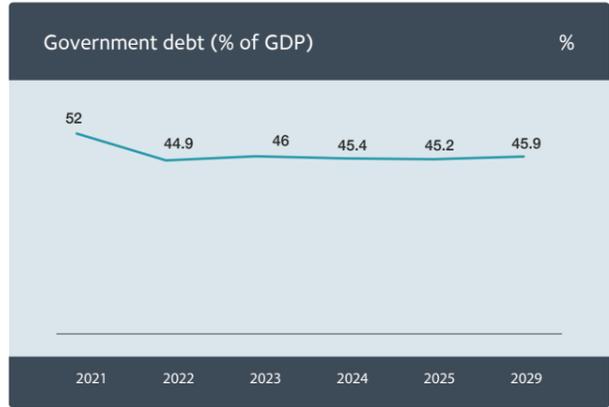
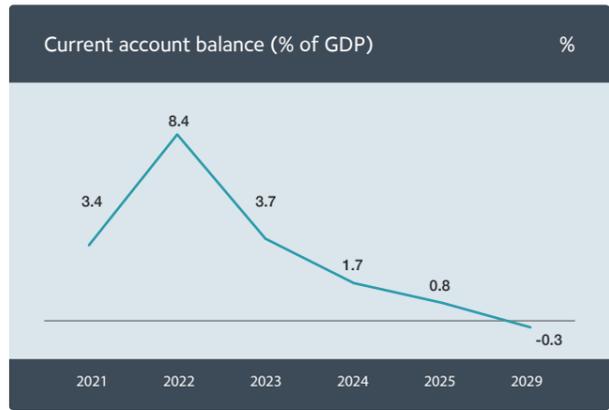
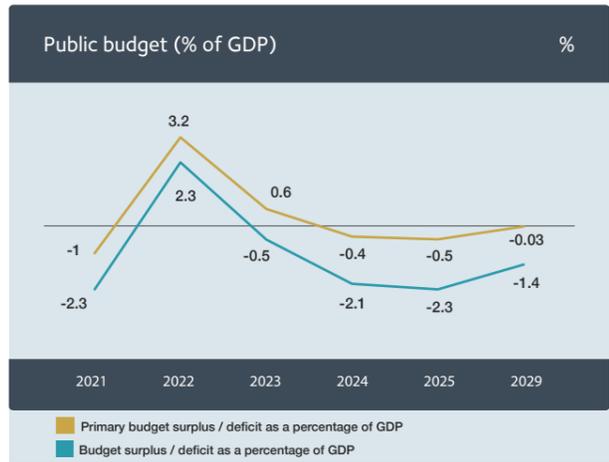
The IMF projections for economic performance indicators:

Across the ME & CA region:





IMF: Future prospects for the ME & CA economy and a review of Egyptian economy indicators



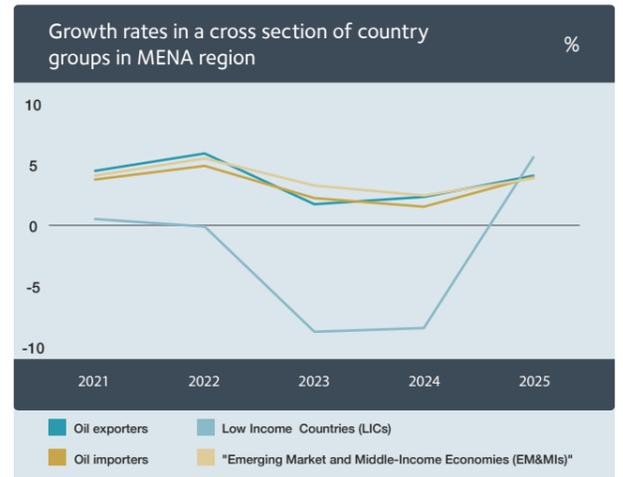
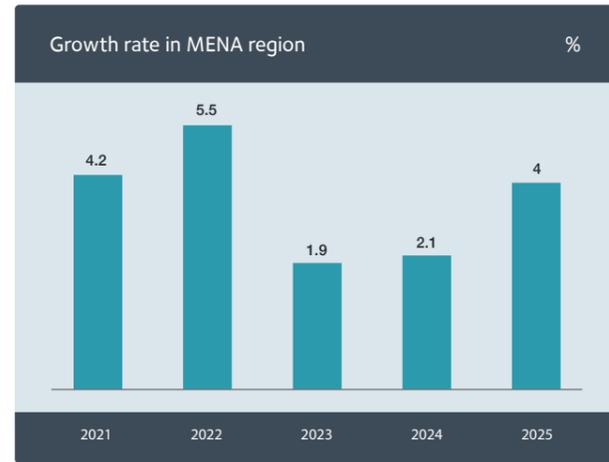
Source: IMF, Regional Economic Outlook, Middle East and Central Asia, October 2024

Across the MENA region as a whole:

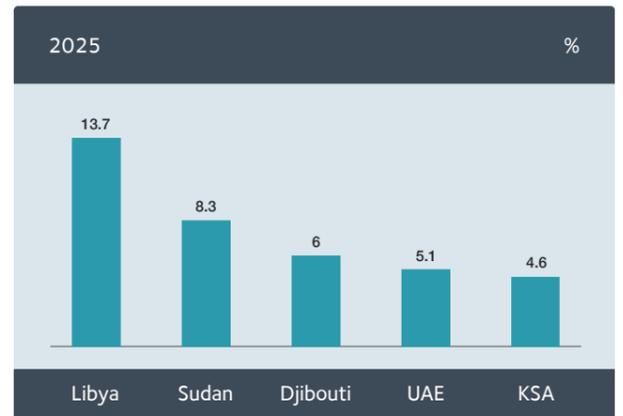
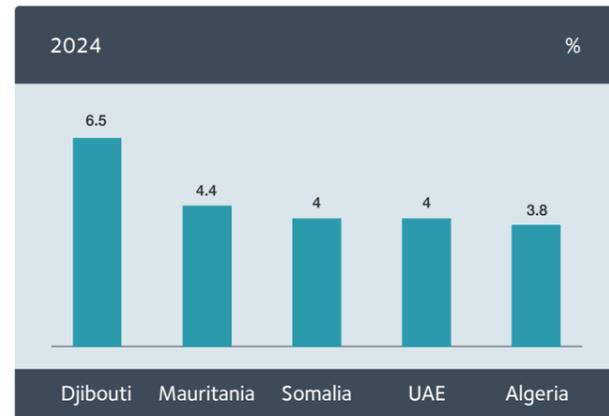
Economic growth: Economic growth in the Middle East and North Africa (MENA) region is projected to remain subdued during 2023 to account for only 2.1% in 2024, driven by the impact of ongoing conflicts, the OPEC+ prolonged voluntary oil production cuts, tightened economic policies along with a number of country-specific adverse factors. A rebound is expected in 2025, with growth projected at 4%.

Looking ahead, IMF pointed out that growth rate on the near-term is projected to strengthen to 4% in 2025 from 2.3% in 2024 among oil exporters in the region, conditional on the phase out of oil production cut period. Meanwhile, the medium-term outlook is expected to downgrade considering that the economic diversification reforms would take time to yield results.

Meanwhile, with the gradual decline of regional and global geopolitical tensions and the fall in oil prices, growth among oil importers is projected to recover in the near-term to 3.9% in 2025 from 1.5% in 2024, despite persistent structural gaps holding back productivity growth to be as desired in certain economies.

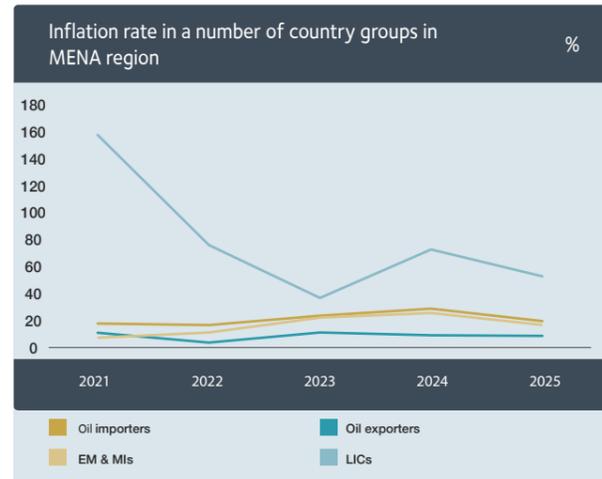
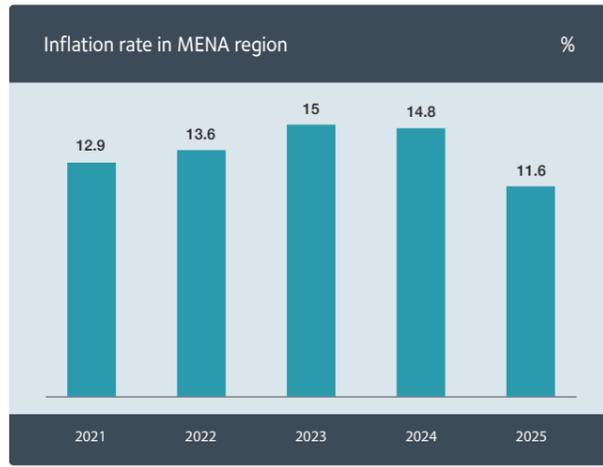


As for the Arab countries, Djibouti and Libya came at the forefront in terms of growth rate projections during 2024 and 2025, respectively.



Source: IMF, Regional Economic Outlook, Middle East and Central Asia, October 2024

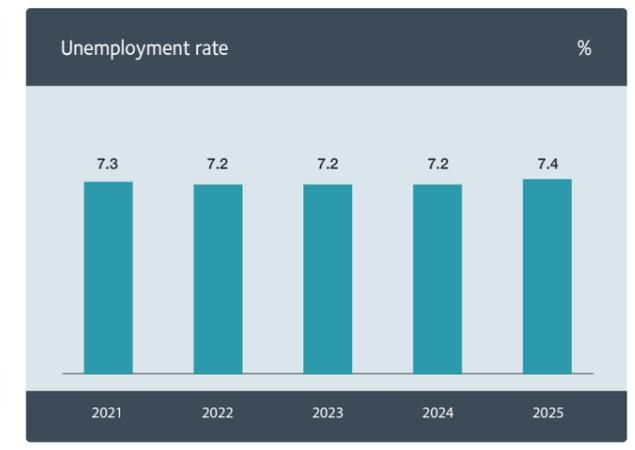
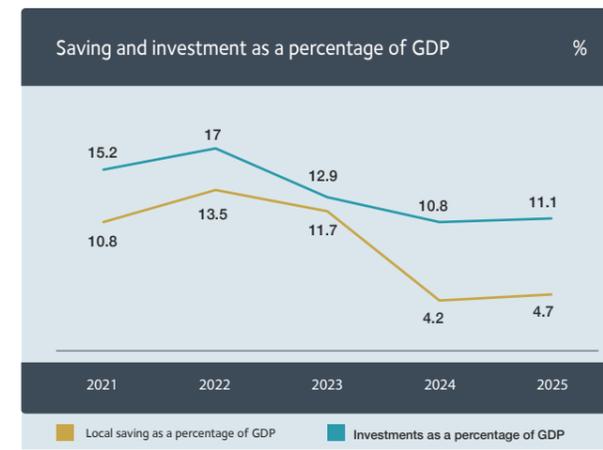
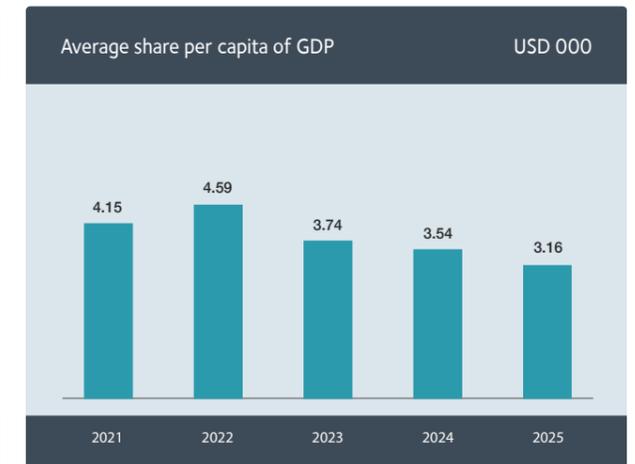
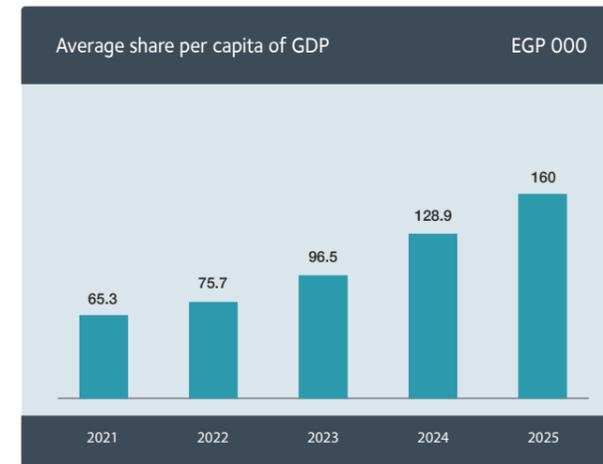
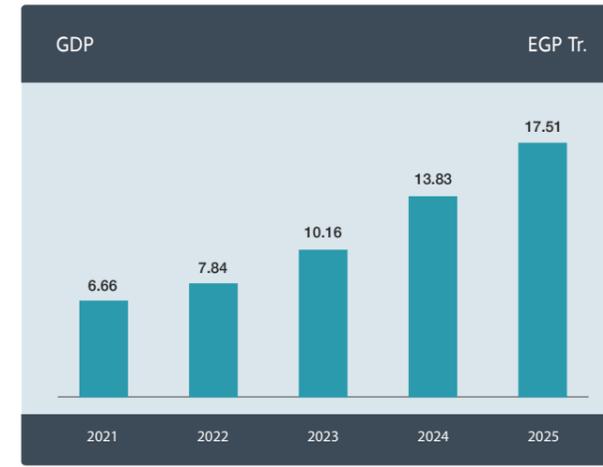
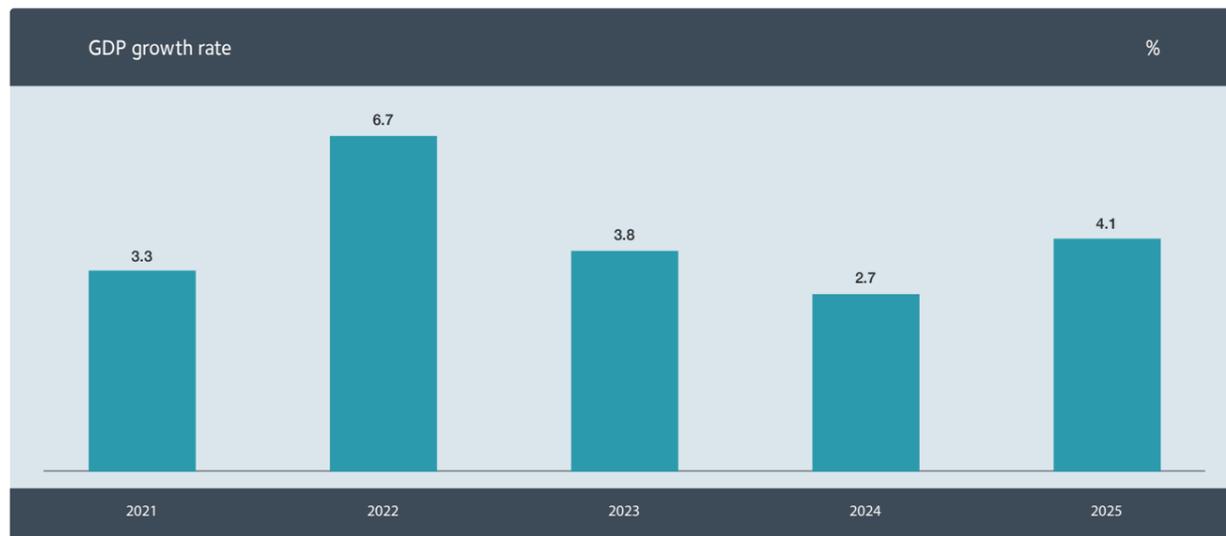
Inflation rates: It is projected that the declining global inflation rates set inflation across the region on a downward trajectory, down from a peak of 15% in 2023. However, a clear discrepancy in inflation rates among the region's countries exists. Meanwhile, the IMF indicated that most MENA oil exporters are likely to maintain generally low and stable rates of inflation. In the Gulf Cooperation Council (GCC) countries, inflation would reach 2% in 2025 and over the medium term, while triple-digit inflation in Sudan and Yemen persists, driven by ongoing conflicts that have disrupted access to essential goods and prompted high food and fuel prices and currency depreciation.



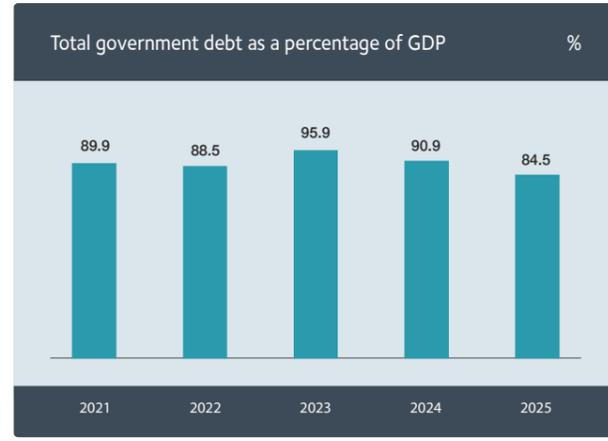
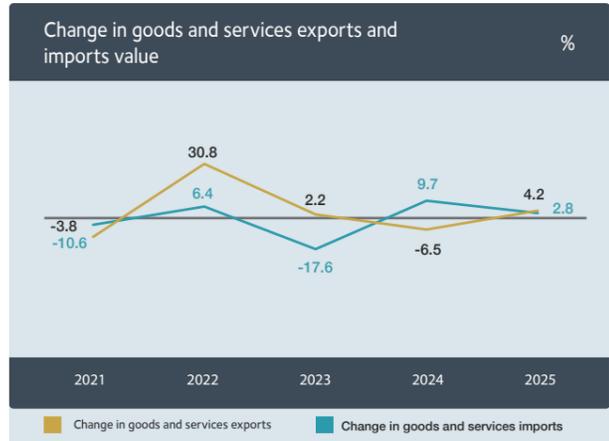
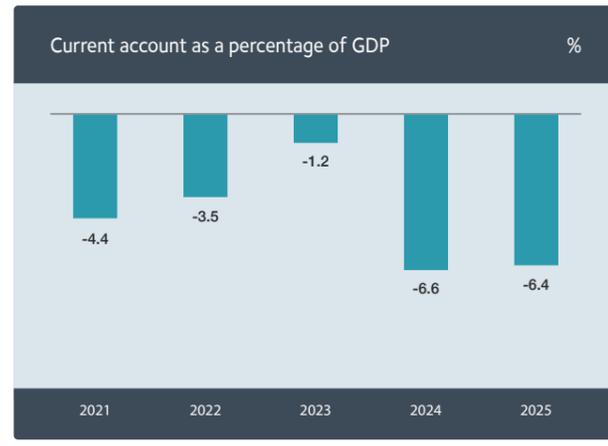
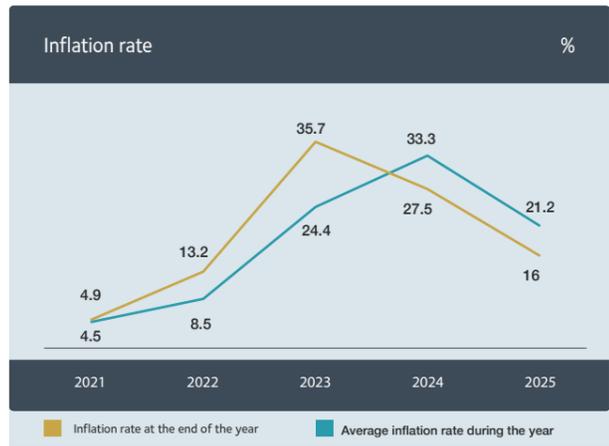
Source: IMF, Regional Economic Outlook, Middle East and Central Asia, October 2024

IMF projections for a number of Egyptian economy indicators

Notably, the assumed decline in the intensity of regional geopolitical conflicts in 2025 and the steady implementation of reforms are projected to help lift growth in Egypt to 4.1% during the same year and above 5% over the medium term. Meanwhile, monetary policy is expected to help guide inflation toward a downward trajectory. Headline inflation in Egypt is projected to hit near 16% by the end of the fiscal year 2024/25, as base effects unwind and policy tightening takes hold, and further ease towards the target rate in the years ahead. IMF also pointed to government efforts to bring down debt levels and improve public financial conditions, noting the efforts to improve revenue collection and rationalize expenditures in this regard, as well as the use of a part of the proceeds of Ras El Hekma development deal to lower government debt.



Source: IMF



Source: IMF Database

The world witnesses a massive technological revolution that influences various sectors of the economy mainly the financial and banking sector. In fact, the advent of digital banks, primarily neobanks as a major player in the global banking arena, allows individuals to manage their own bank accounts and settle their financial transactions online. Egypt aims to cope with the rapid global developments in this regard, making it possible to realize the state's vision of shifting to a cashless society, promoting financial inclusion and creating a favorable atmosphere for FinTech industry. To illustrate, digital banks develop and remotely offer high-quality banking products and services in a distinct manner, catering for the needs of all segments of society, including micro, small and medium enterprises (MSMEs) and youth. Their target is to provide a fast and streamlined access to banking products and services.

According to Law No. 194 of 2020 of the Central Bank and the Banking Sector, digital banks are defined as banks that deliver banking services through digital channels and platforms using modern FinTech. In general, digital banks are subject to the same control and supervision rules and regulations applicable to traditional banks operating in Egypt. Anti-money laundering and combating financing of terrorism (AML/CFT) policies and measures apply also to digital banks, together with additional requirements consistent with the nature of digital banks' operations. In this context, it is noteworthy that the CBE's rules and requirements on licensing digital banks include:

- A digital bank shall have no less than EGP 2 bn. issued and paid-up capital for conducting all banking activities, excluding financing large companies, with the possibility of financing such entities, provided that the capital is increased to EGP 4 bn.
- The largest shareholder shall be a financial institution with previous experience in similar activities, holding at least 30% of the total share capital.
- A detailed feasibility study shall be submitted that identifies the targeted segments and products planned to be launched, as well as IT and cybersecurity plans and strategies.

EGP 2 bn.
The minimum issued and paid-up capital of a digital bank

The following is a review of an analytical paper prepared by Information and Decision Support Center (IDSC) titled "Neobanks: The path to enhancing financial inclusion"

Digital vs. traditional banks:

	Digital banks	Traditional banks
Account opening	Digital banks allow the opening of a digital bank account remotely, through the customer's smart phone or computer. There is no need to visit a branch or produce physical certified copies of identification as verification can be made via a number of online platforms.	Traditional banks keep the option of opening an account online. The requirement to courier all the original signed documents is still necessary. Most banks prefer to have a physical interview.

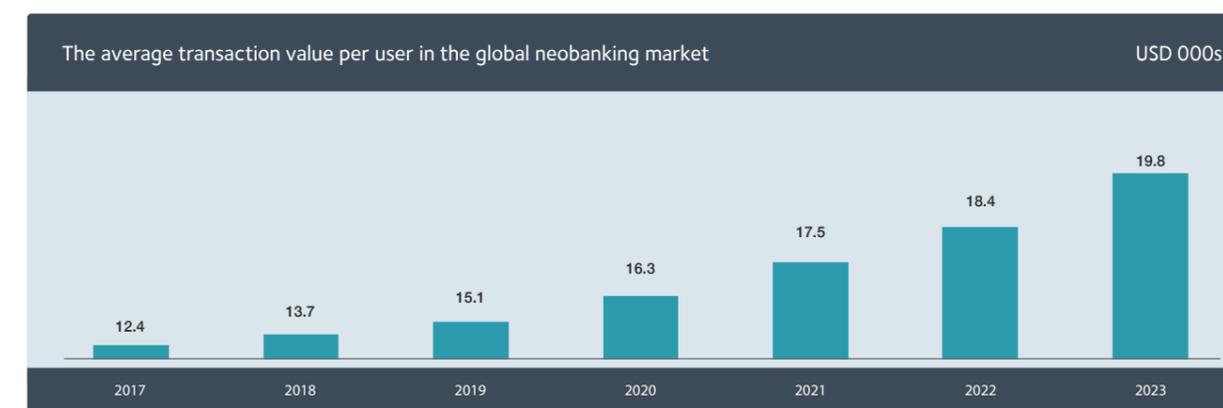
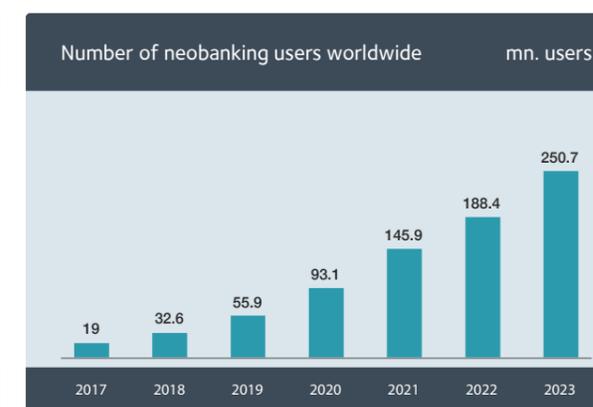
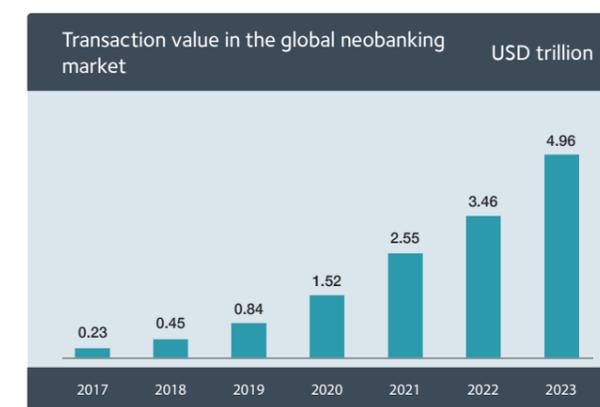
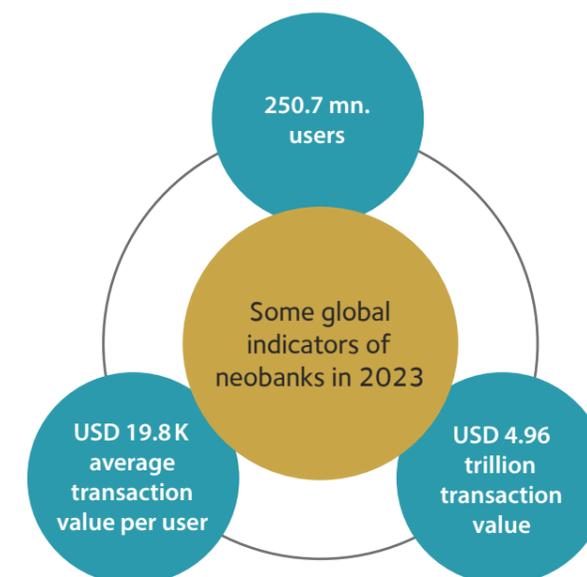




"Neobanks": An effective step towards promoting financial inclusion in Egypt

	Digital banks	Traditional banks
Credit scoring of customers	Non-traditional mechanisms are used to conduct credit scoring. With their ability to collect data such as spending habits using e-wallet applications, digital banks can create their own alternative credit data to help tailor new types of microcredit services for their users.	Credit extension requires loan applicants to provide many documents, such as payroll reports, tax returns and the most recent bank statements.
Ease of access	Digital bank customers can access services and make transactions 24/7.	Brick-and-mortar banks offer a number of mobile and online banking services beyond normal banking hours.
ATM network	Digital banks are usually part of an ATM network, but it may be difficult to find a free ATM to use.	A traditional bank's ATMs are easy to identify because they are branded with the bank's name and logo, thus utilizing them to obtain the available services.
Customer service	With digital banks, customers have to rely on customer service lines or chat bots that may not be as responsive or helpful as speaking with a real person at a physical bank branch.	Traditional banks offer in-person customer service at branches or over-the-phone customer service, with less diverse online options.
Selection of products and investment opportunities	Most digital banks offer a relatively lower product package than their traditional counterparts.	Traditional banks offer a wider range of banking products to choose from than digital banks do, indicating relatively higher chances for a customer to obtain products that are fully compatible with their needs.
IT infrastructure	Digital banks use cloud-based, agile, and scalable IT infrastructure.	Traditional banks use legacy systems.

Neobanks as a type of digital banks: Neobanks first emerged in 2010, in the wake of the global financial crisis, and then witnessed accelerated growth, bringing about a paradigm shift in the banking sector as a whole and a radical shift in providing financial services to customers. Neobanks are characterized by the adoption of a fully digital approach and more modern and contemporary business models. In this context, neobanks can be accessed online utilizing their own technology to provide services such as account opening, mobile payments, deposit facilities, savings, investment management tools and various loan services. They also provide access to trading markets like the stock market, raw materials market and cryptocurrency market.



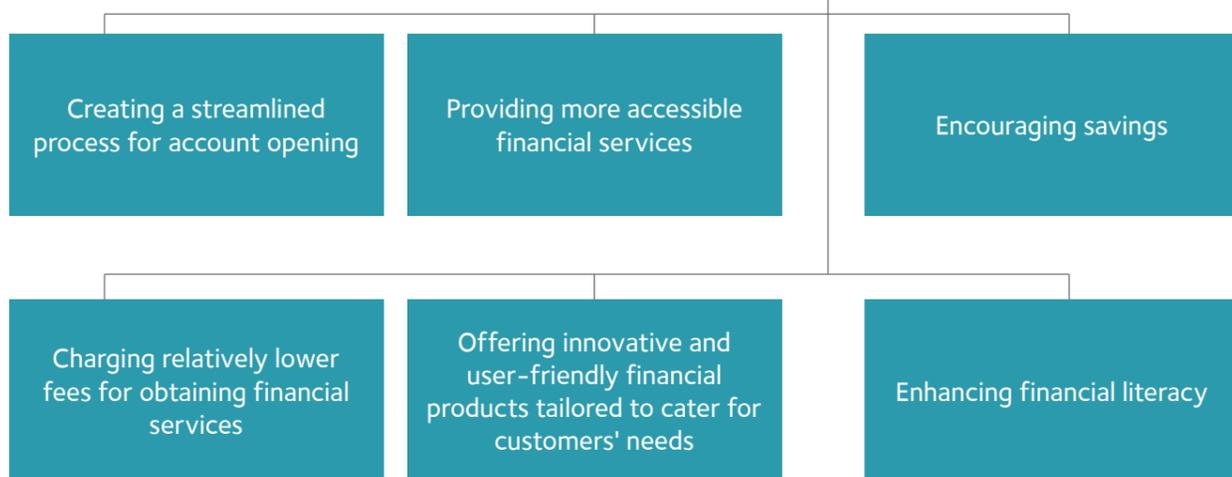
Source: Information and Decision Support Center (IDSC)'s report titled "Neobanks: the path to enhancing financial inclusion"



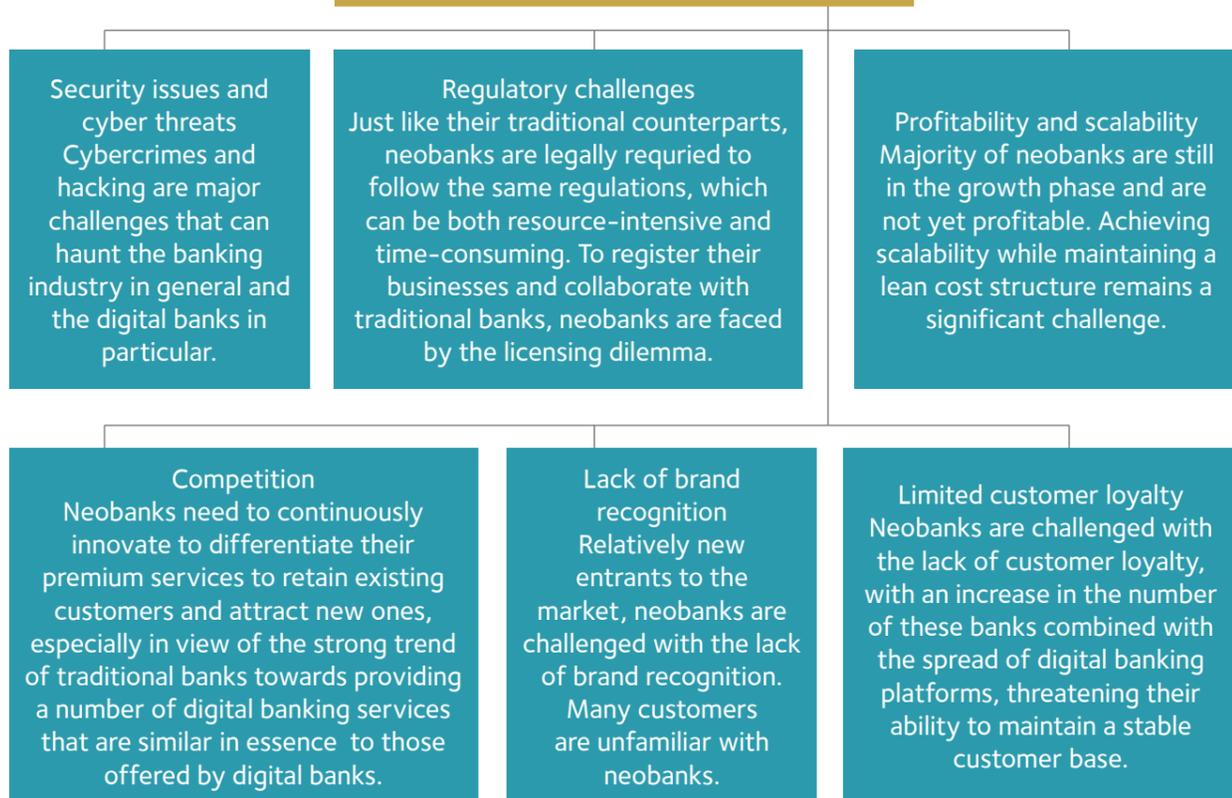


"Neobanks": An effective step towards promoting financial inclusion in Egypt

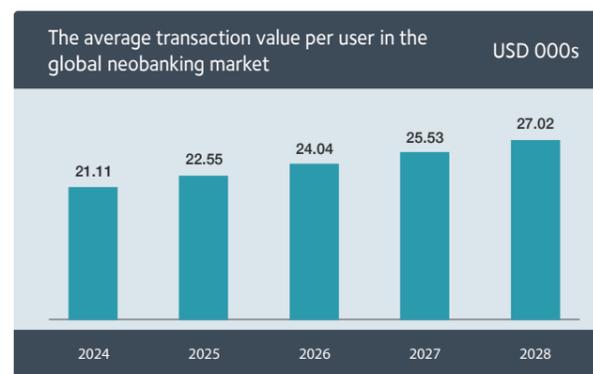
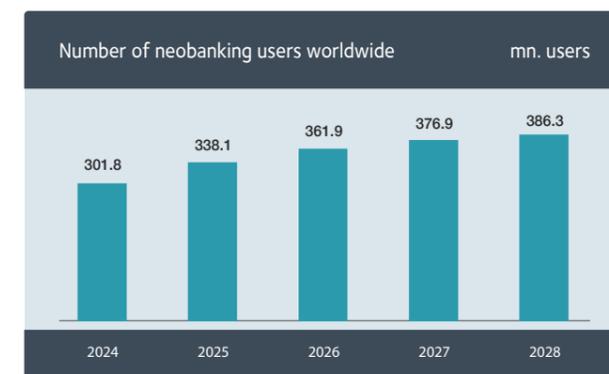
Neobanks offer numerous advantages for promoting financial inclusion as follows:



Key challenges facing neobanks

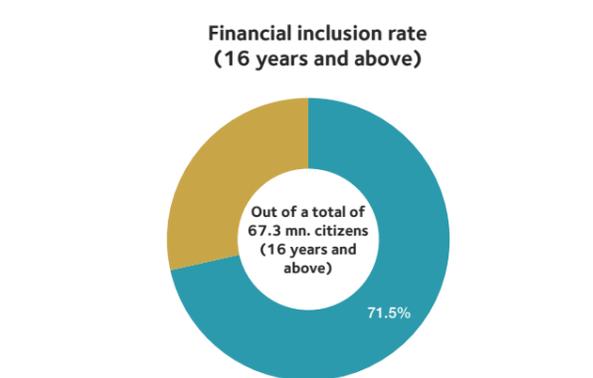
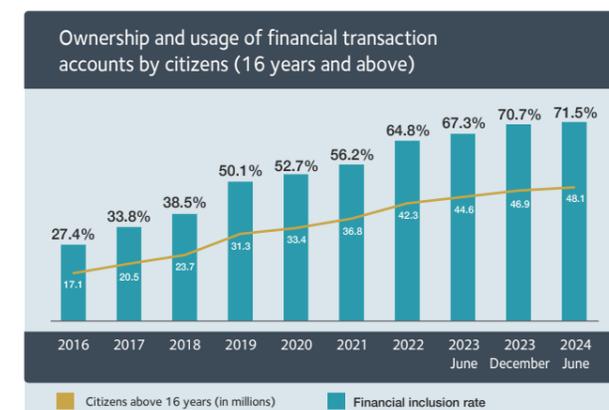


Global prospects for neobanks: The neobanking market is expected to continue to grow and expand in the coming years, driven by a number of factors including the high penetration rate of smartphones, the growing demand of digital banking solutions and the increasing number of partnerships between traditional banks and FinTech companies.



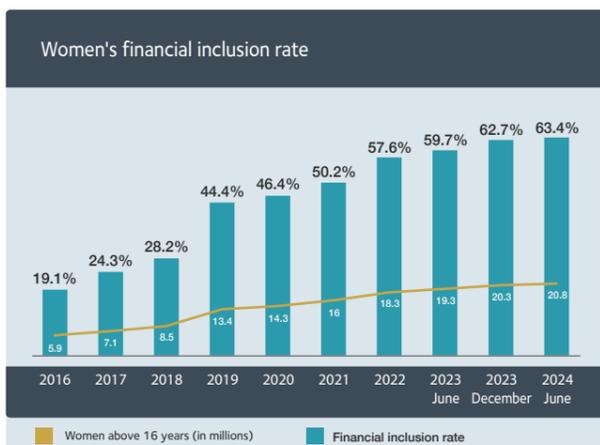
Source: Information and Decision Support Center (IDSC)'s report titled "Neobanks: the path to enhancing financial inclusion"

Egypt's support for digital transformation and digital banks in light of promoting financial inclusion: Egypt has prioritized financial inclusion during the last years. In this context, the Financial Inclusion Strategy (2022-2025) launched by the CBE is a key element in achieving Egypt's Vision 2030. In this regard, Egypt's financial inclusion indicators have grown significantly in recent years. A number of indicators are demonstrated below:



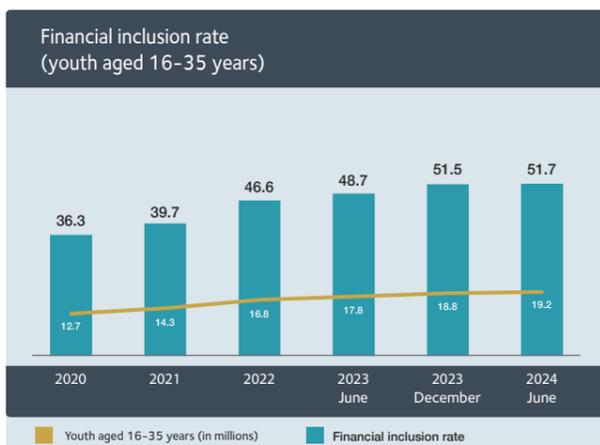


"Neobanks": An effective step towards promoting financial inclusion in Egypt



20.8 mn. financially included women out of a total of 32.8 mn. women aged above 16 years

252% growth rate from 2016 to June 2024



19.2 mn. financially included youth out of a total of 37.1 mn. youth aged 16-35 years

51% growth rate from 2020 to June 2024

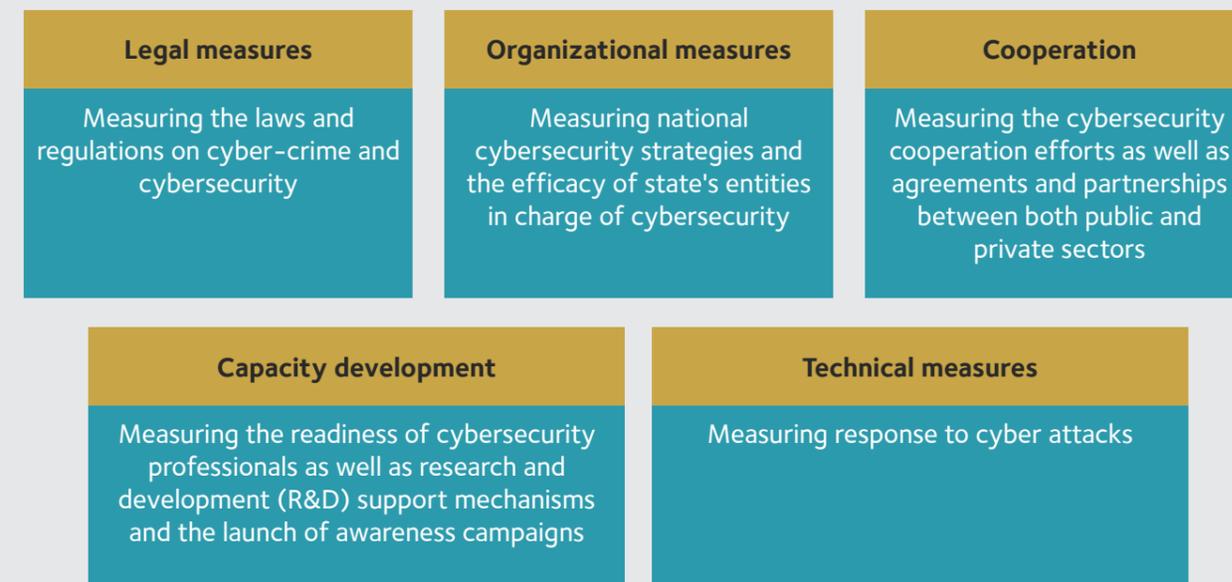
Source: CBE

As a culmination of the state's efforts in promoting financial inclusion and supporting digitalization, the CBE issued in July 2023 the regulations for licensing, registering, controlling and supervising digital banks, followed by granting, in May 2024, its preliminary approval to launch the first digital bank in Egypt.

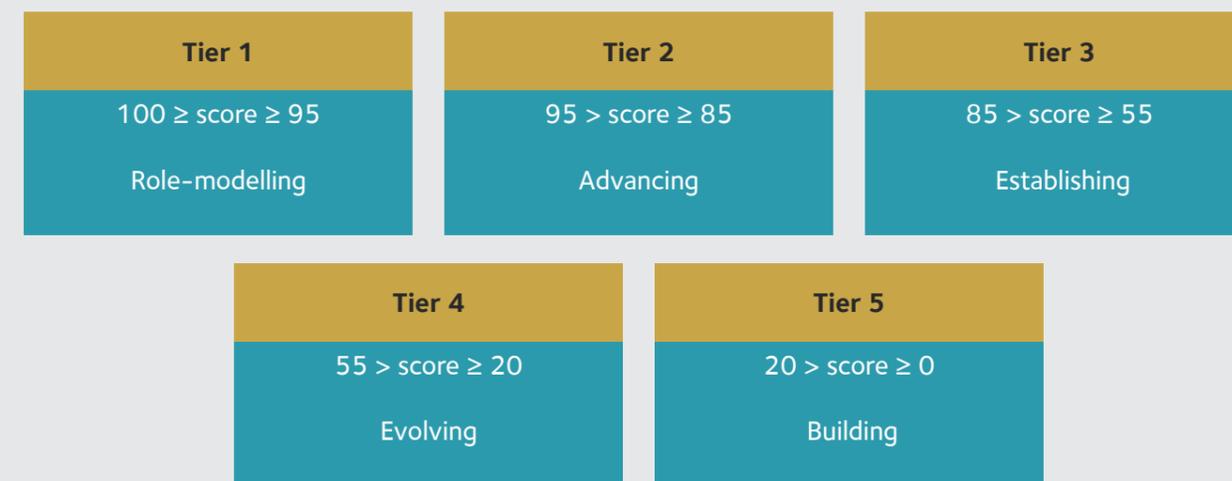
Egypt advances to Tier 1 in GCI

Egypt came among the only 12 countries that achieved 100 points from the total points of Global Cybersecurity Index (GCI), issued by the International Telecommunication Union (ITU) in September 2024 to become within Tier 1 countries (Role Modelling). It is worth noting that GCI assesses countries' commitment to cybersecurity. GCI measured 194 countries, where each country's level of engagement is evaluated across five main pillars.

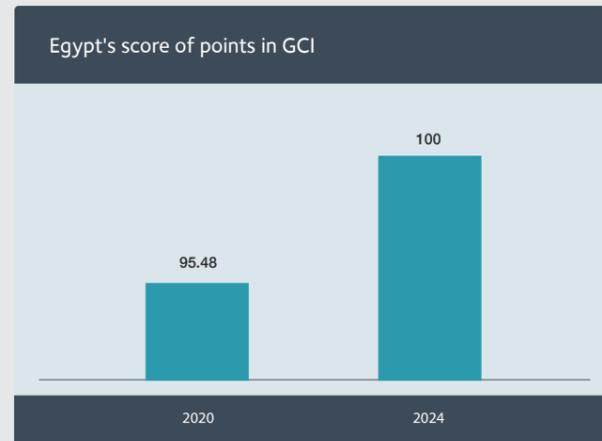
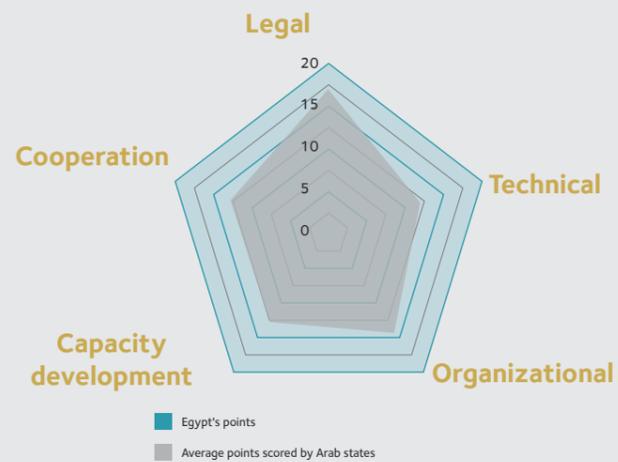
GCI pillars:



GCI's Tiers:



Egypt's rank in GCI



The state exerts strenuous efforts to shore up the industrial sector, keep pace with the technological developments and provide investor-oriented facilitations. In this vein, the Ministry of Trade and Industry ("MTI") declared launching the first phase of Egypt's digital industrial platform in September 2024 to serve as the major channel of electronic dealings between industrial investors and various entities.

Egypt's digital industrial platform objectives:

- Increasing the industrial sector's input to the country's GDP
- Developing a digital infrastructure to streamline processes and procedures for investors and court more investments to the industrial sector
- Promoting industrial exports
- Enhancing the comprehensive and private sector-led industrial development

The digital service list features a wide range of services already launched or soon-to-be launched by the platform including:

Platform's salient services

- Issuing operating licences by notification
- Allocating industrial lands to investors through the investment map
- Issuing building permits and the Industrial Register
- Making online payments through various payment methods such as bank cards
- Notifying investors of licence renewal dates and of licences and documentation approaching their expiration dates
- Providing each industrial investor with a secure account to store and access its information and documentation

• More services are to be launched in the platform's coming phases

On a related note, MTI has unveiled the platform's first online offering, available during 1-8 September 2024, including 1,124 industrial land plots of varying areas totaling 8.482 million square meters across 14 governorates; namely, Cairo, Giza, Alexandria, Menofia, Sharqia, Ismailia, Fayoum, Beheira, Marsa Matrouh, North Sinai, Sohag, Qena, Luxor and Aswan. These plots are suitable for various industries including foods, pharmaceuticals, chemicals, engineering, mining, spinning and weaving, and construction materials.

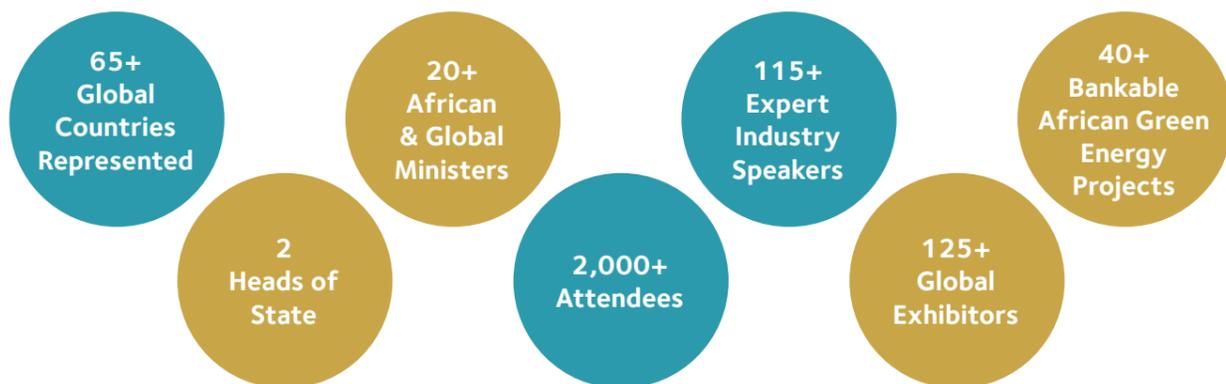


The Global African Hydrogen Summit and Egypt's efforts to optimally use Hydrogen as a renewable energy resource

The Global African Hydrogen Summit, in its first version, took place in Windhoek, Namibia from the 3rd to the 5th of September 2024, themed "Ambition in Action: Fuelling Africa's Green Industrial Revolution". The agenda of meetings highlighted the significant potential of African countries in the global hydrogen sector, the promotion of intra-African cooperation and mobilization of investments and finances necessary for green energy projects.

The summit comes under the global growing orientation towards green economy and transitioning solutions towards new and renewable energies and reduction of carbon emissions across different sectors of the economy. In this vein, it is necessary to increase endeavors to optimally benefit from Africa's abundant natural and renewable energy resources, and intensify efforts to make the African continent an active player of the global energy transmissions for achieving sustainable economy. Many African countries still suffer from limited access to energy and face several challenges, primarily the poor infrastructure, high costs, and the difficulty to secure necessary finances, which adversely affect Africa's competitiveness and participation in global markets.

The summit brought together heads of states and government agencies, industry leaders, project developers, investors, think tanks, and technologists from across Africa and around the globe, with a view to providing reasonable opportunities to drive partnerships for, and investments and financing into, green energy projects of strategic and national importance all over Africa.



On a related note, six African countries, "Egypt, Morocco, South Africa, Namibia, Djibouti and Mauritania", have launched the Africa Green Hydrogen Alliance (AGHA) in May 2022 to create a sustainable environment enabling green hydrogen production for domestic use and export. This includes the development of public and regulatory policies, capacity building, and provision of finance.

Africa Green Hydrogen Alliance
Egypt, Morocco, South Africa, Namibia, Djibouti and Mauritania

AGHA is an ambitious group, aiming to produce tens of million tonnes of clean hydrogen a year to add up to USD 126 bn. to its members gross domestic production (GDP) by 2050 and create up to four million new jobs. If AGHA can hit these goals, or even come close to their projections, these prospects would go a long way in securing reliable access to power for millions of Africans.

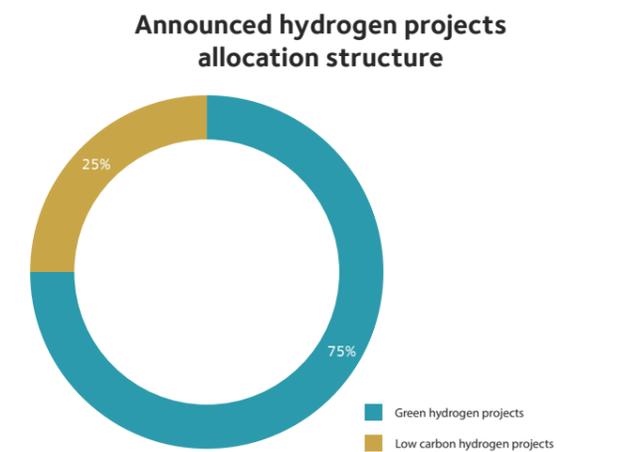
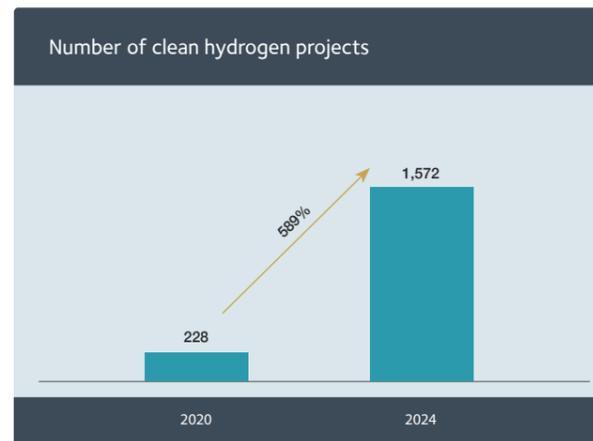
Generally, green hydrogen currently makes up a small percentage of the overall hydrogen production. However, the global momentum for green hydrogen and its products creates a favourable opportunity to promote investors' interest in Africa, building on the continent's vast potentials for green hydrogen production resources, starting from the long sea coastlines to the buoyant renewable energies such as wind, solar power and hydropower, forming green hydrogen inputs.

According to Global Hydrogen Review 2024, released by the International Energy Agency (IEA), the global hydrogen demand reached more than 97 million tonnes (Mt) in 2023, with a 2.5% increase compared with 2022. Low-emissions hydrogen played only a marginal role, with production of less than 1 Mt in 2023. However, low-emissions hydrogen production can reach 49 Mt per annum (Mtpa) by 2030 based on projects announced by various countries, almost 30% more than when the IEA's Global Hydrogen Review 2023 was released.

According to the Hydrogen Insights Report released by the Hydrogen Council in September 2024, the following is noted:

- The number of clean hydrogen projects duplicated from 228 in 2020 to 1,572 projects in 2024. Clean hydrogen projects that reached final investment decision (FID) have increased to 434 in 2024, representing some USD 75 bn. in committed investment from 102 committed projects in 2020, representing some USD 10 bn.

49 Mtpa
Low-emissions hydrogen production volume by 2030



Source: Hydrogen Council, Hydrogen Insights 2024

USD 680 bn.
In investments in clean hydrogen projects announced through 2030

USD 75 bn.
In investments in clean hydrogen projects that have reached FID stage



The Global African Hydrogen Summit and Egypt's efforts to optimally use Hydrogen as a renewable energy resource

- Europe leads geographical regions globally, acquiring the largest number of projects (617), followed by North America (280). Europe also has the highest total investments announced (USD 199 bn.), followed by North America.

Europe comes at the top in terms of the number of clean hydrogen projects or the value of announced investments

Efforts exerted to turn Egypt into a regional hub for green hydrogen production:

Egypt pays growing interest to rely upon low-carbon energy sources. In this respect, we refer to the following:

- **National Low-Carbon Hydrogen Strategy:** In August 2024, the Egyptian government published the "National Low-Carbon Hydrogen Strategy" as part of its "Egypt Vision 2030" to achieve the sustainable development goals. It aims to enhance Egypt's efforts toward a diversified clean and sustainable energy portfolio, while mitigating carbon emissions in line with its global commitments to address climate change.

The Strategy's goals are as follows:

- Increase the share of renewables in the electricity mix to more than 42% by 2035, which is expected to be brought forward earlier to 2030.
- Issue approvals for establishing projects to produce low-carbon green hydrogen and derivatives which are granted incentives to court more investments in this vital field.
- Make Egypt one of the global leaders in the low-carbon hydrogen economy, utilizing world-leading expertise and innovation in hydrogen and derivatives production and promising renewable energy resources.
- Gradually expand the application of low-carbon hydrogen locally and increase the production capacity of hydrogen and derivatives, so that low-carbon hydrogen can be applied in all sectors especially industry and transport.
- Export the surplus of low-carbon hydrogen that exceeds the local market share to global markets.
- Unify the state's efforts to stimulate investment in low-carbon green hydrogen and derivatives in line with the sustainable development requirements and the state's economic and social development plans, securing the regional and international competitiveness.
- **National Council for Green Hydrogen:** In August 2023, the Cabinet approved the establishment of the National Council for Green Hydrogen to undertake a number of tasks and responsibilities. The relevant ministries and authorities are responsible, as per respective competencies, for developing the necessary policies, plans and mechanisms in order to implement the national strategy of green hydrogen and derivatives, and putting the Council's decisions into effect, with a view to removing barriers to investment in this field. The Council's relevant responsibilities are mainly:

42%
Expected share of renewables in electricity mix by 2030

Targeting the application of low-carbon hydrogen especially in industry and transport

1 Follow up the implementation, and propose update, of the national strategy for green hydrogen in light of international and national developments

2 Approve policies, mechanisms and plans necessary to implement and update the strategy

3 Facilitate coordination among relevant ministries and authorities and propose solutions necessary to overcome obstacles to investment in green hydrogen and derivatives

4 Review and propose updating legislation, regulations, and rules governing the green hydrogen industry

- **Law No. 2 of 2024 on Incentives for Green Hydrogen Production Projects, its Derivatives and Expansions** and controls for providing such incentives, most importantly:
 - A cash investment incentive called the "Green Hydrogen Incentive" ranging between 33% and 55% of the value of the tax paid with the tax declaration on the income tax generated from operating in the project or its expansions. The Ministry of Finance shall disburse this incentive within forty-five days from the tax declaration submission deadline; otherwise, a delay penalty shall be incurred, calculated based on the discount rate announced by the Central Bank of Egypt on the first of January preceding the incentive due date. This incentive shall not be considered a taxable income. The categories of the aforementioned incentive and the criteria for granting shall be determined by a Cabinet decree, based on the proposal of the competent Minister after consulting with the Minister of Finance.
 - The exports of green hydrogen and derivatives production projects are subject to a zero % VAT rate.
 - Except for passenger cars, the following are exempt from VAT: equipment, tools, machinery, raw materials, supplies, and means of transportation required and necessary for the performance of the licensed activity of green hydrogen and derivatives projects.
 - The project company is granted a single approval (Golden Licence) in accordance with the regulations incorporated in the Investment Law.
 - Without prejudice to the provisions of laws, regulations, and resolutions regulating imports, the project company has the right to, independently or through third parties, import its needs for establishment, expansion or operations comprising raw materials, production inputs, machinery, spare parts, and suitable means of transportation without the need to be registered in the Importers' Registry. The project company may also export its products independently or through third-parties without no need for a license or registering in the Exporter's Register.
 - The project company has the right, during the first ten years from the date of signing the project agreements, to hire foreign workers up to 30% of its total workforce.
 - Special customs zones may be established for the project's exports or imports in agreement with the Minister of Finance.





The Global African Hydrogen Summit and Egypt's efforts to optimally use Hydrogen as a renewable energy resource

- The project company is granted a 30% reduction in the value of fees and categories for using maritime ports, maritime transport, services provided to ships in Egyptian maritime ports, and for the use of fixed and floating equipment and facilities belonging to the maritime port authorities and the Maritime Safety Authority as well as liquid bulk activities, ship bunkering, and electronic services provided by the Egyptian Maritime Port Administrations.
- The project company is granted a 25% reduction in the value of fees for the usufruct right of industrial land allocated for the establishment of green hydrogen and derivatives production factories. Additionally, a 20% reduction in the value of usufruct fees for storage warehouses in ports is granted, without prejudice to the annual increase of the usufruct right under the usufruct contracts and licences, while adhering to any other regulations established by the authority with jurisdiction over the land.
- A grace period is granted for the payment of the usufruct right of industrial and storage land plots designated for the project and their expansions as allocated by the authority with jurisdiction over the land, with payment starting from the date of commercial operation of the project, without calculating any interest or penalties.
- The terms of the licences necessary for implementing green hydrogen and derivatives production projects are the same as the terms for the usufruct right to the project's lands.

On a related note, the regulations for granting incentives are as follows:

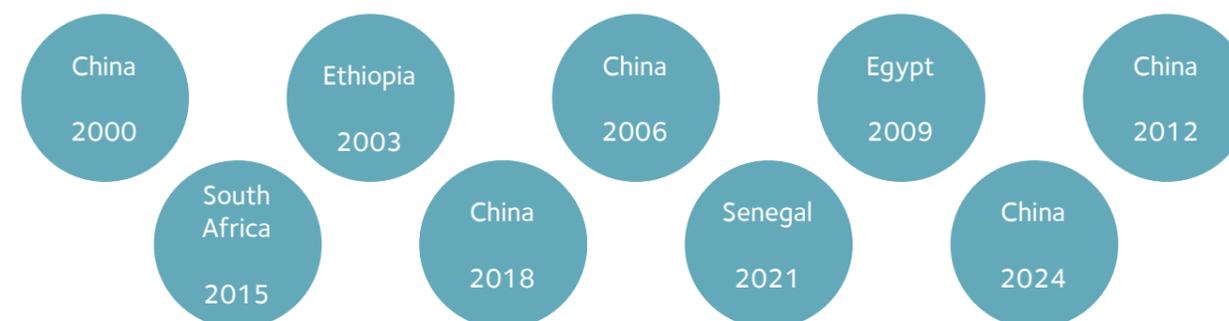
- The project's commercial operation shall start within five years as of the signing date of the project agreements.
- The project or its expansion, as the case may be, shall be mainly financed in foreign currency from overseas financiers, in a minimum amount of 70% of its investment cost.
- The project shall use locally manufactured components necessary for its implementation whenever available in the local market and with a minimum of 20% of its components.
- The project shall also contribute to transferring and localizing modern and advanced techniques and technologies in Egypt, with a commitment to developing and implementing training programs for the Egyptian workforce.
- The project company shall put in place a plan for the development of local areas in which it operates by adopting corporate social responsibility rules in accordance with Article 15 of the Investment Law.

Summit of the Forum on China-Africa Cooperation (FOCAC 9 – 2024)



China hosted the ninth Summit of the Forum on China-Africa Cooperation (FOCAC) which was held from September 4th to 6th, 2024 under the theme of "Joining hands to advance modernization and build a high-level China-Africa community with a shared future". The forum took place amid unfavorable global conditions, most prominently the escalating geopolitical tensions due to the on-going Russia-Ukraine war and spillover of the war on Gaza to several regions in the Middle East, coupled with supply chain disruption owing to security threats in the Red Sea. This stresses the significance of holding the forum, and shows the importance of adopting policies which more closely reflect global transitions and the growing development needs of countries of the Global South, particularly in Africa.

FOCAC stands as the most comprehensive platform that promotes the China-Africa relations. The members of the FOCAC are 53 African countries in addition to China and the African Union Commission (AUC). Since its inception in 2000, FOCAC has aimed to boost collective dialogue and intra-cooperation. Throughout 2000 to 2024, the forum held nine summits, once every three years alternating between China and an African country.





FOCAC 9 witnessed the participation of the Chinese President, the Chairperson of the African Union (AU), the chairpersons of the African economic communities, presidential and government delegations of 53 African countries and a number of prestigious international figures, with the Secretary-General of the United Nations (UN) in the forefront. Many issues were discussed, most importantly industrialization, agricultural modernization and cooperation in financing infrastructure. The forum's key outcomes are as follows:

- Establishing strategic partnerships between China and all African countries that have diplomatic ties with China. During the summit, China forged or elevated strategic partnership with 30 African countries.
- Elevating the overall characterization of China-African countries to an all-weather China-Africa community with a shared future for the new era.
- Clarifying the visions of the joint endeavor of China and Africa to advance modernization that is just, equitable, open and eco-friendly.
- Setting the broad lines for China-Africa cooperation during the next phase, as the "Beijing Declaration" and "FOCAC Beijing Action Plan" have been adopted with the aim of bolstering China-Africa cooperation over the next three years. In this framework, China's President announced his country's readiness to work with the African side on implementing the partnership across several areas, including:

Industrial chain cooperation

Launching an African small and medium-sized enterprises (SMEs) empowerment initiative

Building a China-Africa digital technology cooperation center, and undertaking 20 digital infrastructure and transformation demonstration projects

Advancing the development of a zone for in-depth China-Africa trade and economic cooperation

Partnership for trade prosperity

Giving the least developed African countries having diplomatic ties with China (33 countries) zero tariff treatment for 100% of China's imports from such countries, giving these African countries a relative advantage

Expanding access for agricultural exports from Africa, deepening China-Africa e-commerce cooperation and implementing the China-Africa quality enhancement program

Announcing China's readiness to hold talks with the African side to sign framework agreements on economic partnership for shared development

Partnership for rural revitalization

Providing African countries with RMB 1 bn. of emergency food aid and establishing a China-Africa agricultural science and technology innovation alliance

Building a standardized agriculture demonstration area, and sending 500 Chinese agricultural experts

Encouraging two-way investment by Chinese and African businesses to promote the added value of agricultural industries in Africa and create at least one million jobs

Partnership for green development

Implementing 30 clean energy projects in Africa, and cooperating on biodiversity conservation

Setting up the China-Africa Forum on Peaceful Use of Nuclear Technology

Cooperating on building 30 joint laboratories and collaborating on satellite remote sensing and space exploration

Partnership for development cooperation

Replenishing the China-World Bank Group Partnership Facility to contribute to Africa's development

Implementing 1,000 small projects

Partnership for healthcare

Establishing an alliance of Chinese and African hospitals, building joint medical centers, and sending medical personnel to Africa

Encouraging Chinese businesses to invest in the production of medicines in Africa, and implementing 20 healthcare facilities and malaria elimination projects

Helping Africa with epidemic response, and supporting the development of the Africa Center for Disease Control and Prevention to strengthen public health capacity in all African countries

Partnership for connectivity

Implementing 30 infrastructure connectivity projects in Africa

Fostering cooperation with Africa on the Belt and Road Initiative (BRI)

Assisting in the development of the Africa Continental Free Trade Area (AFCFTA), and furthering logistics and financial cooperation for the benefit of trans-regional development in Africa

Partnership for mutual learning among civilizations

Building a platform for governance experience sharing, and cultivating governance by leveraging the African Leadership Academy

Establishing 25 China-Africa research centers

Source: Ministry of Foreign Affairs of the People's Republic of China



In the framework of the implementation of above-mentioned partnerships (as well as the partnerships for people-to-people exchanges and common security), China will provide RMB 360 bn. of financial support in the next three years, broken down into the following:



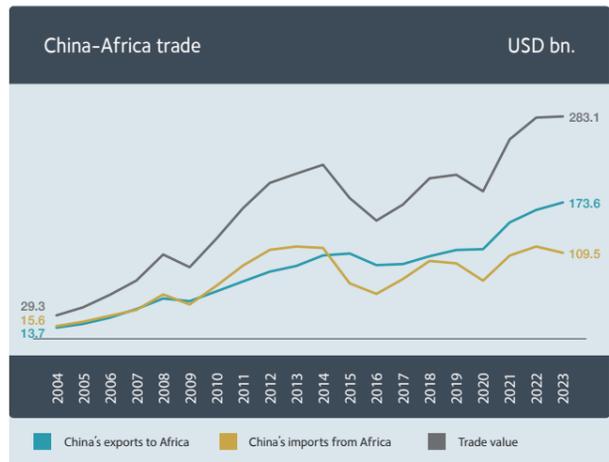
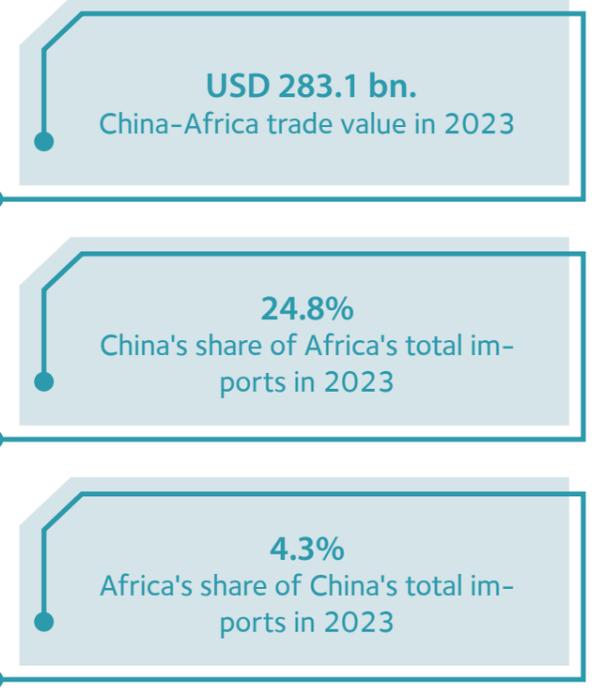
Source: Ministry of Foreign Affairs of the People's Republic of China

China-Africa trade

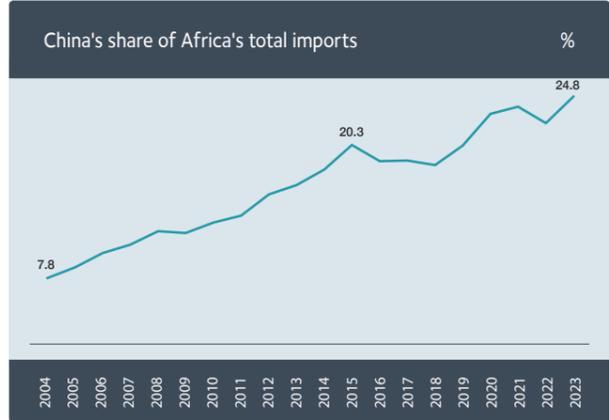
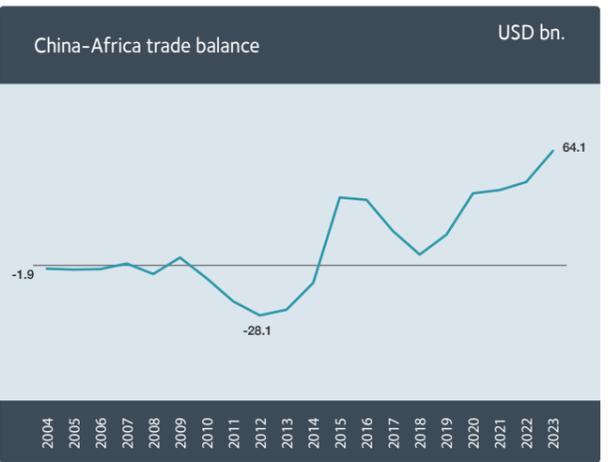
China-Africa trade remarkably grew during the last two decades reaching USD 283.1 bn. in 2023 compared to USD 29.4 bn. in 2004. Accordingly, China maintained its status as Africa's largest trading partner for 15 consecutive years.

This was coupled with a profound shift in the trade balance direction between both sides. Africa maintained a trade surplus with China throughout 2004 to 2014, reaching a record high of USD 28.1 bn. in 2012. However, the trade balance has shifted to a permanent surplus in favor of China since 2015, reaching its peak in 2023 at USD 64.1 bn.

Along the same lines, China's exports accounted for 24.8% of Africa's total imports in 2023. Africa's exports to China also took an upward trajectory, albeit at a much slower pace, accounting for 4.3% of China's total imports during the same year.



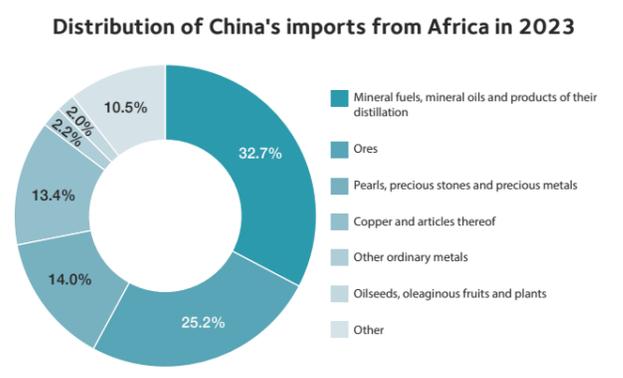
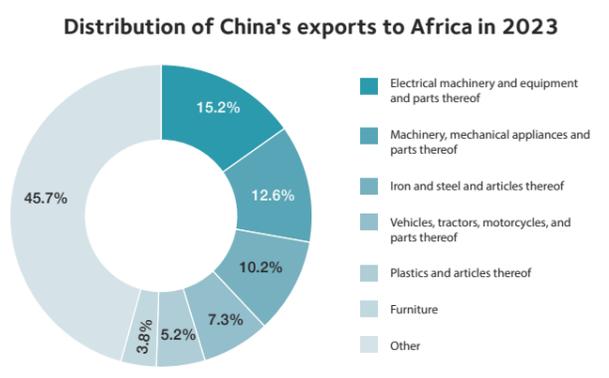
Source: Trade Map



Source: Trade Map



In general, it is noteworthy that while China's exports to Africa are highly diversified and include a wide range of goods covering various sectors of economic activity, China's imports from Africa are concentrated and mostly dominated by energy and raw materials.



Source: Trade Map

Egypt's participation in the FOCAC

Egypt was the first Arab and African nation to recognize and establish diplomatic relations with the People's Republic of China (PRC) in 1956. This marked the beginning of successive decades of close relations reflecting the development aspirations that Egypt share with China and Africa. In addition, Egypt represents a promising investment destination for Chinese companies, whether to meet domestic market needs or to export to numerous neighboring markets, particularly African markets. In this regard, the "China Unit" was established within the Egyptian Cabinet, under the direct supervision of the Prime Minister, to follow up on the various Chinese projects in Egypt. This promotes investment and trade cooperation between the two countries, especially in light of the attention paid by Egypt to the industrial sector and the localization of a number of priority industries, such as manufacturing electric vehicles, new and renewable energy, as well as information technology.

A high-level Egyptian delegation, headed by the Prime Minister on behalf of His Excellency the President of Egypt, participated in the FOCAC. On the sidelines of the FOCAC, several meetings aimed at enhancing the Egypt-China cooperation were held, and many final agreements and memorandums of understanding (MOUs) were signed. In this context, the following is noted:



- A meeting was held between the Chairman of the General Authority for Suez Canal Economic Zone (SCZONE) and several Chinese companies operating in various fields, especially the automotive industry, to attract a number of key players in this industry to operate in the SCZONE. This meeting was held particularly in view of the large relative weight of Chinese investments in the total inbound investments in SCZONE.
- The final agreements for a set of new projects to be implemented in SCZONE were signed in the fields of chemical and food industries, bromine production, and manufacturing of renewable energy project components, such as the solar photovoltaic glass.

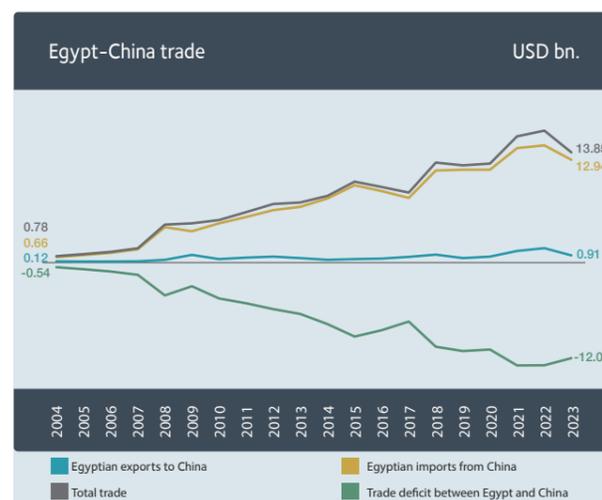
40%
the share of Chinese investments of the total investments that the SCZONE has successfully attracted during the last two years

USD 1.1 bn.
the value of investments in projects for which final agreements were signed during the FOCAC

- A major Chinese economic institution announced that it would study the establishment of a specialized industrial zone in Ain Sokhna on an area of five million square meters to accommodate renewable energy industries, such as solar energy systems and mirrors, wind turbine blades to generate electricity, and high-rise towers.
- Five MOUs were signed to boost cooperation in the fields of telecommunications and information technology. This includes the establishment of three factories for manufacturing fiber optic cables and telecommunications equipment, and three centers for exporting outsourcing services with 800 job opportunities in the areas of electronic circuit design, software development, as well as research and development in optical networking, green transformation technology, and semiconductors. The MOUs also cover the establishment of a technology investment fund in the amount of USD 300 mn., a data center, as well as four centers and laboratories that provide training and capacity building to experts.

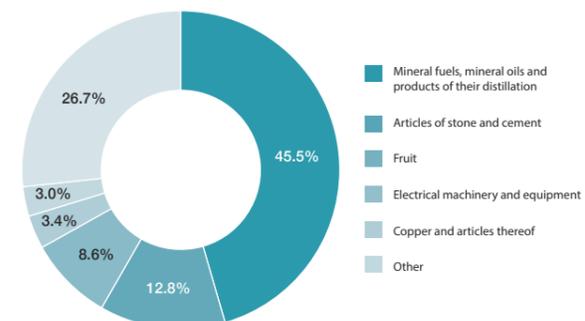
Egypt-China trade

- The value of trade between Egypt and China has doubled several times over two decades to reach around USD 13.9 bn. in 2023, up from USD 0.8 bn. in 2004. This was mostly attributed to the significant growth in Egypt's imports from China, which was coupled with a widening bilateral trade deficit in China's favor. On the one hand, the key categories of goods exported by Egypt to China in 2023 were largely mineral fuels, mineral oils and products of their distillation at around USD 414 mn., followed by articles of stone and cement at around USD 116 mn. On the other hand, the key categories of goods imported by Egypt from China in the same year included electrical machinery and equipment at USD 4.3 bn., followed by iron and steel at about USD 1.2 bn.



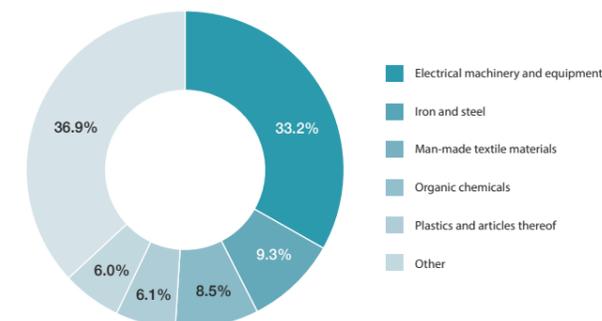
Source: Trade Map

Distribution of Egypt's exports to China in 2023



Source: Trade Map CAPMAS

Distribution of Egypt's imports from China in 2023





Egypt signs final agreements of USD 1.1 bn. on the periphery of the Forum on China-Africa Cooperation (FOCAC9 – 2024)

In its 9th round held in Sept. 2024, the Forum on China-Africa Cooperation "FOCAC9", witnessed the signing ceremony of final agreements for a number of projects to be created within Suez Canal Economic Zone "SCZone". The projects are intended to manufacture chemicals and food products, produce bromine and make the components of renewable energy, with investments of USD 1.1 bn.

USD 1.1 bn.
Total investments of signed agreements

Project of glass production plant	USD 300 mn. Total investments	Project of chlor-alkali production	USD 500 mn. Total investments
	2 production lines for float glass and galvanized glass, with daily production capacity of 800 tons each		100K tons Production capacity
	800 Job opportunities		795 Job opportunities
	Target exports of 240K tons annually, with export revenues of USD 120 mn.		Aims to establish the first green chemical facility in Egypt, using wind and solar energy to produce vapor power
	500K m ² Project area		400K m ² Project area

Industrial complex for bromine extraction	USD 110 mn. Total investments
	One of a kind in MENA. It aims to extract bromine using desalinated seawater wasted and drained to the sea
	120K m ² Complex area

Plant of solar panel production	USD 100 mn. Total investments	Establishment of support zone for the supply chain of home appliances	USD 50 mn. Total investments
	2 gigawatt Production capacity		50K tons Production capacity upon completion
	600 Job opportunities		300 Job opportunities
	Intended to promote photovoltaic energy and attract related industrial parks		Aims to increase local components necessary for manufacturing home appliances in Egypt
	77K m ² Project area		80K m ² Project area





Egypt's participation in the 9th Annual Meeting of the Board of Governors of NDB

During August 28-31, 2024, South Africa hosted the 9th Annual Meeting of the Board of Governors of the New Development Bank (NDB), established by the BRICS bloc, and convened under the theme "Investing in a Sustainable Future". The meeting featured presentations and discussions about the advanced financial systems for sustainable development and sustainable investment prospects, through initiatives addressing urgent social and environmental issues and best practices in developing new drivers of sustainable growth.

2014
Establishment year

USD 100 bn.
Authorized capital

March 2023
Egypt's accession
to NDB

Key highlights of Egypt's vision featured during the NDB meeting:

- Enhancing comprehensive growth through fostering partnerships with NDB members and establishing institutional frameworks for cooperation among BRICS countries stimulate efforts for courting more investments.
- Investment in infrastructure to provide essential services to citizens is a cornerstone of economic development and achieving sustainable development goals (SDGs).
- Africa faces an infrastructure financing gap of USD 108 bn. annually, reflecting NDB's role in providing financial resources and stimulating private investments and co-financing arrangements that combine government investments and other finances obtained from various relevant parties.
- Exploring green transition innovative financing solutions is on the rise, including blended finance, carbon credits, and debt-for-climate swaps. These solutions are crucial for attracting and sustaining investment in climate-resilient projects.
- South-South cooperation is a cornerstone of strategies for emerging and developing markets to exchange knowledge and best practices of development. The NDB can facilitate this cooperation by providing a platform for emerging economies.
- The inability of middle and low-income countries to keep pace with technological progress leads to widening development financing gaps and limits their ability to achieve desired progress.

Egypt joins Fund for Export Development in Africa

The President of the Arab Republic of Egypt issued Presidential Decree No. 83 of 2024 approving Egypt's membership in the Fund for Export Development in Africa (FEDA) as an effective step towards boosting intra-African trade.

Highlights of the FEDA

- The FEDA is a subsidiary of the African Export-Import Bank (Afreximbank), a Pan-African multilateral financial institution that targets export development, industrialization and the promotion of intra-regional trade.
- The resolution establishing FEDA was adopted during the Afreximbank's board of directors meeting in June 2017 in Kigali, Rwanda.
- FEDA pursues a multi-sector investment strategy along the intra-African trade, value-added export development and industrial value chains which includes financial services, technology, consumer and retail goods, manufacturing, transport and logistics, agribusiness, as well as ancillary trade-enabling infrastructure.

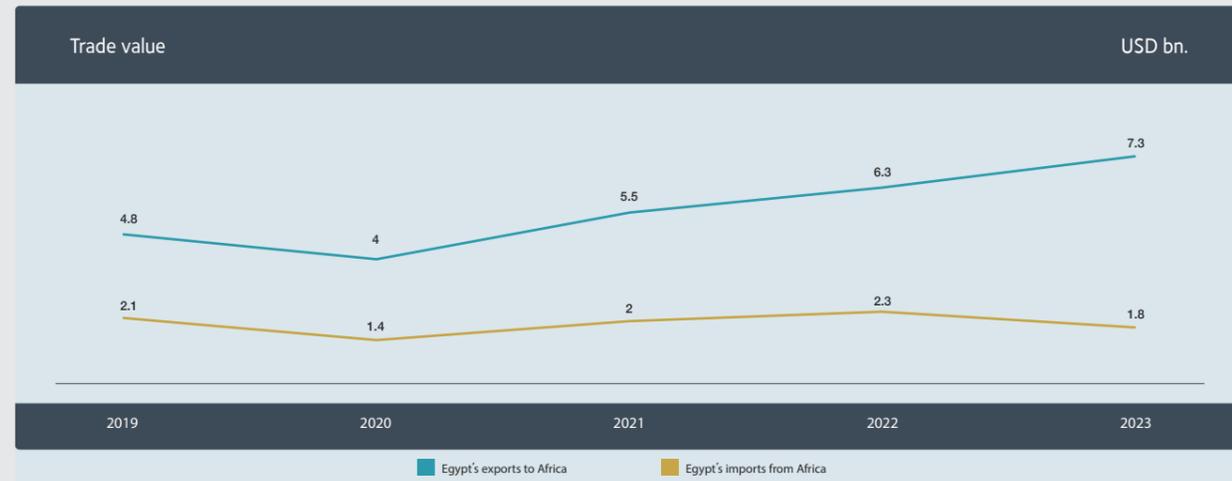
Key benefits to be gained by Egypt as a FEDA member

- Supporting the industrial infrastructure
- Increasing the volume of trade between Egypt and other African countries
- Increasing the value-added exports of goods and services
- Supporting small and medium enterprises (SMEs) involved in the export value chains

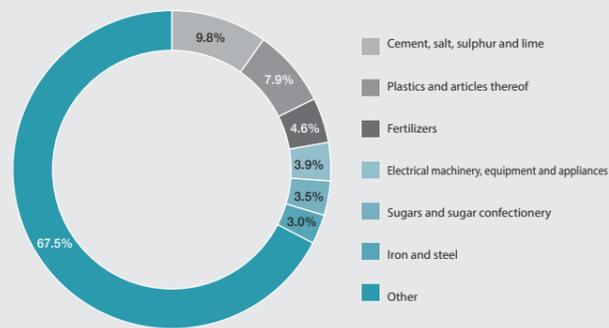


Several indicators of trade between Egypt and Africa

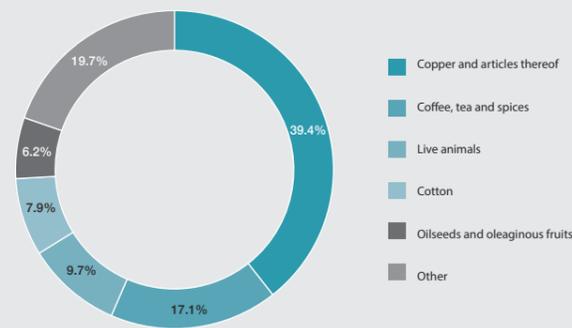
Structure of trade in 2023



Egypt's exports to Africa



Egypt's imports from Africa



According to the report of Brand Finance, a world's brand valuation consultancy, Egypt came first in 2024 list of top 10 African countries with the strongest brand value, ranking 41st globally. In this context, diversified factors contribute to the ranking of the country's brand value, including its level of political stability, economic performance, cultural heritage, quality of life of its citizens, and the country's position and reputation within the international arena.

The global ranking of the top 10 African countries with the strongest brand value

	2024	2023	
Egypt	41	46	↑
Nigeria	49	41	↓
South Africa	50	45	↓
Algeria	58	58	↔
Morocco	62	59	↓
Ethiopia	64	71	↑
Kenya	65	64	↓
Ghana	72	68	↓
Tanzania	74	74	↔
Ivory Coast	75	82	↑

Source: Brand Finance

Egypt's global ranking during the period (2014 – 2024)

Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2014
Ranking	41	46	46	45	51	49	54	55	53	52

Source: Brand Finance



70 years of close ties and mutual cooperation between Egypt and Japan

The Egyptian-Japanese relationship is a successful model of bilateral cooperation between two countries having mutual interests in various vital areas. Historically, diplomatic relations between Egypt and Japan date back to 1954. Since then, these bilateral ties have steadily developed in many areas, and have been culminated by elevating the Japan-Egypt relations to the level of a Strategic Partnership. This has led to achieving progress across several domains, including development projects, political, economic, and trade relations, investment, healthcare, culture, education, and technology.

Development cooperation: Japan is a key Asian development partner for Egypt, with a development cooperation portfolio comprising various projects in different fields, with a value of USD 3.9 bn. (from 2010 up till mid-2023). The scope of development packages is wide and includes health, education, energy, electricity, transportation, civil aviation, tourism, antiquities, irrigation and education, all bolstering sustainable economic growth, social inclusion, educational development, human resource development, regional cooperation, and support for the national strategy to combat climate change. In this respect, we refer to the following:

Electricity

Scaling up the use of clean energy to promote a green growth transition, co-financing the policy development of the electricity sector reform program, and promoting energy sector finance sustainability, management and operational efficiency.

Healthcare

Supporting the universal health coverage program, providing high-quality services to low-income people.

Transportation and infrastructure

Funding the first phase of the fourth line of the Greater Cairo Metro, and the project of renovating Borg El Arab International Airport.

Tourism and antiquities

The construction of the Grand Egyptian Museum (GEM) Project (Phase I and II).

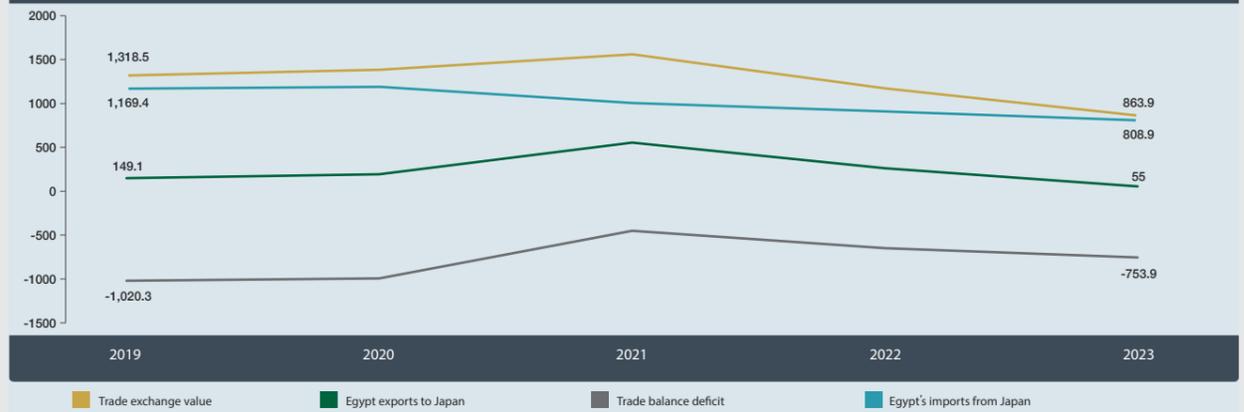
Education and HR Development

Egypt-Japan Education Partnership (EJEP) aims to build 100 Egyptian-Japanese schools, and the Egyptian-Japanese University of Science and Technology.

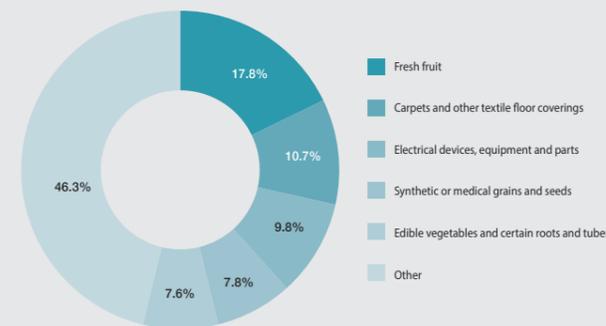
Trade exchange: In general, trade between Egypt and Japan fell short of the desired aspirations, especially on the level of Egyptian exports to Japan. In this respect, the Egyptian exports have fallen significantly during 2022 and 2023, given the sharp decline in exports of "mineral fuels, mineral oils, distillation products and bituminous substances", given that these items weigh considerably in Egyptian exports to Japan.

Egypt-Japan trade exchange

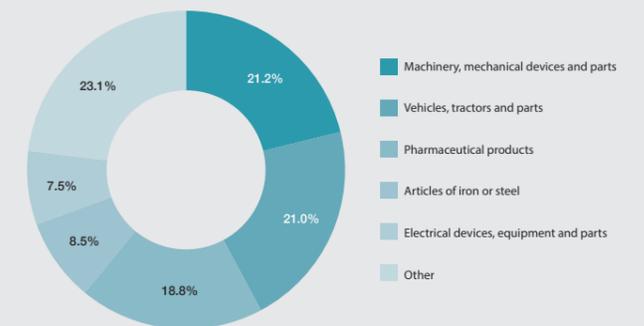
USD mn.



Egypt's exports to Japan in 2023



Egypt's imports from Japan in 2023

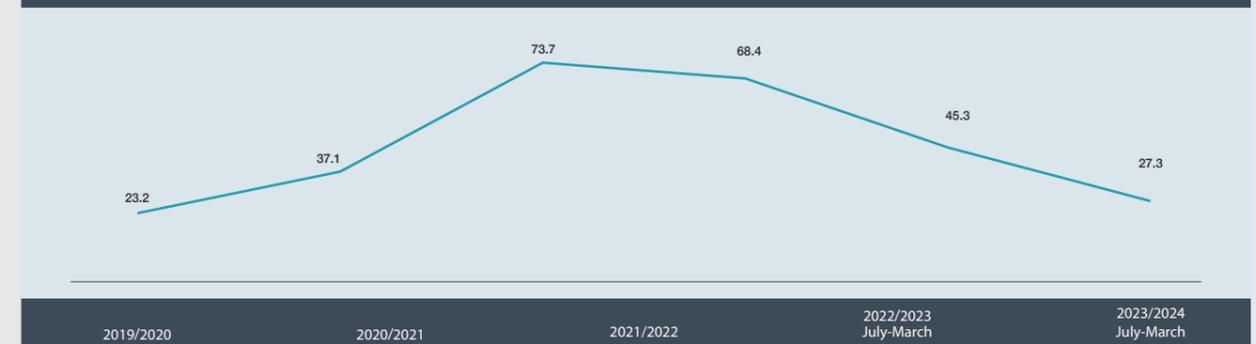


Source: Trade Map

Foreign Direct Investments (FDIs): Japan's FDI inflows to Egypt accounted for USD 27.3 mn. during the first nine months of 2023/24, compared to USD 45.3 mn. YoY.

Japanese FDI inflows to Egypt

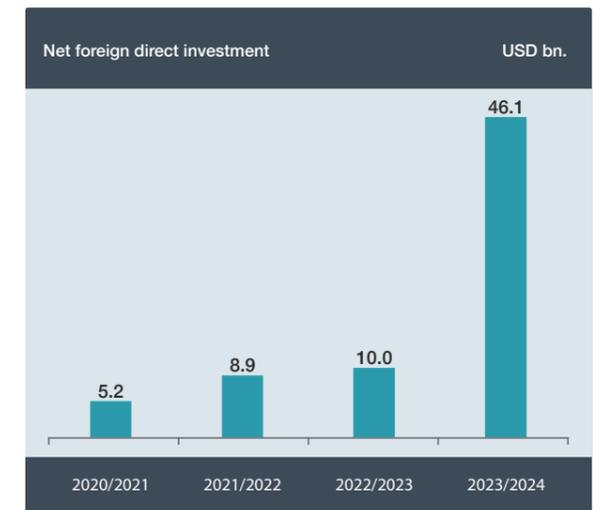
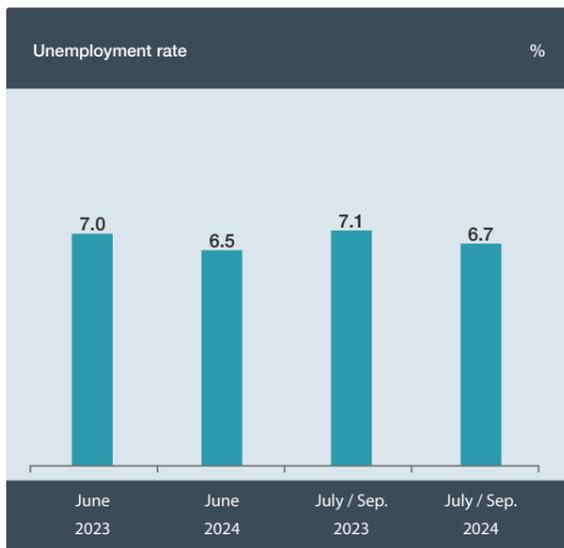
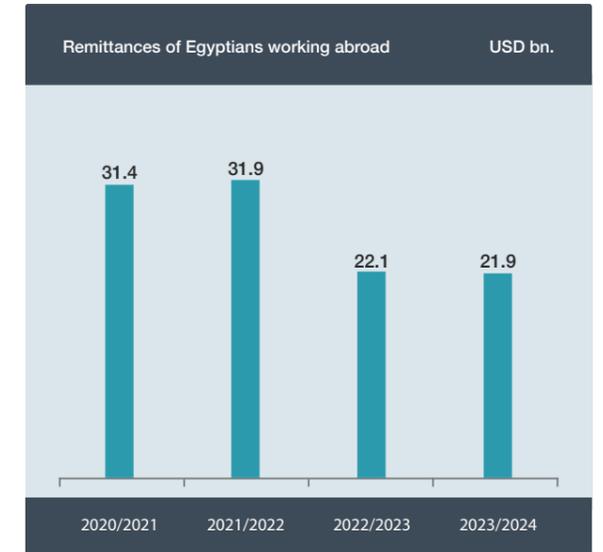
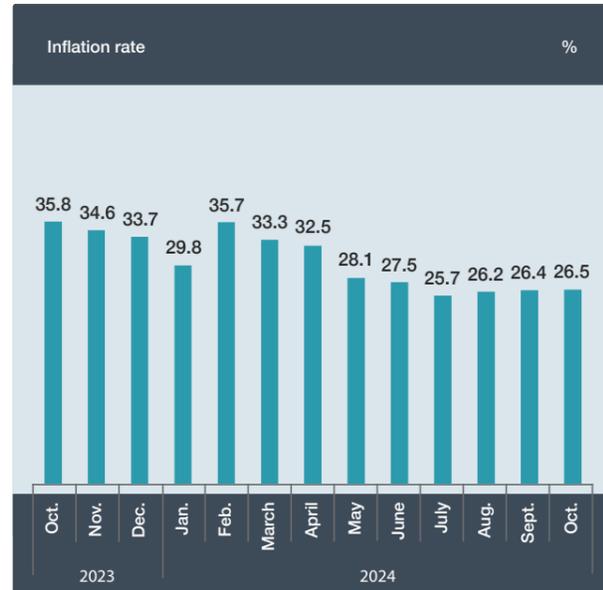
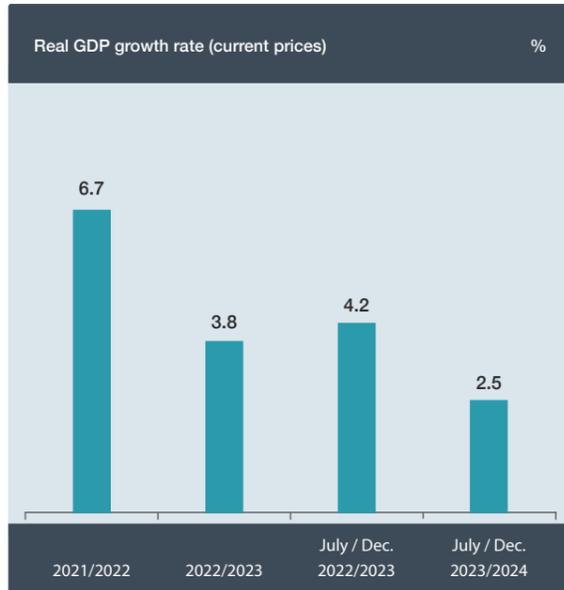
USD mn.



Source: CBE, Monthly Statistical Bulletin, various issues



**Egyptian Economy
in Brief**



Best Regards

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