

2nd issue - June 2024
Volume 74



Economic Bulletin



Board of Directors

National Bank of Egypt

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

Economic
Bulletin

06

NBE continues to forge ahead and gains more awards and certifications

10

Egypt and IMF reach an agreement on the first and second reviews under the EFF arrangement

19

Egypt's outlook revised to positive by major international credit rating agencies

28

Egypt's UNSDCF 2023-2027

34

Digitalization in Egypt: Sustained steps and promising prospects

41

Tahya Misr Terminal: A prominent national project in maritime transport

49

IMF: Slow but steady global recovery amid divergence between countries

53

Egyptian Economy in Brief





NBE continues to forge ahead and gains more awards and certifications

NBE is the top bank in the Egyptian banking market as a facility agent, lead arranger, documentation agent, and book runner for syndicated loans in Q1 2024

National Bank of Egypt (NBE) was ranked the top bank in the Egyptian banking market for the various roles it played in syndicated loans deals as a facility agent, lead arranger, documentation agent and book runner in the first quarter of 2024 according to Bloomberg's league tables. Bloomberg's results showed that NBE was ranked second as a facility agent and documentation agent, fifth as a book runner for syndicated loans, and sixth as a lead arranger in Africa. In addition, NBE came in the first place as a documentation agent and the fourth place as a facility agent for syndicated loans in the Middle East and North Africa (MENA) among a number of major international banks and financing institutions. NBE managed, arranged and promoted six finance deals with a total amount of EGP 18.8 bn. in the first quarter of 2024. Bloomberg's evaluation results are a vote of confidence from a renowned and credible international institution in the Bank's leadership in the field of syndicated loans in Egypt, the Middle East and Africa. This success reflects NBE's continuous keenness to secure the financing needs of mega projects through arranging, managing and promoting syndicated loan deals with high creditworthiness and economic feasibility which create an added value to the Egyptian economy across various vital economic sectors such as manufacturing, infrastructure, real estate development, contracting, petroleum, tourism, fertilizers, building materials, and ships and tugboats construction. This positively contributes to economic development, creates more jobs for the youth and props up economic growth. This success was achieved in spite of the recent tremendous global challenges and their repercussions on the Egyptian and global economy.



NBE maintains PCI DSS certification of compliance with Visa and Mastercard requirement standards in its new version 4.0 for the eleventh year in a row

For the eleventh consecutive year, the National Bank of Egypt (NBE) managed to maintain the Payment Card Industry Data Security Standard (PCI DSS) Certification of compliance with Visa and Mastercard requirement standards in its new version 4.0, after completing inspection, review, audit and documentation by the Qualified Security Assessor (QSA). PCI DSS ensures a high level of card security according to the requirements of the PCI Security Standards Council (PCI SSC), which encompasses major international corporations in this industry. Such certification reflects NBE's continued compliance with PCI DSS over many years. This indicates the efficiency of the Bank's team and system administrators and its continuous success in complying with international standards. Such certification comes as a result of the exerted efforts, fruitful cooperation, hard work and continued coordination among the Bank's divisions and branches as well as professional teams trained to ensure the complete security of all aspects of the work environment and customers' data and comply with the best standards of high level data security on the various systems and applications across all the Bank's business activities. This helps boost the confidence of customers and international entities and institutions in NBE and effectively contribute to achieving NBE's strategic goals in light of the banking sector's orientation towards accelerating digitalization, which made customers' data protection and privacy among the Bank's top priorities.

NBE renews the ISO 22301:2019 Business Continuity Management System

NBE managed to renew its conformity to the British Standards Institution's (BSI) ISO 22301:2019 Business Continuity Management (BCM) System certification for three years ending June 2027. This highlights NBE's ability to continue its efficient and effective management of banking operations and services, and its growing role in serving and safeguarding the national economy and achieving financial and banking stability while maintaining the depositors' funds. This certification shows international homage to the Bank's proactive attitude to address risks and challenges by setting strategies and alternative plans in response to the potential scenarios of business interruption. It also reflects that NBE continuously develops its plans and strategies to achieve excellence and provide all banking services with better efficiency at the required level of quality. In that vein, the certification covered a large number of critical business lines in the Bank, mirroring the tremendous achievements made under the complete framework of BCM adopted by the Bank's management. BCM's complete framework encompassed many pillars starting from analyzing and measuring impact to developing, studying and evaluating alternative plans. The BCM framework also covers equipping premises, verifying their efficiency, and training the relevant employees to achieve the highest level of performance quality in case that any business interruption occurs in H.O. during any emergency incident. Moreover, it contributes to raising the organizational resilience of BCM in the Bank without any interruption or hurdles to the business progress.

NBE continues to forge ahead and gains more awards and certifications

NBE comes at the top of Global Finance's Safest Bank rankings 2024 in Egypt for the fifth year in a row

For the fifth consecutive year, NBE maintained its position as the safest bank in Egypt for 2024, according to Global Finance's Safest Bank annual rankings, which evaluate the most stable financial institutions in the world. In this respect, Global Finance gives its scores based on the ratings assigned by top global agencies—Moody's, S&P, and Fitch, as well as the banking performance indicators and the evaluation of the assets and financial positions of 1,000 largest banks worldwide. The rating affirms NBE's ability to comply with all internationally accepted technical and legal procedures to maintain the strength and firmness of the Bank's assets and performance. Its rating also adds more confidence in the Bank's performance, stability, and actual growth rates, as well as the high safety standards adopted by, and placed among the priorities of the Bank. This encourages financial institutions to bolster more stable partnerships and relationships with the Bank on the long run, achieving successful stories and better results globally, regionally and locally.

NBE becomes the most valuable Egyptian brand in 2024, according to Brand Finance's report for the second year in a row

NBE came at the top of Brand Finance Egypt 2024 ranking for the second year in a row, according to the British Brand Finance's report. In this respect, the value of NBE's brand jumped by 37% to record USD 655 mn. in 2024 from USD 478 mn. in 2023. On a related note, Banque Misr, Commercial International Bank (CIB), and Arab African International Bank (AAIB) ranked fourth, fifth and tenth respectively.

NBE earns the Best Legal Group Award at the level of legal teams in the Middle East in the field of "initiative and Diversity" for 2024

NBE's Legal group received the Best Legal Group Award at the level of the Middle East legal teams in the field of "Initiative and Diversity" for 2024 from the international foundation "LAW.COM International", which organizes many international events and activities and gives multiple awards to distinguished legal teams worldwide. This award supports the trust and appreciation of international institutions in the management systems and standards of NBE as a pillar of the Egyptian economy. It also highlights NBE's efficient legal group team with its litigation and legal support as well as the various legal solutions and proactive initiatives provided by the NBE's legal group team, contributing to the achievement of the Bank's goals, and maintain its leadership in the Egyptian banking market. This strengthens the Bank's leading role in complying with the international best practices of modern legal methods, procedures and controls to keep pace with global legal developments adopted in major financial and banking institutions.



NBE wins the best deal award in the field of green trade for 2023 and the Most Active Bank award in terms of "Green Trade" financing volume

NBE received the best deal in the field of green trade for 2023 and the Most Active Bank award in terms of "Green Trade" financing volume, during the European Bank for Reconstruction and Development (EBRD) annual meeting in Yerevan, Armenia's capital. These awards reflect NBE's collaborative efforts with EBRD to enhance growth and accelerate the transition towards green economy through financing trade operations and extending lines of credit to micro, small and medium enterprises (MSMEs).

NBE signs a cooperation protocol with MOYS to promote youth financial and digital inclusion

Based on Egypt's vision to promote financial inclusion, and in the framework of bolstering the bonds of cooperation between the banking sector and the Ministry of Youth and Sports (MOYS), NBE signed a cooperation protocol with MOYS for the establishment of "the Digital and Financial Inclusion Unit", under the sponsorship of the Central Bank of Egypt (CBE). The protocol provides for the collaboration of MOYS, CBE and NBE to implement an initiative for youth empowerment entitled "Digital Youth"; launch the national campaign to familiarize young males and females with financial inclusion; and support Egyptian young graduates with disabilities through training programs in digital transformation and financial inclusion on how to utilize the cutting-edge methods and means for financial and technical transactions. It also aims to disseminate the culture of entrepreneurship and self-employment to enable youth to generate an appropriate and stable income with a view to raising the living standard and securing a decent life, in implementation of the Egyptian National Strategy 2030. In addition, the protocol intends to enhance and provide training programs to male and female youth in order to be prepared to break into various fields in line with Egypt's vision and sustainable development goals (SDGs) and acquaint with Egypt's strategy and goals towards digital transformation, increase the awareness of the digital inclusion goals through training courses delivered by field experts, improve young people's awareness and knowledge of digital inclusion and its functions in the process of implementing, reviewing and localizing digitalization and help the youth communicate and share their various educational and technical experiences and backgrounds.

Egypt and IMF reach an agreement on the first and second reviews under the EFF arrangement

On April 1, 2024, the International Monetary Fund (IMF) announced the completion of the first and second reviews of the extended arrangement under the Extended Fund Facility (EFF) in the framework of Egypt's economic reform program. This agreement comes amid significant macroeconomic challenges that have become more complex to manage as a result of the war on Gaza that adversely affected foreign exchange inflows from foreign trade, as well as Suez Canal and tourism receipts, the latest in a series of shocks over the past four years post the Covid-19 pandemic. As a result, Egypt's request for an augmentation of the original agreement in December 2022 from SDR 2.35 bn. (equivalent to about USD 3 bn.) to SDR 6.11 bn. (equivalent to about USD 8 bn.) was approved, allowing the Egyptian authorities to draw the equivalent of USD 820 mn. (SDR 618.1 mn.).

The schedule of reviews and purchases under the IMF loan to Egypt extends until September 2026, with eight periodic reviews according to the following:

Date	Loan tranche		Review
	Amount in millions of SDR	As a percent of Egypt's IMF quota (%)	
December 16, 2022	261.13	12.8	
March 15, 2023	261.13	12.8	First review*
March 15, 2024	356.98	17.5	Second review*
June 15, 2024	618.11	20.3	Third review
September 15, 2024	922.87	45.3	Fourth review
March 15, 2025	922.87	45.3	Fifth review
September 15, 2025	922.87	45.3	Sixth review
March 15, 2026	922.87	45.3	Seventh review
September 15, 2026	922.86	45.3	Eighth review
	6,111.69	300.0	

*First and second reviews are combined.

Source: IMF Country Report No. 24/98

The comprehensive and consistent economic policy and measure package, which will be implemented under the economic reform program, seeks to restore macroeconomic stability to Egypt, reduce government debt and preserve debt sustainability, restore price stability in domestic markets, and reduce inflation, while continuing to push forward deep structural reforms to promote private sector-led economic growth to



contribute to enhancing the competitiveness of Egypt's economy and job creation. In this regard, the IMF explained that policy discussions and program reforms revolved around six pillars as follows:

First, the authorities have taken decisive steps to move toward a credible flexible exchange rate regime. This reform, which has started with the unification of the exchange rate between the official and parallel markets, will help increase the availability of foreign exchange and eliminate the current backlog of unmet foreign exchange demand, and re-establish a well-functioning interbank market for foreign exchange. There was agreement that a flexible exchange rate regime would help Egypt manage external shocks and would support the authorities' decision to move toward a full-fledge inflation targeting regime over time.

Second, additional monetary policy tightening to reduce inflation, and reverse the recent dollarization trend. In this regard, the IMF welcomed the recent decision by the Central Bank of Egypt (CBE) to increase the policy rate by 600 basis points in March, in addition to the 200 basis points undertaken in April.

Third, fiscal consolidation to preserve debt sustainability. Egypt agreed to maintain fiscal prudence over the medium-term and step-up efforts to mobilize additional domestic revenues, including through the rationalization of tax exemptions as well as to use a substantial part of divestiture proceeds to reduce debt.

Fourth, a new framework to slow down infrastructure spending including projects that have so far operated outside regular budget oversight. In particular, Egypt noted that it would limit the total amount of public investment from all sources (i.e., budget, state owned enterprises, economic authorities, and other entities), and the Prime Minister has issued a decree that sets up a monitoring mechanism under his supervision, with the participation of all relevant authorities present, and to be headed by the Accountability State Authority.

Fifth, adequate levels of social spending would be provided to protect vulnerable groups and mitigate the impact of adopted economic policies on Egyptian households.

Sixth, the implementation of the State Ownership Policy and reforms to level the playing field will be key to unleash private sector growth. In this context, the IMF said that recent reforms eliminating preferential tax treatment and exemptions for state-owned enterprises were a step in the right direction. The accelerated pace of foreign direct investment (FDI) and divestiture programs since mid-2023 is a positive development that should contribute to improved confidence by markets and investors.

Egypt and IMF reach an agreement on the first and second reviews under the EFF arrangement

Egypt's economic reform program is expected to garner support and secure extensive financing from international development partners and global financing institutions. In this framework, "Ras El-Hekma" deal, which would ease financing restrictions in the short- and medium-terms, was announced and initiated. Similarly, IMF-backed comprehensive reforms are projected to attract FDI inflows, bolster Egypt's exporting capabilities by improving the competitiveness of the Egyptian economy, and create jobs for skilled labor in Egypt.

In the same vein, the IMF's Managing Director and Chair of the Executive Board stated that:

- The Egyptian authorities had significantly strengthened the reform package underlying the "EFF" arrangement supported by an augmentation of access to resources under the arrangement. Recent measures taken by the authorities toward correcting macroeconomic imbalances, including unification of the exchange rate, clearance of the foreign exchange demand backlog, and significant tightening of the monetary and fiscal policies were difficult, but critical steps forward to achieve the desired progress, and efforts should be sustained going forward.
- The authorities prudently committed to using a large part of the new financing from the Ras El-Hekma deal to improve the level of reserves, fast-track the clearance of foreign currency backlogs and arrears, and reduce government debt upfront.
- Egypt succeeded in carefully calibrating its policies to entrench macroeconomic stability while protecting the vulnerable. The CBE's resolve to focus squarely on reducing inflation and to tighten further, if necessary, was key to preventing further erosion of the purchasing power of households.
- Implementation of the newly established framework to monitor and control public investment would help manage excess demand.
- The pursuit of a revenue-based fiscal consolidation would put debt firmly on a downward path and provide resources for expanding the social safety net.
- With policies to restore macroeconomic stability in place, the stage was set for accelerating implementation of the structural reform agenda intended to deliver inclusive and sustainable growth.

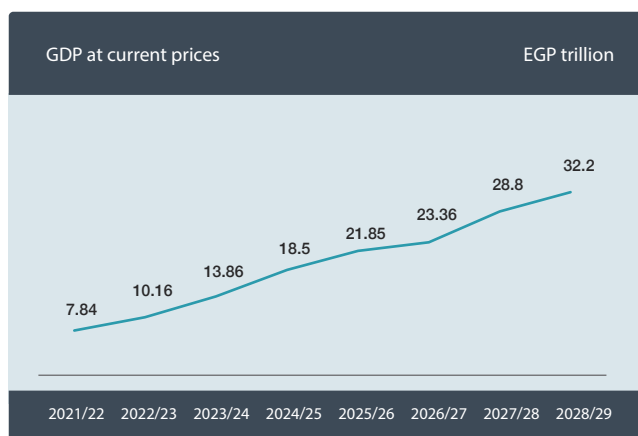
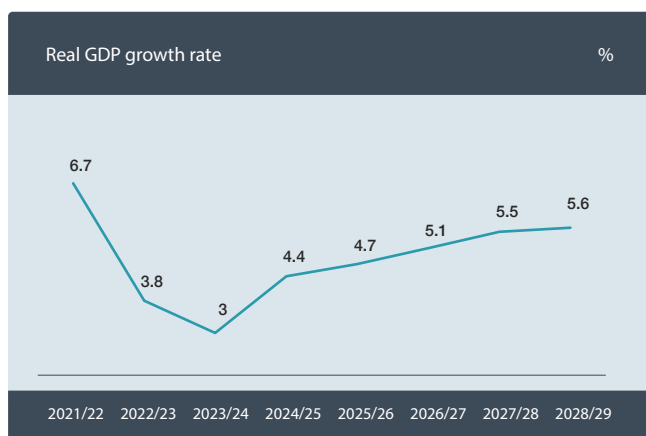
The Egyptian government and CBE stressed that authorities were strongly committed to press ahead on all critical aspects of Egypt's IMF-supported economic reform program to ensure macroeconomic stability and return to normal economic activity ratios. In this regard, the Ministry of Finance will bolster and step-up efforts to put the debt-to-GDP ratio on a downward path, preserve public debt sustainability, push ahead with fiscal discipline, and mobilize additional domestic revenues which are channeled to the Treasury.

The government stated that it recognized the adverse effects faced by citizens, stressing its commitment to protect low- and middle-income households. The government will take social measures to mitigate the impact of the adopted economic policies on Egyptian households to ensure protecting and supporting low- and middle-income households throughout the program. In this vein, key actions taken by the government include expanding the coverage of the "Takaful and Karama" cash transfer program to cover more than 5 million households. Furthermore, the authorities announced in February 2024 an additional EGP 180 bn. social protection package for FY 2024/2025, which included a 50% increase in the public sector minimum wage, 15% increase in pensions, raising the tax exemption limit by more than 30%, and increasing the salary raises of teachers and healthcare workers.



IMF's outlook for a set of Egyptian economic indicators

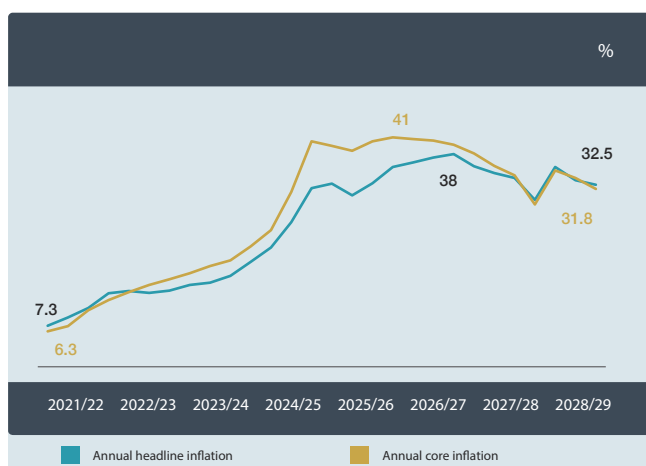
- GDP:** "global and regional" external shocks and foreign exchange shortages have weighed on economic activity. Growth slowed to 3.8% in FY 2023/2024, and to around 3% in FY 2023/2024. However, it would recover and increase gradually over the next years. As for GDP at current prices, the IMF expects it to double, reaching EGP 32.2 trillion in FY 2028/2029, compared to around EGP 13.9 trillion in FY 2023/2024.



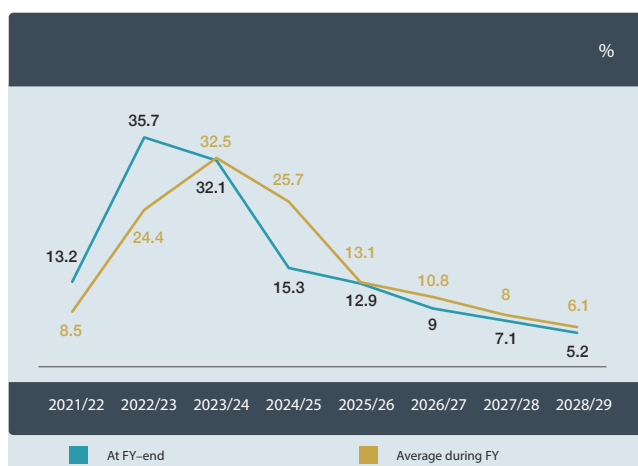
Source: IMF Country Report No. 24/98

- Inflation:** Egypt's inflation rate reached a record high in 2023, as the annual headline inflation rose to around 38% in September 2023, and the annual core inflation accelerated to 41% in June 2023, driven by the exchange rate depreciation and shortages of goods related to limited foreign exchange availability. Nevertheless, inflation declined in 2024, as annual headline and core inflation recorded around 32.5% and 31.8% respectively in April 2024, compared to about 33.3% and 33.7% respectively in March, and 35.7% and 35.1% respectively in February of the same year. Inflation, however, is still at high levels. In this regard, the IMF expects that inflation will fall over the medium-term toward the CBE's target.

Inflation rate (%)



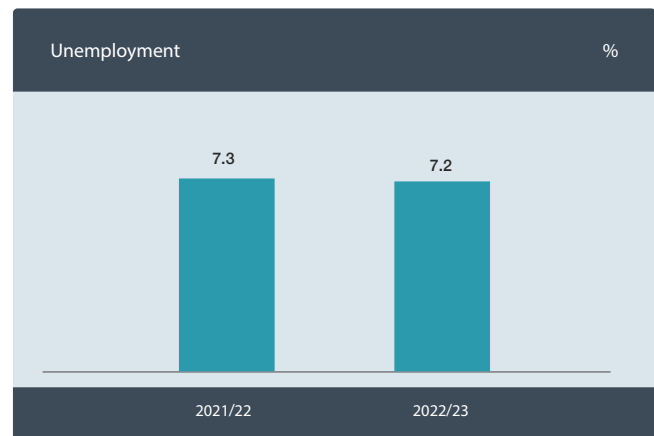
Source: IMF Country Report No. 24/98



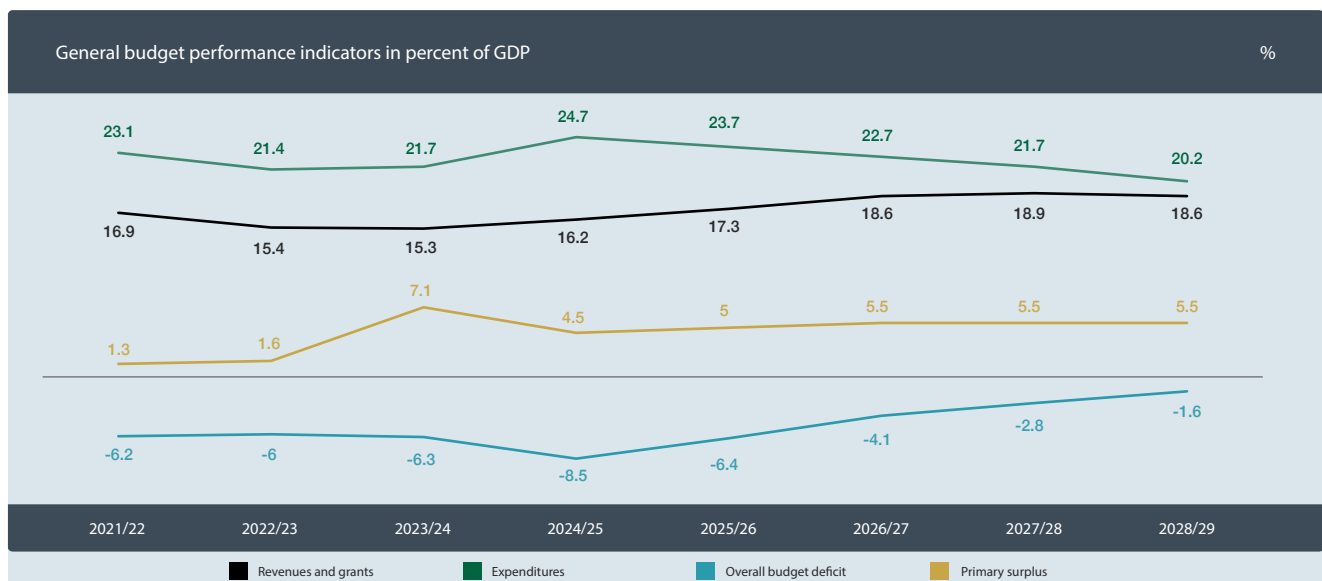
Source: IMF Country Report No. 24/98

Egypt and IMF reach an agreement on the first and second reviews under the EFF arrangement

- **Unemployment:** the unemployment rate continued to decline to 7.2% in FY 2022/2023.



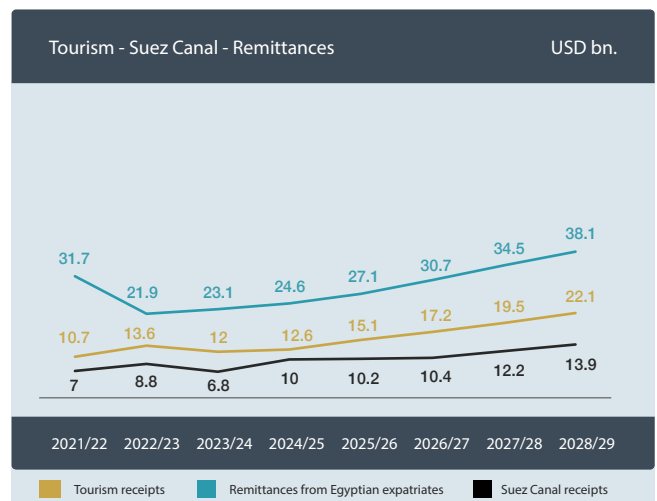
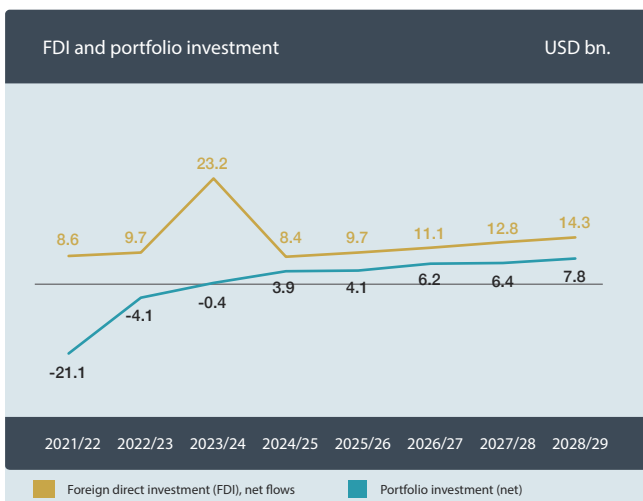
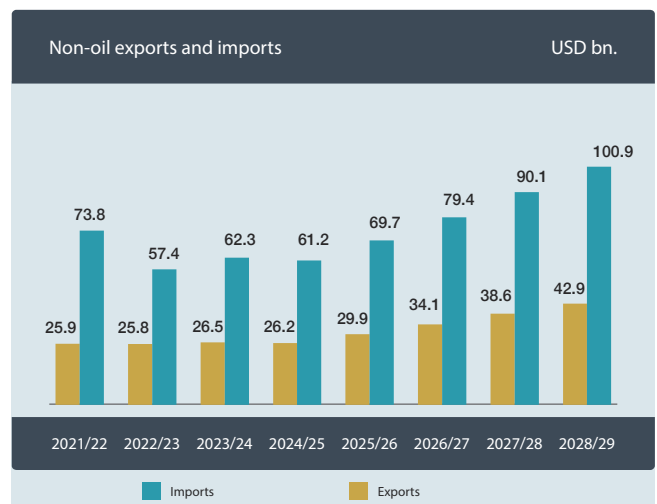
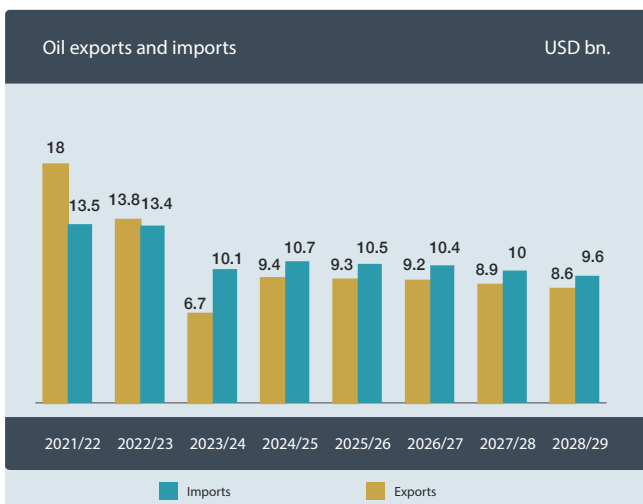
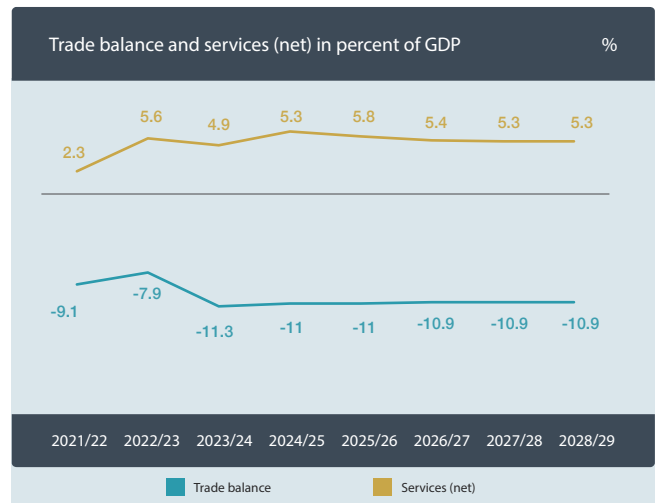
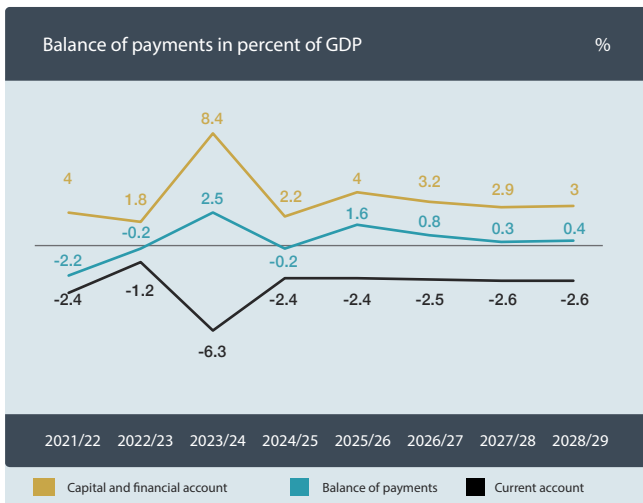
- **General budget:** the general budget deficit narrowed to around 6% of GDP in FY 2022/2023 from 6.2% in FY 2021/2022. Nonetheless, deficit would widen to 6.3% and 8.5% in FY 2023/2024 and FY 2024/2025 respectively before starting to narrow again. In the same context, the IMF expects that FY2023/2024 will see a primary surplus of 7.1% of GDP based on factors related to Ras El-Hekma development project.



Source: IMF Country Report No. 24/98

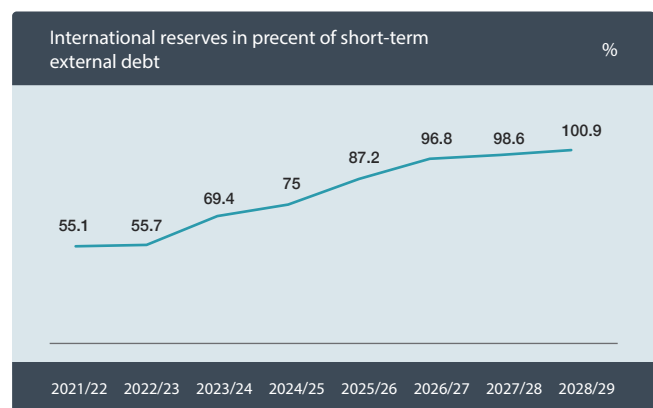
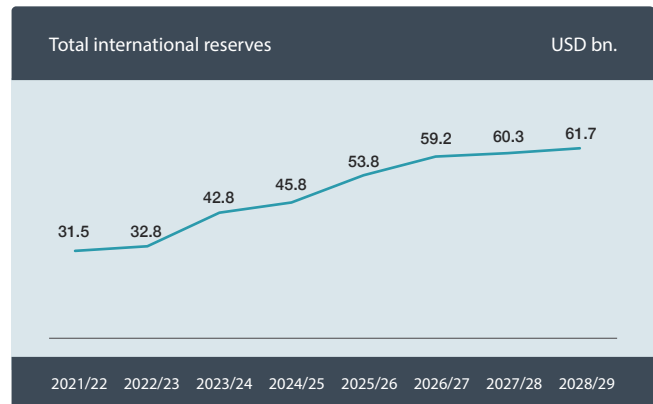
- **Balance of payments:** the IMF noted that Egypt's current account deficit narrowed to 1.2% of GDP in FY 2022/2023, down from around 3.5% in FY 2021/2022. This was driven by an improvement in the non-oil trade balance performance indicators, with a decline in non-oil imports, in part due to the exchange rate depreciation at end-2022 and early 2023, and in part due to the shortages of foreign exchange available, adversely affecting imports. The balance of services also experienced a boost in both the tourism sector revenues, which surpassed pre-COVID levels, and transport receipts from the Suez Canal driven by an increase in the transit fees, as well as in the tonnage of vessels to historic records.



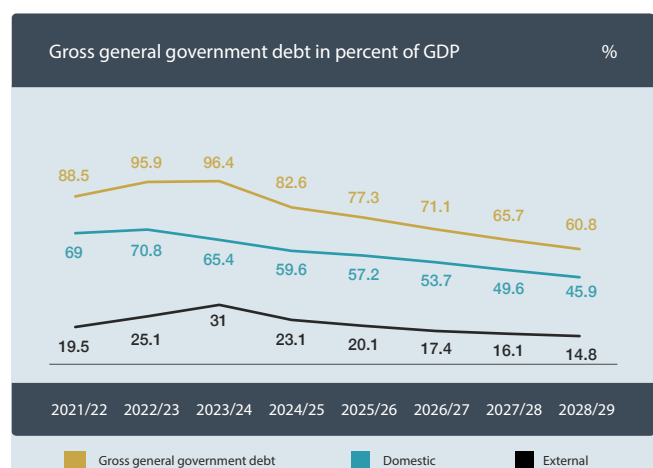


Egypt and IMF reach an agreement on the first and second reviews under the EFF arrangement

- International reserves:** the IMF projects that gross international reserves would reach USD 42.8 bn. by the end of FY 2023/2024, up from USD 32.8 bn. at the end of FY 2022/2023, which will cover 7.3 months of imports of goods and services and account for 69.4% of short-term external debt.



- General government debt:** the IMF anticipates that the general government debt would continue to grow throughout FY 2023/2024 in percent of GDP to reach about 96.4%, compared to 95.9% in FY 2022/2023. It is then expected to follow a downward trajectory throughout the following years.



Source: IMF Country Report No. 24/98

Along the same lines, the Egyptian government stressed that it was following an integrated debt management strategy to manage and reduce debt and extend its average maturity in order to mitigate debt service burdens through reducing short-term issuances and shifting to medium and long-term issuances. The government is also working on gradually decreasing the debt service cost over the medium term, in addition to diversifying financing sources and tools with increased reliance on green bonds, sukuk and lower-cost unconventional instruments such as Samurai and Panda bonds. Further, Egypt is committed to honoring all obligations at their maturity dates under the same issuance conditions without change.

In addition, cash flows from Ras El-Hekma project and those anticipated from the IMF-supported economic reform program, would effectively contribute to alleviating financing pressures and reducing the need for rapid finance. It should also be noted that half of revenues generated from the initial public offering (IPO) program have been channeled directly towards reducing the government debt and boosting the state's public finance indicators.

- **Exchange rate:** the liberalization of the exchange rate is one of the main pillars of Egypt's economic reform program. In this framework, the shift to a flexible exchange rate regime in March 2024 led to a major depreciation in the exchange rate. On the other hand, this shift has effectively facilitated efforts to begin clearing the backlog of foreign exchange demand and reduced uncertainty among households, businesses and investors. The broad tightening of monetary and fiscal policies that accompanied this move has helped relieve pressures in the foreign exchange market and boost confidence. This has closed the gap between the official and parallel market rates which accordingly resulted in strengthening the confidence of foreign investors and promoting flows from investment.

The banking sector's financial soundness indicators (other than CBE)

	2015	2016	2017	2018	2019	2020	2021	end-Sep. 2022	end-Dec. 2022	end-Mar. 2023	end-Jun. 2023	end-Sep. 2023	end-Dec. 2023
Capital adequacy													
Regulatory capital to risk-weighted assets	14.5	14.0	14.7	15.7	17.7	20.1	22.2	20.5	19.0	17.0	17.5	18.1	18.6
Common equity to risk-weighted assets	12.1	11.7	9.2	10.4	12.7	14.6	13.4	11.6	11.1	10.8	10.6	10.5	13.0
Asset quality													
Non-performing loans (NPLs) to total loans	7.1	6.0	4.9	4.1	4.2	4.0	3.4	3.2	3.4	3.5	3.3	3.3	3.0
Loan provisions to non-performing loans	99.0	99.1	98.3	98.0	97.6	95.2	92.3	91.8	91.6	93.3	91.6	88.6	88.7
Profitability													
Return on average assets	1.5	2.0	1.5	1.4	1.8	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Return on average equity	24.4	30.9	21.5	19.2	23.4	14.9	16.1	16.1	16.1	17.7	17.7	17.7	17.7
Liquidity													
Average liquidity ratio:													
Local currency	59.7	55.4	47.1	40.3	44.4	53.8	45.4	46.9	43.3	39.7	37.6	38.5	36.8
Foreign currency	52.0	60.2	66.4	67.7	67.7	71.5	67.9	77.6	77.9	75.3	70.1	69.9	67.5
Loans to deposits	40.9	47.0	46.0	46.2	46.7	46.4	48.3	47.4	47.9	48.9	50.9	52.4	54.0

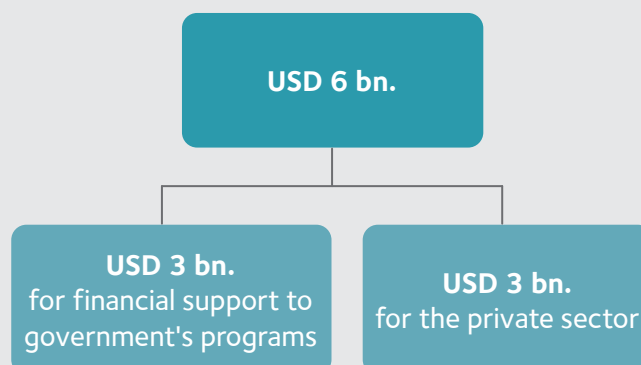
•Fiscal years unless otherwise indicated.

•Starting in 2021, the fiscal year ends on December 31 for the banking sector. Prior to that, the fiscal year ended on June 30 for public sector banks and December 31 for the rest of the banks.

Source: - IMF Country Report No. 24/98
- CBE, Monthly Statistical Bulletin

World Bank announces USD 6 bn. financing package for Egypt

On March 2024, the World Bank Group (WBG) announced its intention to provide around USD 6 bn. of support to Egypt over the coming three years.



The WBG underscored its commitment to its long-term strategic partnership with Egypt, and its support for the measures the country is taking to achieve economic recovery and restore a sustainable path for inclusive growth. This partnership aims at building better lives and opportunities for Egyptians. In this regard, the WBG programs support Egypt in the priority areas of private sector growth and job creation; enhancing human capital outcomes through inclusive social protection, health, and education systems; and fostering resilience through climate smart solutions and strengthened economic management. This includes a focus on protecting and investing in the poorest and most vulnerable, who are hardest hit by economic shocks.

In this context, it is noteworthy that the WBG's current operatorial portfolio amounts to about USD 8 bn., comprising USD 6 bn. from the International Bank for Reconstruction and Development, USD 1.9 bn. from the International Finance Corporation, and USD 0.5 bn. from the Multilateral Investment Guarantee Agency.



Egypt's outlook revised to positive by major international credit rating agencies

Major international credit rating agencies upgraded their outlook for Egypt's economy to positive. The agencies commended the developments and reforms taking place in Egypt, which were adopted by the government in early 2024 to support macroeconomic rebalancing and strengthen the economy's resilience to shocks. This is seen as a vote of confidence in Egypt's macroeconomic management in such a challenging stage. These included:

- The transition to a flexible exchange rate regime, and the raise of interest rates by 600 basis points at once.
- The conclusion of an IMF agreement to complete the first and second reviews of Egypt's economic reform program, as it was agreed to augment the original IMF program from USD 3 bn. to USD 8 bn. In addition, Egypt will receive USD 1.2 bn. from the World Bank's (WB) Environmental Sustainability Fund, along with financing packages worth EUR 7.4 bn. (i.e. USD 8 bn.) from the European Union (EU) over 2024–2027.
- The announcement of a huge investment deal to develop Ras El-Hekmah, with immediate revenues for Egypt amounting to USD 35 bn.

Moody's

In March 2024, Moody's Ratings affirmed Egypt's foreign and local currency sovereign rating at Caa1, and changed its outlook on Egypt's economy from "negative" to "positive". This will pave the way for enhancing Egypt's rating in the coming period by the agency, which is considered one of the world's most renowned institutions in this field, as its reports are awaited by funds, businesses and investment communities around the world. In this vein, Moody's indicated the following:

- Egypt's economic developments would actively help close the financing gap until the FY 2025/2026, strengthen Egypt's foreign currency reserves, ease FX shortage and eliminate waiting lists for dollar, thanks to the anticipated FX inflows into Egypt's economy, in the form of remittances as well as direct and indirect investments in portfolios. It is expected that the conversion of USD 11 bn. in UAE deposits to foreign investments would enhance the banking sector's position.
- The Central Bank of Egypt's (CBE) policy rate hike brought monetary policy nearer to neutral after an extended period of negative real interest rates.
- The tightening of fiscal policy and slowdown in infrastructure spending agreed with the IMF should over time reduce inflation and support debt sustainability, while fostering an environment that enables private sector activity and restores investors' confidence. Meanwhile, the removal of currency distortions and the shift to an inflation targeting system should ease FX shortages and promote renewed remittance inflows through official channels, and incentivize foreign investment and portfolio inflows in the future.
- Moody's affirmation of the Caa1 rating reflects the Government of Egypt's high debt ratio and very weak debt affordability compared to peers that increase fiscal accounts' shock exposure and which Moody's expects will improve only gradually. Moody's forecasts that domestic borrowing costs would consume almost 65% of public revenues at the end of FY 2024. Moody's also referred to the economic fallout from the Russian invasion of Ukraine, resulting in sharp price increases and an erosion in households' purchasing power.
- As for factors that could lead to an upgrade, Moody's pinpointed that a sustained shift to a managed float, an inflation targeting regime that restores and enhances confidence in the local currency, and the improvement of external debt positions faster than currently expected, perhaps via an accelerated pace of deleveraging or foreign direct investment (FDI) supported by the planned sale of state assets would

Egypt's outlook revised to positive by major international credit rating agencies

support a higher rating. This would likely happen in the context of continued significant external support from official partners in the region and from the IMF that help sustainably replenish the economy's foreign exchange reserves and ultimately strengthen the economy's shock absorption capacity. A marked and durable improvement in debt affordability, including via higher revenue generation, would engender confidence in Egypt's ability to navigate the difficult decisions on prioritization of government spending, paving the way for higher rating levels.

- As for the banking sector, in March 2024, Moody's Ratings affirmed all ratings and assessments of five rated Egyptian banks, including the Caa1 long-term deposit ratings of National Bank of Egypt SAE (NBE), Banque Misr SAE (BM), Banque du Caire SAE (BdC) and Commercial International Bank (Egypt) SAE (CIB); and the B3 long-term deposit ratings of Bank of Alexandria SAE (BoA) - the Intesa Sanpaolo Group. As part of the same rating action, Moody's changed the outlook on the banks' long-term deposit ratings to positive from negative.

S&P Global Ratings

S&P Global Ratings revised its outlook on Egypt to "positive" from "stable". At the same time, the agency affirmed its "B-/B" long- and short-term foreign and local currency sovereign credit ratings on Egypt. The positive outlook reflects the potential for further improvements in Egypt's external position and alleviation of foreign currency shortages. It also reflects CBE's endeavors to liberalize the exchange rate and the significant steps taken by authorities to address some of Egypt's macroeconomic imbalances, alongside a large inflow of external funding. In this context, S&P indicated the following:

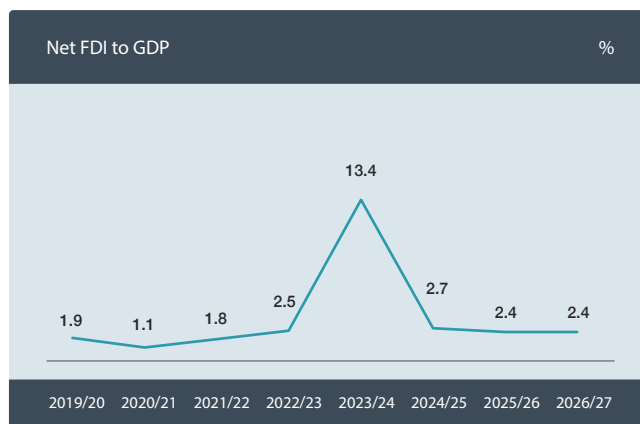
- **Exchange rate adjustment** and material FDI and donor inflows should significantly reduce the dislocation in the foreign currency market, while shoring up confidence and growth, and support Egypt's ability to adjust to external shocks.
- **CBE's decisions on tightening monetary policy** should help dampen further price rises. As many goods and services were being priced at the parallel market rate, which already exceeded the official rate following the recent liberalization, the new level of the exchange rate is not expected to result in an additional sharp increase in prices.
- **S&P reviewed several positive aspects of Ras El-Hekmah project**, including the immediate direct investments it entails, which amount to USD 35 bn. This is estimated to contribute effectively to improving Egypt's external position and achieving a significant increase in the balance of international reserves during FY 2023/2024. In addition, the aforementioned project is expected to court investments of about USD 150 bn. during its development phases.

USD 58 bn.
CBE's gross international reserves
as at end-June 2024, according to
S&P's forecasts

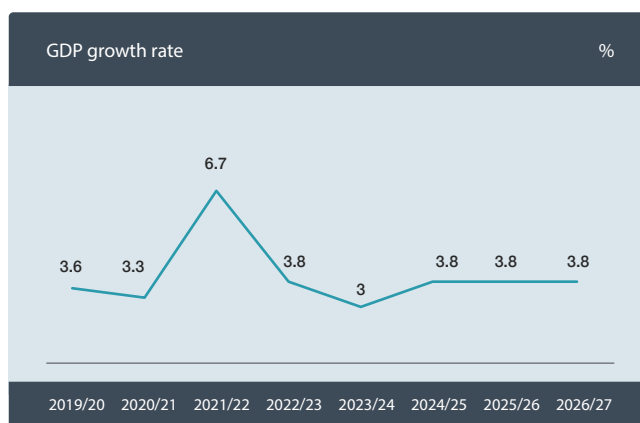
USD 150 bn.
Ras El-Hekmah's expected invest-
ments over the project's develop-
ment phases



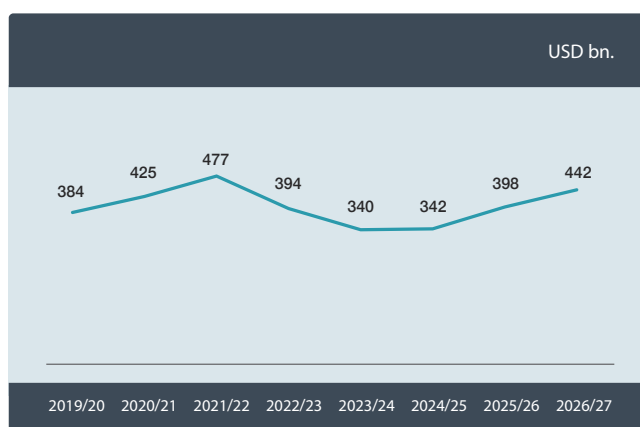
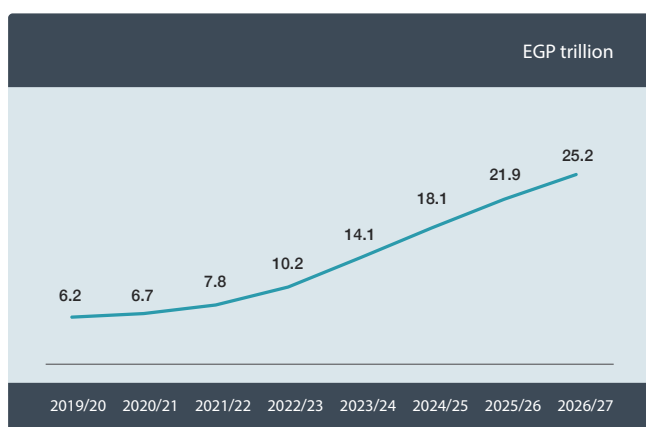
On the same note, Ras El-Hekmah deal is projected to lead to a great surge in the value of FDI inflows and the ratio of FDI inflows to GDP.



- **At the level of maximizing the private sector role in the economy**, S&P report pinpointed that the state targets raising the participation of the private sector in public investments to 65%. The government has made progress selling stakes in various SOEs, raising nearly USD 5.6 bn. as at end-December 2023 from the total or partial sale of 14 companies, which is estimated to reach USD 6.5 bn. at end-December 2024.
- **GDP growth slowed** sharply to 3.8% in FY 2022/2023, and is expected to slow further in FY 2023/2024, to stand at 3%. However, as the CBE's long-term strategy for the exchange rate has become clearer and market and investor confidence improved, GDP is forecast to grow 3.8% in FY 2024/2025. The construction and energy sectors could be key drivers of growth, along with information technology and communications, wholesale and retail trade, agriculture and health care.



GDP (at current prices)

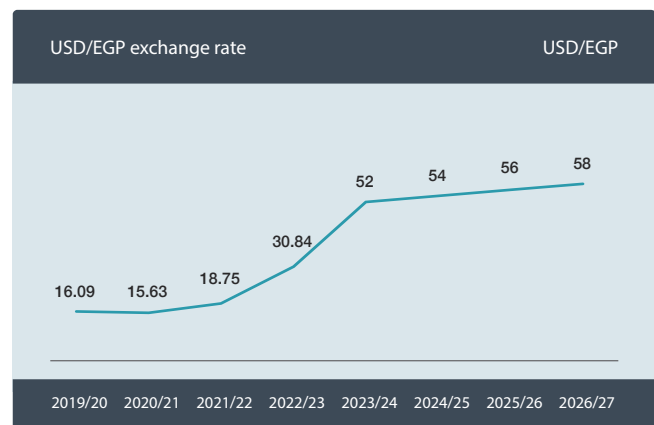
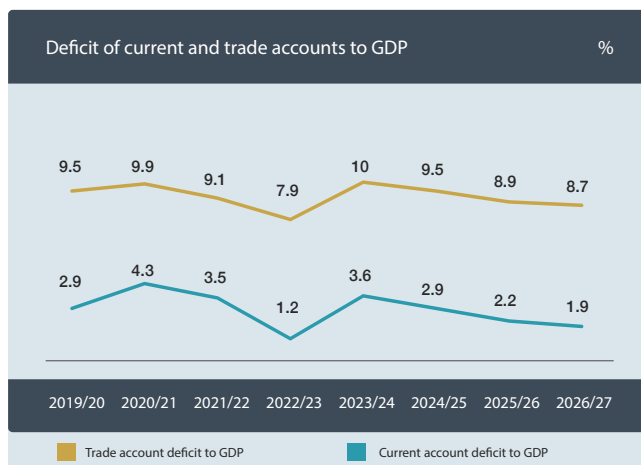


Egypt's outlook revised to positive by major international credit rating agencies

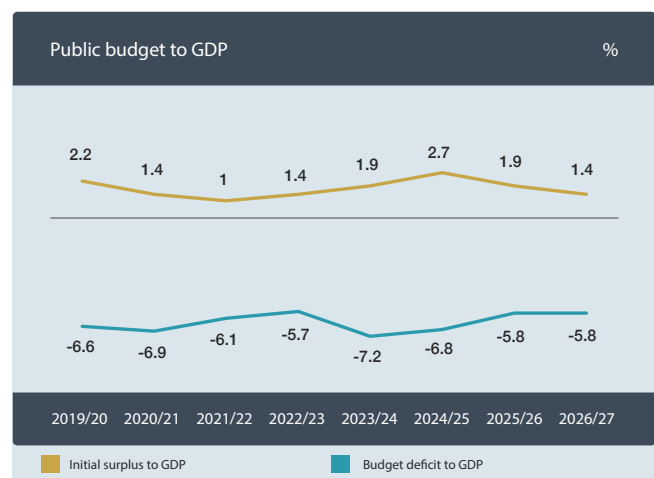
- **It is estimated to maintain relatively low unemployment rates.** In this vein, the indicated rate has declined to 7% in FY 2023/2024, compared to 9.6% in FY 2019/2020.



- **As for foreign transactions,** S&P expects that increased exchange-rate flexibility and a depreciating currency would constrain imports and support exports, while remittances would strengthen, resulting in narrowing the deficit of the current and trade accounts.



S&P estimates that public budget deficit would rise to 7.2% of GDP in FY 2023/2024 (not including Ras El-Hekmah project-related inflows) and narrow thereafter to 5.8% in FY 2025/2026, assuming the government moves forward with its fiscal consolidation plans. S&P expects tax administration reforms and a broadening of the tax base to strengthen the fiscal balance.



Fitch Ratings

Fitch Ratings revised Egypt's outlook to "positive" from "stable", and affirmed its rating at 'B-', expecting better economic growth. Fitch indicated that near-term external financing risks had markedly reduced due to the foreign exchange inflows resulting from Ras El-Hekmah deal, the move to a flexible exchange rate and the tightening of monetary policy. This also unlocked additional IFI financing, increased remittances from Egyptian expatriates, and helped recover sizeable non-resident inflows to the domestic debt market.

In this vein, Fitch pinpointed the factors that could, individually or collectively, lead to Egypt's rating upgrade, including:

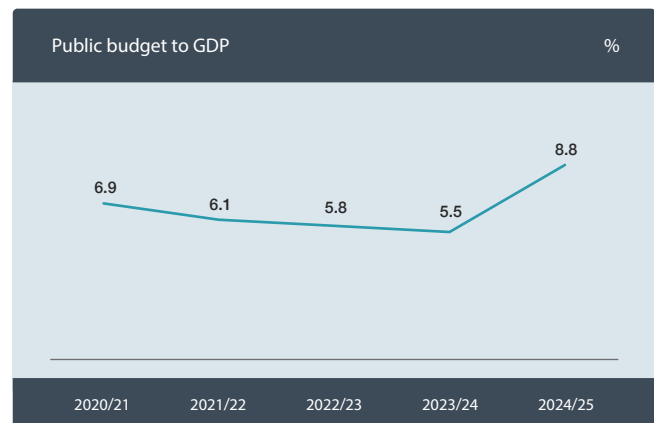
- Lower debt issuance costs and fiscal consolidation, potentially through greater revenue mobilization and containment of off-budget spending, which sharply reduce debt interest/revenue and put public debt/GDP on a firm downward path.
- Greater confidence in the durability of the policy adjustment to support exchange rate flexibility and a marked fall in inflation closer to target.
- Strengthening of the international reserve position, a sustainable narrowing of the current account deficit, and improved international market access.

As for Egypt's rating drivers, Fitch revealed the following:

- **GDP growth would slow in FY 2023/2024 to stand at 3.1%**, before accelerating to 4.7% in FY 2024/2025 on strengthening confidence and increased remittances and FDI inflows. Progress in IMF EFF structural reform measures to support private sector activity and competitiveness would help lift sustainable growth and reduce the risk of renewed imbalances.

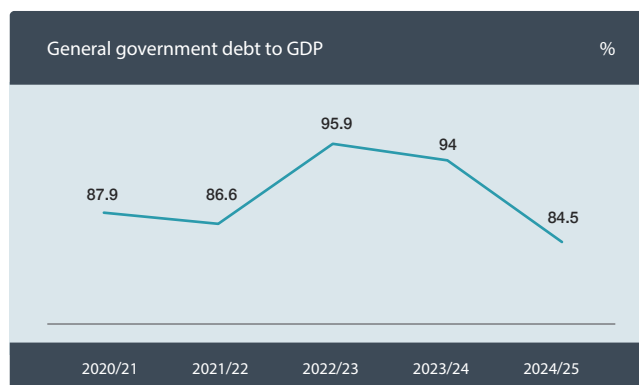


- **General government deficit would narrow to 5.5% of GDP in FY 2023/2024**, influenced by fiscal revenues from Ras El-Hekmah deal. However, deficit is projected to widen to 8.8% of GDP in FY 2025/2026, in light of higher debt service costs.



Egypt's outlook revised to positive by major international credit rating agencies

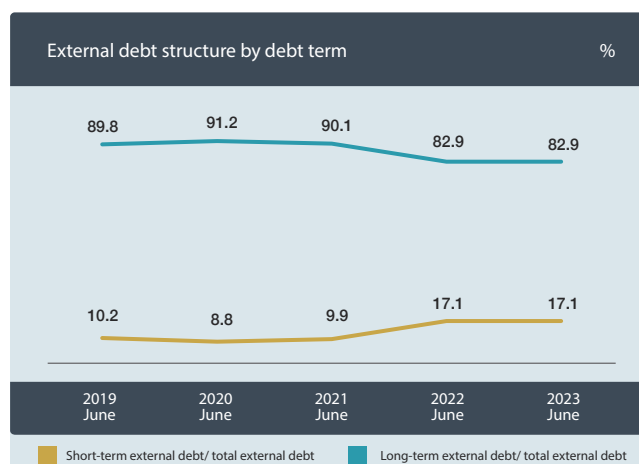
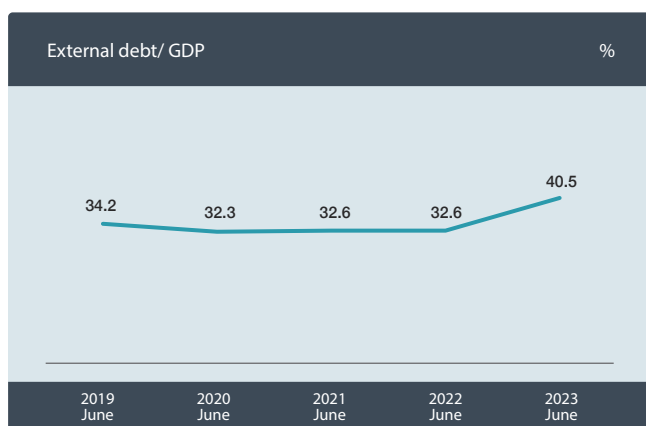
- **General government debt/GDP is projected to fall** to 94% and 84.5% in FY 2023/2024 and FY 2024/2025, respectively.
- **International FX reserves would increase** USD 16.2 bn. to record USD 49.7 bn. in FY 2024/2025, backed by revenues from Ras El-Hekmah deal.
- **Inflation rose to 35.7% YoY** in February 2024, partly due to parallel market depreciation and FX shortages, before edging down to 33.4% in March 2024. On the same note, Fitch projects inflation to fall to 12.3% in June 2025, reflecting monetary policy tightening, broad exchange rate stability and eased supply constraints.
- **Tourism and Suez Canal receipts fell 6% and 19%, respectively**, in FY 2023/2024, amid ramifications of geopolitical tensions in the Middle East.
- **As for the banking sector**, Fitch upgraded its outlook for National Bank of Egypt SAE (NBE), Banque Misr SAE (BM), Banque du Caire SAE (BdC) and Commercial International Bank SAE (CIB) to "positive" from "stable", while affirming its long-term rating at "B-". Moreover, Fitch forecast improving FC supply, more economic stability, and enhanced banking solvency and resilience over the medium term.



USD 16.2 bn.
Projected increase in international reserves in FY 2023/2024

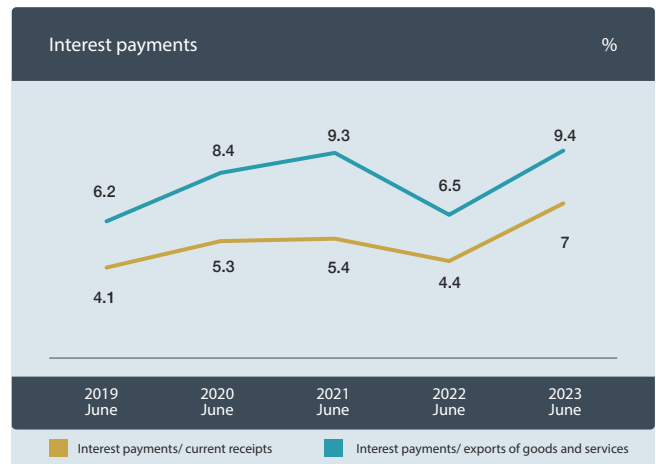
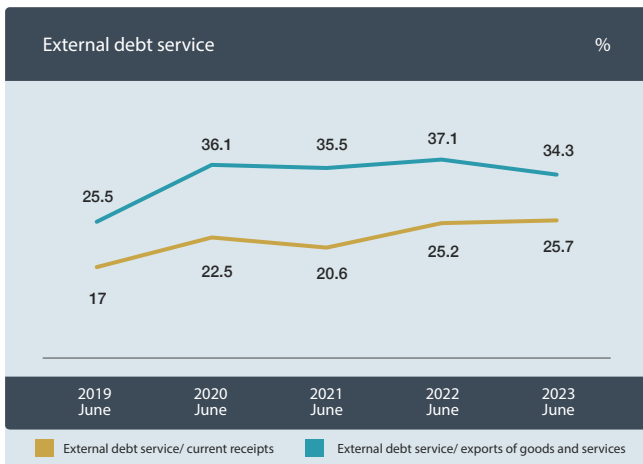
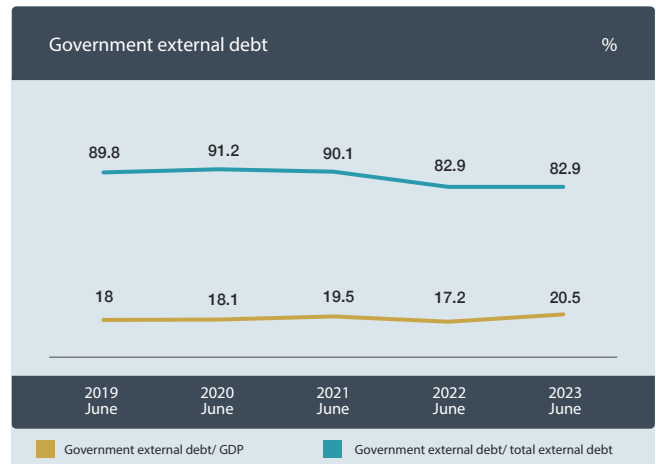
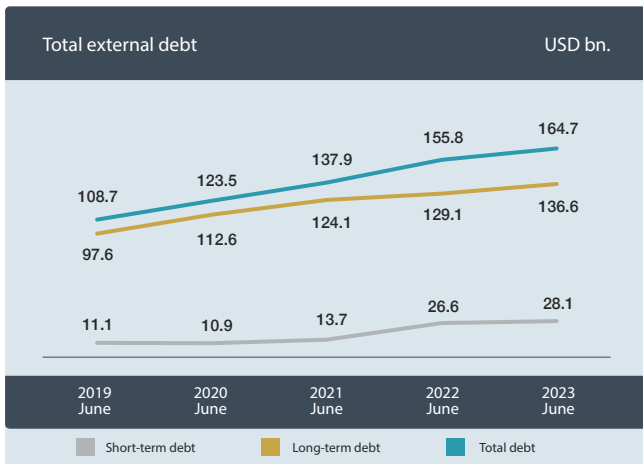
12.2%
Expected inflation rate in June 2025

Egypt's external debt indicators (CBE – MoF)

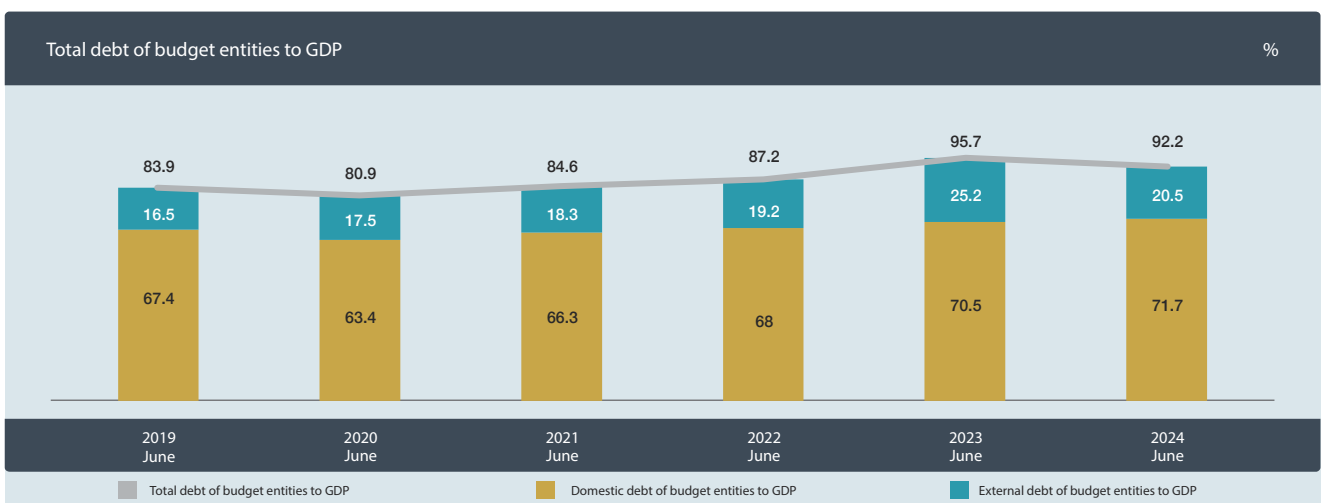


Source: Central Bank of Egypt (CBE), Monthly Statistical Bulletin.





Source: Central Bank of Egypt (CBE), Monthly Statistical Bulletin.



Source: Ministry of Finance (MoF), Monthly Financial Report.

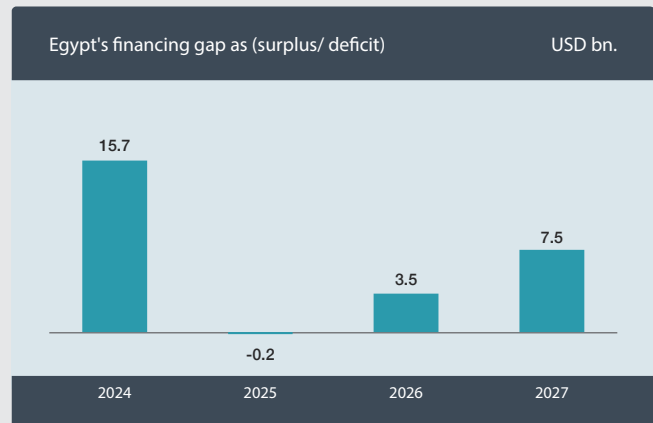
Goldman Sachs: Egypt's financing gap to shift from deficit into surplus

Goldman Sachs, US investment house, adjusted its expectations for Egypt's financing gap of foreign currency to shift into a surplus of USD 26.5 bn. from a deficit of USD 13 bn. over the coming four years, as a result of securing a broad package of foreign exchange resources. FX inflows primarily comprised foreign direct investments (FDIs) from the United Arab Emirates (UAE) in the development project of Ras Al Hekma city, followed by the EGP devaluation and interest rate hikes. Moreover, the International Monetary Fund (IMF) approved Egypt's request for an augmentation of the original agreement previously reached in December 2022, from SDR 2.35 bn. (equivalent to about USD 3 bn.) to SDR 6.11 bn. (equivalent to about USD 8 bn.). Furthermore, the World Bank Group announced in March 2024 that it intended to provide nearly USD 6 bn. of support to Egypt over the coming three years.

Egypt's financing gap in the coming four years

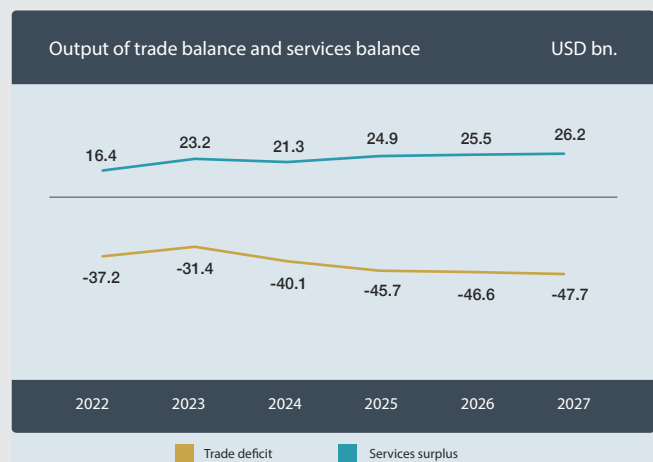
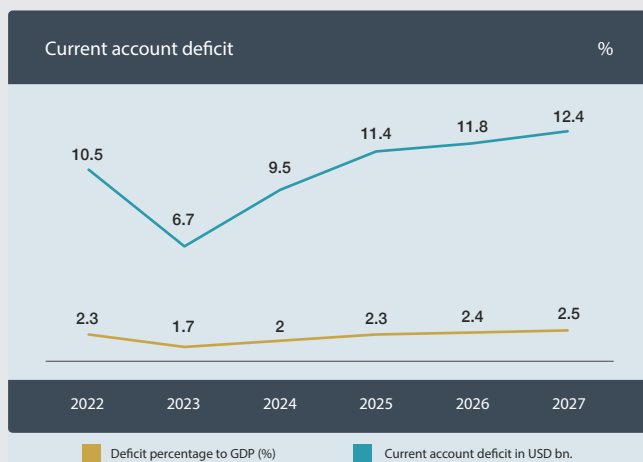
Deficit
USD 13 bn.
Previous forecast

Surplus
USD 26.5 bn.
Current forecast

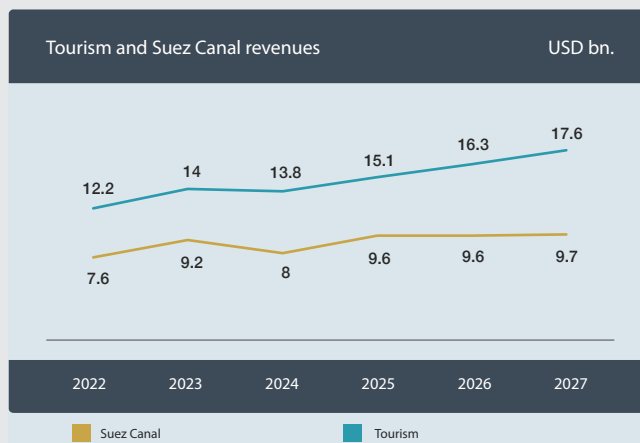
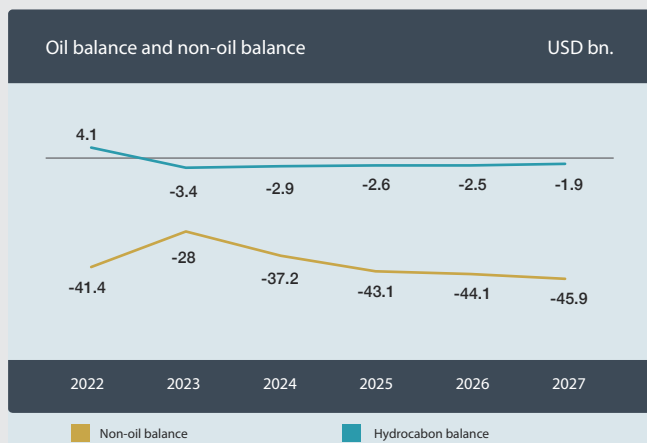


Goldman Sachs expectations for several economic indicators of Egypt

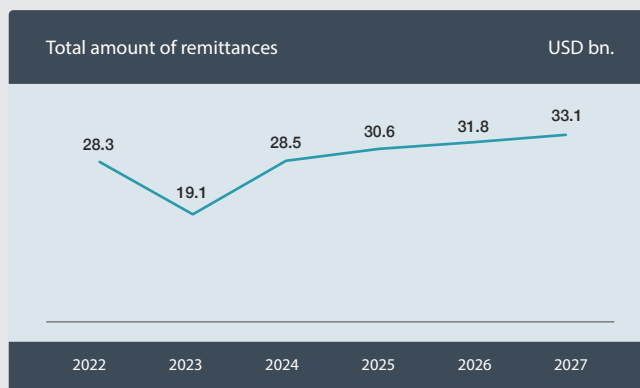
- Compared to the previous forecast, higher imports will push the current account deficit to widen to USD 9.5 bn. in 2024, i.e. approximately 2% of GDP by the end of this year, and the said deficit will reach USD 12.4 bn. by the end of 2027.



In that respect, Goldman Sachs pointed out that the greater availability of foreign currencies would ease the major restrictions on imports growth – partially offset by an expected increase in exports with the improved accessibility to materials and imported production inputs.

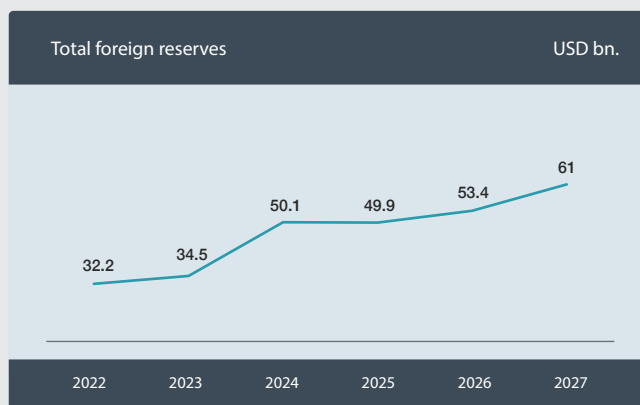
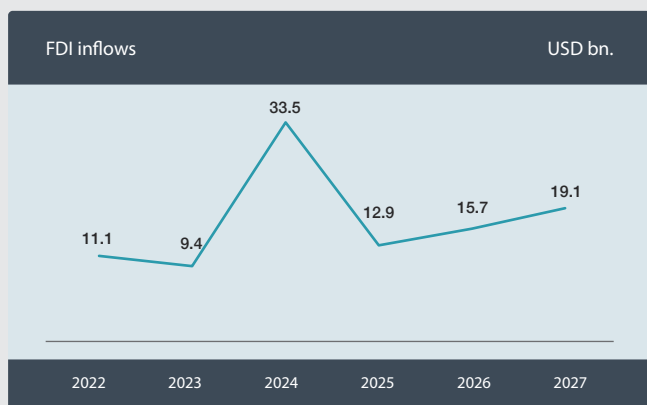


- Remittances from Egyptian expats are expected to recover their upward direction in light of the devaluation of the Egyptian pound, the raising of interest rates and stronger growth expectations. Accordingly, they are projected to record USD 25.5 bn. in 2024, against USD 19.1 bn. in 2023, reaching USD 33.1 bn. by 2027.
- In 2024, the foreign direct investments in Egypt jumped to USD 33.5 bn., driven by the inflows of Ras Al Hekma project, compared to USD 9.4 bn. in 2023. On the same level, FDI inflows are



anticipated to significantly increase above average during the coming years, driven by the stabilization of the overall economy with less concerns over foreign currency availability, as well as the investments expected from the Ras Al Hekma deal and other similar projects.

- Egypt's foreign exchange reserves are expected to rise to USD 50.1 bn. by the end of 2024 before rising to roughly USD 61 bn. in 2027.



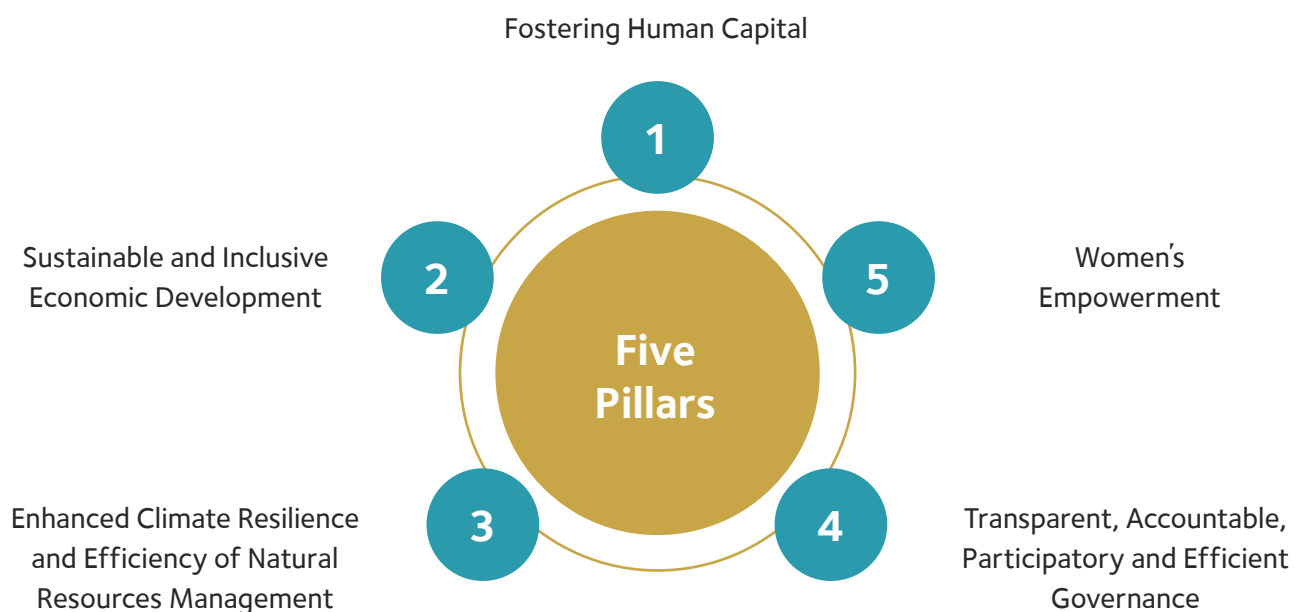
Egypt's UNSDCF 2023-2027

In March 2024, Egypt hosted the inaugural joint steering committee of the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2023-2027, which was inked in May 2023. The UNSDCF represents the main tool for planning and implementing cooperation programs between the Arab Republic of Egypt and the United Nations (UN) system in Egypt from 2023 to 2027.

This comes in line with the close relations between Egypt and the UN at various levels and fields, and the joint efforts to achieve the Sustainable Development Goals (SDGs) 2023, promote national priorities and strategies as part of the state's development vision, and ensure alignment between international and national goals in light of the ongoing changes in the global development landscape and the challenges facing such efforts.

This framework was drafted according to a participatory and comprehensive process with all stakeholders and the UN. Over the course of nearly 16 months, more than 60 national partners including ministries, economic entities and executive bodies participated, as well as 28 international partners including UN agencies and programs, representatives of the private sector, development partners and civil society.

Pillars of Egypt's UNSDCF



Key outcomes of UNSDCF in 2023

Fostering human capital: several programs and activities were implemented in coordination and cooperation between national bodies represented by the Ministry of Social Solidarity (MoSS), the Ministry of Health and Population (MoHP), the Ministry of Education (MoE), the Ministry of Youth and Sports (MOYS) and the Ministry of Higher Education & Scientific Research (MOHESR), in addition to the United Nations Children's Fund (UNICEF), the World Health Organization (WHO) and the United Nations Population Fund (UNFPA). These included:

- Reaching out 181k people and providing basic nutritional services.
- Extending healthcare services to 3.6 million people.
- Organizing skills development and training programs for 310k youth and children.



Sustainable and inclusive economic development: interventions, activities and programs are implemented under this pillar in coordination between national bodies represented by the Ministry of Planning and Economic Development (MPED), the Ministry of Finance (MoF), the Ministry of Communications and Information Technology (MCIT) and the Micro, Small and Medium Enterprises Development Agency (MSMEDA), and on the UN side, the International Labor Organization (ILO), the United Nations Industrial Development Organization (UNIDO) and the UN World Food Programme (WFP). These included:

- Enhancing technical assistance for 50.5k private-sector institutions, including micro, small and medium enterprises (MSMEs).
- Providing entrepreneurship training and skills development programs for 282.9k people.
- Promoting the access of 207.5k MSMEs to new markets.

Enhanced climate resilience and efficiency of natural resources management: this pillar includes the Ministry of Environment (MoE), the Ministry of Water Resources and Irrigation (MWRI), the Ministry of Agriculture (MoA), the Ministry of Housing, Utilities and Urban Communities (MHUC) and the Ministry of Local Development (MLD), in addition to the UNIDO, WFP and the Food and Agriculture Organization (FAO). The outcomes achieved in this regard in 2023 included:

- Reaching out 28.4k people directly through initiatives aimed at conserving nature and promoting the sustainable use of resources.
- Rehabilitating 9.1k hectares of land.
- Developing 12 national, local and sectoral strategies, policies and plans for disaster risk reduction, preparedness, early warning and response.
- Reaching out 150.8k people through early warning awareness programs.
- Reducing 104.9 million tons of hazardous pollutants and waste in the environment.
- Promoting enhanced participatory urban planning efforts and land use efficiency in six governorates.

Transparent, accountable, participatory and efficient governance: the joint efforts made by the national bodies represented by the Ministry of Foreign Affairs (MFA), the Central Agency for Public Mobilization and Statistics (CAPMAS), the Ministry of Local Development (MLD), the Ministry of Justice (MoJ), and the Information and Decision Support Center (IDSC), in addition to international organizations such as UNICEF, the United Nations Development Program (UNDP), and the United Nations High Commissioner for Refugees (UNHCR) achieved a number of positive results, including:

- Executing several interventions that contributed to supporting 22 national institutions to strengthen public administration and basic government functions.
- Promoting data collection and analysis mechanisms/initiative to monitor the progress in achieving SDGs and reinforce the coherence of sustainable development policies.
- Implementing 13 South-South and triangular cooperation initiatives and programs.

Women's empowerment: there have been several efforts exerted with respect to empowering women in coordination between the National Council for Women (NCW), the Ministry of Manpower (MoM), the Ministry of Youth and Sports (MOYS), and the Ministry of Emigration and Egyptian Expatriates' Affairs and the National Council for Childhood and Motherhood (NCCM), and on the UN side, the UN Women, the

Egypt's UNSDCF 2023-2027

UNICEF, the UNFPA and the International Organization for Migration (IOM). These include:

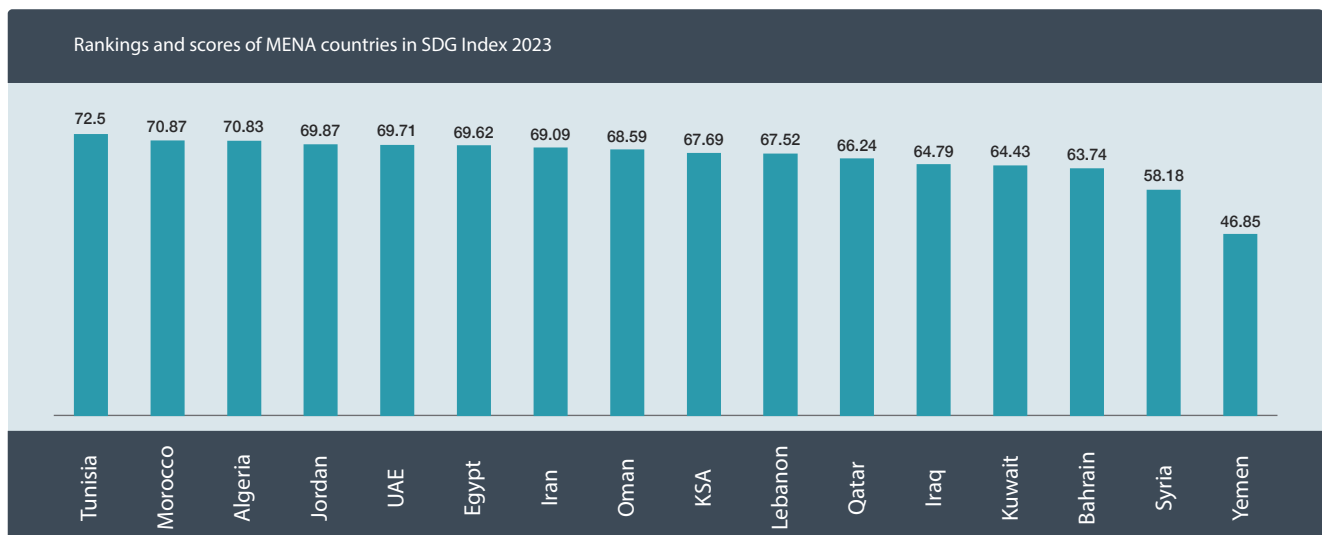
- Supporting 74 local networks/platforms to address discriminatory social norms, stereotypes and wrong practices of gender disparity.
- Enhancing the access of 14k women to digital services and skills, and improving their business management capabilities.
- Signing the Women's Empowerment Principles (WEPs) by 23 private-sector enterprises, bringing the total number to 100+ signatories.
- Reaching out 2.7 million women and girls through initiatives aimed at preventing violence against women and girls, as well as 144.7k girls through girls-oriented programs designed to enhance their life skills.

Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and enhance life everywhere. In 2015, the United Nations member states adopted the 17 Sustainable Development Goals (SDGs) as part of the 2030 Agenda for Sustainable Development, which set a 15-year plan to achieve such goals.



Egypt climbs six spots in the Sustainable Development Goals Index 2023: the Sustainable Development Report (SDR) 2023 revealed that Egypt advanced six places compared to SDR 2022. The SDR 2023 tracks the performance of all member states on the SDGs, and highlights areas requiring rapid advancement. The report is published by the University of Cambridge in collaboration with the German Bertelsmann Stiftung and the Sustainable Development Solutions Network (SDSN), operating under the auspices of the United Nations Secretary-General and supervised by Professor Jeffrey Sachs, an expert in sustainable development. Egypt ranked 81st out of 166 states assessed in SDR 2023, compared to the 87th ranking among 163 states in SDR 2022. Therefore, Egypt's score in the index increased from 69.6 to 68.7 year-on-year. This reflects Egypt's dedicated efforts towards achieving the SDGs, ranking 6th among Middle East and North Africa (MENA) countries.

In this vein, the achievement of a number of UN goals has improved in Egypt compared to 2022, i.e. Goal 4 "Quality Education," Goal 6 "Clean Water and Sanitation" and Goal 12 "Responsible Consumption and Production".



New investments in green energy in the SCZone

In light of the efforts aiming at turning the Suez Canal Economic Zone (SCZone) into a regional hub for the green hydrogen industry, seven memoranda of understanding (MoU) were signed in February 2024 with international and local developers to implement projects in the field of green hydrogen production, with expected investments worth about USD 12 bn. for the pilot phase and around USD 29 bn. for the first phase. This brings total investments to more than USD 40 bn. over ten years.

More than USD 40 bn.

Total investments expected over ten years due to the implementation of the seven MoUs

USD 12 bn.
Pilot phase investments

USD 29 bn.
First phase investments

Parties to the seven MoUs

• International and local developers and companies

UK-based Pash Global

The Swiss Smartenergy
Company

SK Ecoplant consortium with the China State
Construction Engineering Corp. (CSCEC) North
Africa

Canada-based AMM
Power

The Chinese United
Energy Group (UEG)
Company

GILA Al Tawakol
Electric Company

Gamma Construction
consortium with
Meridiam

• Government authorities

The Sovereign Fund of
Egypt (TSFE)

The General Authority
for Suez Canal
Economic Zone
(SCZone)

The New & Renewable
Energy Authority
(NREA)

The Egyptian Electricity
Transmission Company
(EETC)



Egypt joins the launch of a co-financing platform by 10 MDBs

The Minister of International Cooperation and the Governor of Egypt at the World Bank Group participated in the event of launching the co-financing platform by 10 multilateral development banks (MDBs) to channel additional capitals for development scale and impact. The platform will mobilize huge financing for development projects globally and alleviating the burdens on beneficiary countries. In this vein, the platform includes a co-financing forum that will provide a space for participants to discuss co-financing opportunities, best practices and common issues.



Digitalization in Egypt: Sustained steps and promising prospects

The government adopts a strategy aiming at building "Digital Egypt" and creating a society that deals digitally in various aspects of life. The strategy includes reliance on digital technologies in providing public and private services and in doing business, thus replacing paper transactions with online ones. This enhances service provision and improves production processes and transaction governance. In this vein, efforts to strengthen Information and Communications Technology (ICT) infrastructure are accelerating.

Promoting digital transformation is one of the key enablers that contributes to supporting the achievement of the economic, social, institutional and environmental goals of Egypt's Vision 2030. Moreover, digitalization creates a flexible infrastructure for the government and institutions to keep abreast of the latest developments of the technological revolution. It also provides the ability to innovate, constantly accommodate the globally accelerated changes and meet customers' needs.

Egypt's numerous efforts with respect to digital transformation include:

- Establishing and developing the Egyptian information infrastructure to create an integrated digitalized info-image of citizens' entitlements.
- Building giant data centers to host, secure and maintain such massive amount of data and ensure its safety.
- Delivering a broad package of government services to citizens digitally nationwide as well as providing several methods to pay service fees online.
- Creating a closed government network to link all government buildings across the country.
- Raising the efficiency of the government's digital converter, which is an arithmetic system that aims to ensure the digitalization of intra-procedures taken by government entities and the relevant ministries. To illustrate, all government bodies will communicate through this system; while taking the necessary measures jointly in order to provide citizens with services with no indication that services are provided by multiple entities.
- Developing and launching many electronic services in a number of entities; including law enforcement authorities, notarization offices, marital status courts, family courts, food supply, electricity, agriculture, traffic and real estate authorities, Social Housing and Mortgage Finance Fund (SHMFF) and the General Authority for Investment and Free Zones (GAFI), etc. In this vein, it is noteworthy that the "Digital Egypt" platform was launched to provide an extensive set of government services that are provided in a better and more effective way. The platform provides many automated government services in cooperation with a number of service providers on the platform. Payment methods available on Digital Egypt platform also include debit and credit cards, cash payment via e-payment service providers and mobile wallets. Moreover, GAFI's digital platform for establishing companies remotely was launched, which allows investors to establish their own companies online within minutes.
- Initiating the implementation of "Ahmose" project with an eye to facilitating access to different types of services from all entities through a single platform. The project includes information on all life stages and events of citizens including date of birth, education, employment, ownership registration, pension eligibility and all government services. Ahmose platform entails 13 internal platforms, including the Social Protection Platform that includes the Ministry of Supply and Internal Trade (MSIT), the Ministry of Social Solidarity (MoSS) and the Ministry of Youth and Sports (MOYS).
- Launching the unified government service card system in Port Said governorate in cooperation with MSIT, Universal Health Insurance Authority (UHIA) and Visa, a world leader corporation in digital payments technology. The system aims at streamlining access to government benefits including cash and in-kind subsidies and digital service payments system governance. It also allows for a smooth shift between cash



and in-kind subsidy systems. The first phase includes supply services, universal health insurance and e-payment services. Other government services will be added in the coming stages and the system will be rolled out in different governorates in a row.

- Releasing the unified national real estate ID system, which helps register the property and uniquely identify the owner. Property information and ownership data are to be recorded in a central database including, the code of governorate, district and street where the property is located, as well as the property and residential unit number, thus minimizing judicial disputes over property rights or illegal property seizure in addition to providing information on state resources to allow for the real estate system governance as well as preventing property owners from disavowing their legal liability. Furthermore, a registered property is well maintained and can be easily invested, hence staving off disputes over property ownership rights.

With respect to the infrastructure, efforts to develop the (international/ domestic) digital infrastructure are accelerating as one of the bedrocks of Egypt's digital platform which includes providing efficient and highly constant and uninterrupted communications services.

With regard to the international infrastructure, Egypt is positioned as a key global digital data corridor. Around 90% of data traffic flow between Asia and Europe is passing through the Egyptian land and territorial waters, thanks to Egypt's unique geographical location. In furtherance of Egypt's position, the international infrastructure is developed through four main pivots:

- Expansion of international infrastructure outside Egypt
- Expansion of international infrastructure inside Egypt
- Expansion of the African International Network
- Expansion of data centers

With regard to the local infrastructure in Egypt, the following is highlighted:

- Fixed-line internet service: The Ministry of Communications and Information Technology (MCIT) has launched several major projects to improve internet quality in Egypt. Significant investments are injected to develop ICT infrastructure and a plan to replace copper networks with fiber optic cables with investments worth EGP 150 bn. was initiated.
- Mobile services: Mobile services provided to citizens are also improved by speeding up the issuance of licences to erect cell towers for mobile operators, in addition to offering new frequencies that raise network efficiency and communication services quality. In this context, it is notable that the inhabited areas covered by 4G services during 2023 increased from 82% to 87%, bringing the total number of mobile stations to 34,706.
- Egypt Post services: Post offices were developed to provide a set of basic services along with normal functions. Post offices are now considered as an outlet for financial inclusion services, providing a large array of services including microfinance and microinsurance services, where citizens submit applications, register their data, receive funding and pay premiums and can also access Digital Egypt platform and notarial services.

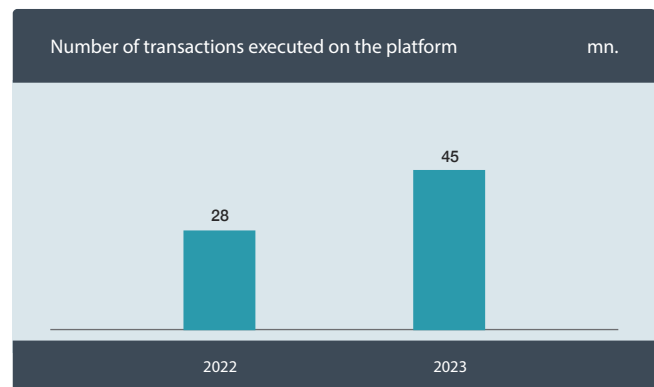
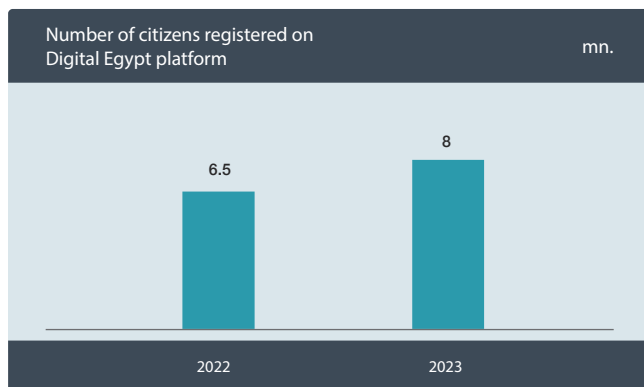
Egypt's improved ranking on digital transformation indices:

- The number of citizens registered on Digital Egypt platform (digital.gov.eg) increased from 6.5 mn. at the end of 2022 to more than 8 mn. at the end of 2023, with transactions exceeding 28 mn. and 45 mn. respectively.

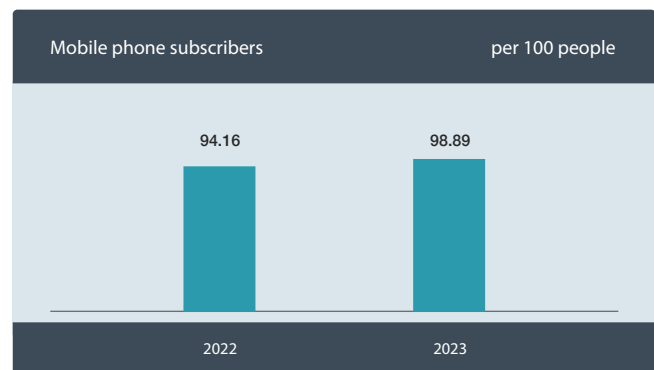
168

Digital government services are available on the platform at the end of 2023.

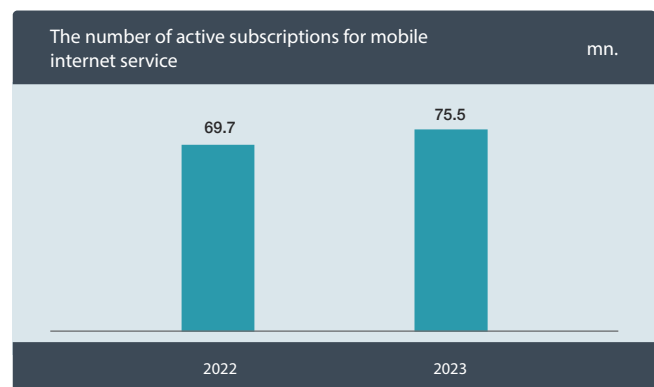
Digitalization in Egypt: Sustained steps and promising prospects



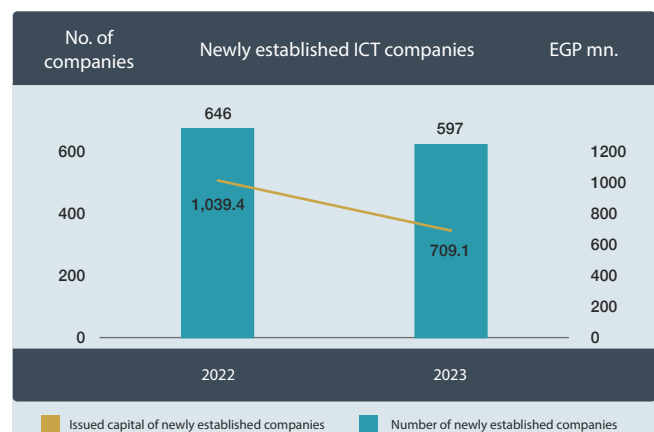
- The number of mobile phone subscribers reached 106.2 mn. at the end of 2023, representing 98.89 subscribers per 100 people.



- The number of ADSL subscribers stood at 10.87 mn. at the end of 2023. Moreover, the number of active subscriptions for mobile internet service (voice calls and data) reached 75.51 mn. connections at the same date.



- The number of ICT companies established during the period (October – December 2023) reached 597 companies.



- Egypt's New Administrative Capital won the Global Government Excellence Award for Best Project in Digital Government Transformation. This is in view of the state's desire to create a digital environment for the New Administrative Capital including the infrastructure, systems and applications used by employees, and staff training in their use. Furthermore, digital capacity building is provided to employees in the ministries and entities moving to the New Administrative Capital to ensure the sustainability of business by way of supporting the newly established information systems and digital transformation units in order to realize a quantum leap in government performance to become a smart, participatory and paperless government through which communication and information exchange is facilitated via digital mechanisms.
- Egypt, represented by MCIT, won Prince Talal International Prize for Human Development, by the Arab Gulf Programme for Development (AGFUND) for 2022, in the field of "Decent Work and Economic Growth" for the Digital Transformation for Sustainable Development in Egypt (DT4SDE) Project. The Project aims to improve the quality of life for individuals by further employing ICT tools and applications, raising community awareness of the power of technology, and supporting sustainable community development. This target is achieved by building digital capacities of citizens and qualifying people to cope with the digital transformation process, which leads to a society that deals digitally in all aspects of life.

Boosting FinTech industry in Egypt

Egypt's shift towards a digital economy amid efforts to bolster FinTech industry in recent years is hopefully to place Egypt as a regional hub for FinTech industry in Africa and the Middle East. The importance of continuous development of digital payments and more innovative FinTech applications is increasing, contributing to higher rates of financial inclusion, thus reshaping the economy and encouraging the transition to a digital society that is less dependent on cash. These efforts include:

- **Launching the Central Bank of Egypt (CBE)'s FinTech and innovation integrated strategy in 2019:** The strategy aims at transforming Egypt into a regional FinTech hub. Accordingly, it contributed to the expansion of the FinTech startups which doubled five times from 32 in 2017 to 177 in 2022, courting USD 800 mn. in 2022.
- **Promulgating Law No. 18 of 2019 and its executive regulations in 2020 regulating the use of non-cash payment methods:** The Law was submitted by the government in coordination with CBE aiming at providing citizens with convenient ways to pay for the services provided to them via e-payment methods, thus enhancing the shift to a cashless society.
- **Issuing CBE's regulations setting out the licensing and regulatory framework for digital banks in 2023,** which is considered an important step to keep pace with global developments in FinTech industry, meet customers' needs in the Egyptian market, nurture financial inclusion and create a FinTech supportive ecosystem. Digital banks develop and offer banking products and services in a distinct manner remotely and with high quality, catering for the needs of all segments of society, including micro, small and medium enterprises (MSMEs) and the youth. The aim is to provide a fast and streamlined access to such products and services.
- **Launching several initiatives by the CBE aiming at supporting emerging FinTech applications across all stages from idea to launch** such as the Nile Pioneers (NP) Initiative launched in partnership with the banking sector, a number of universities and public as well as private sectors. NP Initiative aims at supporting start-ups and SMEs in manufacturing, agriculture and digital transformation through applying different innovation tools. The CBE is also aspiring to develop young FinTech talents, thus it launched the FinYology initiative which has trained thousands of university students in cooperation with several government and private universities and with the participation of banks operating in Egypt. Moreover, the FINTEKRS initiative was launched to provide guidance for entrepreneurs of FinTech industry across Egypt's governorates. The FinTech Regulatory Sandbox was launched to offer a live testing environment for entrepreneurs to test their innovative applications.

Digitalization in Egypt: Sustained steps and promising prospects

- **Establishing the National Payments Council (NPC)**, which aims to decrease the use of cash outside the banking sector as well as support and promote the use of alternative digital payment methods and channels to achieve higher financial inclusion rates and bring in as many citizens as possible into the financial system.
- **Enhancing the non-cash payment system**, including the launch of Meeza digital network for mobile wallet payments in 2017 in addition to launching the national payment scheme called Meeza Card in December 2018 and the national Instant Payment Network (IPN) called InstaPay in March 2022. These schemes became the most important pillars of the CBE's infrastructure for digital financial services, on which the CBE relies in the shift towards a cashless society.
- **Issuing the governing regulations for the tokenization of payment cards services on electronic devices by the CBE in February 2023**, which allow for the activation of services of various international companies, such as (Apple Pay - Samsung Pay), as well as FinTech companies, to meet customers' needs.
- **Developing the infrastructure for digital financial services**, including the CBE's launch of the electronic know your customer (eKYC) project, which allows customers to open accounts and have their transactions endorsed online. This effectively contributes to enhancing financial inclusion and creating advanced infrastructure for the payment service providers "PSPs" which will help them deliver innovative and cutting-edge services to customers.
- **Attaching paramount importance to cybersecurity in light of the expansion of digital transformation plans:** in this context, the CBE has established an independent cybersecurity sector, which includes the first sectoral computing incident response team in the financial sector with a view to combating cybercrimes and maintaining financial stability, in light of the expectations of increasing tendency to use online banking services in the future.



Seven integrated logistics corridors to be established as part of the transport system development plan to transform Egypt into a regional hub for transport, logistics and transit trade

As part of the state's Sustainable Development Strategy 2030 and the endeavors to turn Egypt into a regional hub for transport, logistics and transit trade, seven integrated logistics corridors are currently under development to link the industrial, agricultural and mining production sites with sea ports, as well as the sea ports on the Red Sea with those on the Mediterranean. The project is intended to serve the new urban communities through a railway network (diesel/ high-speed electric train (LRT)) or main road network through dry ports and logistics areas along these corridors.

Al-Ain Al-Sokhna/ Alexandria logistics corridor

1

extends from the Al-Ain Al-Sokhna port on the Red Sea, passing through Tenth of Ramadan dry port and logistics area to be connected to the railway network through the 63.5 km long Al-Roubiki - Tenth of Ramadan - Belbeis railway line, and the industrial area in Tenth of Ramadan and Cairo, then Sixth of October industrial city, dry port and logistics area reaching the Grand Port of Alexandria.

Al-Arish/Taba logistics corridor

2

connects Al-Arish port on the Mediterranean to Taba port on the Aqaba Gulf, passing through heavy industrial areas in the heart of Sinai. This corridor serves the logistics areas which are currently being established in Sinai Peninsula (Al-Tur, Rafah, Al-Auja, Al-Hasna, Al-Naqab, Taba, Ras Sedr, Bir Al-Abd).

Cairo/Alexandria logistics corridor

3

starts from the Upper Egypt Railway Station in Bashteel area, through Sadat dry port and Sixth of October dry port to be linked with the railway network through Bashteel - El Itihad - Itay El Baroud - Al Qabari across the bypass of the 36 km long Kafr Dawood - Sadat and the bypass of the 68 km long Al Manashi - Sixth of October, to the Grand Port of Alexandria.

Tanta/Mansoura/ Damietta logistics corridor

4

starts from Tanta logistics area in the heart of the Delta serving the agricultural production areas located in the middle of the Delta and the industrial zones in Quesna, Tanta, Kafr Al-Zayat, Mahalla al-Kubra, and Mansoura, connecting it to Damietta Port through the railway line (Tanta/Mansoura/Damietta). It passes through the dry port in New Damietta City.

Gerjoub/ Sallum logistics corridor

5

begins at the maritime port of Gerjoub on the Mediterranean and reaches the land port of Sallum, the largest in Egypt, through which Egypt - Libya trade exchange will increase. It passes through the eastern logistics zone of the Sallum port. Both ports are connected through the 223 km long (Gerjoub/ Sallum) railway line.

Seven integrated logistics corridors to be established as part of the transport system development plan to transform Egypt into a regional hub for transport, logistics and transit trade

Cairo / Aswan / Abu Simbel logistics corridor

6

includes the second line of LRT network and the Upper Egypt Western Desert Road, passing through dry land ports, logistics areas (New Fayoum, Kom Abou Rady, New Sohag, Abu Simbel), agricultural reclamation areas in Toshka and Sharq El Owainat, and the tourist area of Abu Simbel.

Safaga / Qena / Abu Tartour logistics corridor

7

starts from Safaga Port on the Red Sea and Safaga logistics area, passing through the third line of LRT and Diesel Railway line (Safaga / Qena / Abu Tartour).



Tahya Misr Terminal: A prominent national project in maritime transport

Tahya Misr Multipurpose Terminal at Alexandria port is considered one of the most important national projects in the field of maritime transport. The establishment of the Terminal comes as a part of the plan to turn Egypt into a global hub for trade and logistics. In this vein, the Terminal was commissioned in February, 2023 on Berths No. 55-62, and it was officially inaugurated on 15 June 2023.



Some basic information about the Maritime Transport Sector (MTS) in Egypt

•Egyptian Maritime Transport in brief - 2023

55 Total number of ports	23 Tourist marinas	3,000 Total length of the Egyptian coasts (km)	99 Fleet ships
14,409 Number of visiting vessels	8.4 mn. TEUs	181 mn. Tons of cargo handled	781k Passengers

Source: Ministry of Transport, Maritime Transport and Logistics Sector

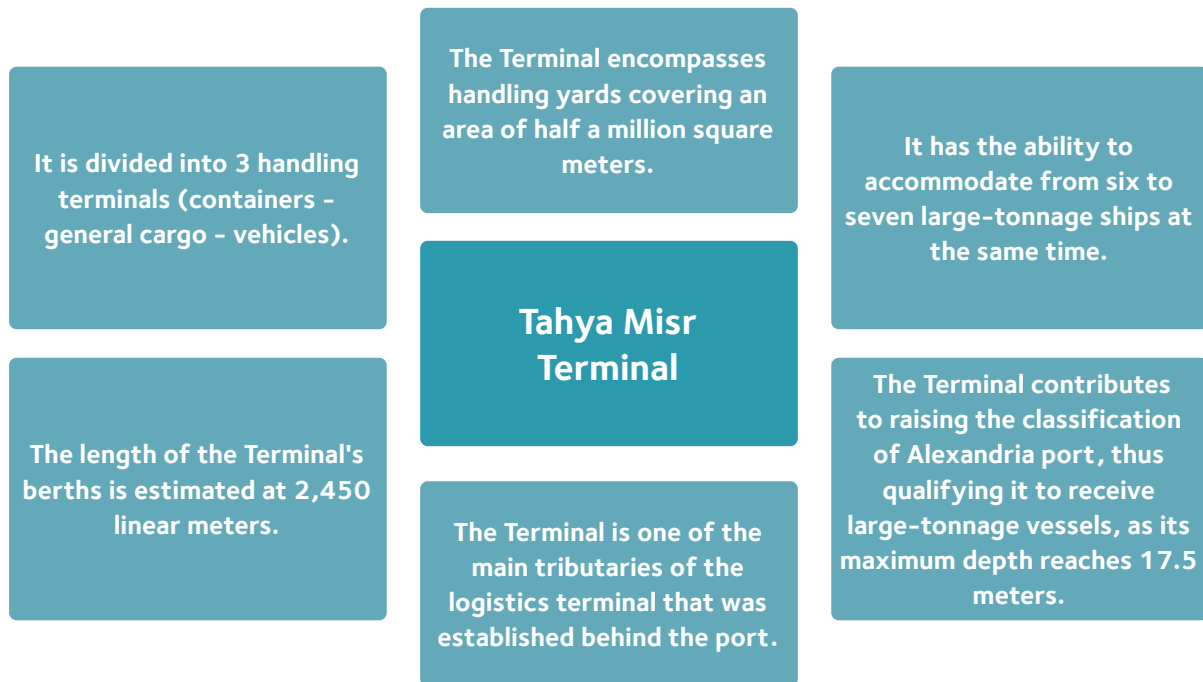
•Egypt's general policy for MTS development until 2030

- ✓ Striking a balance between the various modes of transport and developing the relevant regulations, with special attention to multimodal transportation, especially seaports, railways and river transport.
- ✓ Bolstering the vital role of maritime transport, as Egyptian seaports are the country's economic lifeline, since they are closely connected to foreign trade and dominate the majority of freight transport activities.
- ✓ Enhancing the role of the private sector in upgrading the transport system in addition to providing the relevant facilities and services so that it can perform its role in investing or participating in transport sector projects in general.
- ✓ Raising the efficiency of human resources through the development of training and motivation programs especially tailored for professional cadres working in the Ministry of Transport.
- ✓ Updating legislation and developing relevant regulations in order to ensure free competition in the field of transportation services.
- ✓ Defining eco-friendly goals that uphold sustainable development of the transport sector, with particular focus on reducing all types of pollution, especially sea and river contamination.

Tahya Misr Terminal: A prominent national project in maritime transport

Tahya Misr Multipurpose Terminal

Basic information about the Terminal:



Source: Ministry of Transport, Maritime Transport and Logistics Sector

•Terminal's performance indicators one year after its inauguration

Tahya Misr Multipurpose Terminal achieved positive performance indicators almost a year after its operation, as follows:

- Agreements were concluded with six different global shipping lines.
- The Terminal received more than 280 ships.
- The loading and unloading capacities have increased in addition to making optimal use of berths, which enables the Terminal to optimize its technical capabilities and receive large-tonnage ships at Alexandria port with larger freight ranging from 9-12 thousand TEUs. In February 2024, the Terminal received a giant container ship with a gross tonnage of 15 thousand TEUs.
- The handling capacity accounted for 230 thousand TEUs during the first operation year. It is planned that such capacity would increase annually until the Terminal reaches its maximum operating capacity.
- The transit grabbed 35% of the total handling, giving Alexandria port a competitive edge in the field of transit trade, thus positioning Tahya Misr Terminal as a major hub for transit trade in the Middle East.
- The Advanced Cargo Information (ACI), an electronic system for the pre-registration of shipment information, is applied, which is one of the most important advantages of the Terminal. ACI has contributed to reducing the container's waiting time as the ship is already preregistered before it arrives at the Terminal. Accordingly, the truck driver shall be aware of the ship's arrival time, unloading dock and departure time through contacting the Terminal's management system. Therefore, the vessel dwell time in the Terminal is reduced to reach a maximum of 20-25 minutes, thus increasing the Terminal's handling volumes and revenues.



- Tahya Misr Terminal ranked fourth in terms of productivity in the terminal network supervised by the global CMA CGM Company. The said network includes 50 terminals worldwide, which reflects the Terminal's advanced and cutting-edge capabilities that square with the global systems.
- The storage capacity of the Terminal's storage areas was increased to reach 250 TEUs/day instead of 150 TEUs/day, and 7,500 TEUs/month in lieu of 4,500 TEUs/month.

On a related note, the Ministry of Transport (MOT) announced its strategy to develop and connect seaports with dry bulk ports and land ports through a railway network to turn Egypt into a global hub for trade and logistics, and to promote and develop multimodal transportation between maritime container terminals and railway stations to maximize handling volume. In line with MOT's strategy, the Egyptian Group for Multi-purpose Terminals (EGMPT) cooperates with Alexandria Port Authority (APA) to develop the superstructure in order to use, manage and operate the railway container station (RCS) on Berths No. 33-34 at Alexandria port over an area of 20k square meters with four railway lines. Therefore, Alexandria port, particularly Tahya Misr Terminal, will be connected with the dry bulk ports at 6th of October City and Ain Sokhna through a railway network to place Alexandria port as a major trade gateway for global shipping lines in Egypt and the Middle East.

Among other projects underway at Alexandria Grand Port is the establishment of a multipurpose terminal on Berth No. 100 at El Dekheila Port. The project aims to increase container and cargo handling capacity through establishing a berth with a length of 1,680 meters and a depth of 18 meters, over an area of 1.25 mn. square meters.

Furthermore, the backfilling works have started with respect to the establishment of a logistics zone project over an area of 273 feddans. The project aims to establish an integrated logistics zone that includes storage areas, and value-added industries.

Moreover, the clean dry bulk terminal project at El Dekheila port aims to establish a berth with a length of 1,150 meters, a depth of 16-19 meters and a hinterland of 300k square meters.

A presidential decree establishing the Supreme Council of Taxes

A robust representation of industry federations, chambers of commerce and the business community

The presidential decree No. 87 of 2024 was promulgated to form the Supreme Council of Taxes as a system that integrates with the path of the economic reform. The new council is meant to empower the private sector, stimulate investment, and encourage investors to expand their productive and export activities. This body will also contribute to fostering the macroeconomic structure and raising growth rates, by increasing the private-sector participation in comprehensive and sustainable development. The decree included the council body structure, functions and regulations.

•Council structure

The Council is chaired by the Prime Minister, with the membership of:

- The Minister of Justice
- The Minister of Planning and Economic Development
- The Minister of Finance
- The Minister of Trade and Industry
- The Minister concerned with the Investment Affairs
- A representative of the presidency
- A representative of General Intelligence Service
- A representative of Administrative Control Authority (ACA)
- Chairman of Federation of Egyptian Industries
- Head of Egyptian Federation of Investors Associations and Institutions
- Head of General Federation of Chambers of Commerce
- Two university professors specialized in economics, public finance and taxes to be nominated by the Supreme Council of Universities
- An accountant registered at the trust companies' accountants and auditors roll of the General Register of professional accountants and auditors as nominated by the accounting and auditing section at the Syndicate of Commercial Professions
- A representative of the business community
- A representative of tax societies

In this respect, the strong representation of industry federations, chambers of commerce, investors, business community, tax societies, accountants and experts in the Supreme Council for Taxes would involve taxpayers in developing tax policies and following up their implementation through more effective and sustainable institutional mechanisms.

•The Council's competencies

The Council has broad powers to lay foundation for a more developed tax system that sustainably drives investments. It also works on adjusting the taxation relationship between investors and the government. In this regard, the Council's competencies are as follows:

Motivate the voluntary commitment of tax community

Make decisions that ensure helping income-generating authorities adhere to the application of tax impartiality

Consider and offer opinion about tax matters submitted by the Council's chairman, and propose solutions, implementation mechanisms and the method of measurement and follow-up

Consider and properly address any tax challenges faced by the business community

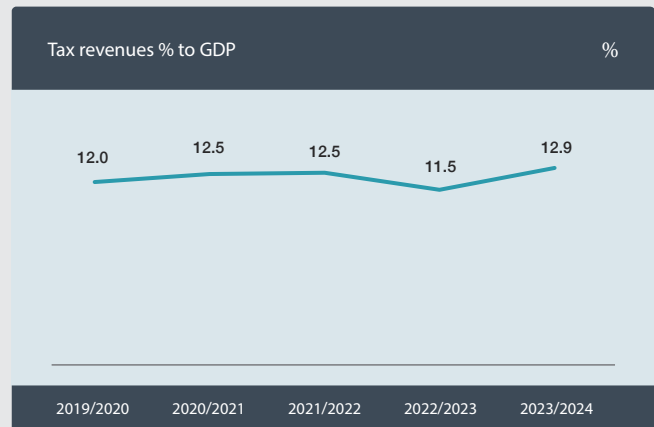
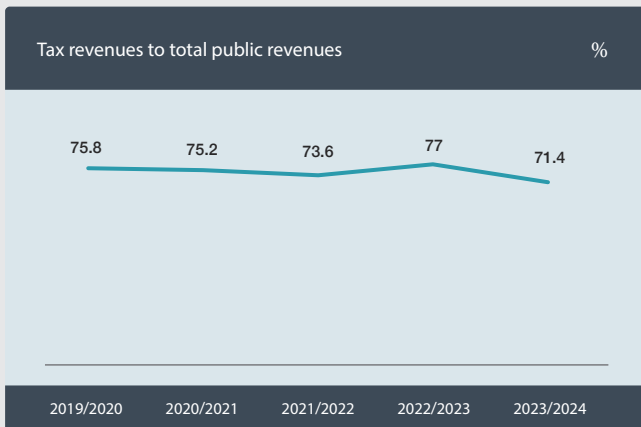
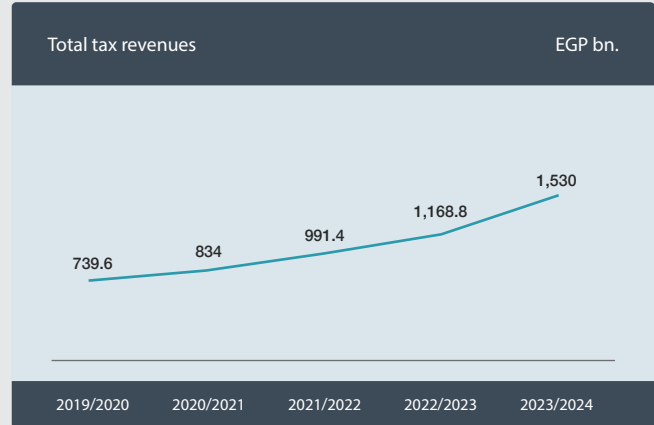


•The Council meetings and decision-making mechanism

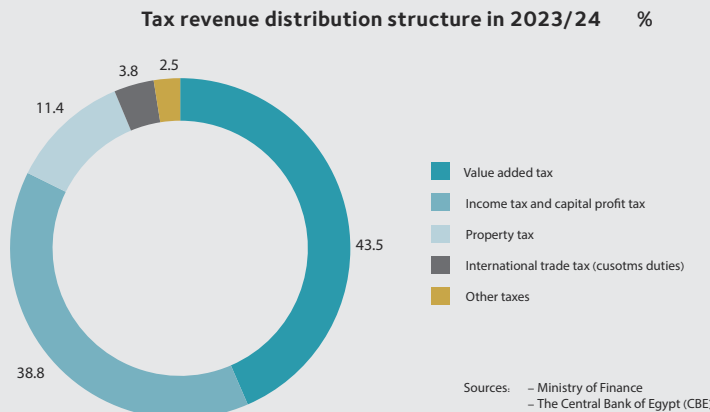
The Supreme Council of Taxes will meet, upon an invitation from its chairman, at least once every three months, and whenever necessary. The meeting quorum will be complete by the presence of the majority of its members. Its decisions will be taken by the majority of votes of present members. In case of a tie, the chairman will have a casting vote. All state agencies and bodies shall abide by the decisions issued by the Council and take the procedures necessary for their implementation.

•A number of indicators related to tax revenues

Tax revenues are estimated to double to about EGP 1,530 bn., i.e. 71.4% of the total public revenues during 2023/2024, compared to about EGP 739.6 bn. during 2019/20.



In that vein, value-added tax revenues captured the largest share of tax revenues at EGP 664.7 bn. during 2023/24 followed by taxes on income, profits and capital gains at EGP 594.4 bn.



Sources: – Ministry of Finance
– The Central Bank of Egypt (CBE)

SBFN upgrades Egypt's sustainable finance rating to the "Advancing – Implementation" category

In coronation of the Central Bank of Egypt's (CBE) efforts to promote sustainable finance, the Sustainable Banking and Finance Network (SBFN), an initiative of the World Bank's International Finance Corporation (IFC), has upgraded Egypt's classification from "Developing-Implementation" to "Advancing-Implementation" in its performance assessment matrix which provides a measure of progress made at the country level, indicating the actions taken by member institutions to develop and implement a national and regional framework for sustainable finance in line with the leading international directives and practices. This upgrade was revealed in the SBFN Global Progress Report – 2024, issued by SBFN in April 2024, on the sidelines of SBFN's annual meetings held in conjunction with the Spring Meetings of the International Monetary Fund (IMF) and the World Bank (WBG) in Washington, D.C., US.

Egypt's rating was bumped up four times since CBE joined the SBFN. It moved from the "Preparation" stage, which included the "Initial Commitment" and "Formulation" phases, to the "Implementation" stage, which included the "Developing" and "Advancing" phases.

SBFN framework measures the countries' progress based on three main pillars. Each pillar assesses regulatory frameworks, strategies, disclosure requirements and voluntary practices, as follows:

ESG Integration

Refers to the management of environmental, social and governance (ESG) risks in lending, investment, and operational activities of banks and financial institutions.

Climate Risk Management

Includes risk management frameworks, disclosure practices, data provision, and reporting that financial institutions can use to mitigate and adapt to climate change.

Financing Sustainability

Refers to the efforts of regulators, financial institutions, and banks to direct capital flows to activities that support climate and the green economy, as well as social goals, through products such as green bonds and sustainability-linked loans. Regulatory efforts also include the issuance of definitions, guidelines, classification mechanisms, supervisory and oversight activities, and the provision of necessary incentives and support.

Egypt, represented by CBE and the Federation of Egyptian Banks (FEB), joined SBFN in 2016, with a view to sharing experiences and applying international best practices of sustainable finance in the Egyptian banking sector. SBFN is one of the world's leading entities specialized in the field of sustainable finance and has a membership of 70 countries represented by 91 institutions and regulatory and government bodies from emerging markets working to promote sustainable finance to contribute to achieving local goals and priorities, developing banking sectors and maintaining their stability.

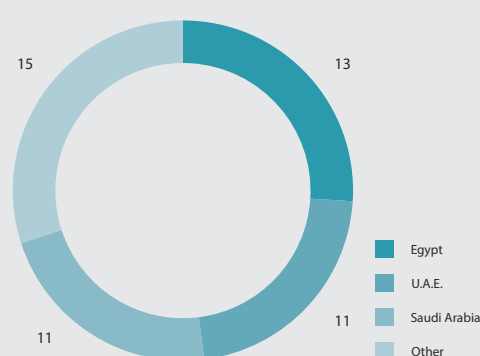


Egypt is the most represented country on Forbes Middle East's Fintech 50 list for 2024

Fintech has become one of the world's most promising financial industries thanks to its ability to use cutting-edge technological mechanisms and techniques, and benefit from them in expanding the scope of financial and banking services and products offered. In this framework, Forbes revealed its 2024 list of the Middle East's top 50 Fintech companies, indicating that despite the sharp decline in funding in 2023, the Middle East's Fintech companies have pursued expansion, embraced new technology and remained resilient in the face of market challenges such as high interest rates and geopolitical uncertainties.

Egypt is the most represented country on the list with 13 companies, followed by the UAE and Saudi Arabia with 11 each. The three countries jointly account for 70% of the total companies on the list, while payment companies dominated the list with 26 companies.

Forbes Middle East's Fintech 50 list for 2024 by country
No. of companies



Ranking	Company	Ranking	Company
2	Fawry for Banking Technology and Electronic Payments E-payment platform	22	Contact Financial Holding Non-banking financial services
8	MNT-Halan Lending, BNPL (buy now, pay later) and payments platform	26	Paysky Digital payment solutions
11	AMAN Holding E-payment and financial services platform	29	Masria Digital Payments (MDP) Card issuing – processing solutions
15	Valu Financial technology platform	31	Money Fellows Digitallized ROSCA (rotating savings and credit association) system
18	Thndr Digital investment platform	39	Lucky ONE Credit products and cashback rewards
20	Paymob E-payment acceptance solutions	44	Telda Digital banking application
		50	Klickit Payment management system for the education sector

Egypt is the most represented country on Forbes Middle East's Fintech 50 list for 2024

Ranking methodology

Forbes pointed out that its ranking was based on analyzing the data of Fintech companies in payments, insurance, digital banking, investment and wealth management, savings, crypto asset trading, and lending and financing sectors. However, Fintech platforms owned by exchange houses, banks and governments were excluded. Data have been gathered from primary sources, official statements and questionnaires sent to the companies. The following criteria were considered:

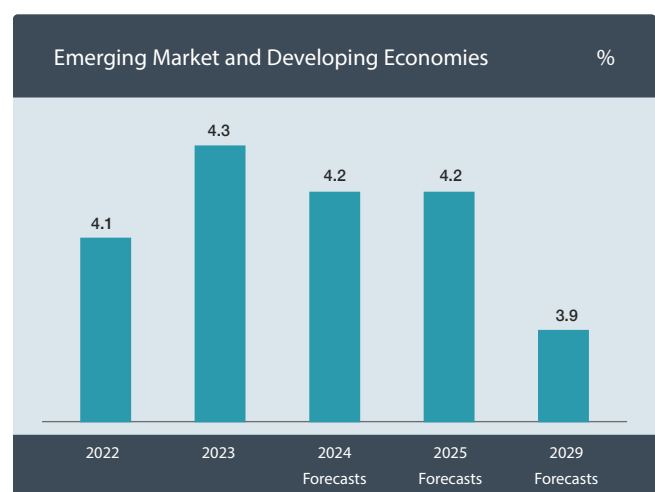
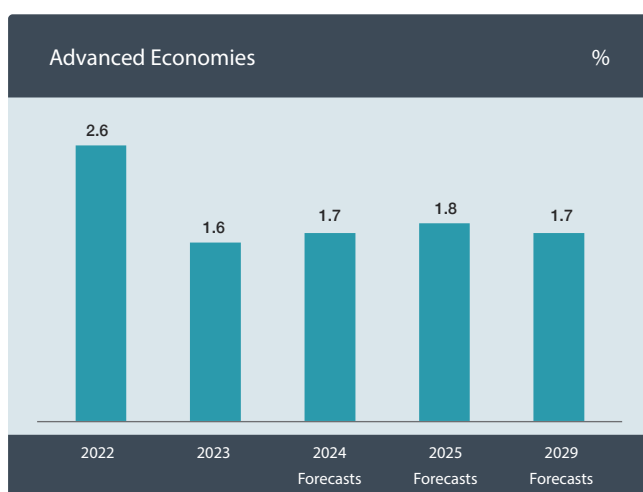
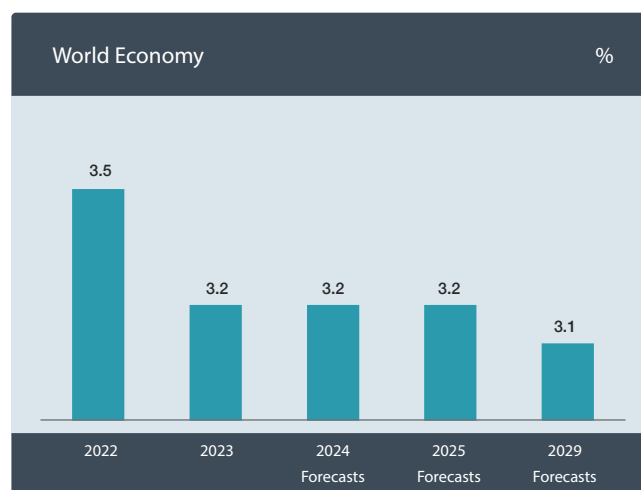
- The amount of money executed by companies through digital channels in 2023.
- The number of app downloads and active users.
- The number of countries that the companies operate in.
- Growth and expansion between March 2023 and March 2024.
- Technology and innovation.
- Impact on consumers and businesses.
- Funding from investors and venture capitalists.



IMF: Slow but steady global recovery amid divergence between countries

In its World Economic Outlook (WEO), issued in April 2024, the International Monetary Fund (IMF) confirmed that the global economy remained remarkably resilient with growth holding steady as inflation returns to target. The IMF indicated that despite the fact that many gloomy predictions accompanied the repercussions of the global economic and geopolitical crises that the world has experienced and is still experiencing, the world economy avoided a recession. The banking system proved largely resilient, and major emerging market economies did not suffer sudden stops. Moreover, the inflation surge, despite its severity and the associated cost of living crisis, did not trigger uncontrolled wage-price spirals.

Growth rate: According to the IMF, the global economy growth rate in 2023 is projected to continue at the same pace of 3.2% in 2024 and 2025. The projection for 2024 is revised up by 0.1 percentage point from the January 2024 Update, and by 0.3 percentage point with respect to the October 2023 forecast, thus reflecting higher forecasts for advanced economies and emerging market and developing economies during the said year. In this context, the IMF pointed out that risks to the global growth outlook are now also broadly balanced.



Source: IMF, World Economic Outlook, April 2024

IMF: Slow but steady global recovery amid divergence between countries

Growth rate projections

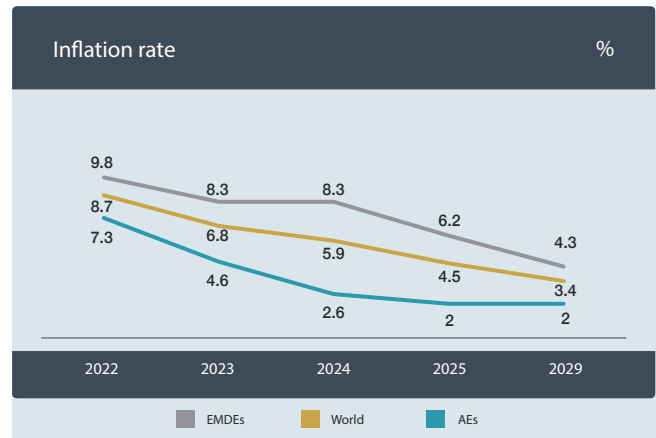
	2023	Projections		Difference from January 2024 WEO Update		Difference from October 2023 WEO	
		2024	2025	2024	2025	2024	2025
World Output	3.2	3.2	3.2	0.1	0.0	0.3	0.0
Advanced economies (AEs)	1.6	1.7	1.8	0.2	0.0	0.3	0.0
United States	2.5	2.7	1.9	0.6	0.2	1.2	0.1
Euro area	0.4	0.8	1.5	-0.1	-0.2	-0.4	-0.3
Germany	-0.3	0.2	1.3	-0.3	-0.3	-0.7	-0.7
France	0.9	0.7	1.4	-0.3	-0.3	-0.6	-0.4
Italy	0.9	0.7	0.7	0.0	-0.4	0.0	-0.3
Spain	2.5	1.9	2.1	0.4	0.0	0.2	0.0
Japan	1.9	1.9	1.0	0.0	0.2	-0.1	0.4
United Kingdom	0.1	0.5	1.5	-0.1	-0.1	-0.1	-0.5
Canada	1.1	1.2	2.3	-0.2	0.0	-0.4	-0.1
Emerging Market and Developing Economies (EMDEs)	4.3	4.2	4.2	0.1	0.0	0.2	0.1
Emerging and developing Asia	5.6	5.2	4.9	0.0	0.1	0.4	0.0
China	5.2	4.6	4.1	0.0	0.0	0.4	0.0
India	7.8	6.8	6.5	0.3	0.0	0.5	0.2
Emerging and developing Europe	3.2	3.1	2.8	0.3	0.3	0.9	0.3
Russia	3.6	3.2	1.8	0.6	0.7	2.1	0.8
Latin America and the Caribbean (LAC)	2.3	2.0	2.5	0.1	0.0	-0.3	0.1
Brazil	2.9	2.2	2.1	0.5	0.2	0.7	0.2
Mexico	3.2	2.4	1.4	-0.3	-0.1	0.3	-0.1
Middle East and Central Asia (ME&CA)	2.0	2.8	4.2	-0.1	0.0	-0.6	0.3
Kingdom of Saudi Arabia	-0.8	2.6	6.0	-0.1	0.5	-1.4	1.8
Sub-Saharan Africa (SSA)	3.4	3.8	4.0	0.0	-0.1	-0.2	-0.1
Nigeria	2.9	3.3	3.0	0.3	-0.1	0.2	-0.1
South Africa	0.6	0.9	1.2	-0.1	-0.1	-0.9	-0.4

Source: IMF, World Economic Outlook, April 2024



Inflation

Global headline inflation is expected to fall from an annual average of 6.8% in 2023 to 5.9% and 4.5% in 2024 and 2025 respectively, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. In this context, headline inflation for advanced economies is expected to fall by 2 percentage points in 2024 to reach 2.6%. Meanwhile, inflation rate in emerging market and developing economies is expected to be stable during the same year.

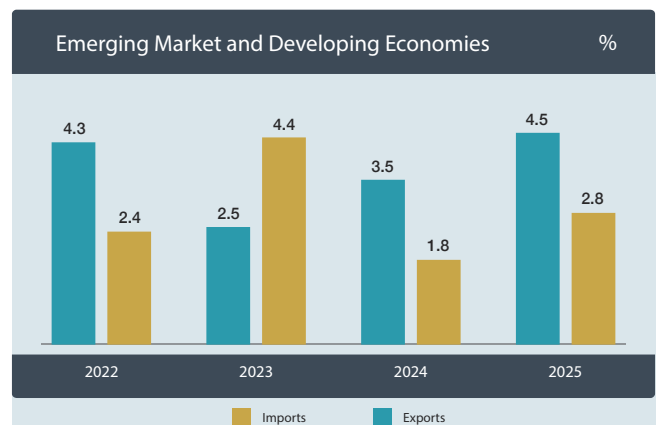
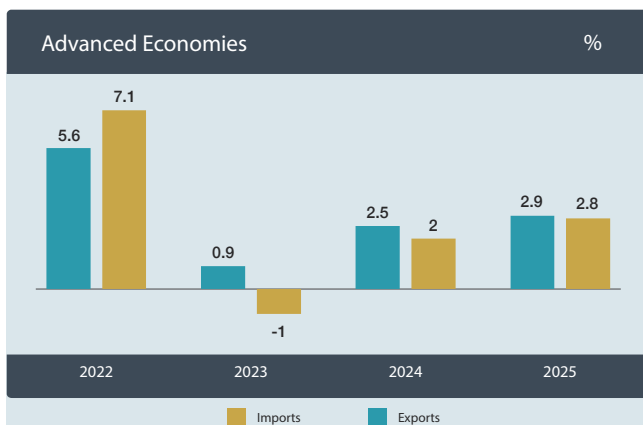
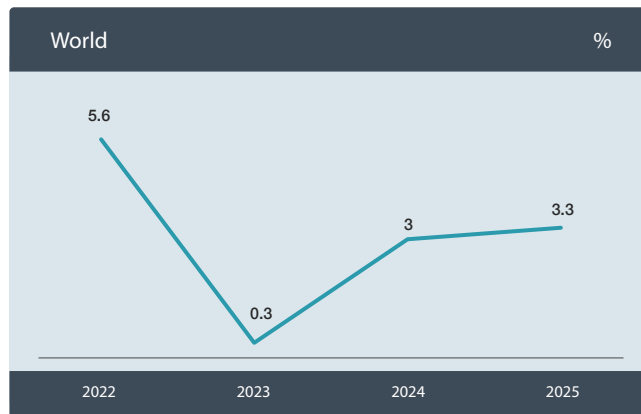


Source: IMF, World Economic Outlook, April 2024

World trade:

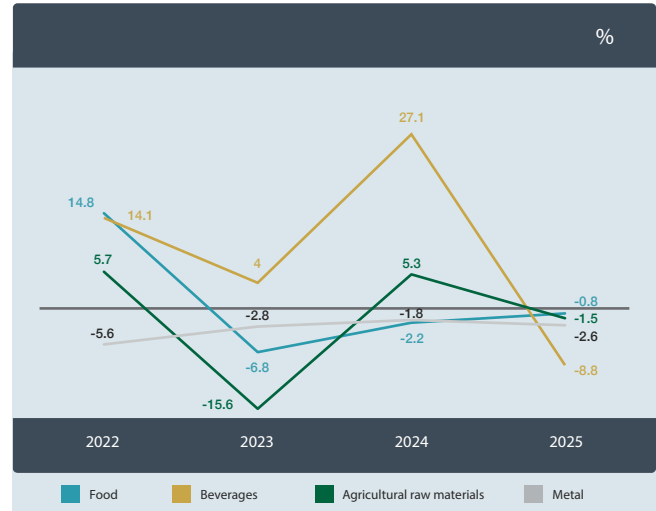
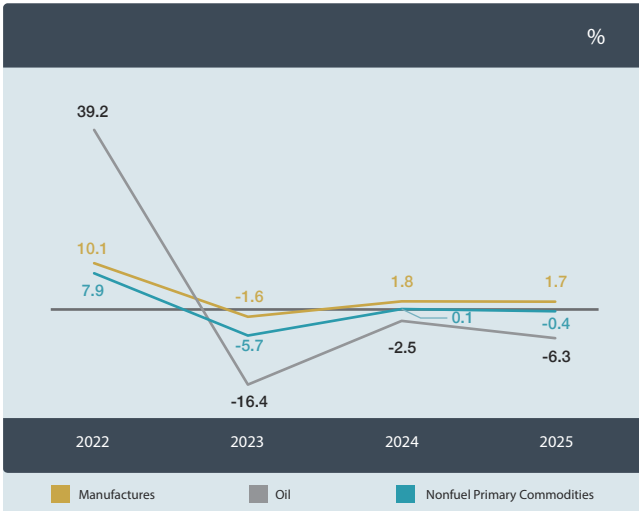
According to the IMF projections, world trade growth is estimated at 3.0% and 3.3% in 2024 and 2025 respectively, against its average growth rate estimated at 4.2% and 2.7% during 2006-15 and 2016-25 respectively. Projections indicate that the adverse impacts resulting from the growing trade distortions would continue to weigh. Moreover, the IMF pointed out that countries imposed 3,200 new restrictions on trade in 2022 and about 3,000 in 2023 up from 1,100 in 2019.

Changes in trade volumes (goods and services)



IMF: Slow but steady global recovery amid divergence between countries

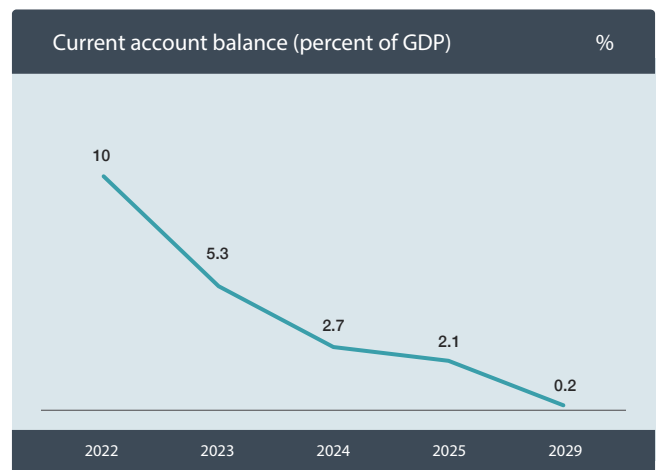
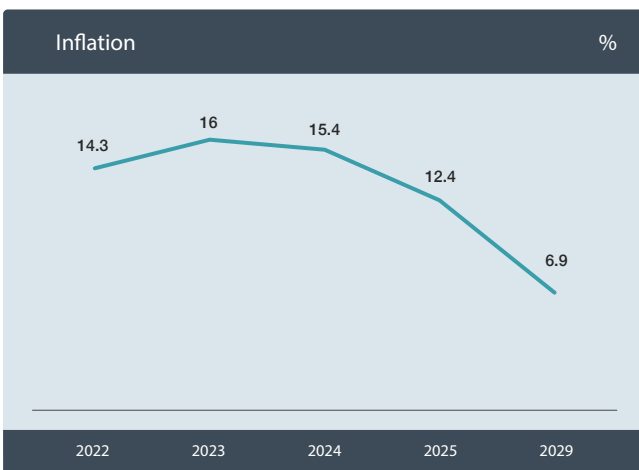
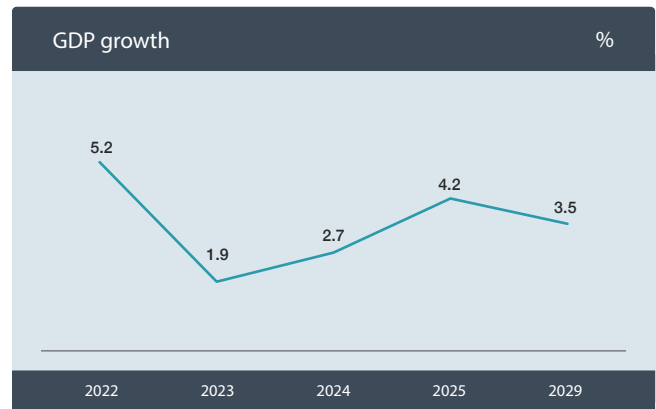
Changes in World Trade Prices in US Dollar



MENA at glance

•Real GDP growth:

MENA's GDP growth is estimated to accelerate during 2024, despite the uncertainty surrounding the region and concerns fueled by the widening circle of ongoing geopolitical conflicts and their occasional flaring up in several parts of the region.

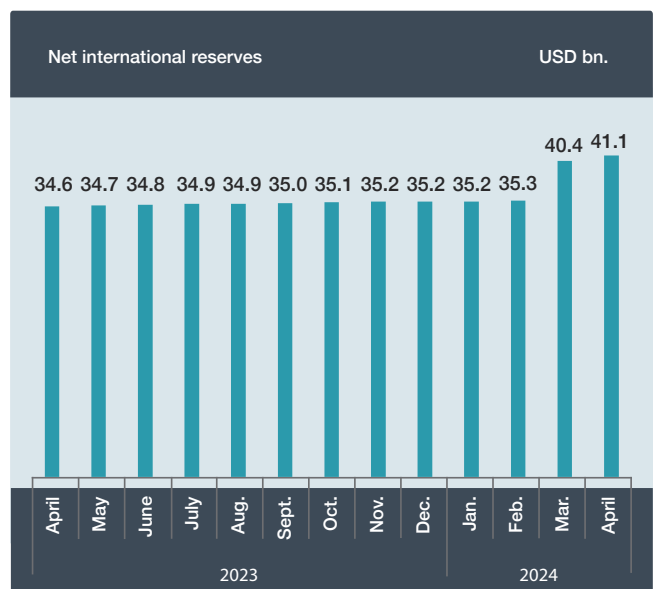
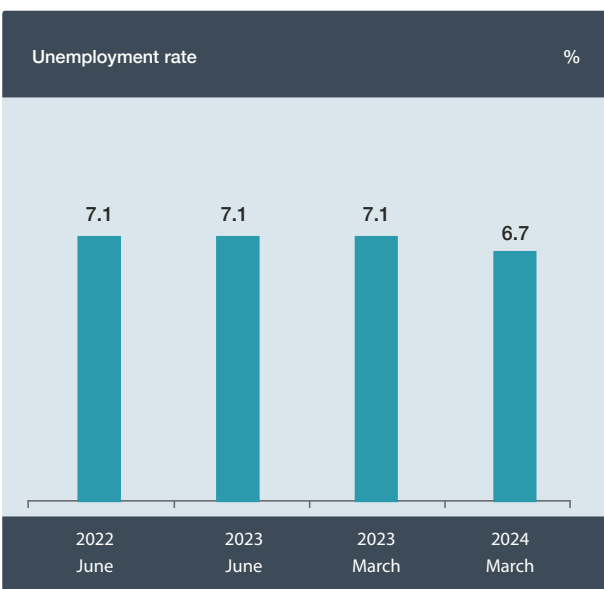
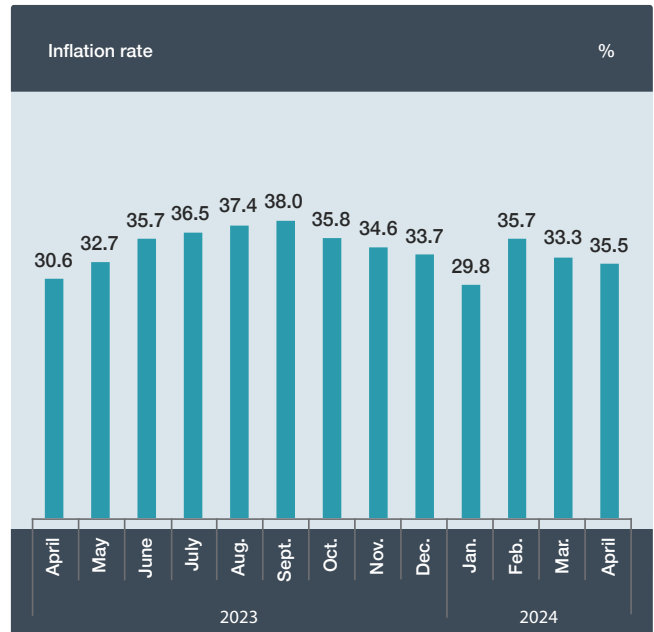
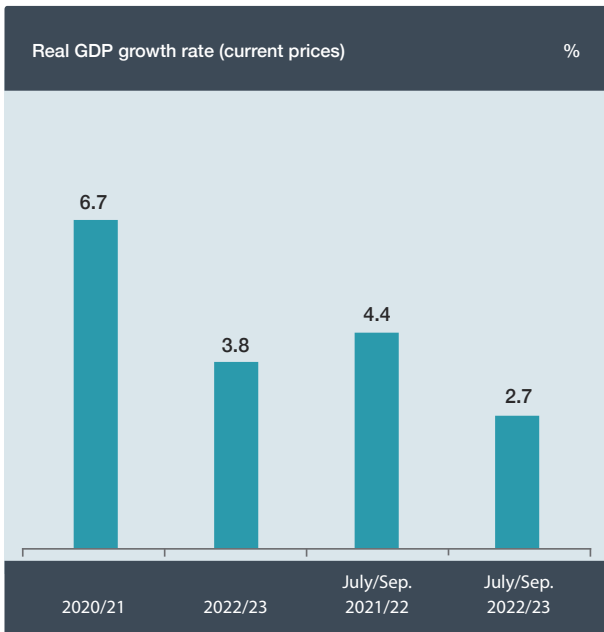


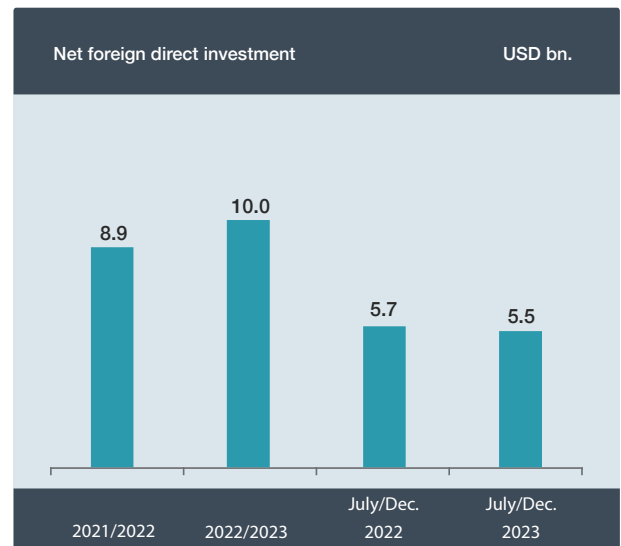
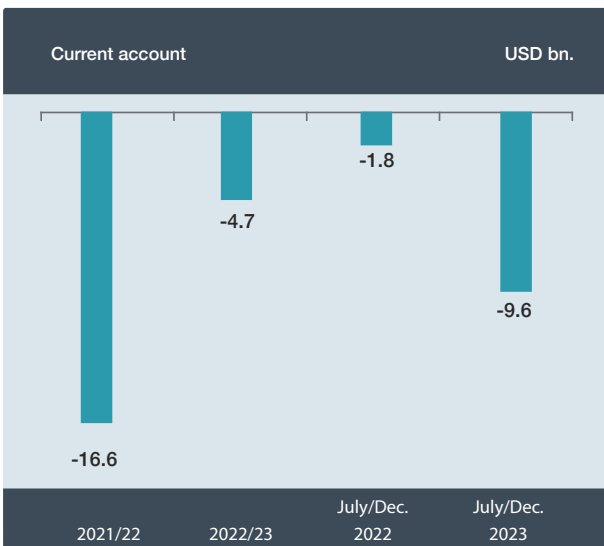
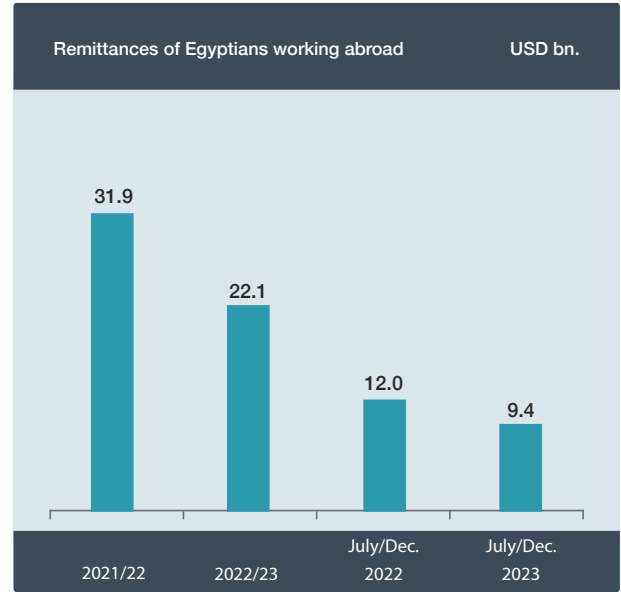
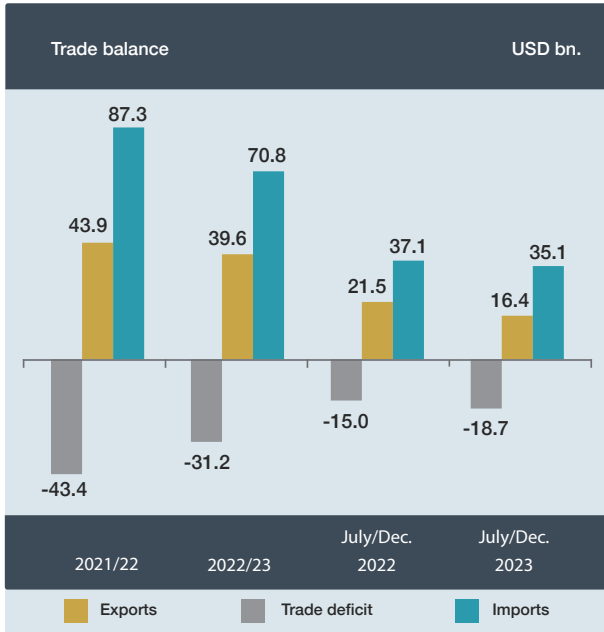
Source: IMF, World Economic Outlook, April 2024



Egyptian Economy in Brief

Egyptian Economy in Brief





Best Regards

For more information, please contact:

Research Team

Research_nbe@nbe.com.eg

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

Issues of Economic Bulletin are available on NBE's website:
<https://www.nbe.com.eg/NBE/E/#/EN/EconomicBulletin>



البنك الأهلي المصري

NATIONAL BANK OF EGYPT

بنك أهل مصر



بنك أهـل مصر

1187 Corniche El Nil - Cairo
Tel.: 25945000 - Fax: 25945137
Website: www.nbe.com.eg

For previous copies

