

3rd issue - September
Volume 71 - 2021 Cairo

Economic Bulletin



Board of Directors

National Bank of Egypt

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

6

IMF: Positive outlook for Egypt's economy

15

Egyptian Banks record improvement in top 1,000 world banks list

24

The Socio-Economic Development Plan for FY 2021/2022: Doubling target growth rate and significant rise in investments

29

New Delta Project: a huge leap towards promoting and developing agriculture sector in Egypt

34

Egypt enters sovereign sukuk market

36

Renewable energy sources are moving steadily to the fore of global energy scene

40

Egypt moves steadily towards a cashless society

44

A global orientation towards electronic banking services and virtual banks

46

IMF: Global economy is on the road to recovery

51

Egyptian Economy in Brief



IMF: Positive outlook for Egypt's economy

The International Monetary Fund (IMF) confirmed that Egypt went into COVID-19 crisis in a sound condition and with strong reserves, thanks to the economic reforms implemented since 2016. In view of the unprecedented local and global uncertainty, the policies pursued by Egypt enabled the Egyptian government to achieve balance between securing funds required to satisfy the necessary health and social expenditure and maintaining financial sustainability.

Egypt responded to COVID-19 crisis by adopting appropriate and timely monetary and fiscal easing measures. The fiscal and monetary policies should continue in the near term to support economic recovery, while maintaining macroeconomic stability.

Moreover, it is necessary to deepen and expand structural reforms to address post-pandemic challenges, enhance reserves and unleash huge growth potentials. The structural reform agenda aims to achieve more inclusive and sustainable growth led by the private sector, with a view to creating permanent jobs, strengthening exports, promoting social protection programs, improving business environment, boosting financial markets and increasing integration into global trade.

Economic reform program

Phase I
Reforming fiscal
and monetary
policies
November 2016

Phase II
Implementing
structural reforms
of priority sectors
April 2021

International institutions' commendations of Egypt's resiliency to COVID-19 crisis



IMF
Egypt responded to the pandemic with prudent policies in a timely manner, which helped mitigate the health and social impacts and keep economy on the right track.



WB
Egypt responded to the pandemic by adopting effective measures, increasing spending on the healthcare sector and strengthening social protection programs.

FitchRatings **MOODY'S**

Fitch/ Moody's
Egypt is one of the few countries in the world that witnessed positive growth during COVID-19 crisis, owing to the economic reform and effective policies.

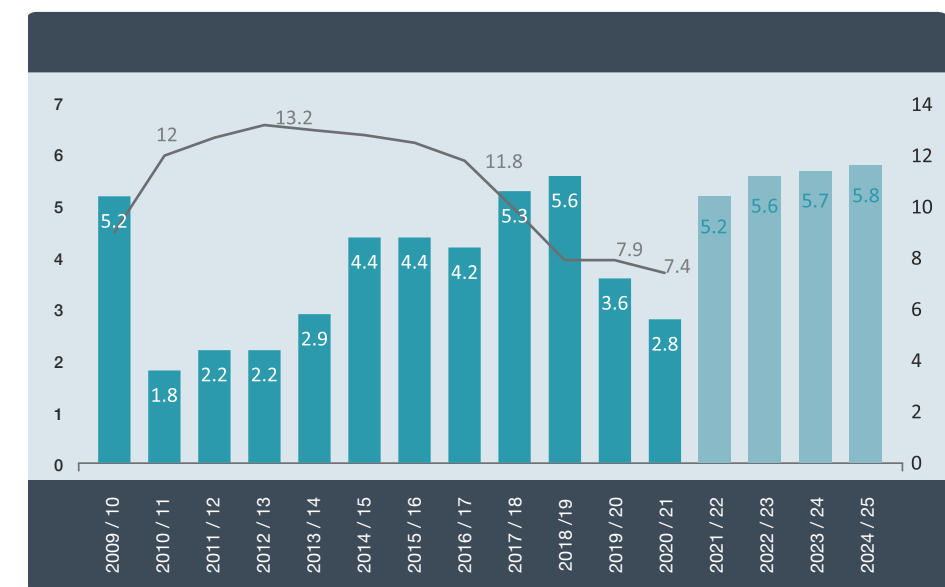
Forbes

Forbes
Egypt is among the 5 largest Arab economies in 2021, with GDP of US\$ 395 bn., thanks to the results achieved by the economic reform program which formed a strong basis for managing the crisis.

Fruits of the economic reform program and IMF's positive outlook

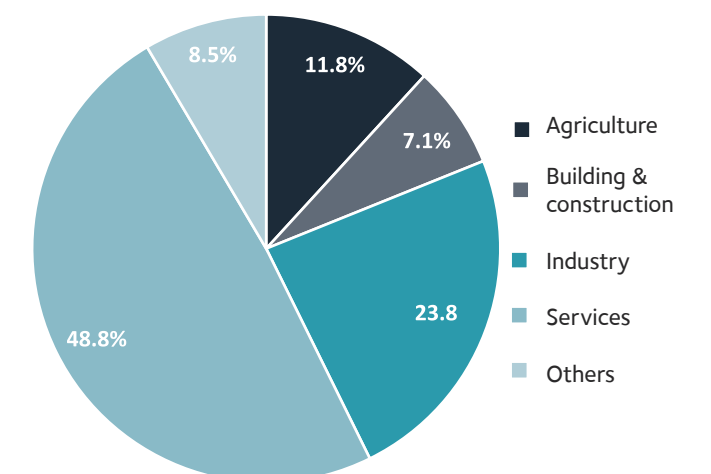
IMF commended Egypt's economic performance, confirming that it was on the right track. Further, IMF applauded the role of monetary policy in supporting economy and enhancing capital inflows, as well as the efforts made by banks to promote financial inclusion through employing digital financial technologies and focusing on the most-needy brackets. Salient indicators of economic performance and IMF's forecasts until 2025 are as follows.

✓ IMF's forecasts indicate that GDP growth rates would restore pre-pandemic levels to record 5.2% in 2021/2022.



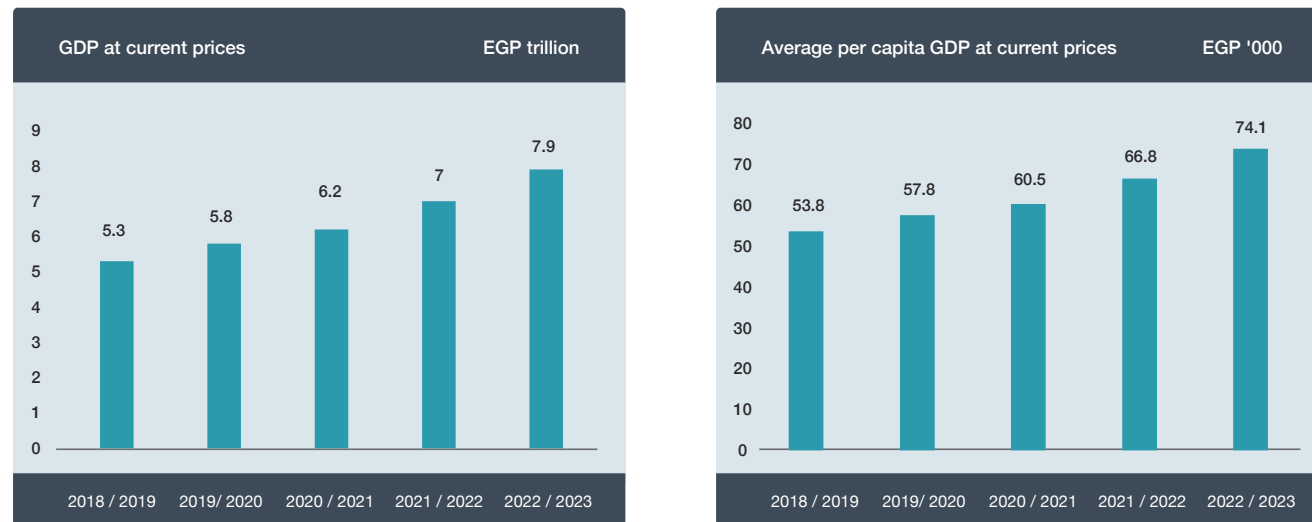
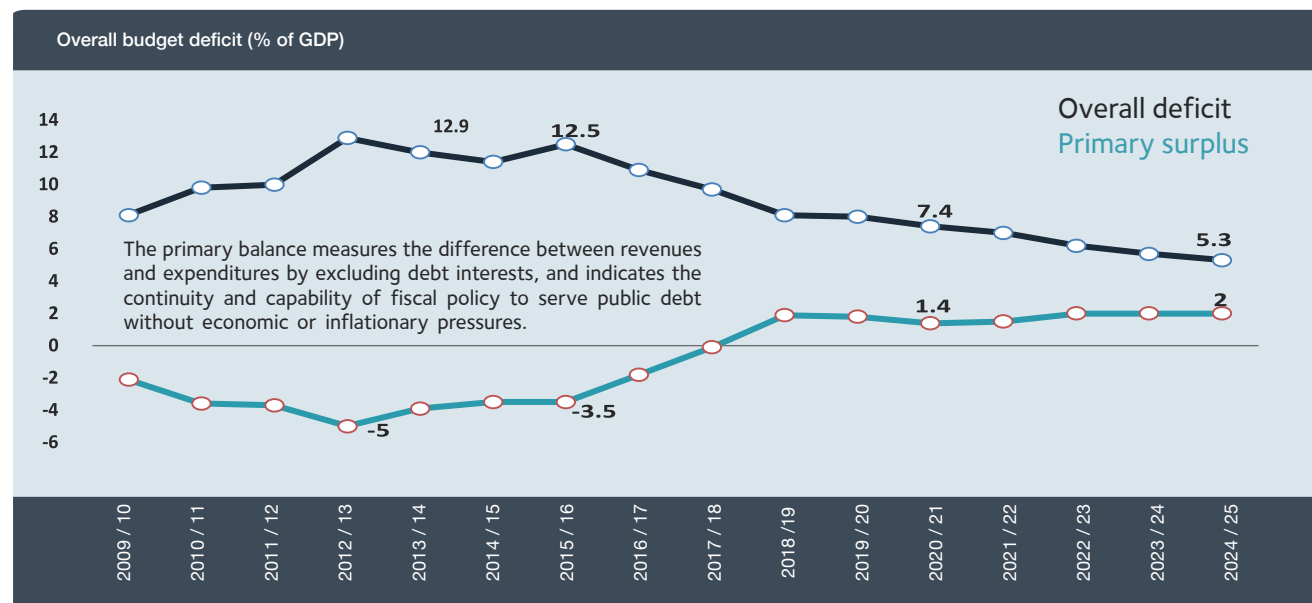
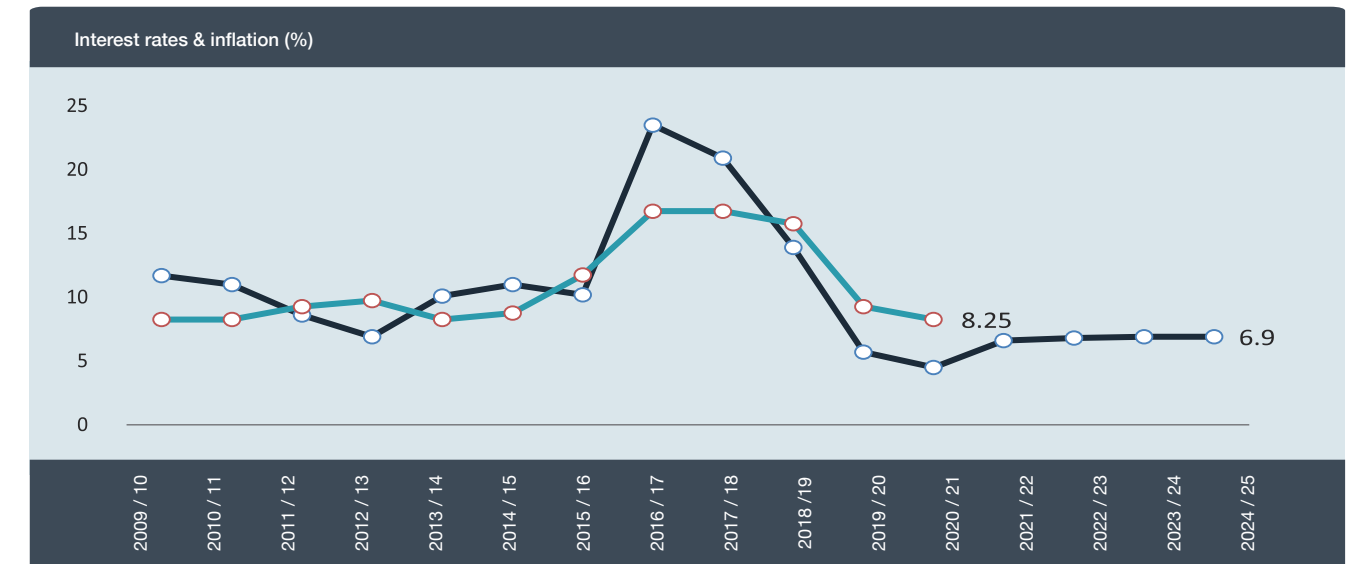
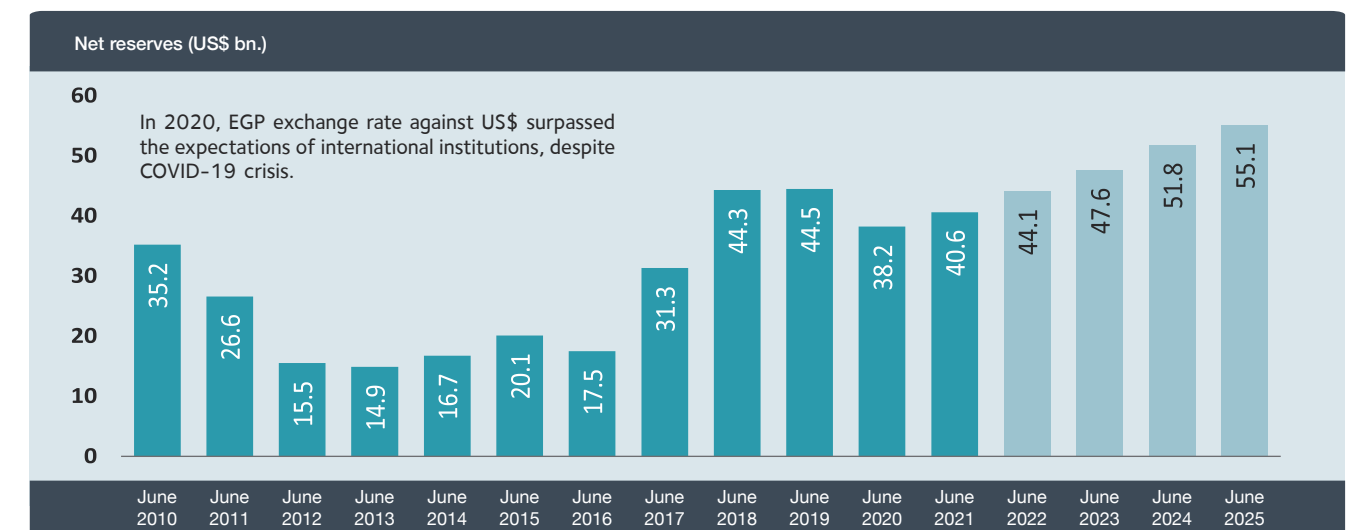
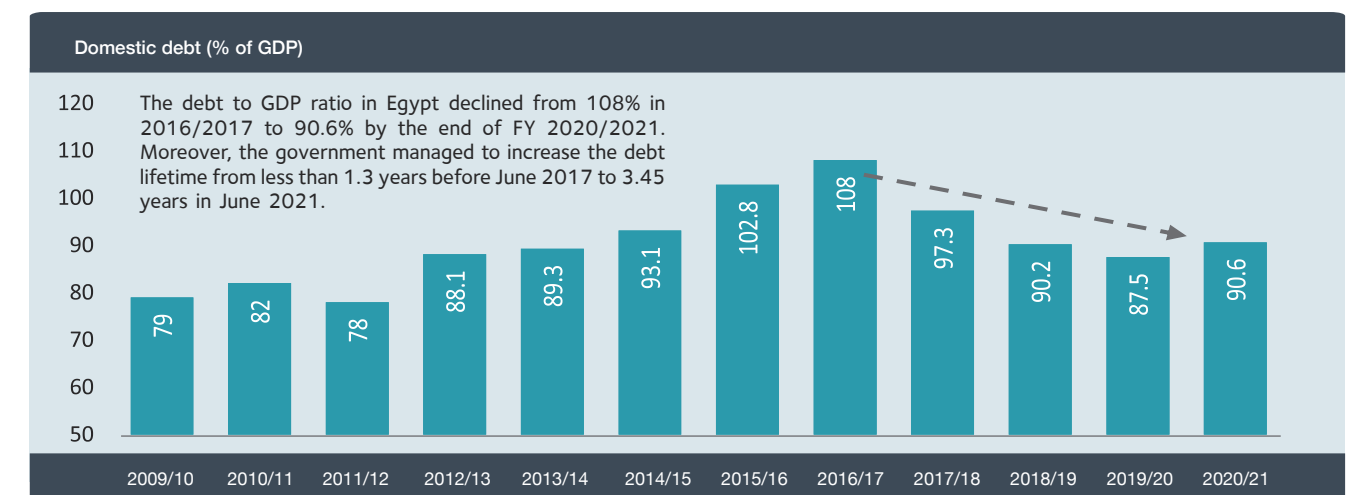
✓ IMF's estimates indicate that the service sector would come on the top of economic sectors in terms of contributing to GDP in 2021/2022, i.e. at a rate of 48.8%, followed by the industrial sector at 23.8%.

Contribution of different sectors to GDP 2021/2022



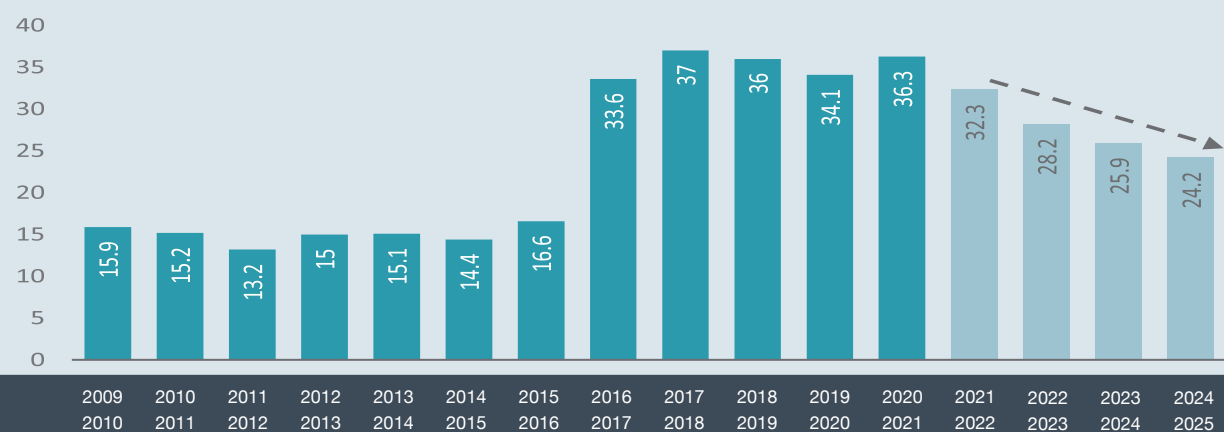
IMF: Positive outlook for Egypt's economy

✓ It is estimated that GDP would reach EGP 7 trillion in FY 2021/2022, against EGP 6.3 trillion YoY. This would result in proportionally increasing per capita GDP to record EGP 66,800 p.a., compared to EGP 60,500 in the previous year.

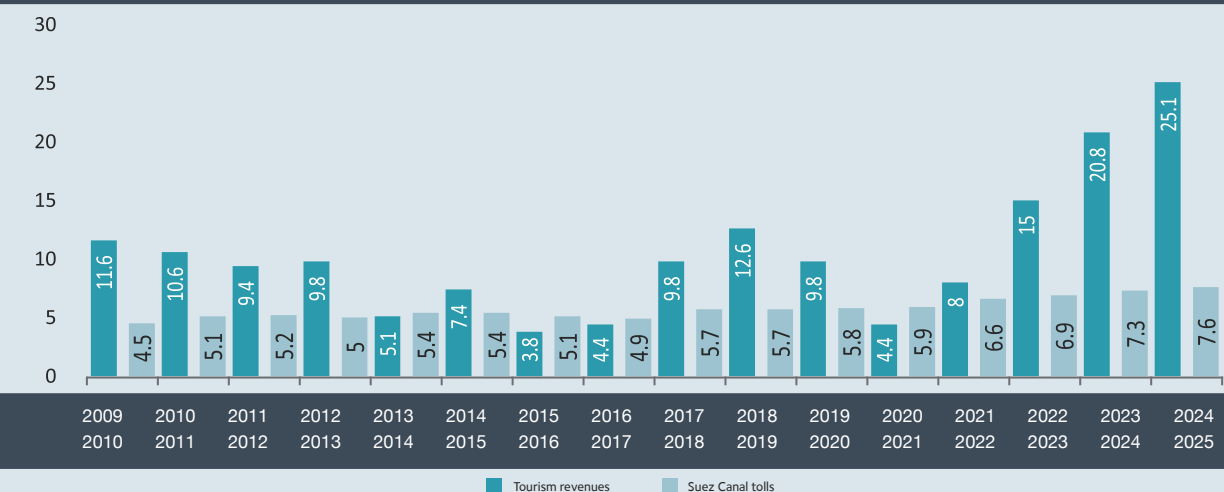


IMF: Positive outlook for Egypt's economy

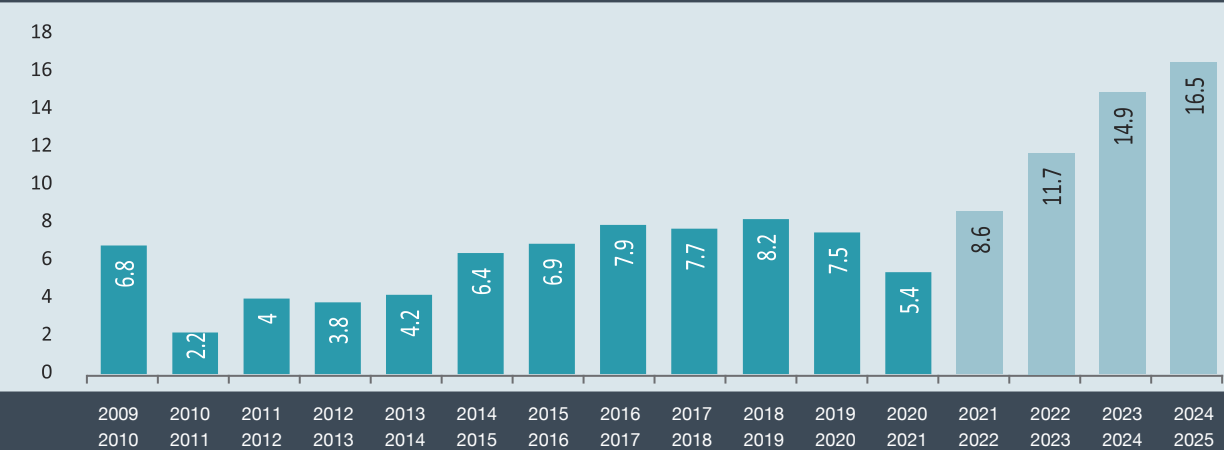
Foreign debt (% of GDP)



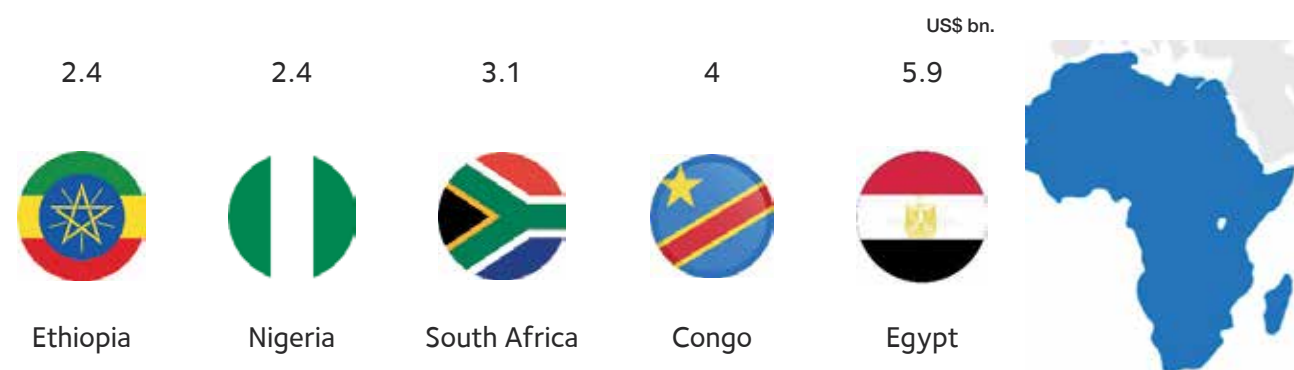
Tourism revenues & Suez Canal tolls (US\$ bn.)



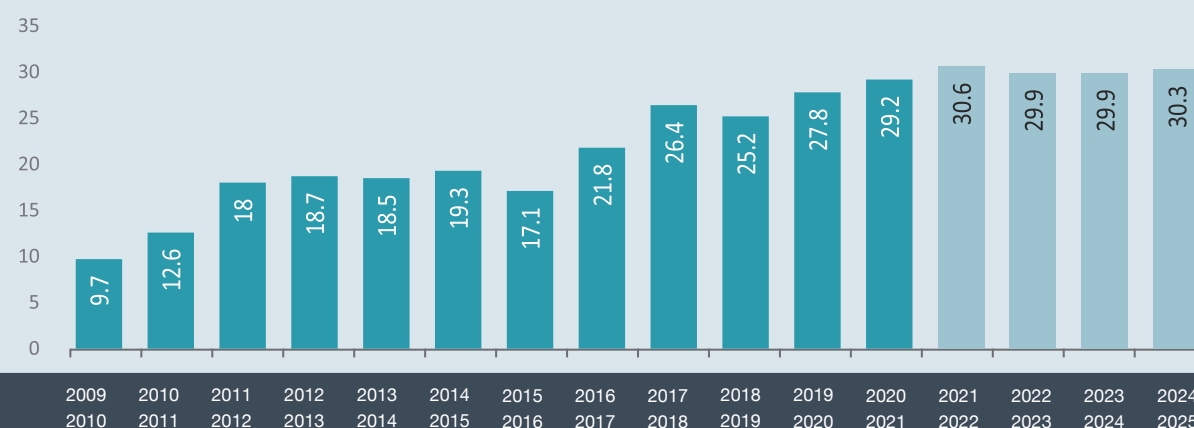
Net foreign direct investments (US\$ bn.)



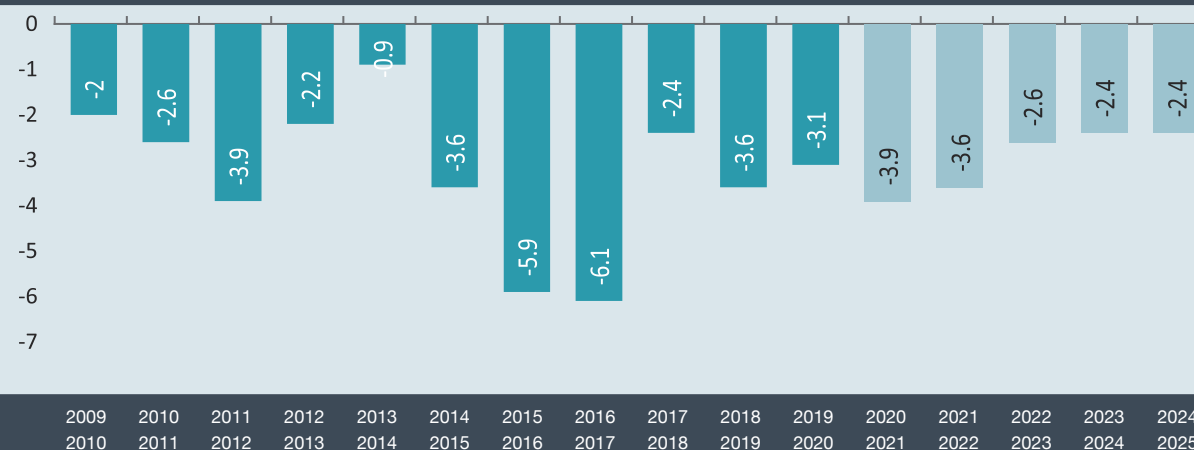
Egypt maintains its position as the largest investment recipient in Africa in 2020



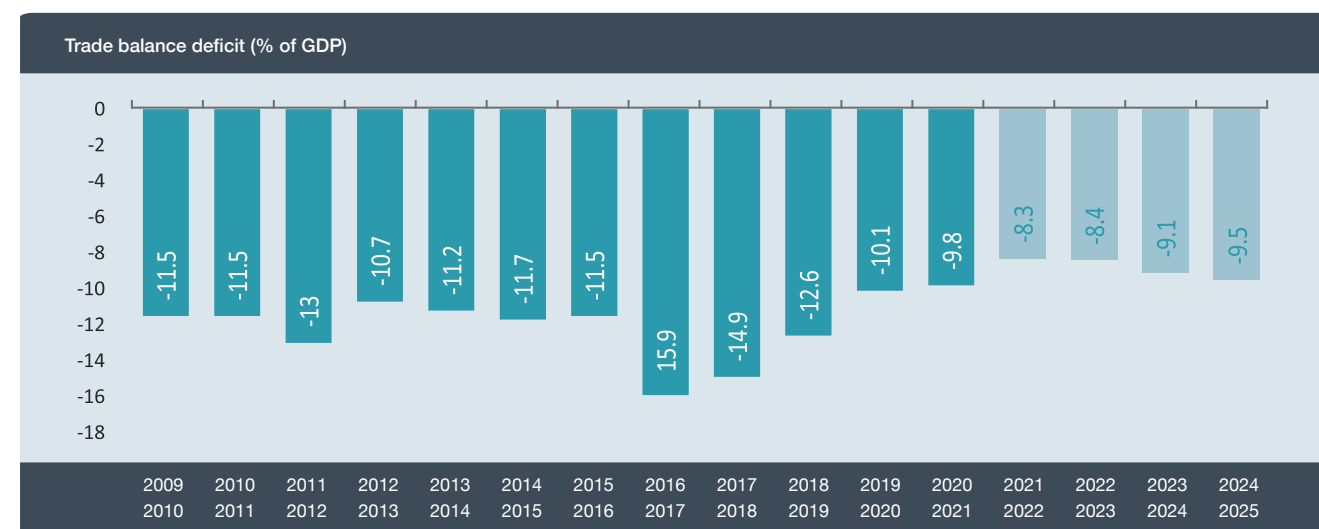
Expatriates' remittances (US\$ bn.)



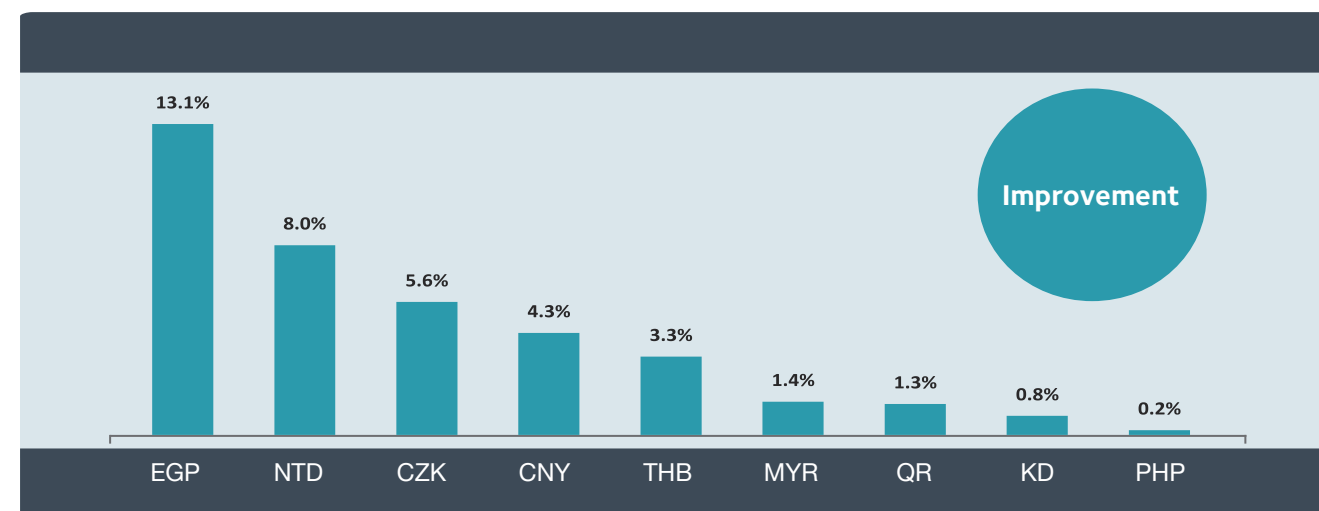
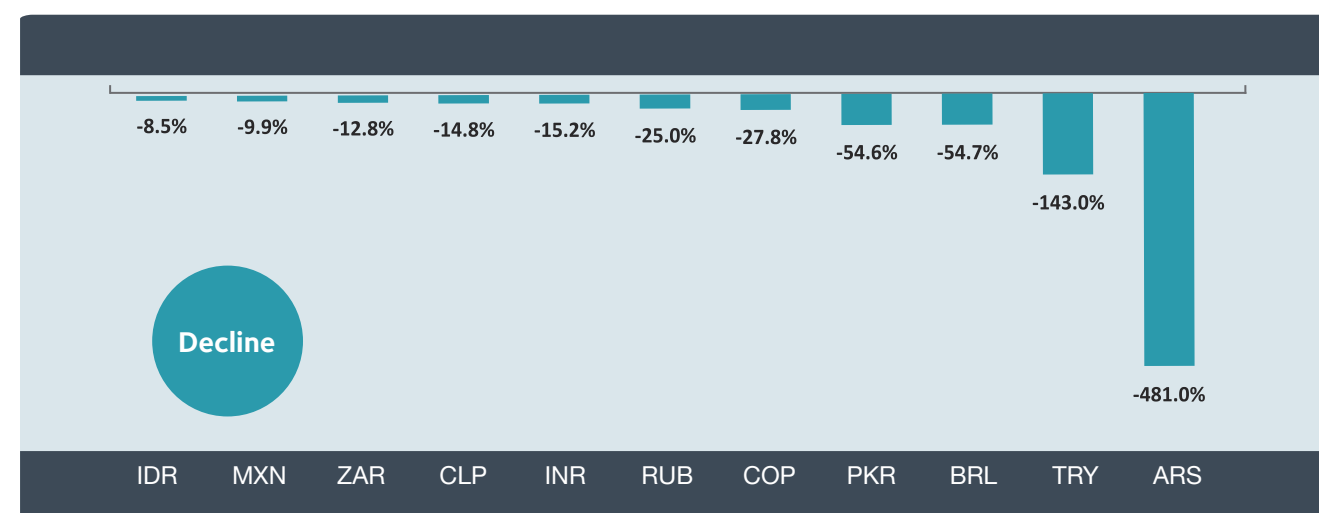
Current balance deficit (% of GDP)



IMF: Positive outlook for Egypt's economy



Performance of top emerging market currencies against dollar during the period from FY 2017/2018 till end-July 2021



Moody's rating: a confidence testimony for the Egyptian economy

As certified by international institutions, Egypt's economy maintained its stability and positive outlook despite the persistent negative repercussions of Covid-19 crisis on the global economy. In that vein, Moody's stabilized Egypt's credit rating at B2 for the third time in a row during the pandemic. This reflects the continuous build-up of the amount of confidence created by virtue of the economic and financial reforms implemented during the previous years. Such reforms provided the Egyptian economy with adequate resilience enabling the country to fund its needs in local and foreign currencies.

Moody's perspective for the Egyptian economy

In July 2021, Moody's kept Egypt's credit rating at B2 with a stable outlook.

Local-currency credit rating stood at Ba2, whereas foreign-currency credit rating went up from B1 to score BA3.

Moody's key forecasts for the Egyptian economy

- ✓ Debt-to-GDP ratio is expected to drop to 84% by 2024, supported by realizing ongoing primary surpluses.
- ✓ The Egyptian economy is projected to resume achieving robust growth rates reaching 5.5% during the fiscal year 2021/22, against 2.8% in the previous fiscal year. Such robust rates would be realized in the light of the expected positive contributions of a number of sectors, such as ICT; health; government services; retail & wholesale; and agriculture, in addition to the sectors of manufacturing; and building & construction. Moreover, the contribution of tourism and aviation is envisaged to be positive also following the gradual alleviation of restrictions on the global travel and trade.

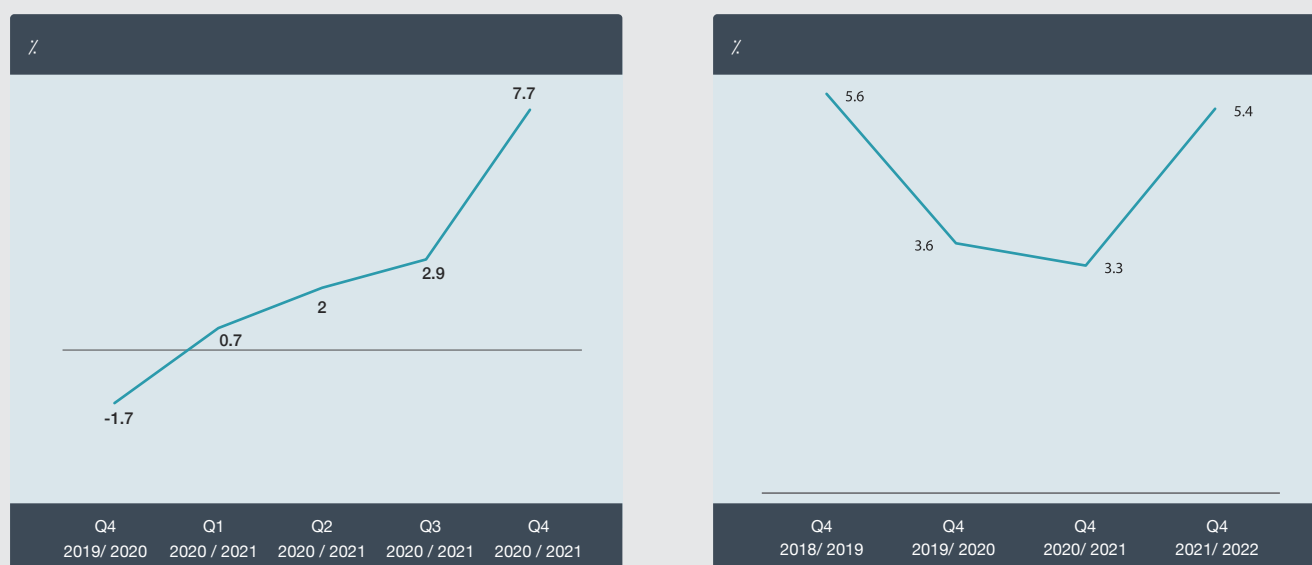
Government's major efforts affecting the rating

- ✓ The Egyptian government committed to continuously accelerate the economic reform and push up economic growth rates by launching a package of incentive and protective measures. The value of such package accounted for 2% of the GDP, aimed at supporting the economic sectors and the neediest populations.
- ✓ Realizing strong financial indicators exceeding the forecasts of the previous fiscal year:
 - Achieving a primary surplus of 1.4% of GDP.
 - Reducing the overall deficit to 7.4% of GDP, versus 8% of 2019/20 GDP.
- ✓ Preserving the financial goals, such as proceeding with rationalizing expenditures, and increasing allocations for the sectors of health, education, "Takaful wa Karama" (i.e. solidarity & dignity) aid, cash subsidies to the most vulnerable groups, and exports support. This is in addition to the procedures taken by the government to widen the tax base.
- ✓ The government targets a lower budget deficit in FY 2021/22 at 6.7% of GDP, along with recording a primary surplus of 1.5% of GDP.

Egypt's economy grows at 7.7% in Q4 of 2020/2021

Initial indicators for Q4 of FY 2020/2021 revealed that the Egyptian economy rebounded significantly, recording a growth rate of 7.7% in Q4 compared to (-1.7%) YoY. This highlights the successful endeavors in relation to recovering from COVID-19 repercussions. At the same pace, the annual growth rate is expected to restore pre-pandemic levels to record 5.4% in 2021/2022.

GDP growth rate



In this context, several economic activities achieved positive growth rates in Q4 of FY 2020/2021. The downturn witnessed in several economic activities most affected by COVID-19 crisis, such as restaurants and hotels, manufacturing industries, construction and building, natural gas and electricity, turned into significantly positive growth rates. However, many economic activities maintained positive growth rates, such as telecommunications, the Suez Canal, wholesale and retail trade, transport and storage and agriculture.

Egyptian Banks record improvement in top 1,000 world banks list

According to The Banker's list of rankings issued in July 2021, Egyptian banks moved up in the top 1,000 world banks in terms of tier-1 capital. The National Bank of Egypt (NBE) has spearheaded all Egyptian banks in the aforementioned list with a US\$ 7.3 bn. in tier-1 capital. NBE registered a remarkable improvement in its ranking in top 1,000 list, climbing 22 places to 215th position from 237th position.

Globally:

• Top 10 world banks by tier-1 capital

Chinese and US banks captured the largest share of top 10 world banks by tier-1 capital. In this respect, Chinese banks held the top four places in the ranking.

Bank	Country	World rank in 2021	Value (US\$ bn.)	World rank in 2020	Change in world rank
ICBC	China	1	439.9	1	↔
China Construction Bank	China	2	361.6	2	↔
Agricultural Bank of China	China	3	336.2	3	↔
Bank of China	China	4	305.1	4	↔
JPMorgan Chase	USA	5	234.8	5	↔
Bank of America	USA	6	200.1	6	↔
Citigroup	USA	7	167.4	8	1↑
HSBC	UK	8	160.2	9	1↑
Wells Fargo	USA	9	158.2	7	2↓
Mitsubishi UFJ Financial Group	Japan	10	144.4	10	↔



Egyptian Banks record improvement in top 1,000 world banks list

• Global ranking of Egyptian banks by teir-1 capital

Egyptian banks climbed up in the overall rankings in the top 1,000 world banks in terms of teir-1 capital.

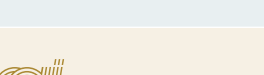
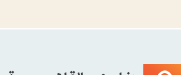
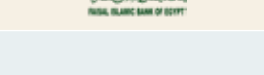
Bank	Local rank in 2021	World rank in 2021	Value (US\$ bn.)	World rank in 2020	Change in world rank
 NATIONAL BANK OF EGYPT	1	215	7.3	237	↑ 22
 بَنك مِصْر BANQUE MISR	2	272	5.5	366	↑ 94
	3	355	3.6	369	↑ 14
	4	406	3.0	426	↑ 21
	5	FOS	2.4	FOS	No global ranking, foreign-owned subsidiary
 البنك العربي الأفريقي الدولي arab african international bank	6	542	2.0	543	↑ 1
 بنك القاهرة Banque du Caire	7	792	1.0	794	↑ 2
	8	833	0.9	853	↑ 20
 ALEXBANK بنك الإسكندرية	9	FOS	0.7	FOS	No global ranking, foreign-owned subsidiary

The Banker referred to NBE and Banque Misr balance sheets ended as at June 2020, and the balance sheets ended as at December 2020 for the rest of Egyptian banks.

• Global ranking of Egyptian banks by total assets

In terms of total assets, NBE continues to lead Egyptian banks in top 1,000 banks with total assets of US\$ 125.4 bn., growing 29.4% compared to the previous year. NBE moved up 25 spots to rank 169th globally in 2021 report, from 194th place in 2020

25 positions
gained by NBE in its global ranking by total assets

Bank	Local rank in 2021	World rank in 2021	Value (US\$ bn.)	World rank in 2020	Change in world rank
 NATIONAL BANK OF EGYPT	1	169	125.4	194	↑ 25
 بَنك مِصْر BANQUE MISR	2	260	76.3	285	↑ 25
	3	521	27.3	508	↓ 13
	4	629	19.3	679	↑ 50
	5	FOS	18.5	FOS	No global ranking, foreign-owned subsidiary
 البنك العربي الأفريقي الدولي arab african international bank	6	733	14.3	738	↑ 5
 بنك القاهرة Banque du Caire	7	756	13.1	752	↓ 4
	8	908	7.3	903	↓ 5
 ALEXBANK بنك الإسكندرية	9	FOS	6.5	FOS	No global ranking, foreign-owned subsidiary

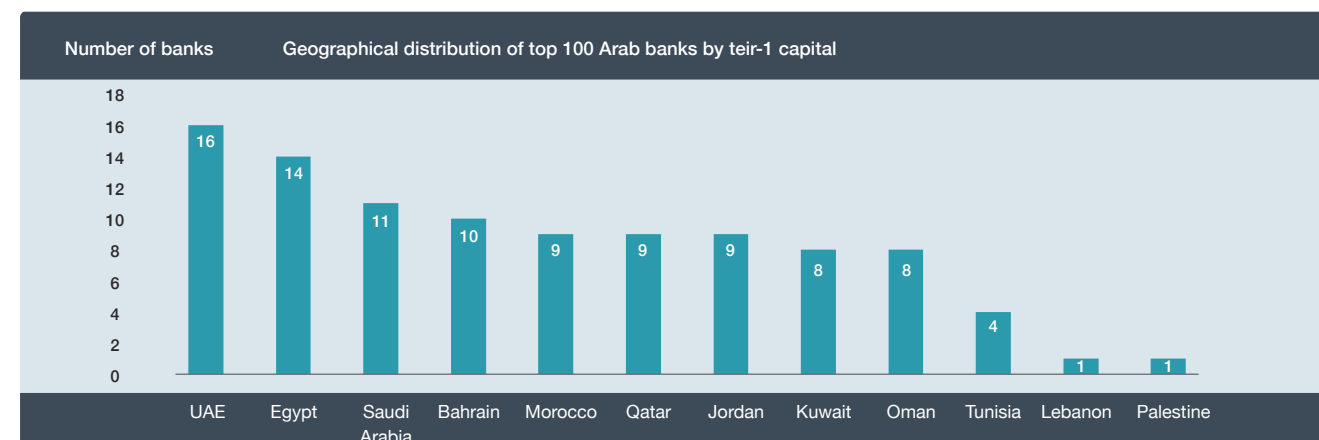
The Banker referred to NBE and Banque Misr balance sheets ended as at June 2020, and the balance sheets ended as at December 2020 for the rest of Egyptian banks.

Egyptian Banks record improvement in top 1,000 world banks list

At the level of Arab region:

By reviewing The Bankers' list of top 100 Arab banks in terms of tier-1 capital issued in September 2021, it is noted that:

- The United Arab Emirates (UAE) captured the largest share in terms of the number of banks in the list, comprising 16 banks, followed by Egypt with 14 banks then Saudi Arabia with 11 banks.



- GCC banks dominated the first ten ranks in the top 100 Arab banks in terms of tier-1 capital. In that vein, Saudi Arabian banks held five positions out of the first ten positions.

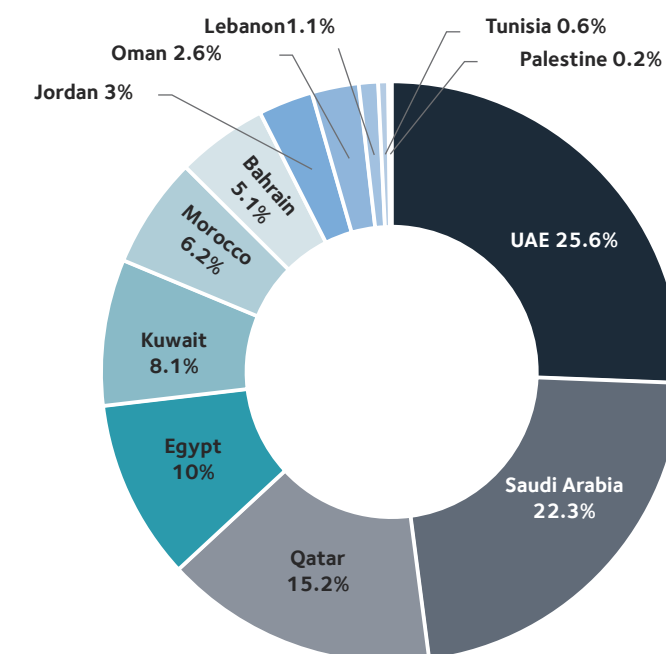
Bank	Country	World rank in 2021	Value (US\$ bn.)	World rank in 2020	Change in world rank
Qatar National Bank	Qatar	1	25.7	1	↔
National Commercial Bank*	Saudi Arabia	2	21.8	4	2↑
First Abu Dhabi Bank	UAE	3	21.2	2	1↓
Emirates NBD	UAE	4	21.1	3	1↓
Al-Rajhi Bank	Saudi Arabia	5	15.5	5	↔
Samba Financial Group *	Saudi Arabia	6	13.5	7	1↑
Abu Dhabi Commercial Bank	UAE	7	13.2	6	1↓
Riyad Bank	Saudi Arabia	8	11.8	9	1↑
National Bank of Kuwait	Kuwait	9	11.2	10	1↑
The Saudi British Bank	Saudi Arabia	10	11.1	8	2↓

* Samba Financial Group and National Commercial Bank arranged a merger to create Saudi National Bank as of April 2021.

- Top 100 Arab banks by tier-1 capital included 14 Egyptian banks, namely NBE, Banque Misr, CIB-Egypt, the African Export-Import Bank (Afreximbank), QNB-Egypt, Arab African International Bank, Banque du Caire, Faisal Islamic Bank of Egypt, HSBC – Egypt, Bank of Alexandria, NBK – Egypt, Audi Bank, Housing and Development Bank, and Crédit Agricole – Egypt. In that vein, NBE ranked 14th in the aforementioned list (compared to 16th rank in 2020 report). Banque Misr and CIB-Egypt occupied 19th and 32nd positions respectively in the top 100 Arab banks.

14th place
is held by NBE in the top 100
Arab banks list by tier-1 capital.

- UAE banks acquired 25.6% of total assets of all banks included in the top 100 Arab banks, followed by Saudi Arabian banks with a share of 22.3%.



Tarek Amer among world's best central bank governors for 2021: Global Finance

Tarek Amer, the Governor of the Central Bank of Egypt (CBE) ranked seventh globally, among the world's top-ten central bank governors for 2021, according to the "Global Finance Magazine" list. The top-ten governors earned "A" grades which represent excellent performance. Egypt has ranked highest in the list among the best central bankers in Arab and African countries, followed by Kuwait and Morocco.



Top-ten Central Bank Governors worldwide by country



Since 1994, Global Finance Magazine annually grades the central bank governors of 101 key countries and territories, including the European Union (EU), the Eastern Caribbean Central Bank, the Bank of Central African States and the Central Bank of West African States. Grades are based on an "A" to "F" scale for success in areas such as:

- o Inflation control;
- o Economic growth goals;
- o Currency stability; and
- o Interest rate management.

CBE launches mortgage finance initiative for low- and middle-income customers

Various efforts are exerted by the state to provide adequate housing for low- and middle-income individuals. Such efforts also aim to promote the growth of the real estate sector due to its significance to the national economy as different industries and sectors are connected to it. In this vein, the Central Bank of Egypt (CBE) announced launching its mortgage finance initiative allocating an amount EGP 100 bn. through banks, targeting low- and middle-income customers.

Key terms of the initiative

Mortgage finance is granted to eligible customers under the initiative through banks or mortgage finance companies at a (diminishing balance) rate of 3% repayable over a period up to 30 years.

Mortgage re-finance companies can participate in the initiative by onlending the portfolios of eligible mortgage finance companies.

The interest rate applicable to customers may not be changed after granting the mortgage loan and throughout its term.

This initiative applies to the current beneficiaries of the mortgage finance initiative for middle-income individuals which was launched in December 2019 at 8% (diminishing balance) interest rate if they are eligible for the new initiative starting from its effective date.

Income segment requirements:

Income segments	Maximum net monthly income*	Maximum price/ housing unit (excluding maintenance deposit)	Minimum down payment paid by the customer
Low-income	Single individual: EGP 4,500 Household: EGP 6,000	As determined by the Social Housing and Mortgage Finance Fund	10% of the unit's total value
Middle-income	Single individual: EGP 10,000 Household: EGP 14,000	Up to EGP 1.1 MM.	15% of the unit's total value
		More than EGP 1.1 MM. up to EGP 1.4 MM.	20% of the unit's total value

* As amended by the Social Housing and Mortgage Finance Fund.

The self-employed are eligible according to a number of controls set forth in the relevant decree.

Increasing installments may be applied throughout the finance term.

CBE launches mortgage finance initiative for low- and middle-income customers

Procedures and executive rules

Eligible customers:

- The customer has to be Egyptian.
- The customer's age may not exceed the pension age at the end of the loan term. Pensioners and pension beneficiaries, regardless of their age, can benefit from the initiative on condition that they pay a minimum of 40% of the unit's value as a down payment and provided that the customer's age does not exceed 75 years at the end of the loan term and the pension is transferred to the lender.
- As for customers currently benefiting from the middle-income mortgage finance initiative previously launched in December 2019 as amended who are eligible for the new initiative, the applicable interest rate can be amended to 3% diminishing balance rate starting from the date of the customer's application and the loan term can be modified, as per the customer's wish, up to 30 years.

Eligible units:

- The unit must be for permanent housing not tourist or seasonal housing.
- The unit must be fully-finished and ready-to-move-in.

Commercial and real estate registration and authentication services to be provided via bank branches

In pursuit of promoting cooperation between the banking sector and both the Ministry of Supply and Internal Trade and the Ministry of Justice, along with the growing endeavours towards cashless society, the Central Bank of Egypt's (CBE) Board of Directors decided, in June 2021, to approve the general framework and relevant regulations that govern the provision of commercial registration and authentication services via bank branches.

Under the above decision, banks operating in Egypt and registered with CBE will provide commercial and real estate registration and authentication services via their branches. In the first phase, banks will offer real estate registration services to their customers only and commercial registration services to the overall public. These services will be delivered under agreements concluded with both the Ministry of Supply and Internal Trade and the Ministry of Justice. To provide the said services through their branches, interested banks have to apply to CBE for approval of providing these services after satisfying the governing regulations and procedures.

Key regulations and procedures to be observed by banks to provide commercial and real estate registration and authentication services

Allocate a separate space in the branch to provide these services, completely apart from the banking products and services provided at branches.

Ensure that commercial and real estate registration outlets at branches are only channels to provide bank customers with such services through commercial and real estate registration officials. The bank shall not be held liable for such services; the Ministry of Supply and Internal Trade and the Ministry of Justice, in their capacity as service providers, will assume full responsibility.

Maintain the secrecy of accounts and banking consumer protection set forth in Articles 140 and 142 of the Central Bank and Banking Sector Law No. 194 of 2020.

Exclusively use the letterheads of the Ministry of Supply and Internal Trade and the Ministry of Justice for all the relevant documents and marketing materials related to commercial registration and authentication services.

Both the Ministry of Supply and Internal Trade and the Ministry of Justice shall bear all risks arising from the services provided by their commercial registration and authentication outlets at bank branches. The bank is not an involved party; therefore, it shall not be bound by any contracts or agreements made between any customer and commercial registration or authentication officers within branches.

The Socio-Economic Development Plan for FY 2021/2022

Doubling target growth rate and significant rise in investments

The Socio-Economic Development Plan for FY 2021/2022 is the fourth and last year of the medium-term Sustainable Development Plan (2018/2019–2021/2022). It is an extraordinary plan, like its predecessor (2020/2021), formulated outside the traditional customary framework under unfavorable circumstances due to the continuous spread of Covid-19. Among the scenarios proposed for the timeline of the pandemic's end and return to normal life, the plan adopts a moderate scenario that assumes the gradual improvement of economic performance in the first half of FY 2021/2022 followed by accelerated growth in the second half of the same year along with controlling and containing the pandemic.

Gross Domestic Product (GDP)

Under the FY 2021/2022 plan, the economy would resume acceleration with real GDP growth expected to reach 5.4% in FY 2021/2022 compared to 2.8% projected growth in 2020/2021 and 3.6% actual growth in 2019/2020, nearing pre-pandemic levels. In FY 2021/2022, the GDP is estimated to record EGP 7.1 tn. at current prices, growing 11.7% versus the GDP in the previous year which reached EGP 6.4 tn.



The FY 2021/2022 plan estimates are based on five key considerations:

1- The pandemic is expected to be under control by the start of the plan year owing to developing vaccines and making them widely available, which would gradually put an end to its impacts in the first half of the plan year.

2- The implementation of the economic and social reform program will continue by moving to the second phase which focuses on structural reforms.

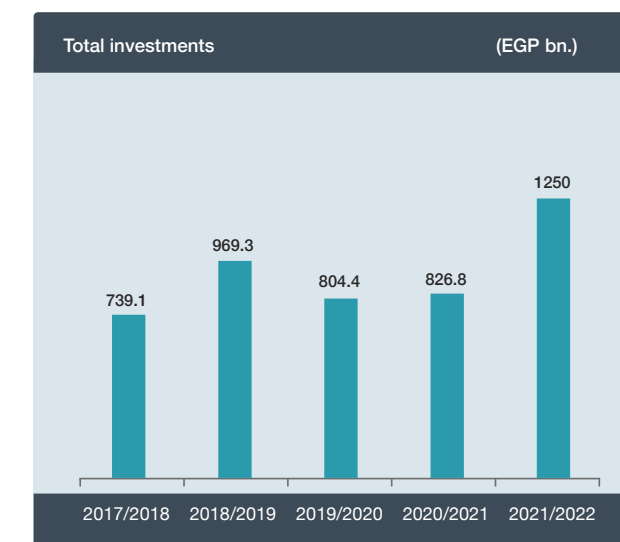
3- The monetary and fiscal policies will continue to support different economic activities in order to stir markets and spur demand, which would prop up production and operation by adopting packages of financing initiatives and accommodative and stimulus policies which target the private business sector.

4- Public expenditure will be rationalized and allocations directed to investments in education, healthcare and improving human development services in general will be ramped up to fulfill the constitutional rights related to such services.

5- The execution of the national projects plan which targets injecting huge investments into the national economy will proceed particularly in infrastructure and urban development, which will offer more opportunity for job creation and private sector participation in addition to providing the infrastructure necessary for stimulating private investments.

Total investments ...

The FY 2021/2022 plan targets achieving a significant surge in total investments compared to the previous years, to cross the EGP 1 trillion mark for the first time, recording nearly EGP 1.25 tn. with a growth rate of 51% versus the total investments estimated in 2020/2021. Some EGP 933 bn. will be channeled to public investments (divided into EGP 358 bn. for government agency investments, EGP 269 bn. for economic entities, EGP 81 bn. for public companies and EGP 225 bn. for other centralized investments).

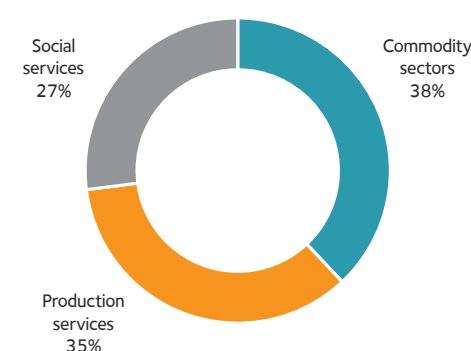


Source: Sustainable Development Plan for FY 2021/2022

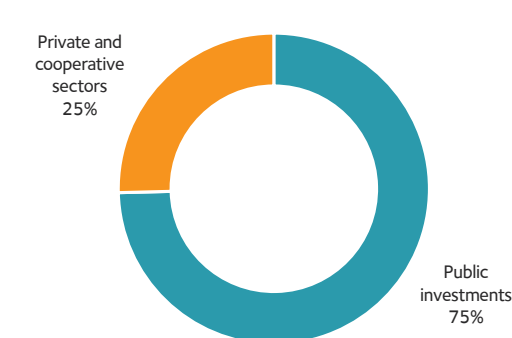
The plan is keen on creating a balanced structure for the distribution of investments among different sectors through directing 38% of total investments to commodity sectors (agriculture, manufacturing, energy, building and construction), 35% to production service sectors (transportation, storage, wholesale and retail), and 27% to social service sectors (education, health, others).

This comes in conjunction with the government's intention to pump huge investments in the plan year as a stimulus package to prop up the economy and spur production and operation across all sectors especially infrastructure and human and social development.

Investments by sector in FY 2021/22



Distribution of targeted investments in FY 2021/22



In the same vein, the plan adopts a number of standards and controls that aim to maximize return on public investments, most importantly:

- Giving priority to the completion of projects in process which are expected to be finished in the plan year;
- Prioritizing pharmaceutical manufacturing projects and healthcare services which target safeguarding the health of citizens as well as labor intensive projects with an eye to cutting unemployment; and
- The plan's development approach is based, for the first time, on a set of guidelines such as "environmental sustainability" and "gender responsive planning" to direct different entities to implement green projects and projects that pay regard to the rights of women, children and people with disabilities.



The Socio-Economic Development Plan for FY 2021/2022

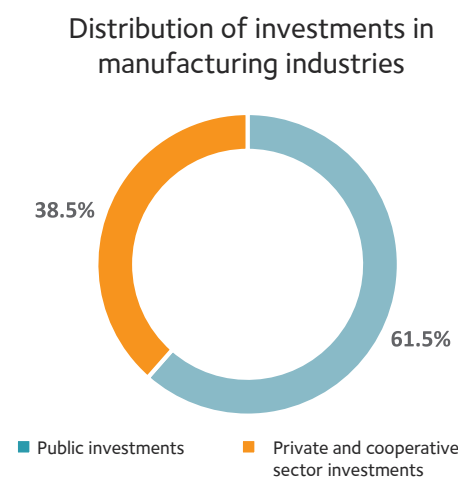
Doubling target growth rate and significant rise in investments

As for the distribution of investments by sector under the FY 2021/2022 plan, the main sectors include:

Industrial sector

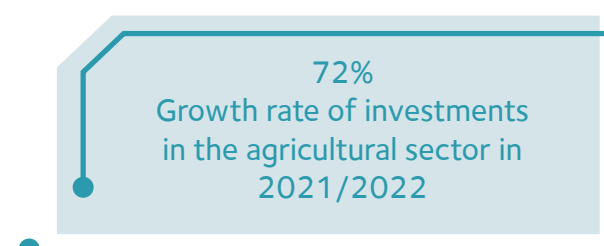
The FY 2021/2022 plan targets channeling EGP 125.7 bn. worth of investments to manufacturing industries, which accounts for 10.1% of the plan's total investments.

In this regard, the industrial sector development strategy focuses on localizing domestic manufacturing through expanding the production of several intermediate inputs, connecting to global supply chains, and implementing a large number of projects under the import substitution strategy in certain sectors with priority given to pharmaceutical, food and engineering industries. Furthermore, the plan encompasses the completion of six industrial complexes in a number of governorates for the localization of small and medium enterprises (SMEs), and building integrated industrial clusters in certain fields with a view to benefiting from economies of specialization and integration advantages, such as industrial clusters in the fields of spinning and weaving, and manufacturing wooden furniture. This is in addition to targeting industrial investment increment in the field of eco-friendly manufacturing such as electric vehicles and solar panels and cells. The plan also aims at scaling up non-oil exports by 10% at least in 2021/2022.



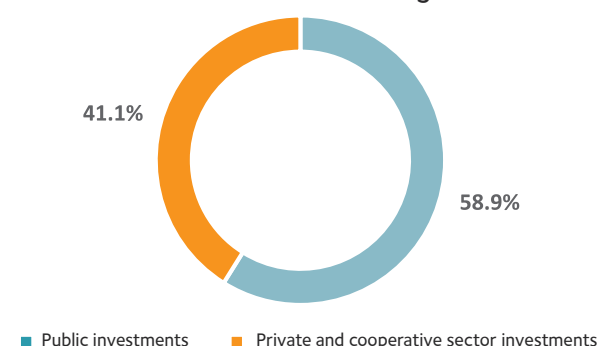
Agricultural sector

The agricultural sector is of great importance to the Egyptian economy as it contributes 15% to GDP, 25% to total labor force and 18% to the proceeds of commodity exports.



The plan data indicate that it is targeted to direct investments in the amount of EGP 73.9 bn. to the agricultural sector, which accounts for 5.9% of total investments under the plan compared to EGP 43 bn. worth of expected investments in FY 2020/2021 and EGP 39.5 bn. in realized investments in 2019/2020.

Distribution of investments in the agricultural sector



In this vein, horizontal expansion programs aim at adding 135,000 feddans under the 2021/2022 plan, in addition to 150,000 feddans under the project of "New Delta" along El-Dabaa axis in the Western Desert. It is expected that the cropland area in the above-mentioned year under review would reach 17.5 MM. feddans and that the productivity of a number of main crops such as wheat, sugarcane, sugarbeet and citrus fruits would improve.

The plan pays great attention to contract farming as an effective marketing system for several crops such as wheat, potatoes, sugarbeet and citrus fruits. It also focuses on protected cultivation as it is targeted to expand building greenhouses within the national project to establish 100,000 greenhouses by adding 20,000 greenhouses during the plan year.

Healthcare services sector

The FY 2021/2022 plan aims at channeling investments worth EGP 64.4 bn. to the healthcare services sector. In this framework, the plan includes several initiatives, mainly:

Providing necessary allocations for 23 hospitals which are 70%+ complete to start operation	Increasing number of intensive care beds by 55% to reach 8,130 beds	Building 14 plasma collection centers, to reach 20 centers under the national project for achieving self-sufficiency in plasma derivatives	Completing the execution of 100% of the "Women's Health Initiative" goals by covering 30 MM. women	Providing EGP 1 bn. to enhance the capabilities of healthcare facilities in light of facing the coronavirus, including 23 chest hospitals and 42 fever hospitals
---	---	--	--	--

Educational services sector

Targeted investments in the educational services sector under the plan amount to EGP 65.3 bn., accounting for 5.2% of the plan's total investments. The development plan, with respect to improving the education system, focuses on three main axes:

- Providing and creating equal education opportunities for everyone without discrimination.
- Achieving comprehensive quality education.
- Improving the competitiveness of educational systems and outputs.

In this context, the FY 2020/21 plan encompasses several initiatives, including:

Completing the digital transformation of the education system, including the provision of 600,000 tablets	Providing pre-university education services in deprived areas by establishing 93 schools comprising 1,156 classrooms	Building 3,125 mobile classrooms that can accommodate 141,000 students to solve the problem of high density classrooms in a creative, low-cost and sustainable manner	Covering all governorates with government universities in 2021/22 by completing the establishment of 3 universities and commencing the establishment of 2 universities	Scaling up the capacity of technological universities by 200% via establishing and operating 9 universities
---	--	---	--	---

Electricity sector

The plan comprises directing EGP 43 bn. in total investments to the electricity sector to execute a wide range of targeted projects during the plan year, including:

Electricity Network Project to feed East Owainat and North Sinai region	Land reclamation projects in Toshka and areas on the south-east coast	The project of raising the electrical capacity of airports and developing external electrical grids	Pumped storage hydroelectric power plant project to generate electricity at Attaqa Mountain in Suez	A number of renewable energy projects either involving photovoltaic cells or wind energy
---	---	---	---	--

Transport and storage sector

The plan includes channeling EGP 244.7 bn. in total investments to the transport and storage sector of which EGP 222.5 bn. is allocated for public investments and EGP 22.2 bn. for private and cooperative sector investments. It is worthy to note that the plan gives priority to directing the sector's investments towards near complete projects and national projects which have an economic impact on the business climate as well as projects with a social dimension that directly affect the citizens' lives.

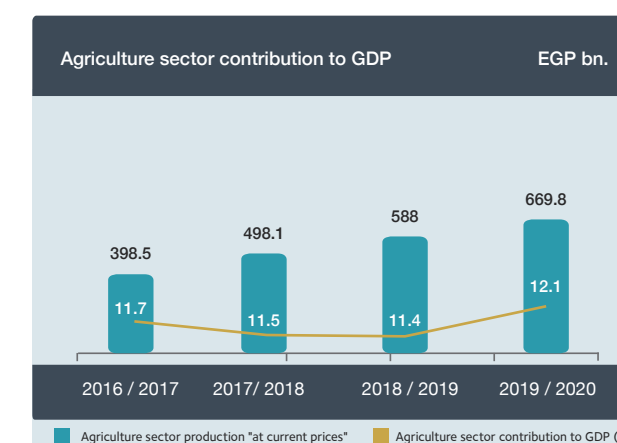
In this context, it is noteworthy that growing investments in roads, bridges and land transportation have effectively helped Egypt climb 85 places in the global ranking of the quality of roads, jumping from the 113th position to the 28th.

Egypt attaches high importance to agriculture sector especially in view of its valuable contribution to the Egyptian economy. Agriculture is a vital sector that directly employs a large number of workforce. It is linked to several economic activities, including food processing, spinning and weaving, and chemical industries. It also effectively contributes to exports and has a high strategic importance, ensuring food security and price stability of food commodities. In this respect, the New Delta Project is set to be a fully-integrated development project.

Indicators of agriculture sector in Egypt

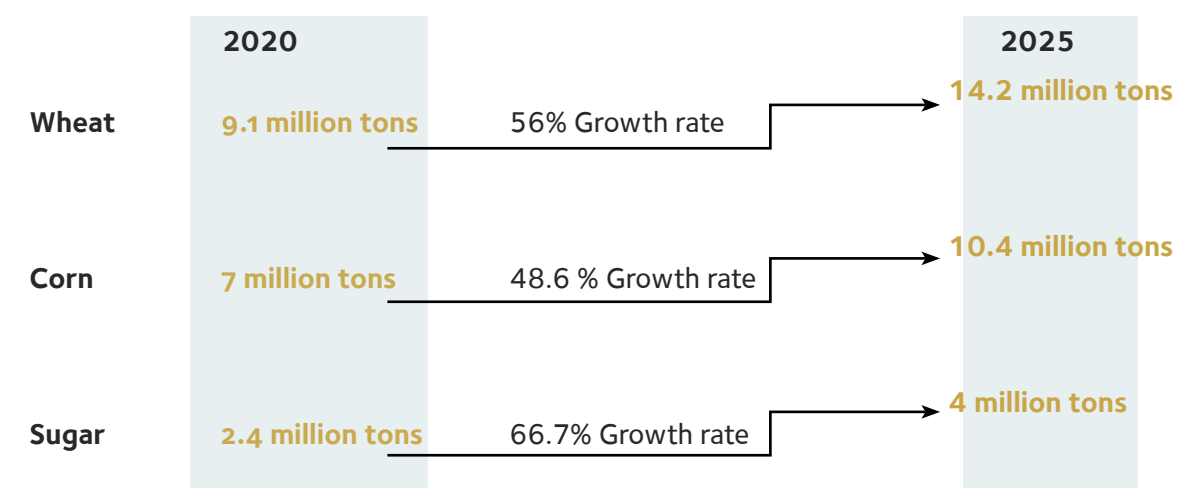
- Agriculture sector production has recently achieved a significant growth. It recorded EGP 669.8 bn. in 2019/2020 versus EGP 588 bn. YoY, which is almost totally dominated by the private sector. On a related note, agricultural production accounted for EGP 419.6 bn. in H1 of 2020/21, growing by 13.3% compared to the previous year.

99.9%
Private sector contribution to
agricultural production



Source: CBE, Monthly Statistical Bulletin

- It is targeted to promote the production of strategic crops during the period 2020-2025, for example:



New Delta Project: a huge leap towards promoting and developing agriculture sector in Egypt

- As for foreign trade:



Egypt's main agricultural commodity exports that significantly increased in 2020 compared to 2019 (with growth rate %)

Growth rate %	Commodity	Record Value (US\$ MM.)
35.3%	Growth rate of fresh lemon exports	US\$ 42.2 MM.
37.2%	Growth rate of dried onion exports	US\$ 40.6 MM.
44.6%	Growth rate of bean exports	to record US\$ 84 MM.
76.3%	Growth rate of fresh fruit exports	to record US\$ 903.6 MM.
413.5%	Growth rate of tangerine exports	to record US\$ 91.4 MM.

Reflecting the efforts to strengthen agricultural sector, the last period witnessed many international commendations, including:

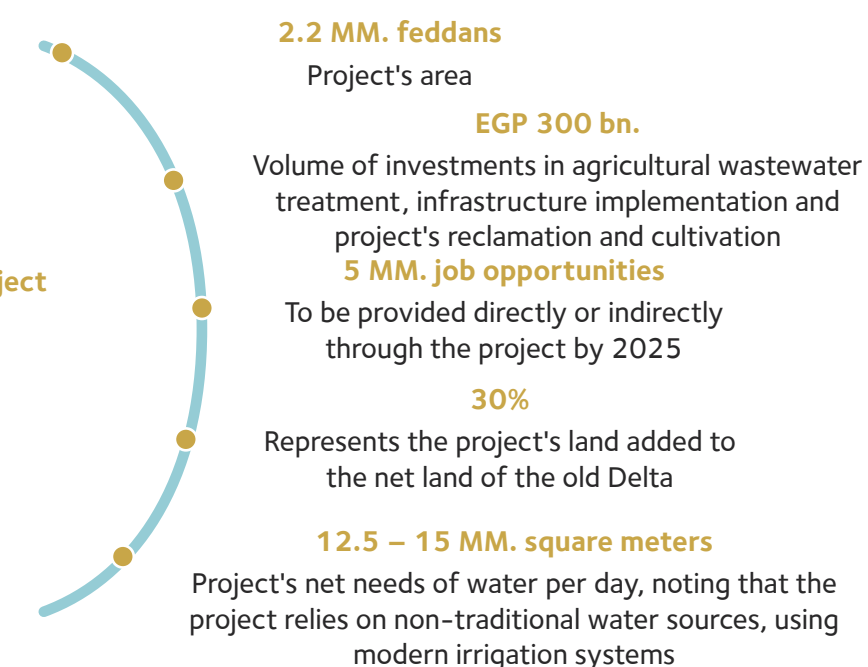
- "International Monetary Fund" praised Egypt's investments in agriculture sector over past years to improve food security, pointing out that lowering agricultural commodity prices resulted in a subdued headline inflation rate.
- "World Bank" affirmed that agriculture sector is essential for growth, food security and Egyptian export promotion. In addition, this sector plays an effective role to accommodate a large part of workforce in Egypt, for having all potentials necessary for integration with other industries.
- "Fitch" lauded the government's pursuance to invest in land reclamation projects, expand the area set for agricultural production, achieve more food security, and develop agricultural industry domestically, opening up space for exportation.

New Delta Project

The New Delta Project is a leapfrog towards boosting agriculture structure in particular, and development endeavors in general. The project includes creating new agricultural and urban communities with modern management systems, and industrial parks built on agricultural production, providing more investment and new job opportunities.

On a related note, it is noteworthy that the project's location is distinguished with several advantages, atop of which is the arable land for producing a wide range of crops. In addition, the project is connected to many important traffic axes, most importantly is El Dabaa Axis, Regional Ring Road, and Cairo/Alexandria Desert Road. It is also located near many strategic seaports and airports, including Alexandria, Sokhna, and Damietta ports; and Cairo West Airport and Borg El Arab Airport.

Highlights of New Delta Project



Project's main objectives

Increase the cultivated area in Egypt, serving as an effective tool to achieve food security and reduce food commodity imports in alignment with the above strategy. In that vein, the list of target crops covers plenty of strategic commodities, including "corn and wheat"; garden crops "all types of fruit and vegetables, etc.", medicinal and oil plants "soybeans, sunflower, linen, and chamomile".

Build agriculture industry parks that depend on integrated agriculture production, starting from crop planting and harvesting, using the latest mechanisms, through sorting, packaging and manufacturing, which helps create new job opportunities.

Provide agriculture-related activities such as livestock and poultry activities.

Redeploy population in order to alleviate the Valley and Delta crowdedness.

Estimated budget of EGP 80 bn. for the national project of canal rehabilitation and lining

Egypt pays enormous attention to optimizing available water resources through two main pillars, i.e. providing alternative sources of potable water and expanding water treatment and reuse in agriculture on one hand, and reducing water losses and rationalizing consumption on the other. In this vein, the launch of the national project for canal rehabilitation and lining came as a quantum leap to improve water management and distribution, and overcome health and environmental problems. Furthermore, the said project acts as a major axis of the development of the Egyptian countryside and the improvement of citizens' living standard.

In this context, canal lining means covering the sides and bed with a fixed impermeable material, such as cement boards, to manage seepage loss of water in open silty canals. This would help provide more water resources for various growing uses. Key information about the national project for canal rehabilitation and lining is as follows:



The project's budget is estimated at EGP 80 bn.

Total lengths of targeted canals nationwide extend to 20,000 km. In August 2021, the rehabilitation of 2,340 km was completed.

The project will help save several billions of cubic meters of irrigation water.

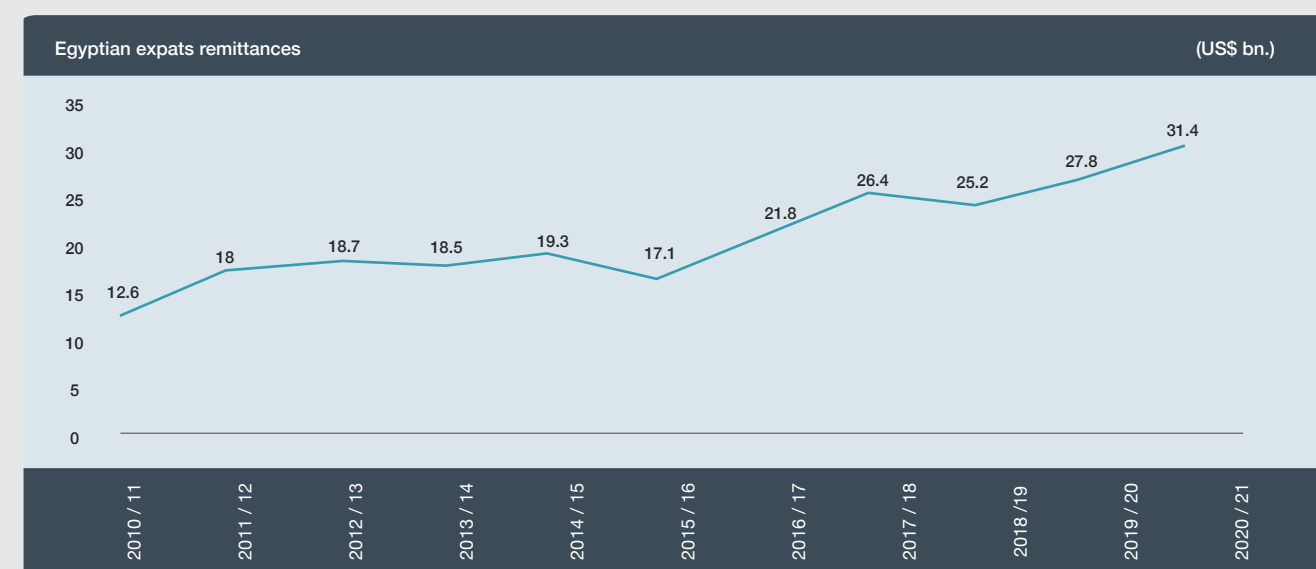
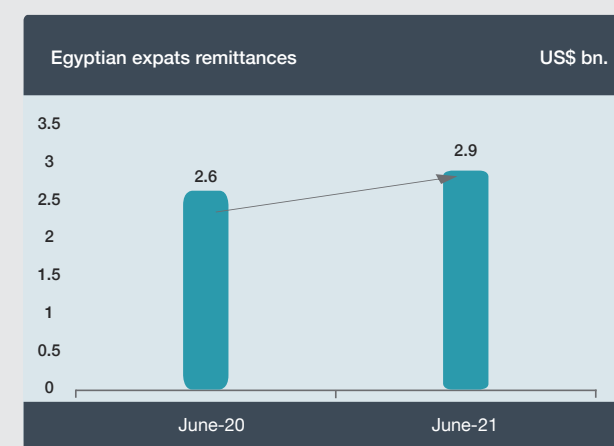
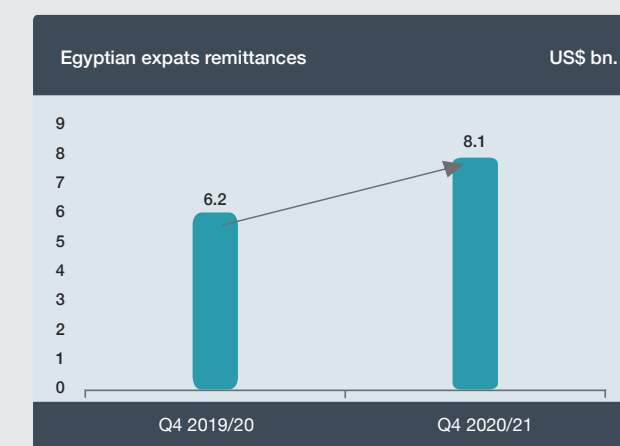
It is a labor-intensive project.

It would help bring water to the ends of canals, thus ensuring its easy access to agricultural lands as it does not reach canal ends in sufficient quantities, especially in summer. This will be positively reflected on the quantity and quality of the produced agricultural crops.

Egyptian expats remittances hit a record high in 2020/21

Central Bank of Egypt (CBE) revealed that Egyptian expats remittances increased to record US\$ 31.4 bn. in 2020/21, hitting all time record, versus US\$ 27.8 bn. in 2019/2020, growing 13% in the review period.

In this respect, transfers over Q4 2020/21 accounted for US\$ 8.1 bn. against US\$ 6.2 bn. YoY, surging by 29.6%. In June 2021, transfers increased annually by 15.5% to US\$ 2.9 bn. from US\$ 2.6 bn. YoY.



Efforts are exerted to provide and diversify sources of funding investment projects included in economic and social development plan, and to achieve the development targets commensurate with the state's endeavours to enhance spending in ways that improve the citizens' standards of living. As a result, Law No. 138 of 2021 on Sovereign Sukuk Issuance was promulgated to pave the way for Egypt to enter sovereign sukuk market for the first time. This aims to diversify the investor base in government securities. Such sovereign sukuk will help attract new Egyptian and foreign investors who will pump investments in both local and foreign currencies in accordance with the principles of Islamic Sharia.

Sovereign sukuk is defined as nominal and tradeable government securities of equal value, issued for a specific time period, each of which represents undivided share in the usufruct rights of assets, as specified in the relevant prospectus. In this respect, sukuk are categorized into mudaraba, murabaha, musharaka, and ijara.

Sukuk issuances are divided into:

- Public placement: offers sukuk to natural and legal persons not predetermined; and
- Private placement: offers sukuk to high net worth (HNW) natural or legal persons or predetermined financial institutions.

Generally speaking, Islamic finance market is one of the largest markets worldwide, with the volume of finances reaching US\$ 2.7 trn. as at end-June 2020. It would contribute to providing additional financing and liquidity to government financial markets, and also reducing the cost of financing the state's budget deficit and prolonging the average life of the debt portfolio. More than 87% of the internationally traded sukuk are commanded by four Islamic countries: Malaysia, Saudi Arabia, Indonesia and the UAE.

In that vein, estimates of S&P Global Ratings project that the global Islamic sukuk issuance will reach US\$ 140 bn. – US\$ 155 bn. in 2021. In first-half 2021, sukuk issuance totaled US\$ 90.6 bn., compared to US\$ 86.4 bn. YoY, thanks to Malaysian and Saudi Arabian Islamic bond sales.

US\$ 155 bn.
Expected volume of Islamic sukuk
issuance in 2021

Domestically, the Law No. 138 of 2021 on Sovereign Sukuk Issuance was promulgated in August 2021 given the state's growing interest in sukuk over the past years. It stipulates that only the Ministry of Finance (MoF) may issue sovereign sukuk in Sharia compliant forms, according to the controls outlined by the Law's executive regulations. In this respect, key points of the Law are as follows:

Only MoF may issue sovereign
sukuk in all Sharia compliant
forms

- Sovereign sukuk is issued in the form of a paper or electronic certificate with the specifications determined by the executive regulations of the Law, in Egyptian pound or foreign currencies through public or private placements in the local market or in international markets. The relevant term of sovereign sukuk appears on the relevant certificate (sakk).
- The maximum tenor of the sovereign sukuk is thirty years, and the sukuk may be reinstated after the end of their original tenor for a similar period(s) in accordance with the provisions of this Law.
- The tax treatment set for T-bonds applies to the yield of sovereign sukuk and their trading return.

- Locally, sukuk will be listed on the Egyptian Stock Exchange, and held under central clearing, depository and registry.
- Sovereign sukuk issued outside Egypt will be held with an international bank responsible for central clearing, depository and registry. Sovereign sukuk listed and traded at an international stock exchange will be subject to the rules regulating government securities offered outside Egypt.

- Proceeds of sovereign sukuk are used to finance investment development projects included in the economic and social development plan of the state's public budget. Those proceeds are deposited in special account(s) with the Central Bank of Egypt.

Proceeds of sovereign sukuk
issuance are used to finance
investment development projects

- Sukuk are backed by the following assets:

- The assets subject to the provisions of this Law are prerequisite to issue sovereign sukuk through determining their usufruct right without ownership, leasing or any other means compatible with issuance contracts, as stipulated by the Law and in compliance with the Islamic Sharia principles. A prime minister decree is issued to define those assets as proposed by the Minister of Finance.
- No attachment nor execution procedures are taken against the sukuk-based assets over the sakk tenor.

- Special purpose vehicle (SPV):

- MoF is licensed to incorporate a special purpose vehicle(s) in the form of an Egyptian joint stock company for sovereign sukuk issuance.
- SPV manages and administers issuance inside and outside Egypt.
- SPV's issued and paid up capital must be at least EGP 1 MM. which may be increased by a decision of the Minister of Finance.

- Regulatory committee:

The regulatory committee is formed of a president with economic expertise and part-time six members, distributed as follows:

- Three members with experience in finance field;
- Two members with experience in Islamic Sharia; and
- A legal member.

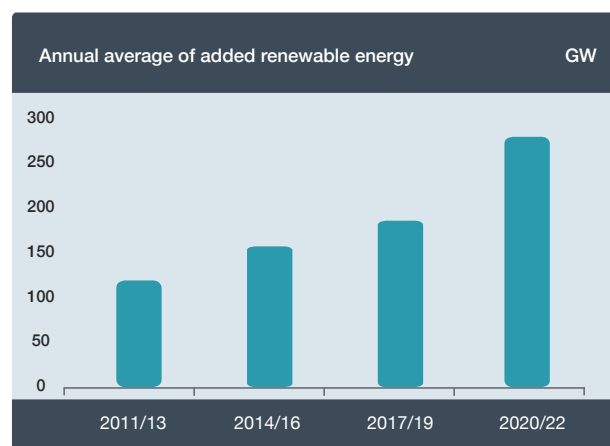
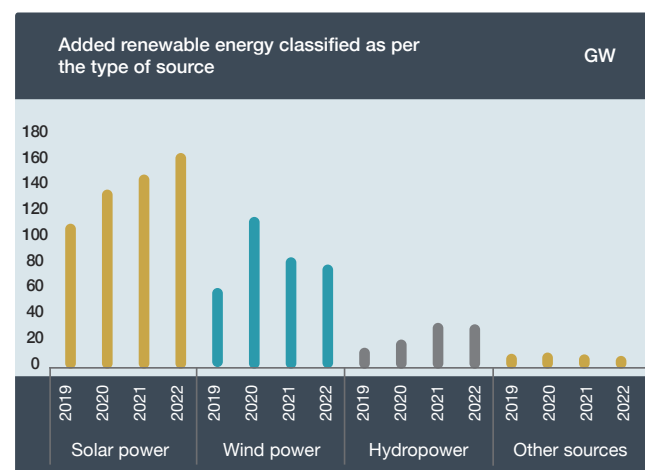
Regulatory committee functions	Approving the sukuk-backed assets in compliance with Islamic Sharia principles
	Ratifying the prospectus and all contract forms on sovereign sukuk issuance in compliance with Islamic Sharia principles
	Verifying that the operation of sovereign sukuk remains compliant with Islamic Sharia principles as of the date of sukuk issuance up till redemption, either by the committee itself or according to the periodic reports it requests from relevant authorities

Renewable energy sources are moving steadily to the fore of global energy scene

In recent years, there has been a growing global trend towards promoting the use of renewable energy sources. This would help reduce carbon emissions and mitigate relevant environmental risks, thus achieving sustainable development without adverse impact on the environment. Domestically, the demand for investment in renewable energy sources grew remarkably, especially in wind and solar power.

Global indicators of renewable energy

Data from the International Energy Agency (IEA) indicates that despite COVID-19 repercussions on different sectors of economic activity, global renewable energy capacities grew 280 gigawatts (GW) in 2020, recording the largest annual increase (i.e. 45% YoY) in two decades. IEA pinpointed that China contributed 50% of production capacities added in 2020. In the same vein, global wind power capacity recorded an exceptional growth of 90% in the same year.

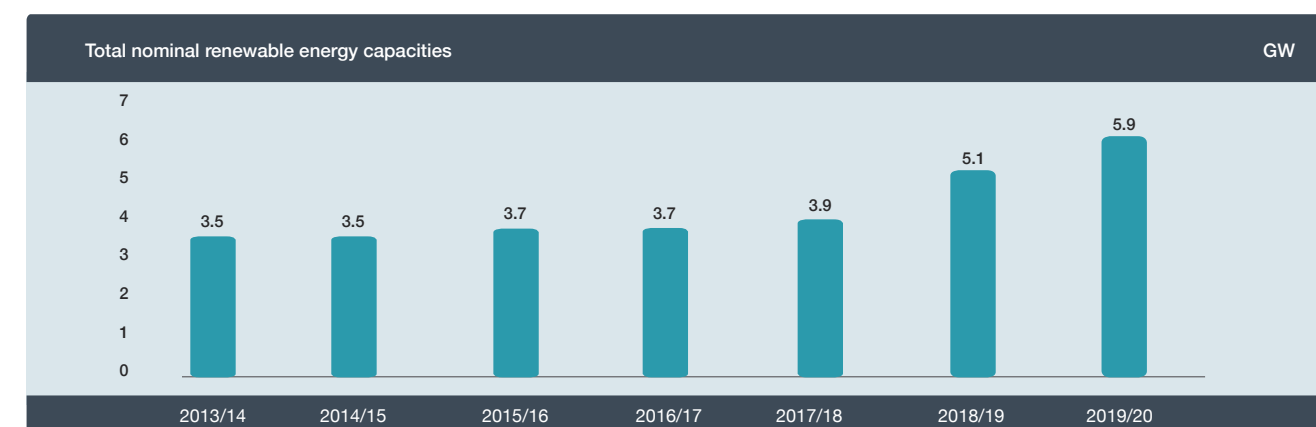


Source: International Energy Agency, Renewable Energy Market Update, Outlook for 2021 and 2022.

- Added renewable energy capacities are expected to account for 90% of total energy capacities to be added globally in 2021 and 2022.
- Capacity of electric power generated from solar energy is estimated to rise 145 GW in 2021, with an increase of 8% YoY. The said increase is projected to reach 162 GW in 2022, accounting for 55% of total expansions in renewable energy capacities in the same two years.
- Added wind power capacities amounted to 114 GW in 2020, i.e. twofold increase YoY. China accounted for two-thirds of globally added wind power capacities. Furthermore, added capacities are expected to reach 80 GW in 2021.

Renewable energy in Egypt

In recent years, nominal renewable energy capacities in Egypt grew significantly, reaching 5.9 gigawatts in 2019/2020, compared to 3.9 GW in 2017/2018.

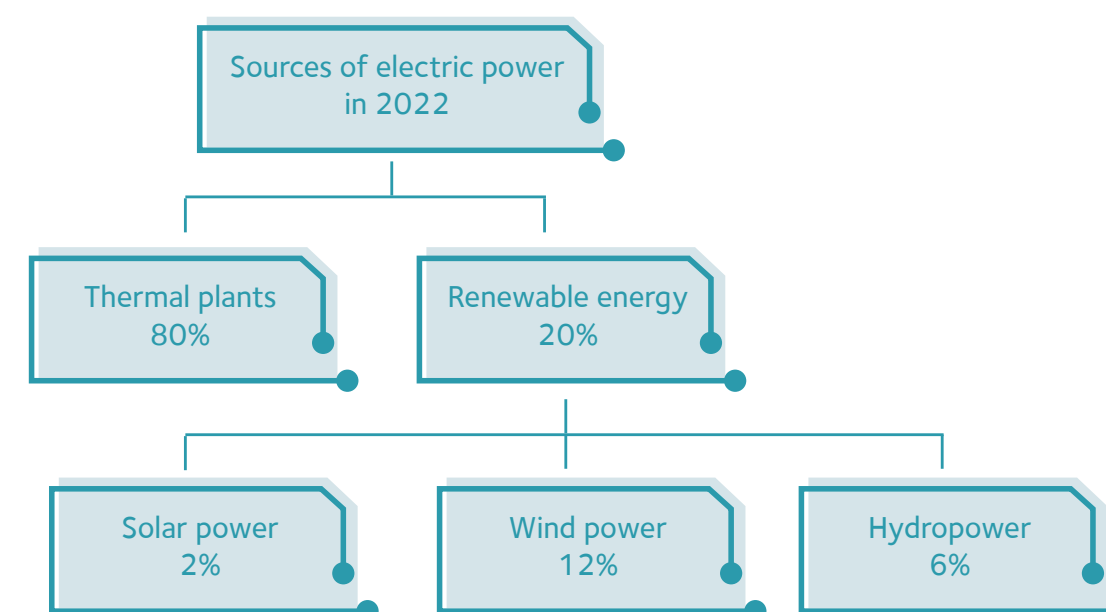


In this context, it is noteworthy that the state allocated some 7,600 km² of land for renewable energy projects, bringing the electric power that can be generated from these sources to about 90 GW.

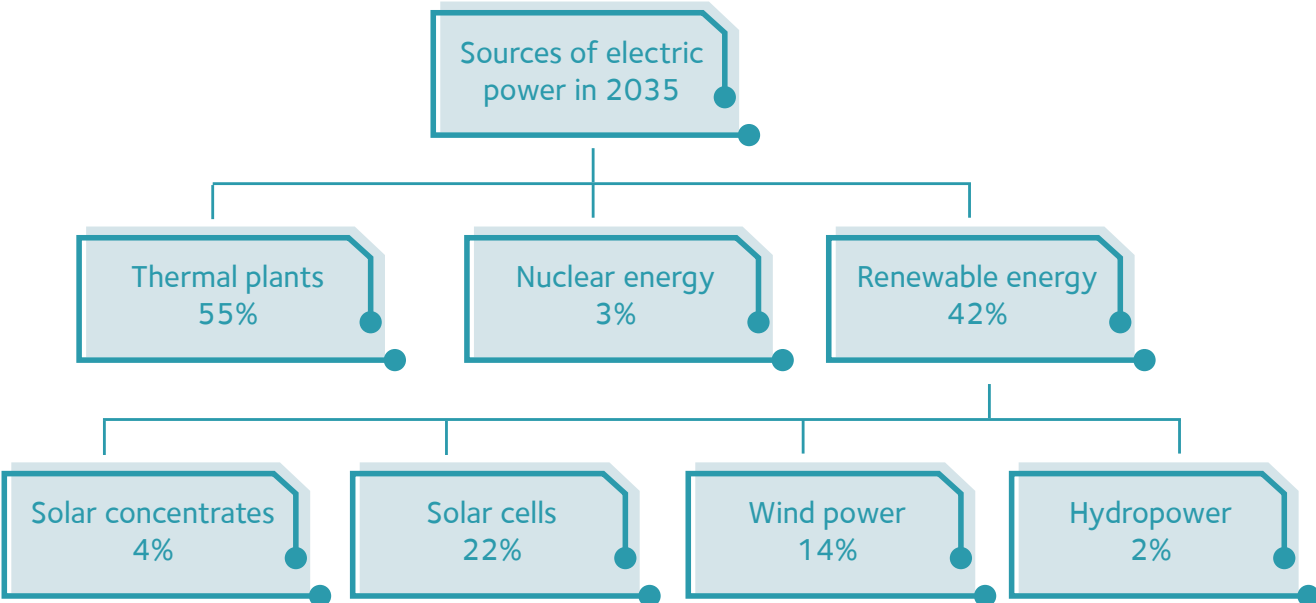
90 GW
Electric power that can be generated from renewable energy sources in Egypt

Renewable energy strategy

Energy plays a fundamental role in achieving economic development in Egypt, like other countries, which poses a major challenge especially in light of the limited traditional energy sources in Egypt on one hand and the growing environmental risks on the other hand. This dictates expanding the use of various renewable energy sources, especially those for which Egypt enjoys comparative advantages such as solar and wind power. In this vein, the state adopts an ambitious strategy aimed at maximizing the integration of renewable energy into the energy mix to reach 20% by 2022, a goal that has already been achieved in 2020, and to exceed 42% in 2035.

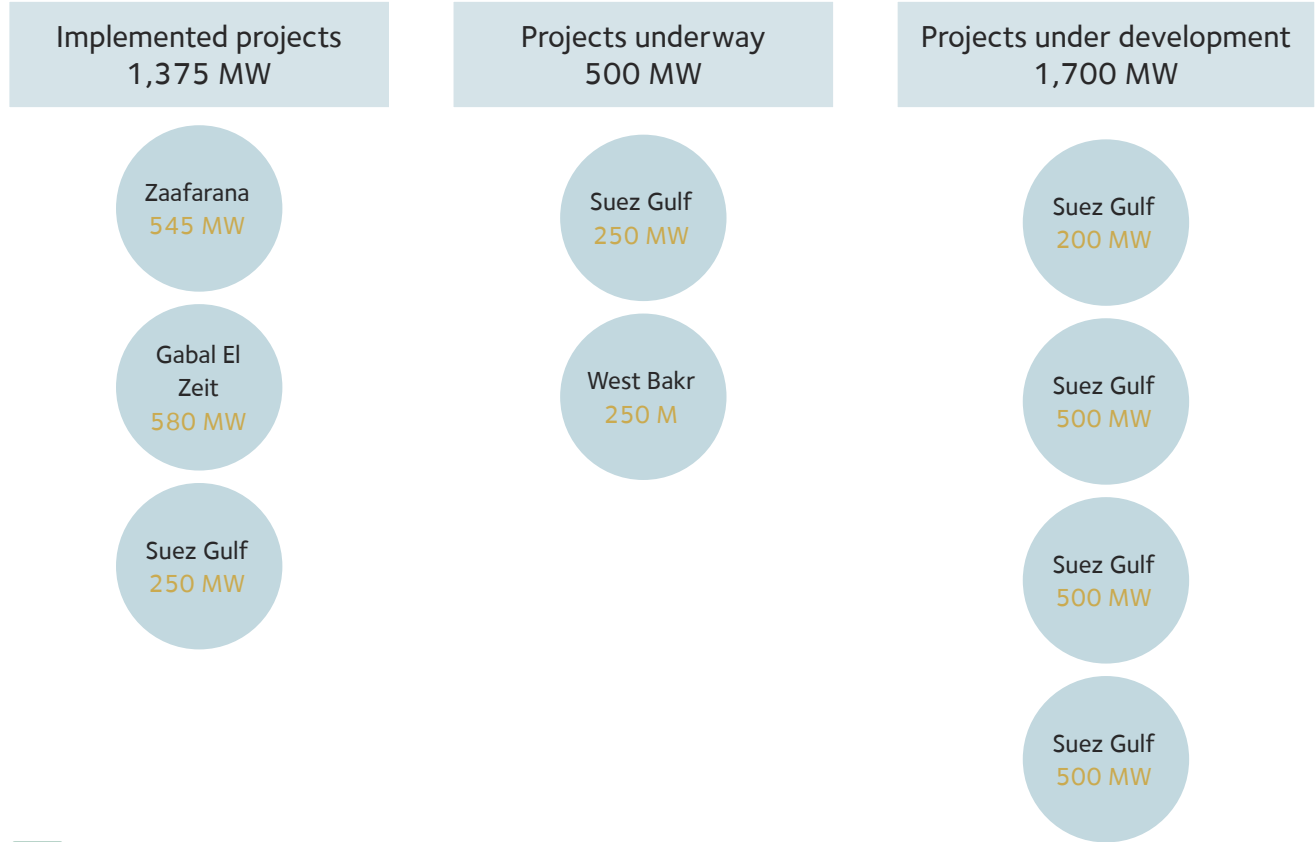


Renewable energy sources are moving steadily to the fore of global energy scene



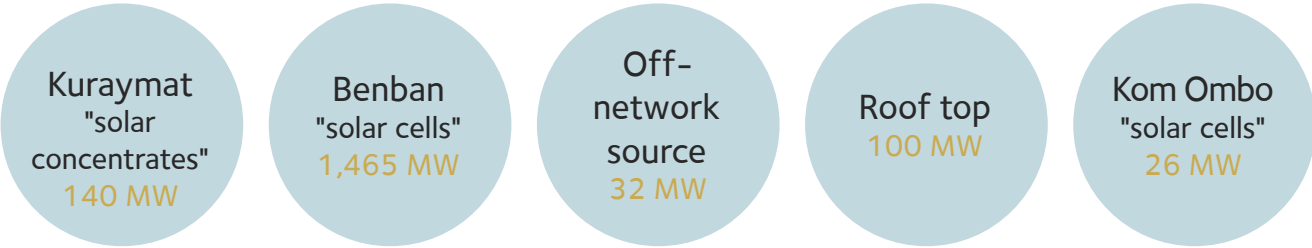
It is worth noting that it is targeted to update the National Renewable Energy Strategy 2035 to include green hydrogen as an energy source. This comes in line with the recent growing global trend towards the use of hydrogen in general and green hydrogen in particular as a safe and clean source of energy that helps protect the environment and combat global warming, and does not produce any carbon dioxide emissions. Egypt was not isolated from the new global trend, as it took the initiative to sign a number of agreements related to the production and use of green hydrogen.

Wind power projects by end-2020



Solar power projects by end-2020

Implemented projects (1,763 MW)



Projects underway (820 MW)



Egypt makes significant strides towards turning into a cashless society and achieving financial inclusion. This gained momentum due to the active role played by electronic payment methods in continuing to provide financial services despite the precautionary measures taken by banks to address COVID-19 pandemic, and pursuing economic activities during the closures caused by the pandemic. Therefore, cards and electronic wallets became more widely used.

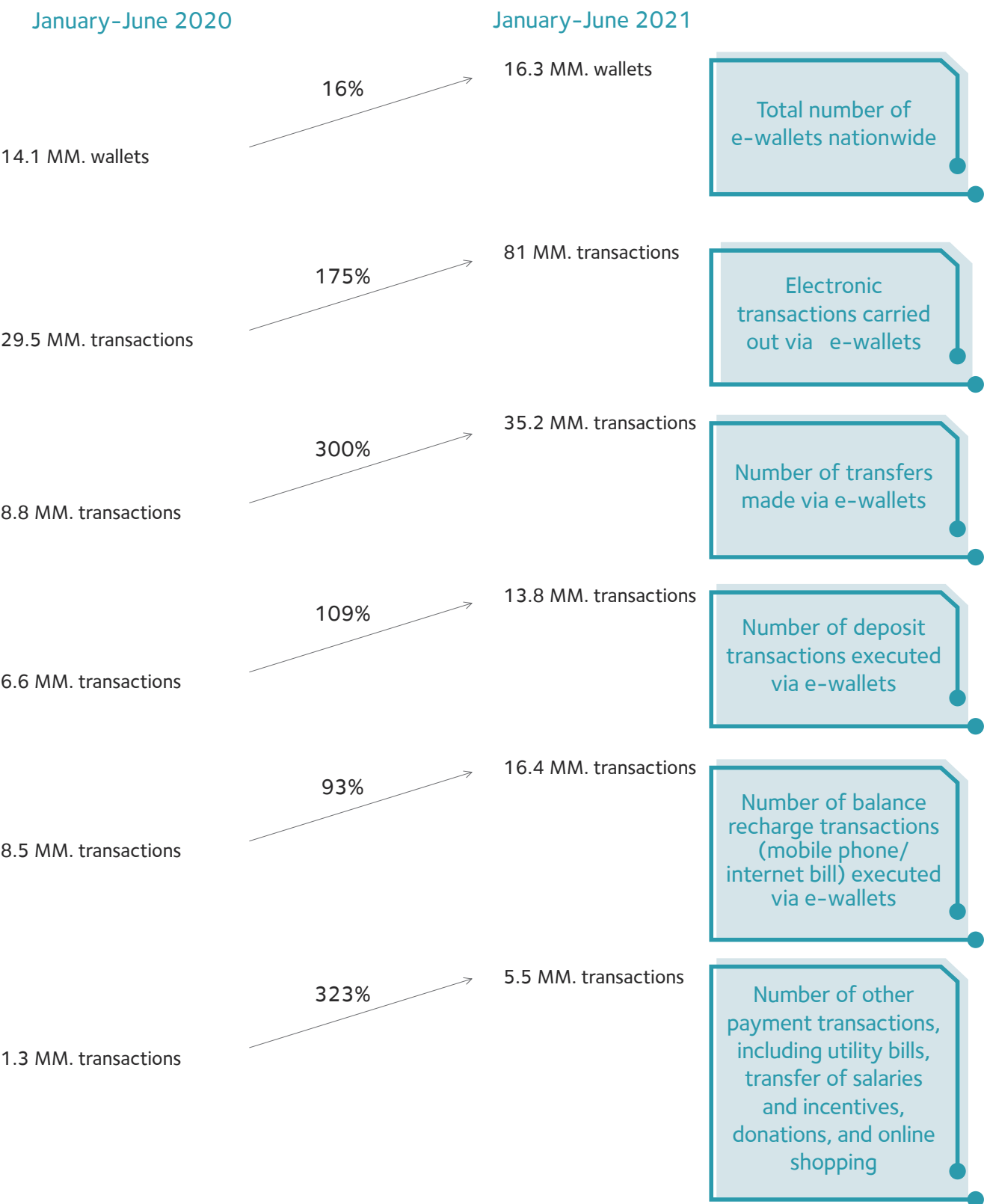
Electronic wallet and indicators of its use in Egypt

Electronic wallet (e-wallet) is a service that allows its users to carry out financial transactions electronically via mobile phone or service outlets round-the-clock in a secure manner. It saves users’ time, expenses and effort, while ensuring privacy and confidentiality.

Key regulations of the service

- ✓ Each customer shall be entitled to subscribe to a maximum of 3 electronic wallets using his/her national ID card.
- ✓ Only one e-wallet can be opened for a single mobile phone number.
- ✓ Transfers can only be made inside the Arab Republic of Egypt in local currency (Egyptian pound).
- ✓ The daily maximum limit for withdrawal, transfer and any debit transactions via e-wallet by natural persons shall be EGP 30,000.
- ✓ The daily maximum limit for withdrawal, transfer and any debit transactions via e-wallet by corporate persons shall be EGP 40,000.
- ✓ The monthly maximum limit for withdrawal, transfer and any debit transactions via e-wallet by natural persons shall be EGP 100,000.
- ✓ The monthly maximum limit for withdrawal, transfer and any debit transactions via e-wallet by corporate persons shall be EGP 200,000.
- ✓ Customers can transfer money among different e-wallets. It is not a requirement that the customer transfers to a wallet that belongs to the same bank/ mobile service provider.
- ✓ No transaction can be completed without entering the customer's PIN.

Key indicators of using e-wallets in H1-2021 compared to H1-2020



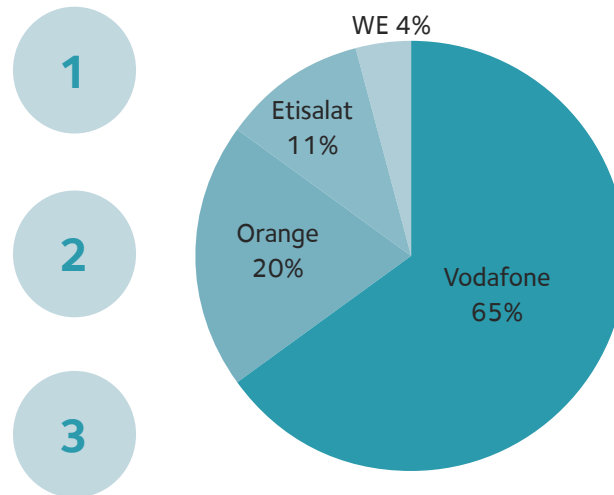
Egypt moves steadily towards a cashless society

Three most-used services as per the number of transactions

- 1 Transferring money from one e-wallet to another
- 2 Depositing/withdrawing cash into/from e-wallet, either through mobile operators' service outlets or bank ATMs
- 3 Recharging balance of mobile phones or paying internet bills, by debiting e-wallet balance

26-45 years old
Age category who most frequently use e-wallets

Distribution of e-wallets to telecommunications operators



47 %
of e-wallet subscribers are located in Cairo, Giza, Alexandria, Daqahleya and Sharqia

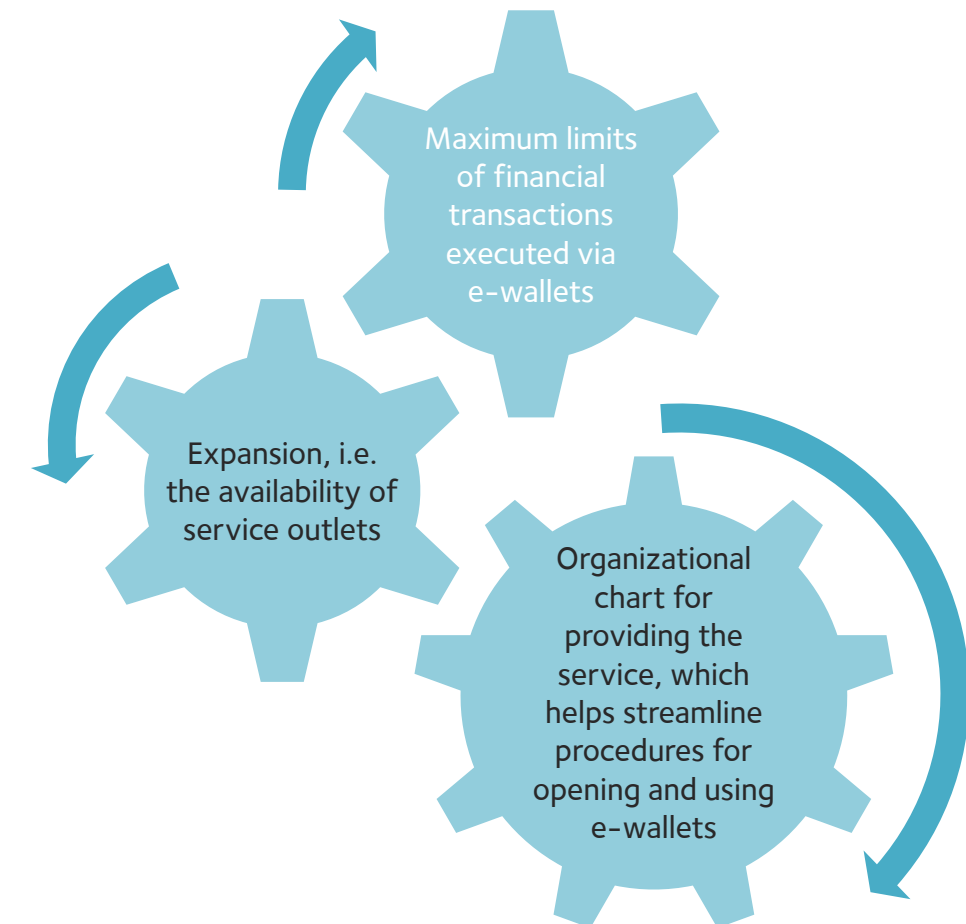
There are many efforts aimed at encouraging the use of electronic payment methods in the Egyptian telecommunications market. In this context, the following should be noted:

- ✓ Streamlining e-wallet subscription procedures, and expanding the scope of its use.
- ✓ Facilitating pension disbursement via e-wallets, in cooperation and coordination between the Central Bank of Egypt (CBE), the National Telecom Regulatory Authority (NTRA) and the National Organization for Social Insurance (NOSI), where the number of targeted beneficiaries in the first phase is estimated at 2.2 MM.
- ✓ Enabling transfers from bank accounts to e-wallets without the need to visit bank branch.
- ✓ Enabling purchases via e-wallets, whether directly at merchant outlets (such as stores, supermarkets, etc.), or through various applications and websites.
- ✓ Coordinating with mobile operators to cancel any commissions on transfers from any mobile wallet to another.

Mobile Wallet Regulatory Index

- ✓ The index is issued by the Global System for Mobile Communications Association (GSMA). It is intended to measure the effectiveness of controls and regulations applicable to mobile phone wallets in the global telecommunication markets, and their adequacy and impact on the expansion and use of service.

✓ Evaluation is based on several main pillars, mainly:



Egypt achieved the highest growth rate globally according to the Annual Mobile Wallet Regulatory Index 2020. Egypt advanced 43 positions to rank 36th among 90 countries, compared to the 79th rank in 2019, and 2nd in MENA region. This reflects the state's successful endeavors to turn into an integrated digital society and its vision towards enhancing financial inclusion as one of the main pillars of building a competitive digital economy. It also comes in light of the accelerated implementation of Egypt's digital strategy, which includes adopting the latest technologies to digitalize and provide distinctive government services to citizens through various channels. This is in addition to establishing an integrated system for electronic payment, expanding financial technology and using digital solutions in providing financial services.

A global orientation towards electronic banking services and virtual banks

The era of waiting for long in queues at bank branches to receive various banking services is now gone. The increasing orientation towards using electronic banking services via internet, mobile applications and ATMs urged several customers to carry out their banking transactions without the need to visit bank branches. As a result, digital banks stand side by side with traditional banks.

Traditional banks have physical presence, human resources, branches and websites to provide relevant electronic services, in addition to electronic applications on mobile phones or computers. Therefore, there is no need for customers to visit bank branches to carry out several banking services. Moreover, some of these banks have electronic branches.



Digital banks include "virtual banks," i.e. banks or financial institutions having no actual premises or physical branches. These banks carry out all their transactions via internet through their websites, mobile applications and ATM networks. They provide the same banking services electronically, such as account opening, deposits, withdrawals, issuing instructions of payment and transfer, etc. Such virtual banks are managed by an administrative and technical office.



In this vein, the difference between virtual and online banks is that the latter may be affiliated to physical banks having premises and branches which customers can visit.

Advantages and merits of virtual banks

- Virtual banks do not need to rent or own office space for branches nor to appoint tellers to manage transactions. Therefore, their expenses are less. However, they still need an administrative back office and support staff.
- Customers expect virtual banks to offer high interest rates on their savings given the fact that virtual banks pay no expenses for buildings maintenance or staff salaries.
- Customers do not pay high service fees or expenses at virtual banks. Moreover, some virtual banks do not charge fees for certain services.
- Virtual banks carry out banking transactions in a sufficiently rapid manner, which helps customers save the time wasted in visiting bank branches and waiting, or even calling customer service.
- Virtual banks work round-the-clock, enabling customers to carry out their banking transactions at any time.
- Virtual banks help customers in remote areas or places with security risks to execute their banking transactions in an easy and convenient manner.
- Some virtual banks allow their customers to use digital money or crypto currency, so as to keep pace with recent developments and satisfy customers who are interested in such type of currencies.

Disadvantages and risks of virtual banks

- Poor communication, as some customers are not enthusiastic for electronic transactions and prefer direct contact with tellers and customer service staff to complete their banking transactions.
- Breakdown of the electronic system and temporary disconnections "going offline". This may temporarily pose risks to customers when carrying out their transactions until the bank's system is restored, as virtual banks do not have branches which customers can visit to carry out their financial transactions instead of using the internet.
- Risks of hacking customers' accounts. Therefore, virtual banks should regularly update their security systems to keep pace with the rapid developments in electronic hacking. Moreover, virtual banks shall ensure that customers follow the precautionary instructions while using electronic banking services and notify the bank of any doubts about hacking accounts or problems in following instructions.
- Inefficiency of executing sophisticated transactions. Virtual banks are only efficient in carrying out simple banking transactions, such as transfers and bill payment, which would not apply to transactions including official documents such as real-estate purchases.

Pros and cons of virtual banks

There are factors of attraction to virtual banks, while there are other factors of abstention from virtual banks.

Factors of attraction to virtual banks	Factors of abstention from virtual banks
High rating of the bank's electronic application or website design on App Store and Google Play	Many technical issues in the bank's electronic banking services and late redress
Low (or no) expenses and fees applicable to banking services, in addition to an extensive network of ATMs	High fees on using ATMs outside the virtual bank's network
Low minimum limits for opening accounts, in addition to competitive high interest rates and a diverse range of advanced banking products	Lack of certain banking services, such as money market accounts, certificates of deposit (CD), borrowing and credit cards
Satisfactory customer service round-the-clock	Some customers do not prefer digital banking services, as they consider relevant customer service to be less satisfactory
Licensed virtual banks which are subject to the control and supervision of an official financial authority	Virtual banks which are not subject to the control and supervision of an official financial authority that secures customers' funds



Vaccine access has emerged as the principal fault line along which the global recovery splits into two blocs: those that can look forward to further normalization of activity later this year (almost all advanced economies) and those that will still face resurgent infections and rising COVID death tolls. The recovery, however, is not assured even in countries where infections are currently very low so long as the virus circulates elsewhere.



The International Monetary Fund (IMF) released its World Economic Outlook Update report in late July 2021 which incorporates an update of its outlook for world economy as well as different regions. The report addressed the following:

Global economic growth estimates

The IMF kept its 2021 global economic growth forecast unchanged at 6%. However, it revised its 2022 forecast up by 0.5% to 4.9%.

As for economies, the IMF revised down its 2021 forecast for emerging market and developing economies, particularly emerging Asian economies. Meanwhile, its forecast for advanced economies, especially the United States economy, was revised up by 0.6% to 7% in 2021 and by 1.4% to 4.9% in 2022 compared to its projections in April 2021. The significantly improved outlook derives from the anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics more broadly.

GDP growth rate (%)

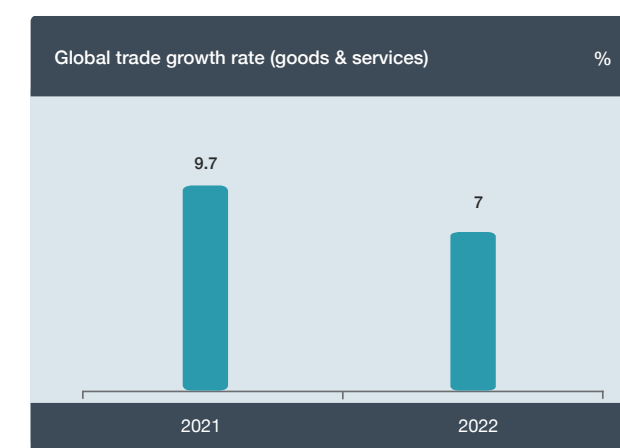
	Projections		
	2020	2021	2022
World output	-3.2	6.0	4.9
Advanced economies	-4.6	5.6	4.4
United States	-3.5	7.0	4.9
Euro area	-6.5	4.6	4.3
Germany	-4.8	3.6	4.1
France	-8.0	5.8	4.2
Italy	-8.9	4.9	4.2
Spain	-10.8	6.2	5.8
Japan	-4.7	2.8	3.0
United Kingdom	-9.8	7.0	4.8
Canada	-5.3	6.3	4.5
Other advanced economies	-2.0	4.9	3.6



	Projections		
	2020	2021	2022
Emerging market and developing economies	-2.1	6.3	5.2
Emerging and developing Asia	-0.9	7.5	6.4
China	2.3	8.1	5.7
Emerging and developing Europe	-2.0	4.9	3.6
Russia	-3.0	4.4	3.1
Latin America and the Caribbean	-7.0	5.8	3.2
Brazil	-4.1	5.3	1.9
Mexico	-8.3	6.3	4.2
Middle East and Central Asia	-2.6	4.0	3.7
Saudi Arabia	-4.1	2.4	4.8
Sub-Saharan Africa	-1.8	3.4	4.1
South Africa	-7.0	4.0	2.2

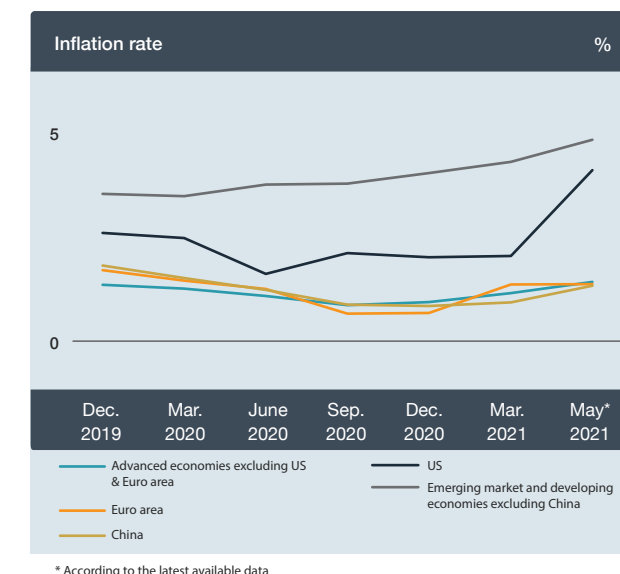
Global trade

Global trade volumes are projected to expand substantially to 9.7% in 2021 despite remarkable supply disruptions in goods and services. The merchandise trade recovery is set to broaden after being initially concentrated in pandemic-related purchases, consumer durables, and medical equipment. Services trade is expected to recover more slowly, consistent with subdued cross-border travel until virus transmission declines to low levels everywhere.



Inflation rate

The IMF revised its inflation projections downwards to pre-pandemic ranges in 2022. However, inflation is expected to remain elevated into 2022 in some emerging market and developing economies, related in part to continued food price pressures. Accordingly, the IMF indicated that central banks should avoid tightening their monetary policy.



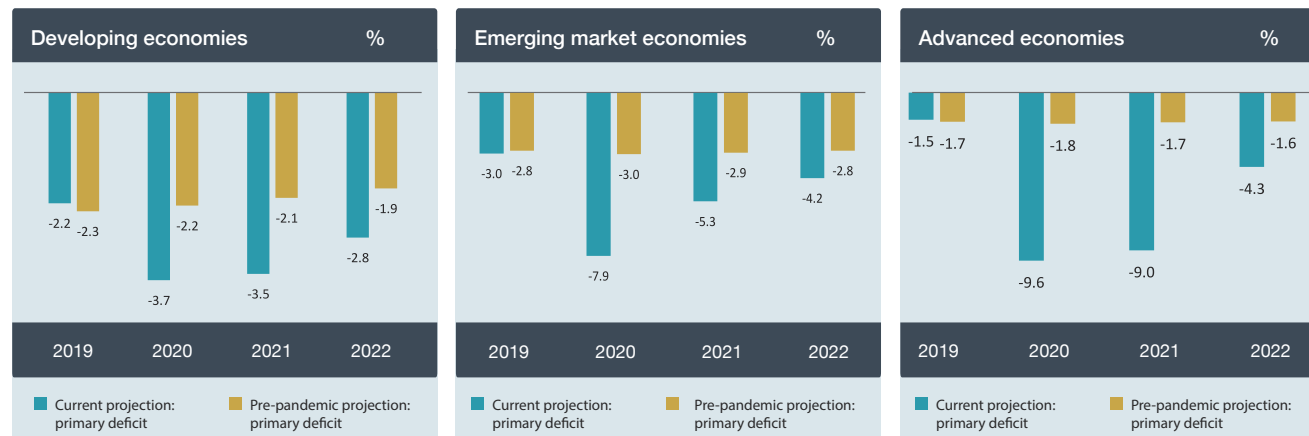
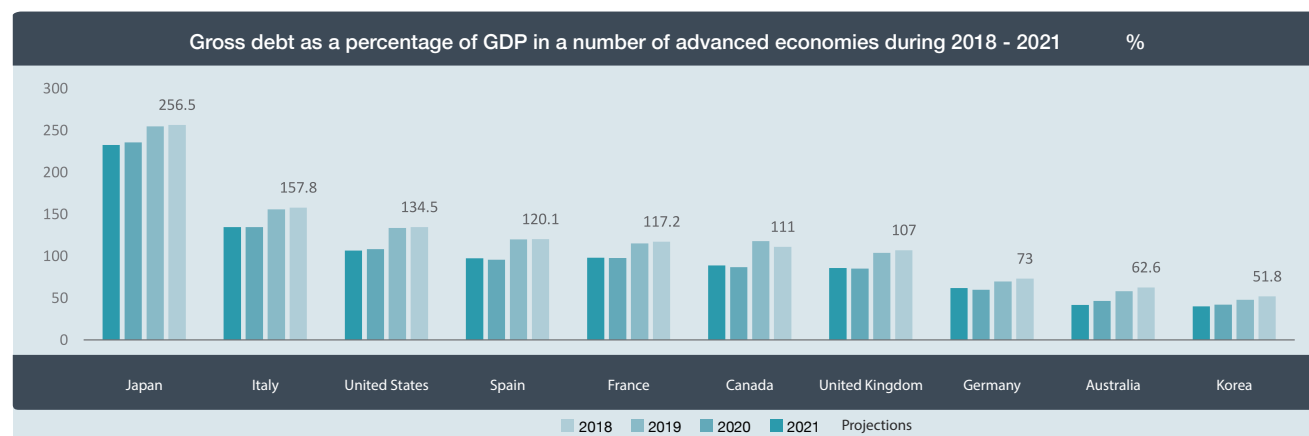
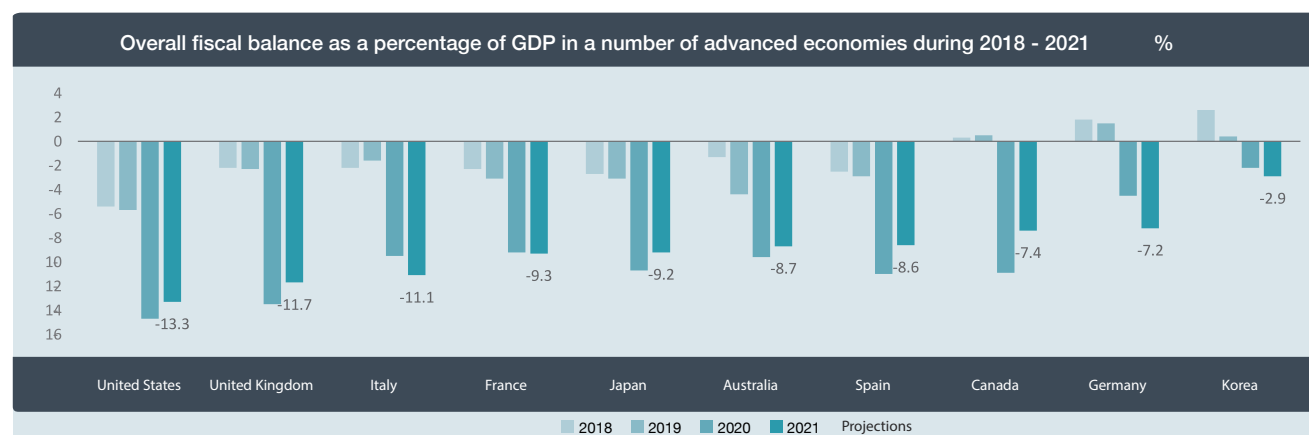
Debt and government fiscal balance

Government debt reached an unprecedented level in 2020 and is projected to remain around that level in 2021 and 2022. According to the IMF, the projected average global fiscal deficit has decreased since its April 2021 report by 0.5% to 8.8% of GDP in 2021.

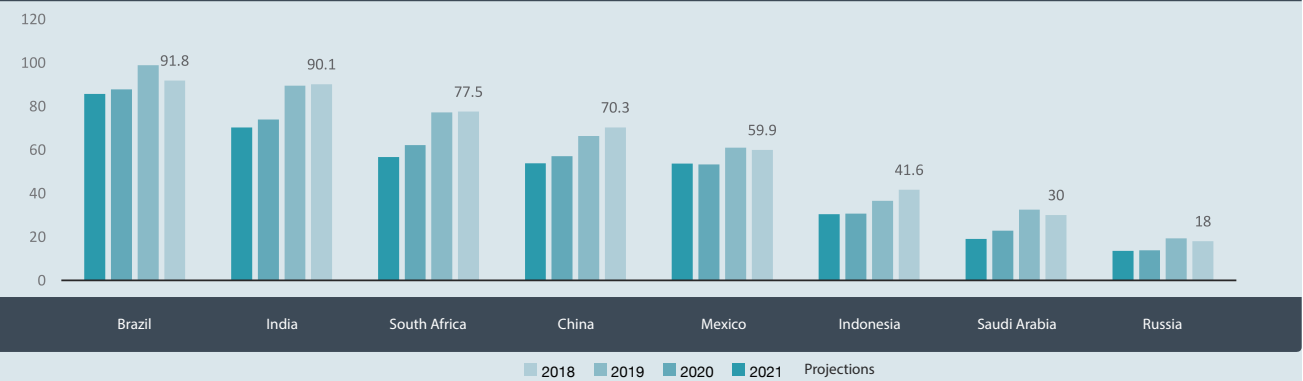
Fiscal measures announced to fight the pandemic are estimated at US\$ 16.5 tn. as of early July 2021. Whereas US\$ 4.6 tn. of advanced economies' pandemic-related measures are still to be utilized in 2021 and beyond. In emerging market and developing economies, most measures expired in 2020.

Global government debt reached an unprecedented level of close to 100% of global GDP in 2020

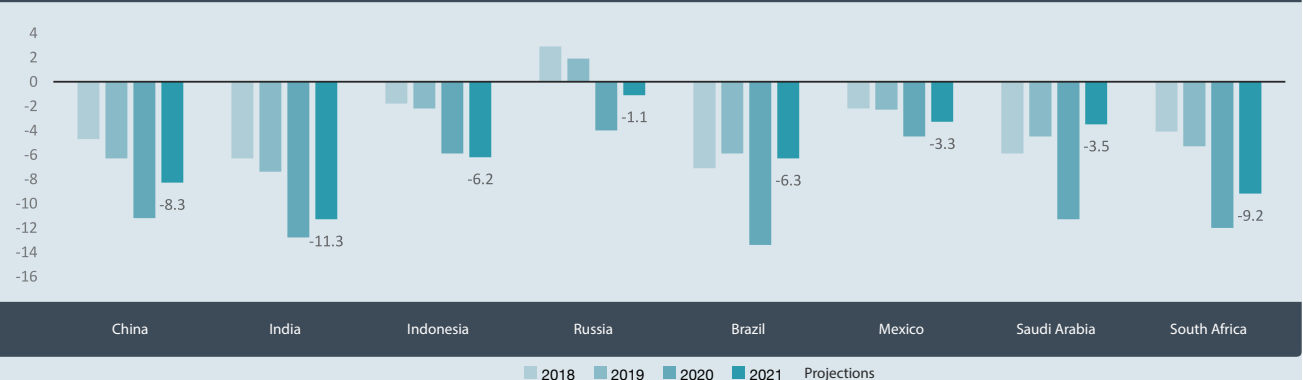
Budget deficit as a percentage of GDP



Gross debt as a percentage of GDP in a number of emerging market and developing economies during 2018 - 2021



Overall fiscal balance as a percentage of GDP in a number of emerging market and developing countries during 2018 - 2021



In its report, the IMF recommended that the international community should promptly take action to diminish divergences resulting from the impacts of Covid-19 pandemic on different countries, most importantly:

Giving priority to ensuring access to vaccines.

Grants and debt relief for low-income countries since unprecedented spending in rich countries mitigated the impact of the pandemic.

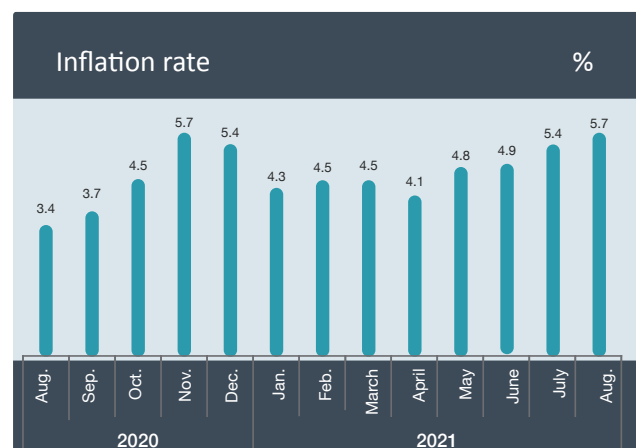
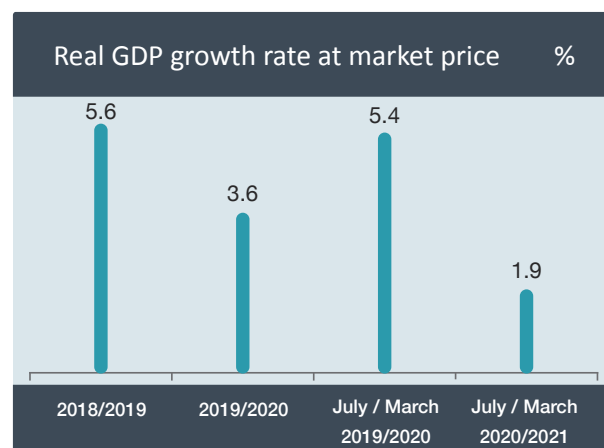
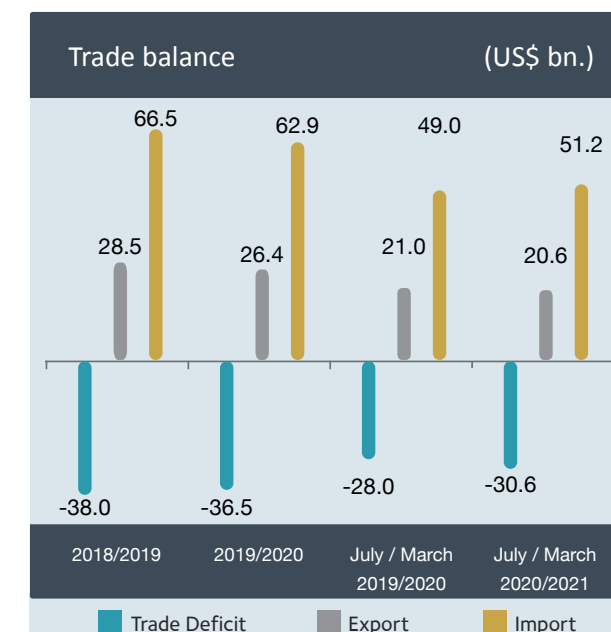
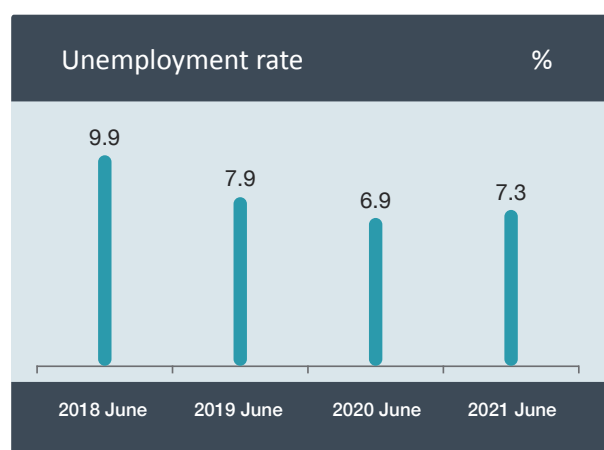
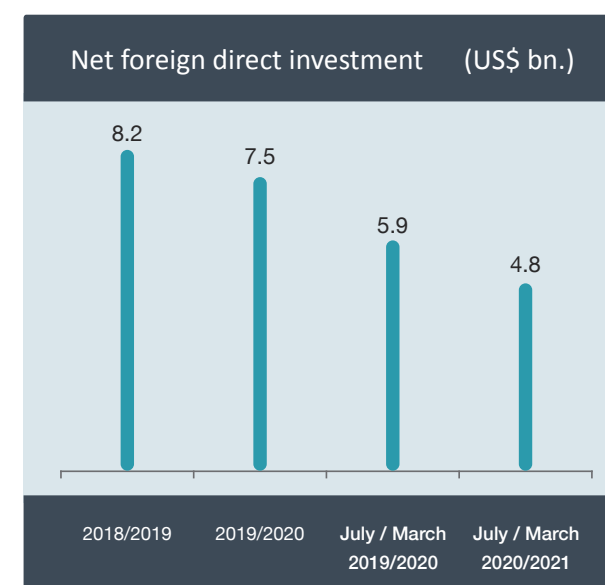
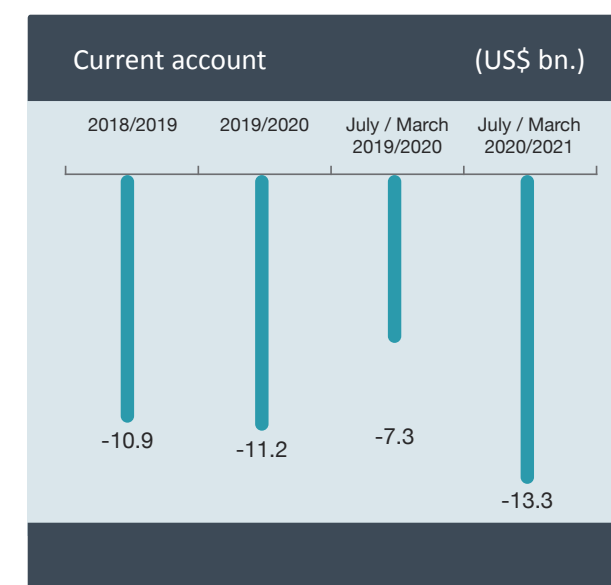
Expanding government support to the most vulnerable.

Multilateral cooperation among governments.

Boosting government investment in green and digital economy.

Continuous support throughout recovery.

Egyptian Economy in Brief



Best Regards

For More Information Please Contact:

Research Team

Research_nbe@nbe.com.eg

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

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



بنك أهل مصر

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