



Investment Opportunities

G20 Compact with Africa

COUNTRY CONTEXT

Connectivity—Mobile—100% market penetration; recently launched 4G data connectivity

Electricity access—99.2% (2015)

Ease of Doing Business—Improvement from 2016 to 2017— Overall (global rank 126 to 122), in starting a business (70 to 39), Getting Electricity (129 to 88), and protecting minority investors (129 to 114).

Political Stability—Unique opportunities to build on increased political stability and governance and service standard improvements.

New Investment Law 2017—Tax incentives of up to 50% of investment cost provided to projects in lagging regions. Tax incentives of up to 30% of investment costs granted to projects in certain sectors. Free zones and private investment zones in various governorates to incentivize investments in strategic sectors and labor intensive industries.

Business Friendly Investment Climate—Investments Service Centers established providing one-stop shop services for investors.

Good Infrastructure—Energy: shift following the resolution of national energy supply, increased attention on commercialization and financial viability of sector; Harbors and Marine transport: Suez Canal, one of the world's largest shipping corridors; transportation: extensive public investments in road and bridges development; recent construction of new Cairo International Airport terminal.



KEY FACTS

Languages	Arabic (official)
Currency	Egyptian Pound (EGP)
Government	Presidential Republic
Land area	995,450 sq. km
Coastline	2,450 km
Major urban areas	Cairo, Alexandria
Population	95,793,142 (October 2017)
Literacy rate (2012/13 est.)	73.8%
GDP (2016 est.)	336.3 billion USD
GDP Growth (2016 est.)	4.3% annual change
GDP per capita (current, 2016)	3,514.49 USD
Natural resources	Petroleum, natural gas, iron ore, phosphates, manganese, limestone, gypsum, talc, asbestos, lead, rare earth minerals, zinc

MACROECONOMIC FRAMEWORK

Working toward ambitious macroeconomic targets:

- Fiscal consolidation on track through measures to improve spending efficiency and diversification of revenue base.
- Restoring job-rich growth with a rebalance towards higher contribution from public and private investments and net exports.
- Staying on track with the government program which is backed by the IMF, as well as by G-7 support.
- Maintaining a flexible exchange rate regime and enhancing communication to maximize the potential of the Egyptian economy.
- Preserving the soundness of the banking system which supports the domestic financial stability and makes the economy resilient to shocks.
- Improving public investment project and public procurement procedures.

Egypt's Medium Term Targets
Real Growth: 5.5%
Primary Surplus: 2% of GDP
Overall Deficit: 8% of GDP
Inflation rate: 10%, single digit thereafter.
Investment Rate: 15%
Saving Rate: 10%

BUSINESS FRAMEWORK

Taking measures to attract investment and improve competitiveness:

- Launching a strategic investment and industrial map that includes the most important investment opportunities by geographic distribution, size and sector.
- Adopting a flexible exchange rate regime to enhance competitiveness and achieve optimal pricing of factors of production and efficient allocation of resources.
- Establishing Investor Service Centers to simplify and automate procedures for investors through a one-stop-shop.
- Producing conducive legal framework: Investment Law 2017; Adoption of the Industrial Licensing Law; Amendments to the Companies Law; and drafting of a new bankruptcy law.

FINANCING FRAMEWORK

Enhancing opportunities for financing:

- Leveraging private finance for infrastructure projects (energy, transport, water and sanitation);
- Upgrading legislation: New banking law; new financial factoring and leasing law to be approved in FY17/18;
- Finding new opportunities in agriculture, education, and health sectors to maximize private financing opportunities.

EGYPT SUSTAINABLE DEVELOPMENT STRATEGY VISION 2030





OPPORTUNITY

AGRIBUSINESS

Background

- In FY15/16 Egypt's agricultural base accounted for 12% of GDP and employed around 33% of the workforce.
- Egypt's main products are cereals, fruits and vegetables, sugar, cotton, dairy products, livestock, and fish.
- Egypt's climate is well-suited for the growth of this subsector, with hot and sunny summers being conducive to high yields. In fact, winter crop cultivation is possible from November to May.
- Egypt's food processing industry is at a far more advanced stage of development, product sophistication and exporting experience compared to many neighboring competitor locations states.
- An expanding population and rising disposable incomes will stimulate demand for soft drinks, sweets, chocolates and confectionary goods.
- The government targets the expansion of the nation's total supply of arable land by one-sixth (by the end of 2018).

Relevant institutional and policy enablers:

- The government is working to ease the conduct of business for the private sector in this sector.
- In progress is a key advancement for the sector: establishment of a vast database to provide precise information for state agricultural planning and design purpose (size of land holdings and the types of cultivated lands).
- Improved irrigation techniques will deliver a boost over the medium term.
- Establishment of the National Safety Authority which will help improve food quality standards.
- Introduction of smart cards for more efficient subsidization of farmers.

Specific investment opportunities

- Storing and Freezing Fish Project, Aswan.
- Edible Oil Extraction Project, El Menya.
- LACTIMED, Alexandria and Beheira: first SME cluster in Egypt in Dairy Production and Dairy products aims at promoting Egypt's high potential in dairy sector, as well as attracting new investments to this promising field.
- Establishment of Poultry Farms Complex, Fayoum.
- Fish Farm, Menoufia.
- Kom Oshim Industrial Zone, Fayoum



OPPORTUNITY

INFRASTRUCTURE AND LOGISTICS

Background

- Egypt has an extensive, world-class infrastructure network that includes various means of newly established or renovated transport methods.
- Heavy investments in infrastructure, such as the New Suez Canal Economic Zone, Egypt's New Capital City, Al Alamein City and the expansion of the national road network, which has and will continue to facilitate internal transportation and trade.
- Egypt's industrial infrastructure and bold future initiatives have set the tone for continued exponential growth in manufacturing and export-led growth.
- Egypt's ranking in the World Bank's Logistics performance Index leaped from 97 out of 150 in 2007 to 49 out of 160 in 2016.

Relevant institutional and policy enablers:

- The government is investing in basic infrastructure in order to create a stable and predictable business environment, while the private sector is being increasingly empowered and encouraged to resume its leading role in driving economic growth.
- The government aims to improve the efficiency and development of the entire transport network to support economic development and improve the standard of living of the Egyptian people.

Specific investment opportunities

- Production of Copper Cables, Sohag.
- Implementation of the industrial zone plan in Kota, Fayoum.
- Construction of a monorail network, Alexandria.
- Manufacture of silos for Grain Storage, Menya.
- Expand basic infrastructure including the broadband network, submarine cables and cloud computing infrastructure.
- Desalination plants project using PPP, especially in the Suez Canal Economic Zone.
- Modern River transport Ports, Qena, Sohag, Assiut Mit Ghamr.
- Railway Freight Corridor.

OPPORTUNITY

INFRASTRUCTURE AND LOGISTICS

Additional large scale opportunities in light of a very ambitious and comprehensive targets

- Electrification projects on railway lines with a total length of 1269 km
- Completion of the comprehensive development of 1100 crossings on railway lines
- Improvement and maintenance of 150 railway stations
- Comprehensive renovation of 1200 kilometers of network lines
- Replacing and modernizing tractors train vehicles.

Railway
LE 18.7 Billion



- Construction and development of 7200 km of roads
- Establishing 15 new axis on the Nile
- Establishing 30 new bridges.

Roads and Bridges
LE 54 Billion



- Completing the construction of the subway network (6 lines).
- Bringing the total length of the network in 2023 to 207.5 km and 146 stations.

Metro



- Planning for the establishment of a group of dry ports and logistics centers in coordination with the private sector in several locations , including "6th of October - 10th of Ramadan - Borg Al Arab - Damietta"
- Completion of the development plan for dry ports in "Taba - Rafah - Salloum - Qustal - Arqin - Ras Hadarba."

Dry Ports



- Completing the development plan for Alexandria, Dekheila, Damietta, Nuweibaa, Hurghada, Safaga, Suez and Sharm El Sheikh ports.
- Implementation of major investment projects in marine through "EPC + F - PPP - BOT".

Sea Transportation



- Increasing the share of goods transported through the Nile to gradually reach 4% of the volume of movable goods in 2030
- Planning to propose the establishment of a group of modern river ports in the cities of "Qena - Sohag - Assiut - Mit Ghamr" with a total trading capacity 34.7 million tons/year.

River Transportation





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RENEWABLES AND EFFICIENT ENERGY GENERATION

Background

- Egypt is a large producer, consumer, importer, and exporter of energy and electricity.
- Largest non-OPEC oil producer and second largest natural gas producer in Africa. Oil and gas sector is witnessing transformational changes in light of the newly discovered natural gas fields that would make Egypt reach self-sufficiency with regard natural gas by end of June 2018.
- Average level of solar radiation of between 2,000 to 3,200kWh per square meter a year, and a total annual sunshine duration of up to 4,000 hours giving it significant potential for utilizing this form of renewable energy.
- Egypt is already producing almost 57% of the region's total wind energy, making it the leading producer.
- Egypt has a logistical advantage in biodiesel production: with a competitive labor force, a stable and hot climate to facilitate plant growth, and an abundance of affordable land for plant production.

Relevant institutional and policy enablers:

- Subsidy reforms program, already yielding savings of 3.3% of GDP. A five-year energy subsidy reform program started in 2014. It includes the phasing out of fuel, improving service delivery. A major goal is to secure efficient, reliable and clean energy supply.
- Development of an extensive energy sector modernization action plan based on three pillars: security, sustainability, and governance.
- New unified electricity law cutting red tape to encourage private sector investment.
- Feed-in Tariff Scheme to provide incentives for investors to own lands needed for renewable energy projects with the usufruct system: 20 years for wind and 25 years for solar.
- Electricity produced through renewable energy stations has priority access to the electricity grid.
- Credit facilitation with 4% interest for domestic projects that has production capacity till 200 MW and 8% credit finance for projects with production capacity between 200 -800 MW.

Specific investment opportunities

- Egypt is targeting to supply 20 % of generated electricity from renewable sources by 2022, with wind providing 12 %, Hydro power 5.8 %, and Solar 2.2 %.
- Manufacturing and Assembly of Solar Cell Panels, Qena.



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INFORMATION AND COMMUNICATION TECHNOLOGY

Background

- Leading global outsourcing destination as the leader in the MENA region and 16th worldwide on A.T. Kearney's 2016 Global Services Location Index (GSLI).
- A vast youth population coupled with rapid internet diffusion (111%), with a large and growing ICT consumer base.
- Egypt is a regional leader in the provision of ICT outsourcing and business processing.
- Key global and domestic players: Huawei, Intel, Orange, Vodafone, Orange, Telecom Egypt and Etisalat.
- The country is heavily investing in skills development and talent management.
- Egypt has invested in developing world class infrastructure facilities, including dedicated BPO/ITO parks; Smart Village and Cairo Technology Park in Maadi.

Relevant institutional and policy enablers:

- The National Telecom Regulatory Authority (NTRA) granted the Fourth Generation (4G) mobile service license to the four Egyptian telecoms and the service was launched in September 2017.
- Next Technology Leaders: an initiative to qualify 16,000 Egyptian youths in ICT fields through online and interactive collaboration with MNCs, Egyptian universities, and learning institutions.
- The government is working on deregulating the business environment as part of its New Investment Plan.
- Establishment of the National Council for Payments which facilitates the automation of government services and the introduction of e-payments.

Specific investment opportunities

- The government of Egypt is eager to establish technology zones across the nation to provide a supportive environment for the development of the national ICT industry, and boost Egypt's reputation as a provider of world-class ICT and outsourcing services.
- E-commerce development.
- Development of infrastructure and provision of integrated communication services.
- Government focus on facilitating and enhancing electronics design and manufacturing.
- Business outsourcing.

PARTNER SUPPORT FOR THE REFORMS

Ongoing Engagements

- Building debt management and debt sustainability analysis capacity (IMF, WB).
- Supporting the Government of Egypt in managing fiscal risks and issuing guarantees (AfDB, IMF, WB).
- Provide technical assistance and support in areas related to tax evasion and profit shifting. (OECD)
- Provide support to Egypt's pension fund reforms, assist regulators and supervisors, and develop and strengthen strategic investment funds.(ILO)
- Support the government's efforts to develop efficient and simple tax systems to encourage the formalization of SMEs. (UK Behavioral Insights Team)

New Engagements

- Scale up technical assistance to improve Egypt's Public Investment Management and public procurement framework.
- Focus on populating Egypt's CwA investment compact with bankable projects.
- Assist government efforts to develop de-risking and guarantee instruments to lower the financing costs of incremental public investment in infrastructure.
- Enhance the promotion of initiatives to provide swaps and credit risk enhancements for local currency instruments
- Provide additional support to the PPP Central Unit and to other government entities to enhance the use of projects under the PPP scheme.

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