

Enabling Environment of the Water-Energy-Food Nexus

COUNTRY PROFILE - EGYPT



1 MACRO-ECONOMIC ENVIRONMENT

- Egypt has gone through numerous economic reforms since 2014. Mainly the exchange rate depreciation in 2016. As well as the upward adjustments to energy prices and the introduction of value added tax.¹
- In 2017, Egypt came second as the biggest recipient of foreign direct investment in Africa and the MENA region with more than US\$7.9bn of capital injected in the country. Additionally, in 2015, Egypt was ranked among the top 10 destinations globally to launch a start-up due to its highly educated and young population.²
- GDP growth rate has increased steadily after the Egyptian Revolution in 2011 reaching 5.5% in 2019. (Refer Figure 1 in Annex 4).³
- The unemployment rate increased after the events of 2011 and reached its peak by 13% in 2013, post which it started to decrease due to the Egyptian government's economic recovery measures to reach 7.8% in 2019. Female unemployment rates ranged between 22.12%-21.44% during the same reference period. (Refer Figure 2 in Annex 4).
- As of 2020, Egypt has a score of 60.1 in the Ease of Doing Business Indicator, ranked at 114.⁴
- On Getting Electricity Indicator¹ Egypt scores 77.9 and is ranked at 77.⁴
- On Protecting Minority Investors Indicator Egypt scores 64.0 and is ranked at 57.⁴
- Egypt's score for the Registering Property Indicator is 55.0 and is ranked at 130.⁴
- Weighted average interest rates in Egypt can be seen over the period 2010-2020. After the currency devaluation, interest rates spiked to reach 20% for loans, yet after the government's economic reforms and stabilization plans interest rates dropped to 9.5% and 8% for loans and deposits respectively. (Refer Figure 3 in Annex 4).
- Official exchange rates from USD to EGP in the second half of 2016 the Egyptian pound faced a currency depreciation of more than 100 percent. (Refer Figure 4 in Annex 4).
- In 2020 Egypt ranked 135 out of 153 countries in the Global Gender Gap Index, the index measures reproductive health, empowerment, and economic activity. Low female economic participation (24.7% women vs. 77% men) impacts growth.⁵

¹ Metric considering the procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs.

1.1 COVID-19 Mitigation Measures & Responses

- According to the Minister of Finance, as a direct result of the COVID-19 crisis, government revenues were down by \$7.75 billion USD while expenditures went up by \$4 billion USD. The Central Bank of Egypt paid back almost \$20 billion USD in debts to international financial and investment institutions over four months through the end of June and expects to pay out another \$5 billion USD over the course of the year.⁶
- On April 28, 2020, the Egyptian Cabinet announced a series of tax relief measures to stimulate the economy. These included deferring capital gains tax until Dec. 31, 2021; reducing the withholding tax on dividends from 10% to 5%; and lowering the stamp tax on securities transactions from 0.15% to 0.05%. In May 2020, the Egyptian President approved Law no.24 of 2020 postponing real estate and income taxes along with workers' contributions to the state pension.⁶
- The Egyptian government was able to adopt several measures to support the local economy, including a stimulus package of \$6.4 billion USD, as well as tax incentives and holidays.⁶

2 POLICIES AND TRENDS IN THE WATER-ENERGY-FOOD NEXUS

2.1 Agriculture

- The agricultural seasons in Egypt are divided into three seasons: the winter season, the summer season, and the Nile season. There are also permanent or annual crops, whose production season extends to a whole agricultural year such as sugar cane, fruit crops, and timber.⁷
- The employment in the agriculture sector is declining from 29% in 2010 to 21% in 2019. (Refer Figure 5 in Annex 4).
- Women constitute over 50% of the total labour engaged in agriculture. In the old rural settlements, women generate income by converting their homes into productive workshops for milk, cheese, butter, eggs, and poultry. These products are for domestic consumption, as well as for selling in markets. Meanwhile, women in the new rural settlements have greater access to education and more opportunity to work for a wage.⁸
- Women are crowded into the lower branches of the agriculture and food processing value chains and sectors and are hired on a seasonal basis to perform fewer intensive tasks that are detailed-oriented, like fruit picking, labelling, sorting, and packing. Men are the preferred hires for more senior positions, such as those of engineering and supervising.⁸
- Egypt has five main types of land tenure: private ownership (freehold), public ownership, publicly leased land, trust or waqf land and encroachment.⁹ Women only own 5.2% of Egypt's private land.¹⁰
- Egypt's spending on agriculture research and development (R&D) was only 0.44% of value addedⁱⁱ in agriculture, compared with a median of 0.52% across emerging economies.¹
- The food and beverages industry in Egypt is the second highest industry in terms of value added at 15.8%¹¹ with a share of exports of about 10.1%.¹²
- Egypt's agri-food system, considering the entire food value chain, contributes 24.5% to the country's GDP and 23.2% to Egypt's labor value added.¹³
- Most of the food processing activities takes place in Lower Egypt (78.3% of the food processing gross output); Upper Egypt plays an important role in primary agriculture, contributing 30.2% of agricultural gross output.¹⁴
- According to food industry producers, the cost of a refrigerated warehouse is estimated to be, on average, 10-15% of the total production cost.¹⁵

ⁱⁱ Value added is defined as the value of output minus the value of input. Items covered in the latter include: (a) value of materials and supplies for production (including cost of all fuels and electricity purchased); and (b) cost of services received (mainly payments for contract and commission work and repair and maintenance work).

- Road transportation is the main mode of transportation in Egypt, with a share of around 95%.¹⁵
- For road freight transportation, there are large number of truck operators, the majority are privately owned; except for five specialized truck operators belonging to the Ministry of Investment.
- Both public sector companies and cooperatives suffer from ageing fleets, with an average fleet age of 15 years in the main five public companies.¹⁵
- Current rules and regulations limit the backward linkages within the agriculture sector, forcing the food processing companies to depend on imported raw material. It is cheaper to import, and this raises the net imports of the industry to around 98%.¹⁵
- In Egypt, food safety and control functions are multisectoral. However, the main role in that area is carried out by the Ministry of Health and Population, the Ministry of Agriculture and Land Reclamation, the Ministry of Internal Trade and Supply, and the Ministry of Trade and Industry. Different roles and responsibilities are drawn by a number of laws, regulations, and standards.¹⁶ The Egyptian National Food Safety Authority was established in 2017 in order to ensure that the safety and quality of products produced and distributed in the market meets health and safety standards.
- The state exercises strong, direct control over several agribusiness subsectors, which constrains efficient market functioning. The government controls strategic subsectors, particularly wheat, rice, and sugar.¹
- State measures include a massive food subsidy system that costs about 1.6% of GDP (2019) and covers as much as 80% of the population.¹
- State controls include tariff protection, fertilizer subsidies, and the prohibition of wheat sales to the private sector, numerous agri-processing state-owned enterprises (SOEs), and state-owned retail in the food subsidy system.¹
- Subsidized energy (natural gas) allows for cheap production of fertilizers (nitrogen, phosphorus, and potassium) that are sold at subsidized prices to farmers. These subsidies not only encourage waste from overuse, but also negatively affect yields, as well as the environment.¹
- The average size of farm units is 2.5 feddans (about 2.59 acres, or 1 feddan in old lands and 5 feddan in new lands). Smallholders produce about 47% of field crops and a smaller portion of horticultural crops.¹
- Egypt has only a few large-scale farms, which include corporate (local and foreign) and military investments, particularly in reclaimed lands in the desert.¹
- Annex 4 has information on cropping patterns in Egypt and export potential.

2.2 Water & Energy

- The agriculture sector uses the largest amount of water, which corresponds to more than 85% of Egypt's share of the Nile River.¹⁷
- Egypt's irrigation potential is estimated to be 4.42 million hectares. The total actual renewable surface water resources are estimated at 56 km³/year, of which 55.5 km³/yr. from the Nile River and 0.5 km³/yr. from internal renewable surface water resources. Internal renewable groundwater resources are estimated at 1.3 km³/yr. The overlap between surface water and groundwater is considered negligible, the total actual renewable water resources of the country are thus 58.3 km³/yr.¹⁸
- Egypt is investing in improved irrigation and water savings. One of the biggest projects is the Farm-level Irrigation Modernization Project (FIMP), which increased access to modern irrigation systems in the Mahmoudia, Manaifa and Meet Yazid canals in Egypt. This was accomplished primarily by phasing out diesel pumps and introducing electric ones, as well as by constructing an electricity grid to power the modernized pumping stations. A total of 197,633 water users, including landholders and tenants, benefited through the improved irrigation and drainage services. The project was funded by the World Bank through the International Bank for Reconstruction and Development (IBRD) with Agence Francaise de Developpement (AFD), and the Government of Egypt.¹⁹
- Increased government focus on water saving with technologies to measure root moisture are being implemented at a large scale, these systems include using soil moisture sensors that transmit data to farmers' phones.²⁰
- Rainwater harvesting is practiced on about 133,500 ha in the northwest coast and North Sinai, where the average rainfall is between 220- 250mm, and relies on the construction of cisterns and diversion dikes. Harvesting also occurs from flash floods along the Red Sea and in the Sinai Peninsula.²¹
- Egypt is the largest oil and natural gas consumer in Africa, accounting for about 22% of petroleum and other liquids consumed, and, in 2016, 37% of dry natural gas consumption. The reduction of energy subsidies may dampen consumption growth in the near term, but energy consumption is expected to continue growing in the long term.²²
- Egypt has strong potential for developing renewable energy resources, and the government has an ambitious target of developing 4.3 gigawatts (GW) of wind and solar power generation capacity by 2018.¹ Egypt has developed its solar power potential through the Benban Solar Park in Aswan in the south of country. The solar park will house 32 power plants with a total capacity of 1650 megawatts (MW).²³
- The Egyptian Ministry of Electricity and Energy introduced feed-in tariffs for electricity generated by solar and wind sources as part of the government's efforts to increase the country's energy capacity in the face of serious power shortages and recent power outages.²⁴

- Egypt has been reducing fuel subsidies as part of the International Monetary Fund (IMF) \$12 billion USD 3-year loan deal and is due to remove subsidies on all energy products by 2020/21.¹
- Farmers have been increasingly implementing solar-powered irrigation systems as an eco-friendly, low-cost energy source.¹
- Egypt has abundant wind power resources, especially in the Gulf of Suez and the Nile Valley. According to IHS Markit, Egypt has a total wind power generation capacity of 753 MW generated by the Zafarana (547 MW), Gebel El-Zeit (200 MW), and the Hurghada (5 MW) wind farms.
- The government plans to increase wind power generation capacity to 7.2 GW by 2020 and currently has several wind power projects totaling 2 GW of generation capacity under development or construction.²⁵

3 THE SME ECOSYSTEM

- Egypt has implemented a wide of programs to promote SMEs and innovation, involving the government, international institutions, and private initiatives and clusters.
- As of the 2017 census, there are **6.42 million** formal and informal firms in Egypt.¹ According to the Egyptian Financial Supervisory Authority (EFSA) the percentage of enterprises owned and managed by women is 23%, and most (18%) are found in the micro sector.¹⁰
- Women's access and usage of financial products is constrained by limited control over assets for collateral, the absence of financial capability, especially in rural areas, and the perception by banks that women, in general represent, a high-risk segment.¹⁰
- SMEs in 2016 accounted for 70–80% of GDP in Egypt and employed 66% of the country's workforce (around 20 million workers).¹² More than 51% of SMEs in 2016 were concentrated in manufacturing and contributed 13% of total industrial production, while medium enterprises contributed 46%.¹
- As of 2020, SMEs working in the agricultural production sector will be granted partial training for workers and laborers by the platform for small projects, also they are exempt from fees regarding patenting.²⁶
- SMEs in the agricultural production sector are exempt from several registration fees, as well as the facilitation of access to finance and assurances for financing in the first 5 years of registration.²⁶
- A lower-level of use of technology exists among ever-married women (those who are currently married, widowed, or divorced) aged between 15–49, with only 14% of surveyed women reporting having used computers, 8% having used the internet, and 9% having accessed social media. The digital divide among ever-married women is sharp between urban and rural areas, and it increases with education and wealth.¹⁰
- The Micro, Small and Medium Enterprises Development Agency (MSMEDA) is implementing the Women in Business Project supported by the European Bank for Reconstruction and Development and is in collaboration with several commercial banks including the National Bank of Egypt (NBE) and the Qatari National Bank (QNB). The program provides advisory services, training, counselling, and networks to businesswomen and women entrepreneurs with stable projects running at least for two years.²⁷
- MESMEDA provides financing opportunities to purchase equipment in the field and the growth of the enterprise.²⁷
- As of 2020, the Egyptian government has setup tax incentives for SMEs, which range from 0.5% to 1% of total revenues for 5 years.²⁷

- The Egyptian Stock Market became the first stock market in the MENA region and the second worldwide to launch an ESG index, which allows investors to benchmark the environmental, social, and governance impact of their portfolio.²⁸
- The large population in Egypt provides higher end-user reach potential for SMEs compared to other countries in the region.
- Labs and certification bodies for quality control and testing can be found in the Managing Quality in Egypt: A Directory of Services for SMEs, International Trade Centre 2017 Report.
- More than 36% of private sector establishments are located in Greater Cairo and Alexandria.¹
- The International Trade Centre's Managing Quality in Egypt Report offers a directory for all labs and certification institutions in Egypt.
- Egypt Alternative Fuels and Raw Materials (AFR) Project supports the strengthening of the enabling environment and knowledge in assessing alternative energy projects, provides an investor toolkit, and advisory services to firms involved in alternative fuels and raw materials (AFR) production. It is funded by the IFC World Bank Group.
- Annex 1 shows the enabling actors and stakeholders for growth in the field of WEF.
- Annex 2 shows list of incubators and accelerators for growth related to WEF.
- Annex 3 contains the tax profile for Egypt and incentives and initiatives for growth for SMEs.

4 OPPORTUNITIES AND CHALLENGES IN THE WEF NEXUS

Opportunities	Challenges
- Egypt has the largest agriculture workforce in the region, benefiting from access to skilled workers and highly competitive wages. - Several mega agricultural projects financed by the government for new agricultural land and expansion include Toshka, El-Moghra, and the new delta, providing investment opportunities in agricultural production. - The Egyptian Countryside Development Company oversees developing such mega projects with an initial area of 1.5 million feddans (1,556,762 acres) of reclaimed agricultural land. - Due to a continuation of GDP growth, a gradual improvement in the business environment, and a strong market foundation, Egypt presents itself as one of MENA's most attractive markets for investors. Thus, in 2017, it became the second biggest recipient of foreign direct investment in Africa and the MENA region, with more than \$7.9 billion USD. - Egypt has also improved in terms of: - o Strengthening the rights of minority investor. - o Streamlining business registration processes. - o Making it easier for businesses to import and export goods. - The large population in Egypt provides higher end-user reach potential and a massive fresh market for SMEs to grow. - Increased demand on agricultural products due to population growth. - The Egyptian government is gradually removing subsidies on energy and water, meaning a fresh and growing market for innovation and innovators in both.	<u>Policy and Regulatory</u> - Trade barriers due to policy and facilitation, and inadequate transport and logistics contribute to Egypt's performance in exports and FDI in non-extractive sectors. - The lack of clear separation between the state's regulatory, policy, and operational bodies in certain markets creates an inherent conflict of interest. <u>Supply</u> - Quality of domestic products. - Reliance on imported raw materials, intermediate goods, and packaging. - Weak domestic supply chains in the agriculture/agribusiness impede efficient downstream processing activity and lead to reliance on imports of intermediate inputs. <u>Competition</u> - Fertilizer subsidies encourages overuse and affects yields. - Prohibition of farmers selling wheat to the private sector. - SOEs pose a risk of unequal access to inputs and a lack of competitive neutrality for the private sector. <u>Demand</u> - Inadequate infrastructure capacity and logistics services. <u>Production</u> - Operating below capacity. - High losses, water and energy consumption. - Gaps in regulations and legislation. - Land fragmentation and the lack of a land titling system constrain agricultural productivity and limit the ability of farmers to realize economies of scale. - Constrained export potential of agribusiness due to poor transport and logistics, weak food safety and phytosanitary conditions, and inadequate R&D and skills. <u>Labor force</u>

- Egypt's free-trade deal with Mercosur, which is a group of countries major agricultural exporters like Brazil and Argentina. - Due to its location straddling Africa and Asia, situated on the Mediterranean Sea, and midway between the East and West, Egypt is ideally located for exporting agricultural products to all major consumer markets.	- The lack of appropriate skills in the labor force is a widely reported constraint facing businesses, indicating a large gap between educational outcomes and labor market needs. - Limited investment in training, coupled with a lack of market information on skills required by employers. <u>Finance</u> - Insufficient flexibility in lending and repayment conditions. - Limited agri-food knowledge on the financial institutions. - Limited subject-matter expertise in the financial institutions and perception of agri-food sector as high risk. - Lack of information on financing.
--	---

REFERENCES

- ¹ Creating Markets in Egypt, World Bank Report 2020
- ² WE4F MENA Landscape Mapping report
- ³ All Macro Economic Environment figures are presented in Annex 5
- ⁴ World Bank Development Indicators, [2019-2020](#)
- ⁵ World Economic Forum, Global Gender Gap Report, 2020.
- ⁶ Rethinking Egypt's Economy, Middle East Institute 2020
- ⁷ GATEWIND, Sectors of Investment Opportunities in Egypt
- ⁸ Abdel-Gawad, Korany. (2017), The Role of Women in Egyptian Agriculture, *Journal of Agriculture Economics*.
- ⁹ USAID Egypt Country Profile for Property rights and resource governance
- ¹⁰ The World Bank, *Women Economic Empowerment Study*, 2019.
- ¹¹ UNIDO Industrial Analytics Platform
- ¹² World Bank data, ILOSTAT database, 2010-2019
- ¹³ UNIDO, "AGRI-FOOD AND COVID-19 IN EGYPT: Adaptation, Recovery and Transformation," *United Nations Industrial Development Organization*, no. September (2020): 1-27.
- ¹⁴ IFPRI (2018). Egypt Seminar: Advancing the Food System for Growth, Job Creation and Better Nutrition in Egypt. Retrieved from <https://egyptssp.ifpri.info/2018/12/20/ifpri-egypt-seminar-advancing-the-foodsystem-for-growth-job-creation-and-better-nutrition-in-egypt/>
- ¹⁵ Rama Said and Abdel-Hamid Mamdouh, "SERVICES CONTRIBUTION TO VALUE CHAINS: A CASE STUDY OF THE EGYPTIAN FOOD PROCESSING SECTOR," 2018, http://www.eces.org.eg/cms/NewsUploads/Pdf/2019_1_14-21_28_5423.pdf.
- ¹⁶ Ahmed Sultan, "Managing Quality in Egypt A Directory of Services for SMEs In Collaboration With," 2017, www.eos.org.eg/en.
- ¹⁷ Egypt CAPMAS
- ¹⁸ FAO AQUASTAT
- ¹⁹ World Bank IBRD: Modernizing Irrigation Improved Water Security for Farmers in Egypt.
- ²⁰ Egypt Today, Smart Farming: Egyptian farmers can irrigate fields while they at home, 4 December 2020
- ²¹ FAO, Egypt Country Profile
- ²² US Energy Information Administration, "Country Analysis Brief-Egypt," *US Energy Information Administration*, 2018, 1-7, https://www.eia.gov/beta/international/analysis_includes/countries_long/United_Arab_Emirates/uae.pdf.
- ²³ IFC, A New Solar Park Shines a light on Egypt's Energy Potential
- ²⁴ SOLAMISR
- ²⁵ IHS Markit, Africa and Middle East Renewable Power Country Profiles project database, January 12, 2017. "Egypt Power Report, Q4 2017," BMI Research, August 2017, pg. 17-18
- ²⁶ Egyptian law for developing SMEs No 152 for the year 2020
- ²⁷ MSMEs Development Agency Website, msme.eg
- ²⁸ European Commission (2018), SME Listing on Public Markets, <https://ec.europa.eu/info/business-36>

ANNEX 1: ENABLING ACTORS AND STAKEHOLDERS FOR GROWTH-RELATED WEF

Sector	Name	Relevance to WEF
NGOs/CSOs or Policy Advocacy Groups		
Food	Knowledge Economy Foundation (KEF)	- Aims to promote more sustainable supply chain and a more informative link between farmers and wholesalers. - Supports farmers with technological advancements in agriculture.
Food	Nawaya	- Creates a business link between the farmers' communities and the consumers. - Promotes sustainable food systems - Links SMEs with consumption agents
Food	Union of Producers and Exporters of Horticultural Crops (UPEHC)	- Aims to improve Egyptian agricultural exports specifically of goods produced by members of the union.
Governmental Organizations and Regulatory Bodies		
Water	Ministry of Irrigation and Water Resources (MWRI)	- Allocation of water - Providing Permits for wells - Regulation of water bodies
Food	Ministry of Agriculture and Land Reclamation	- Provides extension services for farmers - Setting the cropping pattern for the country
Energy	Ministry of Electricity and Renewable Energy	- Electricity production - Setting feed-in tariffs for solar and wind energy
Financial & Technical	MSMEs Development Agency	- Support SMEs with financing and technical support
Finance	General Authority for Investment and Free Zones	- Provide information for investors on infrastructure development programs and incentives for investments.
International Bodies and Agencies		
Energy- Food	UNIDO	- Energy saving programs in Egypt
Water- Food	WFP	- Climate adaptation projects in Upper Egypt
Water-Energy-Food	GIZ	- Funding programs in collaboration with government bodies
Water-Energy-Food	World Bank	- Funding programs in collaboration with government bodies
Water-Energy-Food	SIDA	- Funding programs in collaboration with government bodies
Water-Energy-Food	EBRD	- Green economy financing facility to SMEs

ANNEX 2: INCUBATORS AND ACCELERATORS FOR GROWTH-RELATED WE4F

Name	Support
MINT Incubator EG Bank	- Weekly mentorship for start-ups - Training sessions - Array of free or discounted services - Link with angel investors like Cairo Angels
BUE Business Incubator	- Provides a tailored technical and business program for start-ups, early-stage businesses, and established businesses with new products/new directions. - Offers seed funding, legal support, fabrication lab and technical assistance.
Sustaincubator	- Supporting Middle Eastern and African startups focusing on innovative sustainable development in the areas of water, food, renewable energy, and IT-enabled solutions supporting sustainable causes.
GESR accelerator - Misr El Kheir	- Focuses on startups working on water, energy, food, health, and education issues. - The initiative runs a six-month acceleration program, with funding of up to 200,000 Egyptian pounds available, and a one-year incubation program with funding of up to 500,000 Egyptian pounds available.
EBRD Small Business Advisory Program	- Offers advice for SMEs on strategy, marketing, organization, operations, technology, engineering solutions, quality management, financial management, and energy efficiency and environment.
AUC Venture and Innovation labs	- Start-up accelerators in the field of energy and sustainability through a 16-week program. - AUD Angels, is an angel investor network based in the university for investing in early-stage startups in the MENA region.
INJAZ Egypt	- Promotes the skills of employability and entrepreneurship among Egypt's chronically unemployed youth.
FEPS BI	- Incubation programs lasting 16 weeks including coaching and mentorship. - Business clinic providing consultancy services for startups operating for more than two years in the market.
ATHAR	- Provides 10K EGP grants for initial product needs - Customer centered mentorship program - Access to investors and support networks
NAHDET EL MAHROUSA	- Special focus on early-stage social enterprises and socially conscious startups, social causes - NGO Nahdet El Mahrousa offers a nine-month project development program called Masr Ta3mal.
TIEC- Technology Innovation and Entrepreneurship Center, TIEC	- Supports start-ups to ensure ICT benefits for people and business - Bolsters R&D in the local ICT industry, observes iClusters, funds startups, and promotes Egypt as offshoring destination.
Flat6Labs	- Fosters and invests in bright and passionate entrepreneurs with cutting-edge ideas. - Provides seed funding, strategic mentorship, and network support.
Cairo Angels	- Egypt's first angel investment network for start-ups. - Facilitates due diligence for opportunities that receive interest from investors, negotiates terms and finalizes deal closing. - Portfolio management services for its investors.

ANNEX 3: TAX PROFILEⁱⁱⁱ & INCENTIVES FOR SMES

- The Egyptian tax system is composed of two types of taxes: direct taxes and indirect taxes.
 - o **Direct Taxes:** Agricultural Land Tax, Real Estate Tax and Income Tax.
 - o **Indirect Taxes:** Stamps Duties, Customs Duties and VAT.
- The Egyptian Ministry of Finance has setup a portal to provide information on taxes and make it available to file tax reports online.

Financial Year: 1 July – 30 June^{iv}

Currency: Egyptian pound (EGP)

Basis of Taxation: Taxable profit is to be determined based on the net accounting profit of the company – as per the Egyptian Accounting Standards – and after applying the tax adjustments as per the income tax law and regulations.

Consumption Taxes (As Value-Added Tax)	14%
Corporate Income Tax rate	22.5%
Dividends Tax	10%
Capital Gains Tax	10%
Property Tax (of the annual rental value)	10%

Income tax:

First bracket: Up to 8,000 (\$449)	Exempted
Second bracket: More than 8,000 (\$449), up to 30,000 (\$1,682)	10%
Third bracket: More than 30,000 (\$1,682), up to 45,000 (\$2,523)	15%
Fourth bracket: More than 45,000 (\$2,523), up to 200,000 (\$11,213)	20%
Fifth bracket: More than 200,000 (\$11,213)	22.5%

- The Egyptian Credit Bureau "I-Score" maintains a database of credit information for SMEs and consumers. I-Score database now holds almost 100% of credit data of individuals and SMEs from commercial banks in Egypt, thus providing a clear indicator to the lending community and therefore honoring its promise of "Delivering Trust" to the financial community.
- The Egyptian Center for Economic Studies publications available at: www.eces.org.eg
- Loan requirement process and time information is available from the Central Bank of Egypt, Ministry of Finance, and local banks.
- The list of initiatives includes: The Industrial Modernization Centre established in 2000; a four-year Industrial Development Strategy of 2016; legislation to promote public procurements through SMEs;

ⁱⁱⁱ ANDERSEN, White Papers: Egypt: Tax Summaries

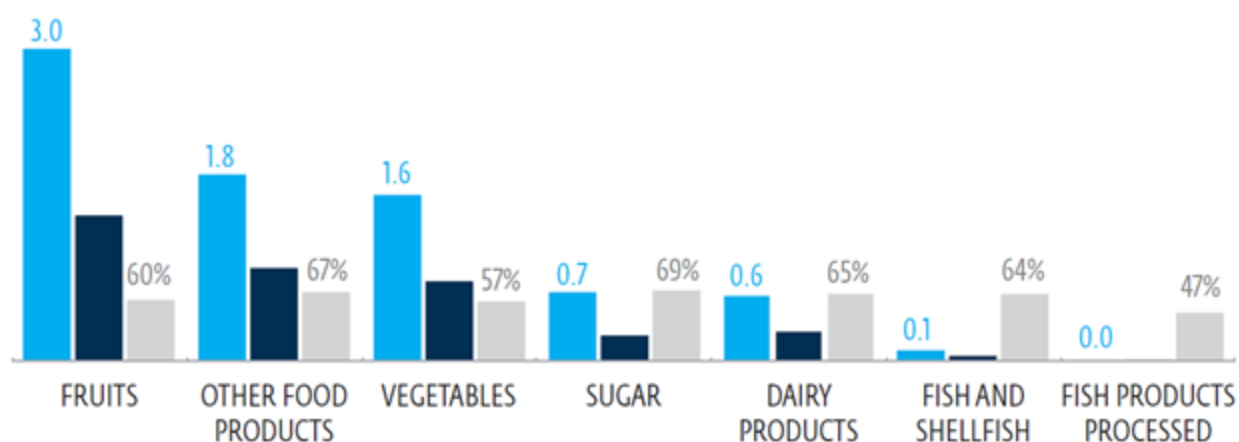
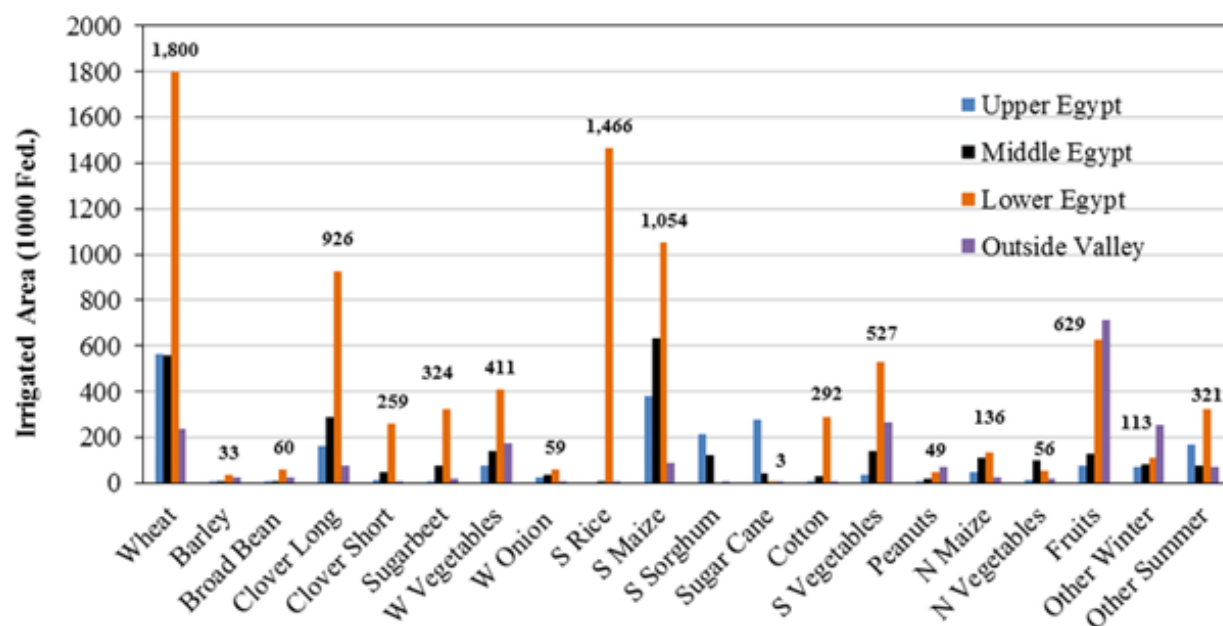
^{iv} Oxford Business Group, Summary of Egypt's tax laws and regulations

the Central Bank of Egypt's five-year lending program of 2016 with EGP 200 billion and its directive to banks to raise SME lending to 20% of the portfolio; the industrial zones; the Innovation Centre of Cairo's Smart Village; and numerous business angels, such as Cairo Angels.^ν

- Existing initiatives and programs:
 - o Green Efficiency Financing Facility available at: www.ebrdgeff.com/egypt
 - o Central Bank of Egypt initiative (loans with 5% interest rate).
 - o World Food Programme environmental and economic empowerment projects funded from the Green Climate Fund.
 - o United Nations Industrial Development Organization energy-saving projects in Egypt.
- The Platform for small enterprises, connects SMEs with facilitators, investors and provides relevant information for start-up and business set-up.
- The Federation of Egyptian industries provides detailed information on customs, fees, exemptions, rates, and agreements.

^ν UN-ESCWA, "Technology and Innovation with a Focus on the 2030 Agenda for Sustainable Development Fostering Innovation in Small and Medium Enterprises in the Arab Region," 2018.

ANNEX 4: MAIN CROPS^{vi} & EXPORT POTENTIAL



EXPORT POTENTIAL (US\$ MILLION)

UNTAPPED EXPORT POTENTIAL (% OF TOTAL)

ACTUAL EXPORTS (US\$ MILLION)

Source: ITC Export Potential Map, <https://exportpotential.intracen.org/en>

^{vi} Ahmed, Sherif & Abd Elmegeed, Mohamed & Abd-Eldayem, A.W.. (2017). Nonlinear cropping pattern optimization in Egypt under different release scenarios from high Aswan DAM. Journal of Engineering and Applied Science. 64. 443-463.

ANNEX 5: FIGURES

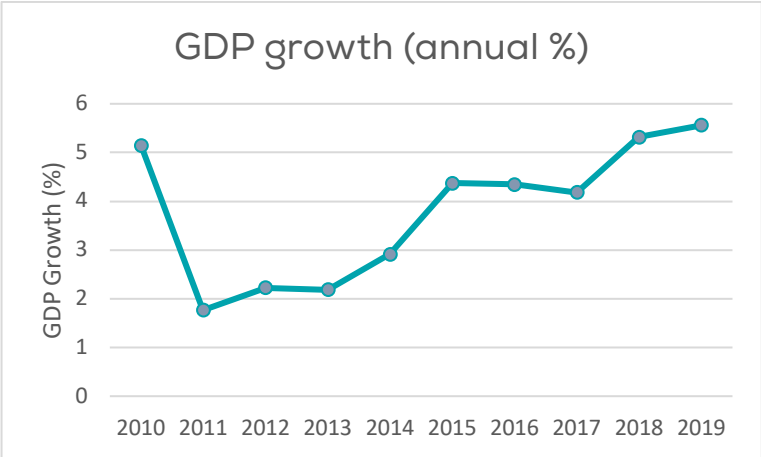


Figure 1: GDP annual growth rate, data retrieved from World Bank

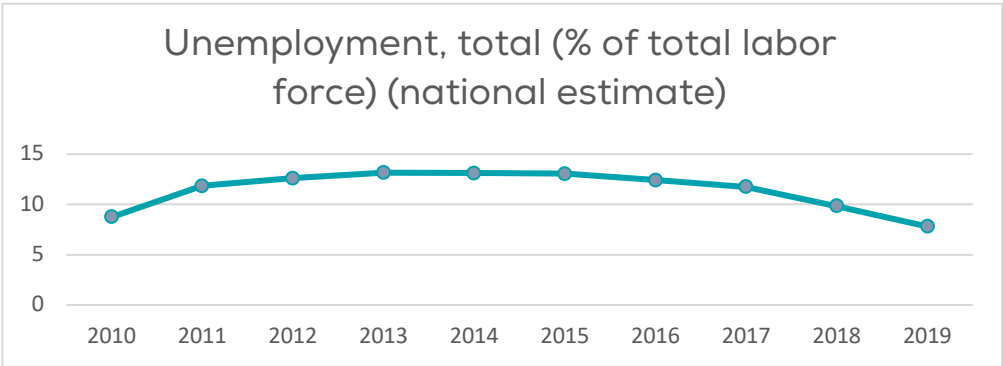


Figure 2: Unemployment rate, source: World Bank

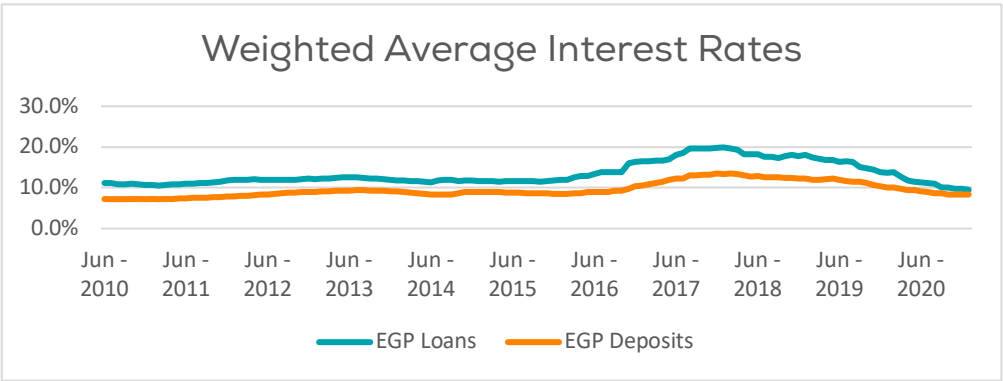


Figure 3: Weighted Average Interest Rates, source: Central Bank of Egypt³⁷

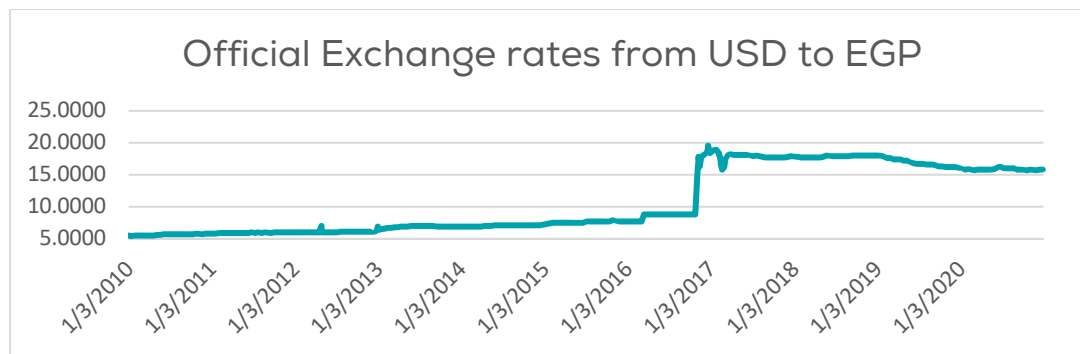


Figure 4: Official Exchange Rates from USD to EGP, source: Central Bank of Egypt

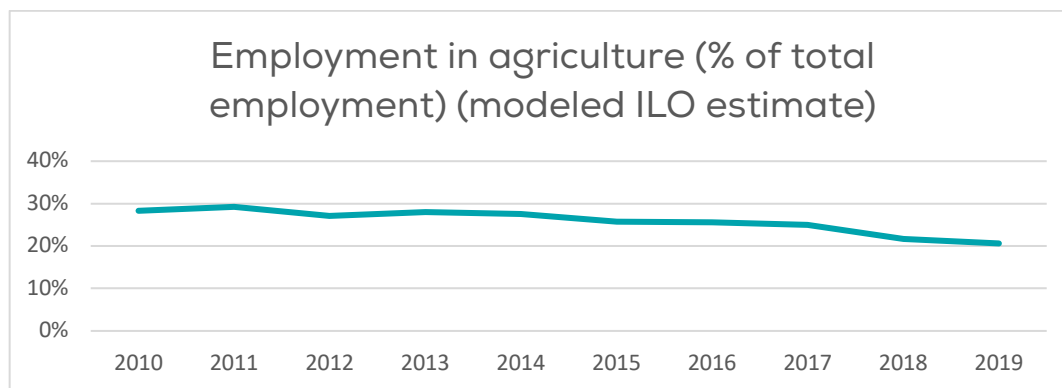


Figure 5: Employment in agriculture, source: World Bank