EGYPT COUNTRY PROFILE

LAWS, POLICY, AND REGULATIONS AFFECTING THE WATER-ENERGY-FOOD NEXUS

JULY 2023 UPDATE
1. SDGs stance and WE4F innovators’ impact

1.1 Selected SDGs Stance in Egypt

<table>
<thead>
<tr>
<th>SDG</th>
<th>Stance</th>
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</table>
| SDG 1: No Poverty | Egypt has made progress towards reducing poverty, but the country still has a long way to go.  
- The poverty rate in Egypt has declined from 32.5% in 2018 to 29.7% in 2020.  
- The government has implemented several policies to address poverty, including cash transfers, social safety nets, and investments in education and healthcare.  
- These policies have helped to reduce poverty, but they have not been enough to eliminate it.  
- The government will need to address the challenges of high unemployment, rapid population growth, and climate change in order to make further progress towards achieving SDG1. |
| SDG 2: Zero Hunger | Egypt’s development toward SDG 2 (Zero Hunger) is much lower than that of its peers. SDG 2 suggests that Egypt is likely to have a nutrition problem according to GNI per capita. |
| SDG 6: Clean Water and Sanitation | SDG 6, Clean Water and Sanitation, has improved greatly in relation to GNI per capita growth, as evidenced by the share of the population with access to clean water and better sanitation facilities. For example, |
| SDG 7: Affordable and Clean Energy | Egypt has recently made significant progress in addressing infrastructure gaps, mainly in the areas of power generation (as seen by its strong performance in SDG 7. Highways, as well as affordable and clean energy. Egypt wants to expand its industrial base, with a special focus on developing the Suez Canal Authority area into a new global hub for high-tech manufacturing and services. |
| SDG 2.4 and SDG 8.10: Strengthening the capacity of domestic banking services and increase farmers and WEF nexus SMEs’ access to financial services and products | Mobilizing national and international green finance through multiple mechanisms and initiatives. The launch of the first Sovereign Green Bonds (September 2020) in Middle East and North Africa region by Egypt’s Ministry of Finance at a value of 750 million listed in London Stock Exchange to attract foreign investors. Egypt’s portfolio of eligible green projects is worth $1.9 billion, 16% in renewable energy, 19% in clean transportation, 26% in sustainable water and wastewater management, and 39% in pollution reduction and control. |
| SDG 13: Climate Action | Egypt has recently made progress towards SDG 13. For example, Cairo Monorail project. The monorail is in two governorates Giza & New Cairo, extending 56.5 km from East Cairo to the New Administrative Capital (22 stations), and 42 km connecting 6th of October City to Giza (12 stations). The daily capacity of line 1 (NCC) is 671,714 passengers and 459,729 for line 2 (6th of October). The project will improve connectivity between the cities and urban communities, facilitating the movement of citizens, and decreasing the use of private cars, fuel consumption and environmental pollution. Also, El Dabaa desalination project. The purpose of this project is to increase its water capacity by 40,000 m3 per day and that increase can now serve 57,260 Capita, based on the assumption of household or individual water consumption 310 L per day using reverse osmosis, for cities and villages in Matrouh Governorate. |
### 1.2 WE4F Innovators’ Impact on relevant SDGs in Egypt

#### SDG 1: No Poverty

<table>
<thead>
<tr>
<th>Innovator/ WE4F Hub</th>
<th>How</th>
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| All WE4F Innovators | • Business models serve smallholder farmers in increased savings, income, and affordability to water and/or energy savings solutions via adapted pricing and end-user financing. All the supported innovators contribute either to increasing savings, increasing the affordability of water-energy-food nexus solutions with reduced pricing or relevant payment plans and/or enable access to finance.  
• Product design and development designed to serve smallholder farmers. For example, Abu Erdan and Egymag developed new products and/or adapted their user interface/user experience to serve smallholder farmers. |

#### SDG 2: Zero Hunger - Ensuring access to safe and nutritious food

<table>
<thead>
<tr>
<th>Innovator/ WE4F Hub</th>
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| All WE4F Innovators | • All WE4F innovators contribute to total mass of food produced as a result of the deployment of their water and/or energy saving innovations targeting farm production or food processing.  
• The innovators in Egypt contribute to SDG2 by increasing farm productivity (for example via enabling the adoption of farm and plot-level resource efficiency data and advisory (e.g. Platfarm); improving the quality and accessibility to more clean and sustainable farming inputs (e.g. Egymag provides bio-fertilizers and animal feed, Baramoda provides organic compost, Chitosan Egypt provides bio-fertilizers, bio fungicides and other bio-based inputs), and improving the quality and accessibility to more clean and sustainable energy sources (e.g. Raptor and Green Eagle tech). |

#### SDG 6: Clean Water and Sanitation

<table>
<thead>
<tr>
<th>Innovator/ WE4F Hub</th>
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| None in Egypt as they are more relevant to solar water irrigation or water efficiency | • Green Eagle Tech designs, commissions and provides after sales services for solar PV irrigation and modern irrigation systems using rain irrigation technology which is partially locally manufactured and has been highly adapted to the climate in Egypt. Green Eagle Tech also provides end user financing services for its clients.  
• IRSC designs and implements on- and off-grid solar PV systems for farming and industrial clients. They provide solar pumping systems.  
• Agrisolar is an enabler of the solar PV market in Egypt being a one-stop-shop for solar PV components (both for on- and off-grid applications). They serve a supply chain gap in the market offering a wide suite of solar PV components to solar PV Engineering, Procurement, and Contracting (EPC) firms to support their installation of systems at scale as well as operations and maintenance. They provide their services to solar pumping systems. |
<table>
<thead>
<tr>
<th>SDG 7: Affordable and Clean Energy</th>
<th>• Raptor Engineering designs, commissions, and provides after sales services for solar PV irrigation and on-grid solar PV solutions as well as drip irrigation systems. Raptor also provides end user financing services for its clients.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agrisolar Green Eagle Tech Raptor Engineering Mozare3 IRSC</td>
<td>• Agrisolar is an enabler of the solar PV market in Egypt being a one-stop-shop for solar PV components (both for on- and off-grid applications). They serve a supply chain gap in the market offering a wide suite of solar PV components to solar PV Engineering, Procurement, and Contracting (EPC) firms to support their installation of systems at scale as well as operations and maintenance.</td>
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<td>• Green Eagle Tech designs, commissions and provides after sales services for solar PV irrigation and modern irrigation systems using rain irrigation technology which is partially locally manufactured and has been highly adapted to the climate in Egypt. Green Eagle Tech also provides end user financing services for its clients.</td>
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<td>• Raptor Engineering designs, commissions, and provides after sales services for solar PV irrigation and on-grid solar PV solutions as well as drip irrigation systems. Raptor also provides end user financing services for its clients.</td>
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<tr>
<td>• Mozare3 is a digital contract farming and digital value chain financing software solution that connects smallholder farmers to large exporters and off-takers. Mozare3 also provides end user financing services for its clients.</td>
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<tr>
<td>• IRSC designs and implements on- and off-grid solar PV systems for farming and industrial clients.</td>
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<tr>
<th>SDG 2.4 and SDG 8.10: Strengthening the capacity of domestic banking services and increase farmers and WEF nexus SMEs’ access to financial services and products</th>
<th>Several innovators in Egypt contribute to SDG 2.4 and SDG 8.10 by deploying several models:</th>
</tr>
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<tbody>
<tr>
<td>Agrisolar Green Eagle Tech Raptor Engineering Mozare3 IRSC Chitosan Egypt Baramoda Egymag</td>
<td>• Providing access to financing from banks (and possibly MFIs in the future). IRSC, Green Eagle Tech, Raptor and Agrisolar have piloted or are in the process of scaling their capacities to enable access to finance to their farmers or distributors. This support entails lowering the transaction costs for both the financial institutions and the farming end-users or distributors by facilitating the loan paperwork and providing training on loan process and business case.</td>
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<td>• Developing alternative risk assessment tools. For example, the Hub is working with Mozare3 to develop a risk assessment tool more suitable to assess the credit worthiness of smallholder farmers and their operating conditions to facilitate their access to finance.</td>
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<tr>
<td>• Lowering upfront cost and/or facilitating cash flow management, sometimes this entails value chain financing. WE4F innovators in Egypt are supporting farmers’ adoption of relatively high capital expenditure solutions by offering preferential financing terms, like lower down-payments or no cash down payments, extended payment terms (payments after one farming season or more), and/or installment tailored to the farmers’ cash flows. Mozare3 implements value chain financing and finances 100% of the farmers’ farming inputs ahead of the season.</td>
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<tr>
<td>• Providing rent-as-a-service or rent-to-own solutions. With the support of WE4F, Mozare3 and IRSC are piloting a business model to rent land and equipment for smallholder farmers at subsidized rates or with rent-to-own models to enable their access to sustainable infrastructure and services.</td>
<td></td>
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<tr>
<th>SDG 13: Climate Action</th>
<th>In addition to providing access to energy (e.g., Green Eagle Tech, Raptor, IRSC, Platform) and/or water saving solutions (Green Eagle Tech, Raptor, and Platform), which enable climate resilience, Egypt-based innovators are also offering solutions to enable enhanced land use via enhancing soil water retention and soil characteristics (e.g. compost providers) as well as increasing water uptake and decreasing drought susceptibility of the plants (e.g. biofertilizers). Moreover, Platform, an AI-powered precision agriculture firm enabling real time farm and plot-level information as well as advisory about crop health, irrigation efficiency, soil moisture content, and crop production and productivity.</th>
</tr>
</thead>
</table>
| Green Eagle Tech Raptor Engineering Mozare3 Chitosan Egypt Baramoda Egymag Platform | Please consult this webpage to learn more about the aforementioned innovators.
2. 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 2021 Egypt came third as the biggest recipient of foreign direct investment in Africa and the MENA region with more than US$5.1bn 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 9.80% in 2021. (Refer Figure 1 in Annex 4)\(^3\)
- The unemployment rate increased after the events of 2011 and reached its peak of 15.93% in 2021, post which it started to decrease due to the Egyptian government’s economic recovery measures to reach 9.80% in 2021. Female unemployment rates ranged between 22.12 percent - 21.44 percent 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 Indicator Egypt and is ranked at 51 in 2022\(^5\)
- On Protecting Minority Investors Indicator Egypt scores 64.0 and is ranked at 57\(^1\)
- Egypt’s score for the Registering Property Indicator is 55.0 and is ranked at 130\(^1\)
- 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 2023 the Egyptian pound faced a currency depreciation of more than 70 percent since March 2022 (Refer figure 4 in Annex 4)
- In 2022 Egypt ranked 129 out of 149 countries in the Global Gender Gap Index, the index measures reproductive health, empowerment, and economic activity. Low female economic participation (15.12% vs. 68.1% men) impacts growth.\(^7\)

3. Policies and Trends in the Water-Energy-Food Nexus

Agriculture

- The agricultural seasons in Egypt are divided into three seasons: the winter season, the summer season, and the Nile season, as well as the permanent or annual crops whose production season are, extends to a whole agricultural year such as sugar cane, fruit crops and timber.\(^8\)
- The employment in the agriculture sector is declining from 29% in 2010 to 19.83 in 2021. (Refer figure 5 in Annex 4)
- Women constitute over 50% of the total labor 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 the market. While women in new rural settlements have greater access to education and more opportunity to work for a wage.\(^9\)
- Women are crowded into the lower nodes of the value chains of the agriculture and food processing sectors and are hired on a seasonal basis to perform fewer intensive tasks* that are detailed-oriented* tasks such as fruit picking, labeling, sorting, and packing. Meanwhile, men are the preferred hires for more senior positions, such as those of engineering, and supervision.

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\(^1\) 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
\(^5\) 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.
\(^8\) GATEWIND, Sectors of Investment Opportunities in Egypt
• Egypt has five main types of Land Tenure: Private ownership (freehold), Public ownership, publicly leased land, Trust or Waqf land and Encroachment.11 Women only own 5.2% of Egypt’s private land.11
• Egypt’s spending on agriculture R&D was only 0.44 percent of value added in agriculture, compared with a median of 0.52 percent across emerging economies.
• The Food and Beverages industry in Egypt is the second highest industry in terms of value added12 at 15.8%.13 with a share in exports of about 10.1%.8
• 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.14
• Most of the food processing activity is in Lower Egypt (78.3% of food processing gross output); while Upper Egypt plays an important role in primary agriculture, contributing 30.2% to agricultural gross output.15
• According to food industry producers, the cost of refrigerated warehouse is estimated at 10-15 percent of total production cost on average.16
• Road transportation is the main mode of transportation in Egypt, with a share of around 95 percent.10
• As 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 the cooperatives suffer from ageing fleets, with an average fleet age of 15 years in the main five public companies.10
• Current rules and regulations limit the backward linkages within the agriculture sector, forcing the food processing companies to depend on imported raw material. As it is cheaper to import, and this raises the net importing the industry to around 98 percent.10
• 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, Ministry of Agriculture and Land Reclamation, Ministry of Internal Trade and Supply and Ministry of Trade and Industry. Different roles and responsibilities are drawn by a number of laws, regulations and standards.17 The Egyptian food safety authority was established in 2017 in order to ensure the safety and quality of products produce, distributed in the market is according to the 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.4
• State measures includes a massive food subsidy system that costs about 7.94 percent of GDP (2021) and covers as much as 88.5 percent of the population.4
• State controls include tariff protection, fertilizer subsidies, and the interdiction of wheat sales to the private sector, numerous agri-processing SOEs, and State-owned retail in the food subsidy system.4
• 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 the yields as well as the environment.4
• The average size of farm units is 2.5 feddans18 (about 1 feddan in old lands and 5 feddan in new lands). Smallholders produce about 47 percent 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.

10 USAID Egypt Country Profile for Property rights and resource governance
12 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).
13 UNIDO Industrial Analytics Platform
18 1 Feddan = 4200 sqm
Water & Energy

- The agriculture sector utilizes the largest amount of water, which corresponds to more than 85% of Egypt’s share of Nile water.\(^{19}\)
- Egypt’s irrigation potential is estimated at 4.42 million hectares. The total actual renewable surface water resources are estimated at 56,000.00 m\(^3\)/yr. from the River Nile and 0.5 km\(^3\)/yr. from internal renewable surface water resources. Internal renewable groundwater resources are estimated at 1.3 km\(^3\)/yr. The overlap between surface water and groundwater are considered negligible, the total actual renewable water resources of the country are thus 58.3 km\(^3\)/yr.\(^{20}\)
- 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, Manafa and Meet Yazid canals in Egypt, 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 improved irrigation and drainage services. The project was funded by the World Bank through the IBRD with the AFD and the government of Egypt.\(^{21}\)
- Increased government focus on water saving with technologies to measure root moisture being implemented at a large scale, these systems include using soil moisture sensors that is transmitted to farmers’ phones.\(^{22}\)
- Rainwater harvesting is practiced on about 133,500 ha in Northwest coast and North Sinai, where the average rainfall is between 220 and 250 mm and relies on the construction of cisterns and diversion dikes. Harvesting also occurs from flash floods in the Red Sea and Sinai Peninsula.\(^{23}\)
- Egypt is the largest oil and natural gas consumer in Africa, accounting for about 22% of petroleum and other liquids consumption and 37% of dry natural gas consumption in Africa in 2016. 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.\(^{24}\)
- Egypt has strong potential for developing renewable energy resources, and the government has an ambitious target of developing 4.3 GW of wind and solar power generation capacity by 2018\(^{13}\). 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.\(^{25}\)
- 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.\(^{26}\)
- Egypt has been reducing fuel subsidies as part of the IMF US$ 155 billion 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 to 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.\(^{27}\)

4. The SME Ecosystem

- Egypt has implemented a wide program to promote SMEs and innovation, involving the Government, international institutions and private initiatives and clusters.

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\(^{19}\) CAPMAS
\(^{20}\) FAO-Aquastat
\(^{21}\) World Bank IBRD: Modernizing Irrigation Improved Water Security for Farmers in Egypt
\(^{22}\) Egypt Today, Smart Farming: Egyptian farmers can irrigate fields while they at home, 4 December 2020
\(^{23}\) FAO: Egypt Country Profile
\(^{25}\) IFC, A New Solar Park Shines a light on Egypt’s Energy Potential
\(^{26}\) SOLAMISR
As of the 2021 census, there are 6.42 million formal and informal firms in Egypt. According to the Egyptian Financial Supervisory Authority (EFSA) the percentage of enterprises owned and managed by women is 5.7 percent, and most (18 percent) are found in the micro sector.

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 of banks that women in general represent a high-risk segment.

SMEs in 2022 accounted for 43 per cent of GDP in Egypt and employed 75 per cent of the country’s workforce (around 20 million workers). More than 51% of SMEs in 2016 were concentrated in manufacturing and contributed 13 per cent of total industrial production, while medium enterprises contributed 46 per cent.

As of 2020, SMEs working in 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.

SMEs in the Agricultural production sector are exempt from several registration fees, as well as facilitation of access to finance and assurances for financing in the first 5 years of registration.

A lower level of use of technology exists among ever-married women aged between 15 and 49, with only 14 percent of surveyed women reporting having used computers, 8 percent having used the internet, and 9 percent accessing social media. The digital divide among ever-married females is sharp between urban and rural areas, and it increases with education and wealth.

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 being implemented in collaboration with several Commercial banks including the National Bank of Egypt (NBE) and 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.

MESMEDA provides financing opportunities to purchase equipment in the fields and growth of the enterprise.

The Egypt government has set up tax incentives for SME’s as of 2020 ranging from 0.5% to 1% of total revenues for 5 years.

The Egyptian Stock Market became the first stock market in the MENA region and the second worldwide to launch a ESG index, which allows investors to benchmark the environmental, social, and governance impact of their portfolio.

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. (Website: https://egac.gov.eg/)

More than 36% of private sector establishments are in Greater Cairo and Alexandria.

Egypt Alternative Fuels and Raw Materials (AFR) project: Supports strengthening of the enabling environment and knowledge in assessing alternative energy projects. Provides investor toolkit and advisory services to firms involved in alternative fuels and raw materials (AFR) production. Funded by IFC World Bank group.

Annex 1 shows the enabling actors and stakeholders for growth in the field of WE4F.

Annex 2 shows list of incubators and accelerators for growth related to WE4F.

Annex 3 contains the tax profile for Egypt and incentives and initiatives for growth for SMEs.

5. Opportunities and Challenges in WEF nexus

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<tr>
<th>Opportunities</th>
<th>Challenges</th>
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<td>Egypt has the largest agriculture workforce in the region, benefiting from access to skilled workers and highly competitive wages.</td>
<td>Policy and Regulatory</td>
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</table>

28 Egyptian law for developing SMEs No 152 for the year 2020
29 MSMEs Development Agency Website, msme.eg
**Several Mega Agricultural projects** financed by the government for new agricultural land and expansion like in 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 of reclaimed agricultural land.
- Due to a continuation of the GDP growth, a gradual improvement in the business environment, and strong market fundamentals, Egypt presents itself as one of MENA’s most attractive markets for investors. Thus, in 2021, it came third as the biggest recipient of foreign direct investment in Africa and the MENA region with more than US$5.1bn.

- Egypt has also improved in terms of:
  - Strengthening the rights of minority investors,
  - Streamlining business registration processes,
  - Making it easier for businesses to import and export goods
- 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.
- Egypt’s free-trade deal with Mercosur which is a group of countries major agricultural exporters such as Brazil and Argentina.
- Location Straddling Africa and Asia, situated on the Mediterranean, and midway between East and West. Egypt is ideally located for exporting agricultural products to all major consumer markets.

- 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.

**Supply**

- 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.

**Competition**

- Fertilizer subsidies encourages overuse and affects yields
- Interdiction for farmers to sell wheat to private sector
- State Operated Enterprises (SOEs) pose a risk of unequal access to inputs and a lack of competitive neutrality for the private sector

**Demand**

- Inadequate infrastructure capacity and logistics services

**Production**

- Operating below capacity
- High losses, water & energy consumptions
- Gaps in regulations/legislations
- 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

**Labor force**

- 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

**Finance**

- 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
### Annex 1: Enabling Actors/Stakeholders for Growth Related WE4F

<table>
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<tr>
<th>Sector</th>
<th>Name</th>
<th>Relevance to WE4F</th>
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<tr>
<td><strong>NGOs/CSOs or Policy Advocacy Groups</strong></td>
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| Food         | Knowledge Economy Foundation (KEF)                                   | • Aims to promote more sustainable supply chain and a more informative link between farmers and wholesaler.
|              |                                                                     | • Supports farmers with technological advancements in agriculture              |
| Food         | Nawaya                                                              | • Creates a business link between the farmers’ communities and the consumers
|              |                                                                     | • Promotes sustainable food systems                                              |
|              | 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 | USAID                    | Grand challenges focused on the nexus                                             |
| 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Support</th>
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| 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 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  
- energy efficiency and environment |
| AUC Venture and Innovation labs | - Startup 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 Mahrousaa 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 |
Annex 3: Tax Profile & Incentives for SMEs

- The Egyptian tax system is composed of two types of taxes: Direct taxes and Indirect taxes.
- Direct Taxes: Agricultural Land Tax, Real Estate Tax and Income Tax.
- 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

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.

<table>
<thead>
<tr>
<th>Consumption Taxes (As Value-Added Tax)</th>
<th>14%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Income Tax rate</td>
<td>22.5%</td>
</tr>
<tr>
<td>Dividends Tax</td>
<td>10%</td>
</tr>
<tr>
<td>Capital Gains Tax</td>
<td>10%</td>
</tr>
<tr>
<td>Property Tax (of the annual rental value)</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Income tax:

<table>
<thead>
<tr>
<th>Bracket</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>First bracket: Up to 8,000 ($449)</td>
<td>Exempted</td>
</tr>
<tr>
<td>Second bracket: More than 8,000 ($449), up to 30,000 ($1,682)</td>
<td>10%</td>
</tr>
<tr>
<td>Third bracket: More than 30,000 ($1,682), up to 45,000 ($2,523)</td>
<td>15%</td>
</tr>
<tr>
<td>Fourth bracket: More than 45,000 ($2,523), up to 200,000 ($11,213)</td>
<td>20%</td>
</tr>
<tr>
<td>Fifth bracket: More than 200,000 ($11,213)</td>
<td>22.5%</td>
</tr>
</tbody>
</table>

- 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 4-year Industrial Development Strategy of 2016; legislation to promote public procurements through...
SMEs; 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 per cent of the portfolio; the industrial zones; the Innovation Centre of Cairo’s Smart Village; and numerous business angels, such as Cairo Angels.

- Existing initiatives and programs:
  - Green Efficiency Financing Facility available at: www.ebrdgeff.com/egypt
  - Central Bank of Egypt initiative (loans with 5% interest rate).
  - WFP environmental and economic empowerment projects funded from the Green Climate Fund.
  - UNIDO 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.

### Annex 4: Main Crops

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**Figure SEQ ARABIC** 1: Current Egyptian Cropping Pattern, retrieved from Sherif et al., 2017

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**Table: Export Potential (US$ million)**

<table>
<thead>
<tr>
<th>Product</th>
<th>Actual Exports</th>
<th>Untapped Export Potential (% of Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruits</td>
<td>3.0</td>
<td>60%</td>
</tr>
<tr>
<td>Other Food Products</td>
<td>1.8</td>
<td>67%</td>
</tr>
<tr>
<td>Vegetables</td>
<td>1.6</td>
<td>57%</td>
</tr>
<tr>
<td>Sugar</td>
<td>0.7</td>
<td>69%</td>
</tr>
<tr>
<td>Dairy Products</td>
<td>0.6</td>
<td>65%</td>
</tr>
<tr>
<td>Fish and Shellfish</td>
<td>0.1</td>
<td>64%</td>
</tr>
<tr>
<td>Fish Products Processed</td>
<td>0.0</td>
<td>47%</td>
</tr>
</tbody>
</table>

Figure 2: EXPORT POTENTIAL OF EGYPT’S AGRI-PRODUCTS, retrieved from Creating Markets in Egypt, World Bank Report 2020.
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 Egypt

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Central Bank of Egypt. Weighted average rates are calculated as weighted average rates for a sample of banks whose deposits represent around 80% of total deposits of the banking system and calculated on a monthly basis.
Figure 4: Official Exchange Rates from USD to EGP, source: Central Bank of Egypt

Figure 5: Employment in agriculture, source: World Bank