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World Bank president praises Egypt's reform program

President of the World Bank Group Jim Yong Kim lauded Egypt's economic and social reform program as well as its success in investing in human capital.

Egypt succeeded in slashing energy subsidies to help investments be directed to human capital in a more comprehensive way, Kim said during the opening session of the 2018 Annual Meetings of the International Monetary Fund and World Bank, held in Indonesia's Bali city.

During the session, attended by Minister of Investment and International Cooperation Sahar Nasr and Minister of Finance Mohamed Maait, Kim reviewed success stories of Egypt, Peru, Poland and Ethiopia.

The World Bank helped Egypt lure foreign investments from the private sector in the field of new and renewable energy, which led to an annual \$14 billion increase in financial space for the Egyptian government, Kim revealed.

He also noted that Cairo has been comprehensively transformed with regard to developing health, education and sanitation projects.

IMF official: Egypt's economic reform program enables it to face pressures on emerging markets

Director of the Middle East and Central Asia Department at the International Monetary Fund (IMF) Jihad Azour said that Egypt's economic reform program, launched by the government by the end of 2016, enabled it to face mounting pressures on emerging markets.



In statements to MENA, the IMF official said that Egypt's economic reform program led to a decline in the inflation rates, a notable improvement in the growth indices that exceed 5 percent, a decrease in the unemployment rates.

The program helped Egypt to restore its status on the investment map as a result of the increased capital inflows, he said.

Azour also praised the economic reforms that have been implemented so far by the Egyptian government and enabled the Central Bank of Egypt to cope with pressures on international markets, particularly emerging markets.

This came on the sidelines of the annual meetings of the World Bank and the International Monetary Fund, currently held in Bali, Indonesia.

Egyptian economy now draws attention of foreign investors

Egyptian economy is now the focus of foreign investors, especially investment banks, in light of the successful economic reform program the government began to carry out and the restructure of State assets, The Financial Times newspaper reported.

Egypt, as the Arab world's most populous country, recovers from years of economic instability and begins its own major reform drive, says Georges Elhedery, HSBC's Middle East and north Africa chief executive.

"We've been there through thick and thin. We've always had a long-term positive view of Egypt, and as the economy rebounds we are optimistic about the next few years." he said.



Elhedery is not alone in his optimism. The early reforms demanded by the IMF as part of the bailout - including cutting subsidies and removing controls on the Egyptian pound - pushed inflation above 30 per cent.

Karim Tannir, JPMorgan's head of investment banking for Middle East and north Africa, says he sees "a lot of potential in Egypt", adding: "The country is embarking on several reform initiatives, including privatization which we expect to be an important theme in the coming years."

The government plans to offload stakes in 23 different state companies over the next two years, with the first two set to take place in October.

Mohamed Ebeid, co-chief executive of investment banking at EFG Hermes, the regional investment bank, says: "It's a good sign because this push from different international banks and entities increases the potential of foreign investor participation in the market."

Julien Faye, head of financial services for Middle East and north Africa at Bain, the consultancy, says there is "a definite window of opportunity" in Egypt, pointing to planned infrastructure projects and natural gas discoveries that have already attracted overseas investment.

However, many international groups stand to miss out on one key area of banking growth in the country. While the short-term prizes on offer for corporate and investment banks are not expected to be as large as in Saudi Arabia, Egypt's large population also creates opportunities in retail banking, according to Mr. Faye.

"There's a strong push from the central bank and government to really modernize the sector. A huge part of the population is



unbanked and reliant on cash, so there's a big push to give new shape to the sector.”

IRENA: Egypt could meet more than 50% of its electricity demand with renewable energy

Egypt has the potential to generate up to 53 per cent of its electricity from renewable sources by 2030, according to a new report by the International Renewable Energy Agency (IRENA).

The Egypt Renewable Energy Outlook report, released at a high-level conference in Cairo today in the presence of Egyptian government officials and regional decision makers, finds that pursuing higher shares of renewable energy could reduce the country's energy bill by up to USD 900 million annually in 2030.

Renewables could cost-effectively provide up to a quarter of Egypt's total final energy supply in 2030, per the analysis. Achieving the higher targets would, however, require investment in renewables to grow from USD 2.5 billion per year based on today's policies to USD 6.5 billion per year. Under current plans, Egypt aims to source 20 per cent of its electricity from renewables by 2022, rising to 42 per cent by 2035. Total installed capacity of renewables in the country today amounts to 3.7 gigawatts (GW).

“This analysis offers the Egyptian energy sector a roadmap, building on current ambitions and plans, to enhance our position as an energy hub connecting Europe, Asia and Africa,” said H.E. Dr. Mohamed Shaker, Egyptian Minister of Electricity and Renewable Energy. “Job creation, economic development and the growth of local manufacturing capabilities are at the heart of our renewables programme, and with the support of IRENA we can pursue our plans to grow the country's installed capacity base through smart policies, and the latest renewable technologies.”

Egypt can draw on an abundance of renewable energy resources to achieve higher shares of hydropower, wind, solar and biomass. To



capitalise on this, the report suggests that national policy makers may benefit from periodically re-evaluating the long-term energy strategy to reflect rapid advances in renewable energy technology and falling renewable power generation costs.

“Remarkable cost reductions in renewable energy in recent years are encouraging governments all over the world to rethink energy strategies so as to better reflect the new economics of renewables,” said Mr. Adnan Z. Amin, IRENA Director-General.

“Egypt’s renewable energy potential is vast and the Government has now moved decisively to accelerate its deployment. The Benban solar complex with its impressive scale reflects this new momentum.”

“Building on these achievements, Egypt has the opportunity to further raise its ambition which entails substantially increased investments,” continued Mr. Amin. “Attracting these investments requires stable policy frameworks and a streamlined regulatory environment that provides clarity and certainty for investors. Investments in renewable energy not only help to meet rising energy demand but they can also contribute to fostering economic growth, creating employment and developing local manufacturing.”

The report was prepared by IRENA in close collaboration with Egypt’s Ministry of Electricity and Renewable Energy, and the New and Renewable Energy Authority.

CBE: Egypt's foreign reserves rise to USD 44.495 billion at end of September

Egypt’s foreign currency reserves spiked by dls 40 million to reach dls 44.459 billion at the end of September, up from 44.419 billion in August, the Central Bank of Egypt (CBE) announced.



COMESA: Egypt ranks first as investment-magnet African country

Egypt ranks the first among African countries in 2017 in terms of attracting Foreign direct investments, said CEO of COMESA Regional Investment Agency (RIA) Heba Salama.

In 2017, foreign direct investments in Egypt were estimated at 7.4 billion dollars to be followed by Ethiopia, she added.

Salama told African Business Magazine that Egypt took the lion share of foreign direct investments coming to the African continent in 2017 with a share representing 42 percent of total investment inflows to Africa.

Meanwhile, she made clear that foreign direct investments declined in world states from 1.87 to 1.43 trillion dollars in 2017 and consequently they went down in the African continent to 42 billion dollars.

She lauded the Free Trade Area agreement signed among African states, saying it helped providing more opportunities for investments, facilitating the movement of citizens and increasing inter-Africa trade.

Egypt, WB sign \$300mn deal on upgrading infrastructure

Egypt signed an agreement with the World Bank to back infrastructure at cost of 300 million dollars through proceeding with the "Sustainable Rural Sanitation Services Program".

The agreement was inked by Egyptian Minister of Investment Sahar Nasr and World Bank Group Vice President for Middle East and North Africa Ferid Belhaj, on the sidelines of the annual meetings of the World Bank and the International Monetary Fund, currently held in Bali, Indonesia.



Nasr said that the deal falls within the framework of the government's efforts to improve the infrastructure in rural areas and most-needy governorates in addition to enhancing social protection networks for the poor and limited-income brackets.

The project aims to complete providing 892,000 citizens in the most needy governorates with sanitation services, Nasr said, noting that Sharqia, Dakahlia, Damietta, Gharbia and Monufia are covered by the project.

Nasr pointed out that about 818,000 citizens have already benefited from the project's first phase, bringing the total number of those benefiting from it to 1.7 million.

The original \$550 million program was launched in 2015 in support of the government's National Rural Sanitation Program, Nasr said.

Nasr underscored that investing in the human capital tops the government's priorities.

Belhaj said that the bank's decision to invest in the Egyptian human capital comes as a result of the reforms that Cairo has implemented with the aim of achieving comprehensive leap in health care and education services as well as improving social protection programs.