Responding to the Coronavirus Crisis
Update on Egypt (04/05/20)

Key short-term priorities
Improve private investment; advance structural and fiscal reforms to preserve macro stability; implement National Water Resources Plan

EBRD Policy Comparator

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Economic channels of disruption
Tourism, travel, global value chains, trade, FDI
- Slowdown in tourism and in demand from trading partners, decline in Suez Canal revenue because of disruptions in global value chains and trade, sudden-stop of global FDI, reduced worker remittances, and net capital outflows will all negatively affect growth.
- Slowdown in domestic activities as people are asked to stay home (two-week night-time curfew introduced on 24 March).

Selected crisis impact indicators

- **EBRD GDP growth outlook (April 2020)**
  - FY 2020: modest growth
  - FY 2021: robust growth
- **Purchasing Managers Index (March 2020)**
  - 44.2 (down 2.9 points m/m)
- **Egypt stock market (EGX30) (May 03 2020)**
  - 10,107 (down 28% YTD)

Crisis response measures to date
Sectoral support, energy prices and interest cuts
- Launch a platform for businesses and individuals to donate to day labourers.
- Support to airlines: an EGP 2-3bn bailout in the form of a loan at a preferential interest rate of 8% and a $0.10/gallon discount on fuel when air traffic resumes.
- Fast-track the release of overdue payments to contractors to pay workers and spur construction work on national projects.
- Provide temporary 6-month operating licenses for new and existing businesses in investment zones, especially those focused on medical supplies and food commodities, and grant a 3-month grace period for insurance payments
- Stimulus package of $6.4bn (EGP100bn), including EGP50bn for the tourism sector
- Increase subsidy pay-out for exporters; increase credit limits of local banks with foreign banks to maintain the imports of strategic goods and local investment; increase limit for electronic payments via mobile phones; a new debt relief initiative

Selected crisis response indicators

- **Payment holidays for loans (months)**
  - 6 months
- EU: redirect up to €89mn to support the immediate needs of the public health system
- World Bank: US$ 7.9 million under the Contingency Emergency Response Component (CERC) of the “Transforming Egypt’s Healthcare System Project

Committed external assistance

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To learn more about EBRD’s support to Egypt visit: [https://www.ebrd.com/egypt.html](https://www.ebrd.com/egypt.html)

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