

**Research Note**  
**Impacts of COVID-19 Pandemic on Egypt's Economy**  
**March 2020**

With reported cases in more than 176 countries and 100+ countries confirming community transmission as of March 26, the COVID-19 pandemic has already severely impacted the global economy. Governments, businesses, households, financial markets and economic sectors have been hit hard by mass disruptions, high levels of uncertainty and the exponential spread of the coronavirus. The performance of financial markets and most other economic sectors fell accordingly. GDP forecasts have been significantly revised downwards, even after major economies deployed major stimulus packages to avoid a recession. According to the United Nations Conference on Trade and Development (UNCTAD), the COVID-19 shock is estimated to potentially depress global annual growth in 2020 to below 2.5% — the recessionary threshold for the world economy — from previous estimates of 3.4%.<sup>1</sup> UNCTAD also forecasts global foreign direct investment (FDI) levels may hit their lowest levels since the 2008-09 global financial crisis if the pandemic continues throughout the year, possibly shrinking by up to 35%.<sup>2</sup> Given their heavy reliance on FDI, the automotive, aviation and energy sectors could see the biggest FDI outflows. Before the pandemic, UNCTAD had projected global FDI would grow 5% through 2020-2021.

On the back of the supply chain disruptions and slowdown in manufacturing, companies worldwide have lowered their earnings forecasts for 2020 by an average of 9%, which UNCTAD estimates could lead to a USD 50 billion decline in exports across global value chains. The ripple effects will reach all sectors including agriculture, machinery, automotive and communications equipment. Among the most affected economies are the European Union, with an estimated USD 15.6 billion in trade losses, followed by the United States (USD 5.8 billion), Japan (USD 5.2 billion), Korea (USD 3.8 billion), Taiwan (US 2.6 billion) and Vietnam (USD 2.3 billion) as of mid-March.<sup>3</sup>

**Egypt's Exposure to COVID-19**

Egypt reported its first case of COVID-19 on March 8, when a 60-year old German tourist tested positive. As of March 30, the Ministry of Health has reported 609 confirmed cases of COVID-19, of which 132 patients have recovered and 40 died of the disease.

As reports about the coronavirus' severity hit global media, February saw delays in Chinese imports at Egyptian ports, but companies listed on the Egyptian Exchange (EGX) filed disclosures claiming their businesses wouldn't be impacted by the outbreak. Tourism officials also first believed there would be a minimal impact on inbound tourism. However, as the number of confirmed COVID-19 cases increase locally and more so globally, the coronavirus is impacting Egypt's economy on numerous fronts.

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<sup>1</sup> United Nations Conference on Trade and Development (UNCTAD). Trade and Development Report Update. March 2020

<sup>2</sup> United Nations Conference on Trade and Development (UNCTAD). Investment Trends Monitor (revised analysis). March 2020

<sup>3</sup> United Nations Conference on Trade and Development (UNCTAD). Trade and Development Report Update. March 2020

According to Fitch Ratings, solid international reserves and the government's fiscal reforms will support Egypt's credit position, but the outbreak will significantly impact GDP growth, external financial accounts and foreign currency liquidity.<sup>4</sup> Pointing to USD 45.5 billion in international reserves and USD 7 billion in foreign currency deposits, Fitch predicts Egypt can slow capital outflows over the short run, but warns reserves may rapidly erode if outflows persist. Renaissance Capital also sees a risk on overall private consumption, which accounts for 80% of nominal GDP, as the country shuts down to curb the spread of the virus. The local investment bank sees 30% of Egypt's nominal GDP being threatened by COVID-19 and forecasts GDP growth may contract to 1.3% by year's end.

### **Measures Taken to Mitigate Impact**

As of March 26, Egypt's government has taken a number of measures to contain the outbreak's effects on the economy, which has made giant strides over the past few years.

#### ***Fiscal policy***

Similar to other nations, Egypt's government rolled out a full-fledged stimulus package worth at least EGP 100 billion to absorb the shocks of the pandemic. Fiscal measures to support the economy and the financial market include:

- **Lowering the price of electricity** for industrial use by 10 piasters per kilowatt hour (kWh) for the medium, high and ultra-high usage tiers, and freezing rates for the next 3-5 years. Government sources estimate these electricity price cuts could cost around EGP 6 billion alone.
- **Relaxing real estate tax payment settlements** for industrial and tourism companies by giving them a three-month tax break. Companies will also be allowed to settle existing real estate tax liabilities in monthly installments until September 2020.
- **Reducing the stamp tax on EGX transactions** to 0.125% (from 0.15%) for foreign investors and 0.05% (down from 0.15%) for local investors. All spot transactions on the EGX will also be exempt from the stamp tax.
- **Postponing the capital gains tax** on stock market transactions until January 1, 2022, and permanently exempting foreign investors from the duty.
- **Cutting tax on dividends** by 50%: investors will now pay a withholding tax of 5% (down from 10%) on dividend payouts from listed companies.
- **Fast-tracking payouts from the Export Subsidy Fund**, which will see EGP 1 billion in arrears fully paid out by April's end and 10% in cash payments for new obligations during June.
- **Expanding the Social Security and Pension Act's realm** by disbursing EGP 27.6 billion in funds to 2.4 million families, encompassing a total 10 million beneficiaries, as well as raising pensions by 14% starting 2021.
- **Providing one-time stipends of EGP 500 for seasonal workers** who register online with the Ministry of Manpower; around 130,000 workers were registered as of March 25.
- **Extending the suspension of tax on agricultural land** for two more years.
- **Extending the deadline for personal tax filings until mid-April** and waiving e-payment fees for online payments. The Tax Authority is looking into postponing the filing deadline for auditors and businesses, specifically SMEs.

#### ***Monetary policy***

Along with 39 other central banks around the world, the Central Bank of Egypt (CBE)'s Monetary Policy Committee (MPC) slashed interest rates, cutting the benchmark rates by 300 basis points (bps) at an emergency meeting on March 16. The overnight deposit and lending rates now stand at 9.25% and

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<sup>4</sup> Fitch Ratings. Non-Rating Action Commentary. March 23, 2020

10.25%, respectively. While high interest rates have been among the CBE's strategies to draw in foreign liquidity, the latest cuts are meant to encourage industrial sector growth and capital expenditure lending, help shrink the budget deficit (given the new expansionary fiscal measures) and stimulate foreign investments on the stock market. The rate cut is expected to lead to a rise in inflation, starting with April's figures, especially as Ramadan approaches, which typically sees higher household spending activity. Other expansionary measures include:

- **Postponing all bank loan payments for businesses and retail clients for a six-month period**, including SMEs, corporations and individual borrowers.
- **Launching a debt relief initiative for individual borrowers** where marginal interest on debt under EGP 1 million will be waived for borrowers at risk of default. Eligible customers will have to pay 50% the original debt up front and arrange a payment plan with their creditor bank; they will then be removed from the CBE and i-Score's blacklist and have restrictions on their assets lifted. The Financial Regulatory Authority (FRA) has allowed mortgage finance, factoring and leasing companies to also give their clients a six-month period to repay debts.
- **Cutting discount rates for three CBE financing initiatives** — the factories, mortgages and tourism finance programs— to 8%, in accordance with the MPC's decision.
  - The factories initiative allocates EGP 100 billion for medium-sized factories to access subsidized loans at 10% interest.
  - The mortgage initiative allocates EGP 50 billion for mortgages with interest rates of 10% for middle-income households. (This is a follow-on program of the CBE's EGP 10 billion initiative that ran from 2014 to 2019.)
  - The tourism initiative allocates EGP 50 billion for tourism companies to pay down their debts at subsidized interest rates of 10%.
- **Extending EGP 50 billion in financing for middle-income housing**, to be disbursed through local banks.
- **Relaxing credit card limits, ATM and point-of-sale transaction fees and commissions** in a bid to improve businesses' access to working capital and streamline consumers' access to credit. The daily limit on electronic payments increased to EGP 30,000 for individuals and EGP 40,000 for companies; monthly limits are now EGP 100,000 for individuals and EGP 200,000 for companies.
- **Adjusting ATM withdrawal limits** to minimize traffic at machines, decrease M2 liquidity and manage inflation. After initially raising the daily limit to EGP 30,000 for individuals, the CBE later reduced the individual daily limit on withdrawals and deposits to EGP 5,000 (compared to the original daily withdrawal limit of EGP 8,000).
- **Launching a debt relief program** for farmers and ranchers, with loan repayments postponed until September 2020.
- **Providing two-year soft loans to tourism companies** to pay wages, commitments to suppliers, and maintenance as part of the EGP 50 billion tourism initiative launched in 2019. Hotels, tour operators, restaurants and tourism transport companies can also access loans with a tenor of two years and a six-month grace period at an interest rate of 8%.
- **Offering one-year, EGP-denominated certificates with 15% yield** via public sector banks to discourage dollarization.

## Macroeconomic Impacts

### *Foreign Exchange Earners*

#### 1. *Remittances*

According to the World Bank, Egypt is the fifth largest recipient of remittances after India (USD 82.2 billion), China (USD 70 billion), Mexico (USD 38.7 billion) and the Philippines (USD 34 billion).<sup>5</sup>

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<sup>5</sup> World Bank. Migration Data Portal

Expatriate worker remittances are Egypt’s biggest source of hard currency, bringing in USD 27 billion annually from about 5 million expats (2019), and accounting for about 30% of foreign currency revenues. Most of these funds are transferred from Egyptian expats in the Gulf countries; should those employers scale back on projects and/or lay off employees, we may see household purchasing power in Egypt weaken – especially for families reliant on transfers from abroad. This may also weigh on the Egyptian pound’s value, which has already began sliding since the outbreak.

In a March 2020 study, the Egyptian Center for Economic Studies (ECES) assessed COVID-19’s potential impact on remittances for three scenarios based on the magnitude of the outbreak’s impact on the economy.<sup>6</sup> The ECES predicts the decline in remittances would grow Egypt’s unemployment and inflation rates as well as lower GDP growth.

|                            | <b>Magnitude of impact</b> | <b>Forecasted decline in remittances (FY 2019/20)</b> | <b>Forecasted decline in remittances (FY 2020/21)</b> |
|----------------------------|----------------------------|---|---|
| <b>Best-case scenario</b>  | Low                        | 10%<br>(USD 2.6 billion)                              | 8%<br>(USD 1.8 billion)                               |
| <b>Moderate scenario</b>   | Moderate                   | 12.5%<br>(USD 3.2 billion)                            | 13.5%<br>(USD 3.0 billion)                            |
| <b>Worst-case scenario</b> | Major                      | 15%<br>(USD 3.8 billion)                              | 15+%<br>(USD 3.3+ billion)                            |

*Source: The Egyptian Center for Economic Studies (ECES)*

## 2. Tourism receipts

After recovering from post-2011 events, the tourism sector is Egypt’s second highest source of foreign currency, accounting for over 50% of service receipts in FY 2018/19. The sectors that has already been significantly impacted by the pandemic. On March 15, the government suspended all air traffic (excluding cargo) into and out of Egypt until April 15, which could be extended. Experts estimate the travel suspension, which went into effect on March 19, could cost the aviation sector north of EGP 2.25 billion in losses by March’s end. The government has also halted domestic tourism in the Red Sea and South Sinai areas, ordered the evacuation of tourists from hotels and locked down workers for a 14-day quarantine period. According to the Egyptian Travel Agents Association, new bookings were down 70-80% over the next nine months and occupancy rates at hotels have plummeted. According to the Minister of Antiquities and Tourism, the lockdown could result in monthly losses of USD 1 billion to the tourism industry, and even more if hospitality is accounted for. Goldman Sachs’ senior economist Farouk Soussa estimates a 50% drop in tourists by Q2 2020’s end, which could bring down Egypt’s GDP growth to 2% in FY 2019/20 (compared to the government’s projection of 6%). The EGP-USD exchange rate is also expected to increase due to reduced inbound tourism.

Tourism companies, many of which were still trying to recover from post-2011 effects, are now struggling with cancelled reservations, cash flow shortages and outstanding debts. The CBE’s financing and debt-relief programs are expected to soften the blow for the industry.

## 3. Suez Canal

With the crisis hitting global trade hard, international trade corridors are already seeing notable decreases in traffic and revenues. Egypt’s Suez Canal, which drew in USD 5.7 billion during FY 2018/19, is also expected to see some drops. In February, the number of container ships passing through the canal fell by 7.3%, while the number of passenger and cargo ships decreased 22.2% and 1.3%, respectively.<sup>7</sup> Fewer ships transiting the canal means fewer tolls paid, which may further

<sup>6</sup> The Egyptian Center for Economic Studies (ECES). Views on the Crisis: Impact on Remittances from Egyptians Abroad. March 2020

<sup>7</sup> Suez Canal Authority

constrict Egypt's foreign currency liquidity, add to its current account deficit and negatively affect the EGP-USD exchange rate.

#### 4. *Portfolio investment*

Emerging market (EM) debt and equity outflows have hit USD 78 bn in the two months since the global COVID-19 crisis started in January, with investors rushing to invest in safe-haven assets.<sup>8</sup> According to the International Institute of Finance, EM outflows recorded during January and February are more than triple the amount seen in the three months following the beginning of the 2008-09 global financial crisis. This may pose a major risk to Egypt's international investment position given its "vulnerability to a lasting and sharp tightening in financing conditions," says a March 2020 Moody's report.<sup>9</sup>

According to the Ministry of Finance, Egypt's capital flight since mid-February amounts to USD 2-2.5 billion as of mid-March, with USD 24 billion in outstanding foreign holdings of treasury debt. Demand for new debt offerings is low, as investors look for higher yields amid concerns on Egypt's exposure to the COVID-19 outbreak. Even after hiking yields by an average 80 bps on March 16, the CBE sold only 30% of its total offerings at its March auction.

When interest rates were slashed, many predicted the sell-off of Egyptian debt will continue. However, a number of analysts believe foreign holdings of T-bills may not significantly decrease as inflation eases, ensuring real returns remain attractive. According to local investment bank HC Securities' Vice President of Research, as the interbank market moderately picks up the slack, yields will remain attractive, offering a 0.95% real interest rate (accounting for the 3% rate reduction and HC's forecast for 9% inflation through 2020) compared to 0% for Turkey.

#### ***Re-emergence of a Parallel market***

With the strain on Egypt's foreign currency receipts, there could be a risk of a reemerging parallel market that the EGP float dissolved in November 2016. According to a Naeem Brokerage research note, banks and exchange bureaus were offering EGP 15.75 to the USD in March's third week, while unofficial trades saw the dollar sold at EGP 16.10-16.15.<sup>10</sup> A resurgent parallel market could impact remittance inflows as expats look to convert their earnings at higher rates for their families. According to Naeem's note, "banks have begun rationing their [foreign currency] inventories (prioritizing on the imports of necessities) [and] adjusting to the drop in inflows from tourism and hot money outflows... With interbank (foreign exchange) liquidity expected to dry up further in the coming months, we expect the CBE to intermittently plug the deficit by selling USD to the banks."

The CBE is working to limit dollarization by cutting bank interest on USD deposits to 1% above the London interbank rate (LIBOR), down from 1.5%. A number of banks, including Banque Misr and the National Bank of Egypt (NBE), have reduced the returns on their USD-backed saving certificates to encourage investors to park savings in EGP-backed instruments.

#### ***Foreign Trade***

Egypt's top trading partners include the EU, the U.S., Italy, Spain, China, Turkey, UAE and Saudi Arabia, which are among the economies highly affected by COVID-19 pandemic. Trying to contain the spread of the disease, these countries have all but halted their industrial and manufacturing activity, which will have direct negative impacts on two-way trade. On the export side, experts forecast export proceeds for Egypt may decline by 25% throughout 2020 as the movement of Egypt's exports to the EU (specifically Italy) and U.S. face internal and external delays, which will also weigh on the country's

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<sup>8</sup> International Institute of Finance (IIF). Capital Flows Tracker. April 2020

<sup>9</sup> Moody's Analytics. Egypt's Interest Rate Play. March 2020

<sup>10</sup> Naeem Brokerage. March 2020

external accounts. Similarly, Egypt is likely to import lower volumes, as overseas suppliers focus on domestic markets; this will affect a number of Egypt-based manufacturers, especially in the electrical appliance, electronic devices and textiles sectors, which rely heavily on imported production inputs.

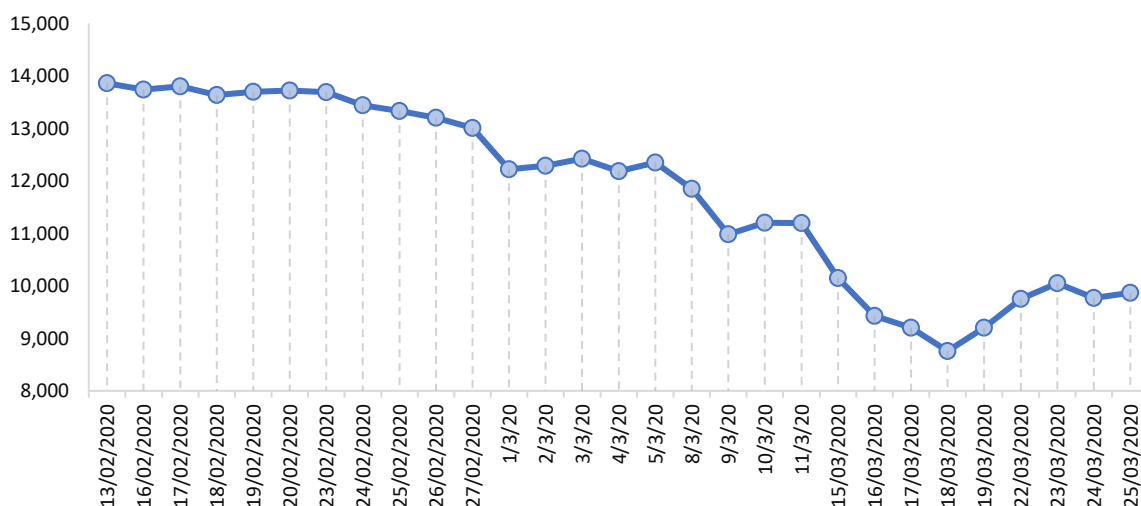
### Stock Market

The coronavirus has negatively affected all global markets, with key indices recording double-digit retractions since the beginning of February. Global equity markets saw some recovery in the third week of March after the U.S. Senate approved a USD 2.2 trillion stimulus package after weeks of negotiations. European indices also began recovering on the back of talks among leaders of a EU zone recovery package.

The EGX began feeling the full effects of the global turbulence in the first week of March, erasing all the gains it made since the beginning of 2020. On March 1, it suffered its largest one-day trading loss since 2012 with the benchmark EGX 30 tumbling north of 6%, triggering the circuit breaker to pause trading for the first time since September 2019 (when a brief weekend of protests sparked uncertainty). To date, circuit breakers have been triggered five times this month, and as of March 19, the EGX 30 was the MENA region’s worst performing index, plunging by about 22% between March 15 and 19, and by 37% since the beginning of the year. In a bid to support falling shares, a number of companies are filed for buybacks of treasury stocks, including Palm Hills Developments, GB Auto, Orascom Development Egypt, Madinet Nasr Housing & Development, Eastern Company and Sidi Kerir Petrochemicals Company (SIDPEC), among others.

Following the significant losses, state-owned NBE and Banque Misr injected a combined EGP 3 billion in the market on March 19. The CBE followed on March 23, buying EGP 20 billion worth of equities — about 5% of the EGX 100’s market capitalization — to support asset prices amid uncontained market volatility. The market reacted positively to the intervention, reverting its downward trend for three consecutive sessions. The EGX 30 joined the ranks of the world’s best-performing indices in the third week of March, climbing 14% from March 19’s three-year low, boosted by the Financial Regulatory Authority’s suspension of EGX circuit breakers for upward moves. Following the government’s announcement of a partial curfew, however, the EGX closed in the red on March 24, down 2.8%.

**Benchmark Index -EGX30- Movements**



Source: EGX

The state’s IPO program has been officially put on hold until global equity markets stabilize. According to the Ministry of Public Enterprise Sector, the government will disclose its new plans for the program in May 2020.

## **Employment**

For corporate environments, a number of employers have reported layoffs and unpaid mandatory leaves due to a severe shortage in cash flows, especially among smaller companies.

On March 15, the **government** issued a decree to reduce the number of civil servants at government offices during working hours for 15 days. The decree also stipulated:

- Exemptions for vital employees in the fields of transportation, hospitals, ambulances, sanitation services and electricity;
- Granting exceptional leaves for employees with chronic illnesses, pregnant employees and those caring for children younger than 12;
- Granting employees who had recently returned from abroad a 15-day paid leave (or permission to telework) from their return date.

Starting March 21, the army's chemical warfare units have been deployed to deep clean and disinfect parts of Cairo.

On March 24, the Prime Minister extended the decree for an additional 15 days (until April 15) and suspended all in-person government-to-citizen services; some services are available through digital portals. In the same announcement, the Prime Minister:

- Extended the curfew on malls, restaurants, cafes and other recreational outlets from 5 p.m. to 6 a.m. (excluding supermarkets, bakeries, pharmacies and home delivery services);
- Imposed a curfew on citizens from 7 p.m. to 6 a.m.; and
- Suspended all public and private mass transportation nodes during the curfew.

**Local businesses and multinationals** are adopting new policies to preserve their staffs' health and welfare while maintaining operations at minimal losses. These include teleworking, reduced staffing on premises and paid sick leave. Companies that need workers physically present, such as factories and other production-oriented businesses, are implementing social distancing strategies by reducing shift hours and work weeks, reducing the number of shifts, and replacing onsite meal services with cash stipends. Following the PM's curfew extensions, output at production facilities across different sectors may be severely impacted.

Other corporate measures include:

- Suspension of fingerprint biometric attendance
- Closing onsite food outlets and banning external delivery services
- Banning external visitors and meetings
- Rescheduling in-person meetings, training, etc. or resorting to digital alternatives

Mobile network operators, banks and other businesses with front-end services are directing clients to online services and limiting the number of clients allowed in branches to 1-4 people at a time. These include F&B outlets, grocery stores, pharmacies and other retail stores. Banks have reduced their business hours and the EGX has shortened its trading day.

## **Impacts on Key Sectors**

### **FMCG and Other Commerce**

*Impact:* The pandemic has spurred excessive demand for food commodities amid consumer fears of being unable to access stores. This has predictably translated into stock reductions in mass grocery outlets also impacting businesses in the fast-moving consumer goods (FMCG,) retail and other commercial sectors. Manufacturers have been operating at less than full capacity in their plants, which impacts retail outlet stocks and shelf availability as well as prices. Businesses that import production inputs have been hit by shipment delays, also reflecting on final product availability and retail outlet shelves.

#### *Measures taken:*

- To mitigate the impact on the supply of goods and production as a result of the curfew, the government has announced that targeted support to private businesses through sector-specific measures is in the works.
- The government has also reduced the price of natural gas for industry to USD 4.5 per million British thermal unit (mmbtu) to stimulate production. This translates into a 25% price cut for cement companies that were paying USD 6.00 per mmbtu, and an 18% cut for metallurgy and ceramic manufacturers (which were paying USD 5.50 per mmbtu).

#### ***Healthcare & Pharmaceuticals***

*Impact:* According to the United Nations Economic Commission for Africa, global health spending will increase to up to USD 10.6 billion as a result of the virus outbreak.<sup>11</sup> Soaring demand for surgical masks, disinfectants, ethyl alcohol and ethanol in Egypt has resulted in significant price increases and dwindling supplies.

#### *Measures taken:*

- The PM's March 24 decree exempts hospital and medical facilities from the partial curfew.
- The Ministry of Trade and Industry has banned exports of surgical masks, disinfectants and medical alcohol for three months to ensure that Egypt has enough supply to cover local needs.
- In addition to its network of 21 ministry and university hospital laboratories, the Ministry of Health is looking into having other major hospitals conduct the PCR test used to diagnose COVID-19. Should the number of cases exceed 1,000, the ministry would consider converting schools into medical facilities dedicated to COVID-19 patients.
- The government plans to dedicate 69% of its investments in FY 2020/21 to healthcare and increase the number of beds in government hospitals' intensive care units.
- With other national health ministries and the World Health Organization, Egypt's health ministry is cooperating with Facebook on an initiative to spread awareness about the risks of COVID-19.

#### ***Petroleum and Mineral Resources***

*Impact:* The pandemic has led to a decline in global demand for energy despite the decrease in both oil and natural gas prices. In light of the Saudi-Russia oil war triggered by the COVID-19's spread, oil markets have been significantly stifled, driving global oil and gas companies to cut back on their spending and projects.<sup>12</sup> Lower Brent crude oil prices will likely have a positive impact on Egypt's hydrocarbon bill. In FY 2018/19, Egypt's petroleum imports were at USD 12.1 billion<sup>13</sup> when oil prices were in the range of USD 60 per barrel. If oil prices remain depressed over the coming period (USD 23.5 per barrel at time of publishing), the import bill is likely to decline by half.

#### *Measures taken*

- The Ministry of Petroleum facilities have reduced their workforces, rotating employees at field and production sites in shifts to keep production at the same levels.

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<sup>11</sup> United Nations Economic Commission for Africa (UNECA). Economic Impact of the COVID-19 on Africa. March 2020

<sup>12</sup> International Energy Agency (IEA). Fuel Report. March 2020

<sup>13</sup> Central Bank of Egypt



- Due to global travel restrictions, the petroleum ministry has set up an online platform to allow foreign companies to participate in its gold exploration tender, which is accepting bids until July 15.

### **Education**

*Impact:* On March 15, schools and universities closed for a two-week period, which has been extended to April 15. A number of exams such as the International Baccalaureate (IB), SATs and the British Council's IELTS have also been cancelled or postponed until April/May. To date, the IGSCCE is the only international exam reported to be proceeding on schedule. Private universities' end-of-term exams have been cancelled, while final exams could be postponed depending on the state of affairs.

### *Measures taken*

- The government is sterilizing all educational facilities, and the **public school system's** Thanaweya Amma exams and its middle school equivalent are expected to proceed as scheduled in sterilized test rooms. Final exams for the primary and preparatory levels have been cancelled.
- The Ministry of Planning announced the higher education sector will see a 104% increase in public investments during FY 2020/21, which will be directed towards university expansions and automating and equipping university hospitals with better tools.
- **Private schools and universities** are continuing classes via YouTube, Google Classroom, Zoom, Freckle and other distance learning platforms. Some private schools are also employing other tools besides exams to assess students on their e-learning modules.

### **Entertainment, Recreation, Cultural and Sports Activities**

The government has banned all large public gatherings including cultural events and conferences, and closed venues such as cinemas, popular markets, gyms and zoos. All team and communal sports activities — including football games and competitions — have also been halted, and all sporting clubs and youth centers are closed until at least April 15. All religious institutions have suspended mosque and church services, weddings and other ceremonies.

## **International Support**

A number of international finance organizations have set up programs to help countries weather the economic shocks of the pandemic, which Egypt could tap into if necessary.

### *The European Bank for Reconstruction and Development (EBRD)*

Launched an emergency package of an EUR 1 billion to support companies in affected member countries, with the amount to be scaled up if necessary. The package will include working capital facilities of up to two years for energy developers and other corporates as well as balance sheet restructuring and short-term liquidity support for municipal, energy and infrastructure clients. On the home front, EBRD is reportedly in discussions with local banks to help businesses, specifically SMEs, who may experience a sharp decline in revenues and tightened liquidity.

### *The African Export-Import Bank (Afreximbank)*

Announced a USD 3 billion package to help manage the economic and health impacts of the crisis. It will support member states (including Egypt) and other financial institutions in meeting their commercial loan obligations and support foreign currency reserves in states' central banks.

*The International Monetary Fund*

Allocated USD 50 billion in aid to developing countries, to be directed toward emergency financing, debt relief grants for most vulnerable economies and new loans under existing standard facilities.

*The World Bank Group*

Announced a USD 14 billion package to help affected countries strengthen national health systems' disease containment, diagnosis and treatment readiness. The International Finance Corporation has received USD 8 billion out of the WBG's total to support private businesses.

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*This research note is produced by AmCham Egypt's Business Studies & Analysis Center (BSAC); the data is current as of March 30, 2020, and has been verified to the best of the publisher's ability. In addition to cited sources, analysis is based on insights from AmCham Egypt's 23 sector-based committees as well as public statements by the Central Bank of Egypt, Ministry of Finance and other Cabinet-level and government agencies.*

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