

Egypt Offers Extra Stimulus Package for Local IT Exporters

ITIDA Launches Export-IT program covering ICT export proceeds realized in 2019 and 2020

The cash incentive is an economic relief for small businesses and tech startups to boost exports and curb Covid-19 economic impact

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The Information Technology Industry Development Agency (ITIDA) has launched a new round of its annual "Export IT" program. Coping with the unmatched challenges introduced by the global pandemic COVID-19, ITIDA took an unprecedented step of granting IT export incentives on proceeds of value-added exports realized during two consecutive years, 2019 and 2020.

The step is considered the first of its kind since the launch of the Export IT program in 2010 with the aim of supporting local IT companies to develop their resources, enhance competitiveness, and reduce export overheads.

ITIDA CEO, Amr Mahfouz highlighted that the export incentive package is to encourage the local companies to boost exports, secure its position in existing markets, and increase market penetration capabilities.

Mahfouz underlined that the approved stimulus comes as part of ITIDA's relief plan to curb the economic impact of COVID-19 and ensures more aid for small businesses and local IT companies.

The program accepts local ICT companies with more than 50% of Egyptian ownership, headquartered in Egypt, and are exporting ICT services, IT-enabled services such as call center services, consultation and training services related to the IT industry. ITIDA has excluded the Egyptian IT startup companies that were founded in 2016 or later from "headquarter in Egypt" condition.

According to the program's terms and conditions, approved companies receive direct cash incentives up to 10%, and with a maximum limit of 20% of value-added exports based on the company size (micro, small, medium, or large), with a maximum amount of EGP2.5m for each company or EGP3m for companies operating in or have branches in one of the new tech parks.

The program offers additional incentives to companies exporting e-Commerce, e-Gaming, e-Health, e-Design services. Further incentives are also granted to the companies operating in new tech parks, the new entrants to the program, and the companies operating in other governorates than Cairo, Giza, and Alexandria.

In another move to encourage exports of emerging technologies such as AI, data science, and Robotic Process Automation (RPA), ITIDA announced that it exceptionally accepts medium companies with annual revenues exceed **EGP 50** million and export such services or have succeeded in penetrating new markets. Thus, these companies will get the full export support on the total value added of their exports and not only on the growth of its value-added.

Through the Export IT program, ITIDA aims to further increase the growing volume of Egyptian IT exports which recorded **USD 4.1bn** in 2020, versus USD3.6bn in 2019, up 13.

In the previous ten rounds of the program, ITIDA granted more than EGP400m of export incentives, boosting the growth of more than 200 local IT companies.

Despite the challenges imposed by pandemic in 2020, Egypt's ICT sector has managed to make strides where it achieved a growth rate of **15.2%**; the highest growing sector in the country for the second consecutive year, with revenues of EGP108bn compared to EGP93.5bn in 2018-2019. The sector's contribution to the GDP amounted to 4.4% in 2019-2020, versus 3.8% in 2018-2019.