The EU and Egypt team up to mobilise private sector investments at Investment Conference and sign a Memorandum of Understanding underpinning €1 billion in macro-financial assistance for Egypt

Brussels, 29 June 2024

At the EU-Egypt Investment Conference, co-organised by the EU and the Government of Egypt on 29-30 June, the EU and Egypt are teaming up to intensify private sector investments in Egypt. They are also signing a Memorandum of Understanding (MoU) for the disbursement to Egypt of up to €1 billion in Macro-Financial Assistance. The Investment Conference and the signature of the MoU are the first concrete deliverables of the Strategic and Comprehensive Partnership (the Partnership), signed by the EU and Egypt in March 2024, in recognition of the important geostrategic role Egypt plays as a pillar of stability in the region.

Opening the Investment Conference, European Commission President Ursula von der Leyen said: “One hundred days ago we opened a new era in the relations between Egypt and the European Union, with our strategic and comprehensive partnership. Today, we deliver. We deliver for Egyptian businesses and entrepreneurs with €1 billion in macro-financial assistance, which will incentivise the reforms that businesses and entrepreneurs in the private sector need. We deliver strategic investments that will help make Egypt a clean energy hub at the centre of the Mediterranean, crossroads. And we deliver for Egypt's youth, with a new skills programme so they succeed in the economy of the future. And this is just the beginning.”

Investment Conference

The Investment Conference is a key platform for discussion on economic reforms pursued by Egypt to improve the business environment and to attract further EU investment in key sectors. These reforms and investments are expected to drive forward the energy transition, in areas including the production of renewable hydrogen, to promote the circular economy, and to boost the pharmaceutical, medical and automotive sectors. Investments are also directed towards sustainable agriculture and food systems, water security, as well as innovation and digitalisation. The Investment Conference brings together some 1,000 participants, including EU and Member States representatives, Egyptian senior officials, international financial institutions and CEOs of European and Egyptian companies.

An important number of private investment agreements worth €40 billion are expected to be announced and signed by European and Egyptian companies at the Investment Conference, including in sectors such as renewable energy and hydrogen.

At the Conference, the EU and the Government of Egypt are signing the Green Sustainable Industry programme. The programme, supported by a €30 million EU grant that unlocks a €271 million loan by the European Investment Bank (EIB) and partner banks, will assist industry in Egypt to invest in pollution abatement, decarbonisation, energy and resource efficiency.

To boost youth employability and skills, support Egypt to address the gaps in the child protection system and to enhance manufacturing capacities and access to vaccines, medicines and health technologies, the EU and the government of Egypt are signing three Financing Agreements, worth €36 million in total, as part of bilateral cooperation programmes. A €60 million EU support package to improve grain storage in Egypt under the Food and Resilience Facility is also being signed at the Conference.

The EU and Egypt are also signing the Financing Agreement for the Interreg cooperation programme NEXT MED, which aims to foster fair, equitable and sustainable development across the Mediterranean Sea Basin and as such contributes to the EU's Agenda for the Mediterranean. With an EU contribution of €263 million, the NEXT MED is the largest EU-funded external cooperation programme in the Mediterranean Sea Basin. It brings together the coastal territories of 15 countries (7 EU and 8 partner countries), including Egypt.

Signature of Memorandum of Understanding for up to €1 billion in Macro-Financial Assistance
The up to €1 billion in Macro-Financial Assistance (MFA) is the first of two MFA operations for Egypt that is to provide a total of up to €5 billion in favourable loans to Egypt. This MFA support constitutes the large majority of the €7.4 billion in EU financial support under the Partnership.

The MFA operations will help address Egypt's external financing needs. They will also underpin the delivery of an ambitious policy programme containing strong, immediate adjustment and structural reforms to help put Egypt's economy on a sustainable economic path.

At the Conference, the Memorandum of Understanding (MoU) for the first MFA operation is being signed. The MoU lays out a set of relevant, macro-critical homegrown reforms that are deemed feasible to deliver within the short assistance horizon of this operation, where disbursement is expected before the end of 2024. Agreed policy action covers three pillars: it is expected to promote macroeconomic stability, improve the business environment and enhance Egypt's competitiveness, and support Egypt's green transition. In some cases, policy action are steppingstones for further, more comprehensive ambitious reform efforts in the medium term, which could be considered to be included in the reform agenda to be negotiated in the subsequent €4 billion MFA operation, once adopted by the Council and the European Parliament.

Subject to progress on the reforms agreed in the MoU, disbursement of the corresponding up to €1 billion in MFA support could take place in one tranche at the end of 2024.

Background

The Council adopted the short-term MFA of up to €1 billion on 12 April 2024.

A longer-term operation of up to €4 billion of MFA is expected to be adopted by the European Parliament and the Council later this year. This will be followed by the negotiation of the reform programme underpinning this second MFA, which will be laid out in a second MoU.

For More Information

Joint Declaration on the Strategic and Comprehensive EU-Egypt Partnership

IP/24/3481

Quotes:

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Ursula von der Leyen, President of the European Commission

“The EU is committed to strengthening its ties with Egypt, a strategic partner and important pillar of regional stability. Our macro-financial assistance is linked to a series of economic policy reforms for Egypt to address its vulnerabilities, boost resilience and support the green transition. This sends a strong signal to international investors of Egypt’s reform commitment and its willingness to substantially improve the business environment. As a token of closer cooperation between Egypt and the EU, this short-term support will also make Egypt’s growth path more sustainable and inclusive.”

Valdis Dombrovskis, Executive Vice-President for an Economy that Works for People

“Today’s investment conference is a testament to the predictable and reliable Strategic and Comprehensive Partnership between the EU and Egypt for our shared prosperity, stability, and security and to our ever-growing positive agenda that delivers. The first €1 billion out of the €7.4 billion financial and investment package is a reality. These investments will open up new opportunities for our investors, particularly in renewable energy and green transition. Within this package, new investments will modernise the economy, create growth and jobs and develop human capital. This is just the beginning, more to come.”

Olivér Várhelyi, Commissioner for Neighbourhood and Enlargement

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Related media

Visit of Ursula von der Leyen, President of the European Commission, to Egypt