EGYPT
OIL&GAS
RESEARCH & ANALYSIS



# Investments Driving Competitiveness

## Egypt's Evolving Energy Landscape

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Egypt is a highly attractive destination for investment, particularly in its oil and gas sector. The country has taken several significant steps to attract investment, including offering investment incentives, tax facilities, and implementing business-friendly regulations.

The Egyptian oil and gas sector recognizes that attracting and securing investments are crucial for its long-term success. To this end, the sector prioritizes enhancing the investment environment to encourage significant partner participation, thereby stimulating increased production of natural gas and crude oil.

Investments are considered the cornerstone of supporting and boosting petroleum production rates, as stated by Karim Badawi, the Minister of Petroleum and Mineral Resources.

The Ministry of Petroleum and Mineral Resources (MoPMR) has presented 61 attractive investment opportunities for crude oil and natural gas exploitation and development. The MoPMR also seeks to foster regional cooperation with other countries and international oil companies (IOCs), while simultaneously empowering the Egyptian private companies and National oil companies (NOCs).

This report covers Egypt's performance among international indices, a key indicator of its investment climate. It then examines Egypt's specific efforts to enhance that climate within the oil and gas sector, including laws, regulations, and incentives. The report further highlights the sector's contribution to Egypt's investments and explores future plans of the partners to achieve success.

## Investment Environment Overview

### Egypt's Presence in International Indices

Egypt's standing improved in 2023 across key international indices, including the Corruption Perceptions Index (CPI), Government AI Readiness Index, and Legatum Prosperity Index, compared to its 2022 performance.

Egypt ranked 62nd out of 193 countries in the Government AI Readiness Index, with an improved score of 52.69 compared to 49.42 in 2022. Egypt has made notable advancements in this domain by introducing the Egyptian Charter for Responsible AI.

Egypt also recorded a significant improvement in CPI with 108th rank after ranking 130th in 2022. In the Legatum Performance Index, Egypt ranked 121st out of 167 countries and 14th among the Middle East and North Africa (MENA) region.

Egypt's Rank & Score in Global Indices in 2023

| | Score | Rank | Number of Change Spots (YoY) |
|---|---|---|---|
| Corruption Perceptions Index (CPI) | 35 | 108 | ↑ 22 |
| Government AI Readiness Index | 52.69 | 62 | ↑ 3 |
| Legatum Prosperity Index | 48.57 | 121 | ↓ 3 |
| Logistics Performance Index | 3.1 | - | - |

### Egypt's Law, Policies, and Incentives for the Oil and Gas Sector

#### Latest Approved Laws and Agreements

The Egyptian cabinet is currently approving several agreements for the Egyptian Petroleum Corporation (EGPC), and the Egyptian Gas Holding Company (EGAS), with several IOCs to explore, develop, and exploit resources in different promising areas.

Key Oil & Gas Agreements Approved in 2024

Drilled Wells | Investments ($ million) | Companies | Aim

February 8, 2024 — 2

8
232

**EGPC & IOCs**

To search for and exploit oil, in the deep offshore areas of the Western Delta in the Mediterranean Sea, and northwest of October in the Gulf of Suez

December 11, 2024 — 2

4
133.8

**EGPC, EGAS & IOCs**

To search for and exploit natural gas and crude oil in the East Port Said marine area in the Mediterranean Sea and the East of El Obeid area in the Western Desert

March 7, 2024 — 5

**EGPC, Apache Khalda Corporation LDC and Tharwa Petroleum Co.**

To amend the commitment agreement issued by Law No. 148 of 2004 amended by Law No. 144 of 2009 and Law No. 122 of 2014 for the exploration and exploitation of oil in the Siwa region of the Western Desert

**EGPC and IPR TransOil Corporation**

To amend the concession agreement issued by Law No. 155 of 1963 amended by Law No. 172 of 2005 to explore and exploit oil in the Yidma/Alamein Concession, in the Western Desert

**EGAS and Dana Gas Egypt Limited**

To search for and exploit gas and oil in the New Manzala area in the Nile Delta

**EGPC and HPS International Egypt Limited**

To amend the commitment agreement issued by Law No. 213 of 2014 to search for and exploit oil in the southwestern El Alamein region in the Western Desert

**EGPC and North Petroleum International Company (NPIC)**

To amend the commitment agreement issued by Law No. 9 of 2007 to search for and exploit oil in the East Ghazalat region in the Western Desert

July 9, 2024 — 5

200

**EGAS, & IEOC Production B.V.**

To search for and exploit gas and crude oil in the North Port Fouad offshore area and South Nour offshore in the Mediterranean Sea

**EGAS, & "ZN BV" LTD**

To explore and exploit natural gas and crude oil in the North Al Khatatbah onshore area in the Nile Delta

**EGPC, & HPS International Egypt Limited**

To search for, develop, and exploit oil in the South Dabaa Development Zone (SD-3) in the Western Desert

**EGPC, Tharwa Petroleum CO. & GPC**

To search for, develop, and exploit oil in the Horus Development Area in the Western Desert issued by Law No. 105 of 2014

### Oil & Gas Signed Agreements

The MoPMR, committed to attracting investment, has identified numerous opportunities to boost production. To incentivize both local and international investors, the Ministry has crafted compelling marketing plans, highlighting attractive investment opportunities and a supportive legislative framework.

In 2024, seven investment agreements were signed and plans are underway to secure an additional 15 agreements by the end of 2025 carrying a signature bonus of up to $20 million, with a minimum investment of $748.5 million, and a drilling commitment of at least 46 wells.

In August 2024, a total of 61 investment opportunities were announced by EGPC and EGAS. EGPC presented 34 exploration areas and 15 mature field areas, while EGAS highlighted 12 exploration areas in the Mediterranean and North Delta regions.

#### Signed Agreements in 2024*

| Number | Signature Grant | Minimum Investments | Commitments to Drill |
|---|---|---|---|
| 7 | $13.5 million | $367.5 million | min of 32 wells |

*Announced in October 2024

### Recent Sector's Investment Incentives

The Egyptian oil and gas sector is keen on providing several investment incentive packages aimed at increasing the production of crude oil and natural gas. In August 2024, the MoPMR announced new incentives; including new mechanisms associated with achieving an increase in production beyond the current rates, as well as an increase in exploratory, developmental drilling activities and production operations.

To facilitate the exploration and exploitation of natural gas and crude oil in different blocks across Egypt, the sector has leveraged the Egypt Upstream Gateway (EUG) platform. Since its establishment, about 10 digital bid rounds have been launched. The EUG provides access to the essential and all updated technical data, significantly speeding up the evaluation of investment opportunities, and simplifying bid submissions.

In late 2023, the Egyptian Natural Gas Company (GASCO) received a golden license from the Egyptian Cabinet to add a fourth production line to the Western Desert Gas Complex project, with a design capacity of 600 million cubic feet per day (mcf/d). This will be located on approximately 33 acres in the Industrial Nahda Zone, in Amreya, Alexandria Governorate.

#### Bid Rounds

| Announced Date | Blocks | Location | Close Date |
|---|---|---|---|
| August 27, 2024 | 12 | Mediterranean Sea Nile Delta | February 25, 2025 |
| November 21, 2024 | West Gharib-HNW | Gulf of Suez | December 12, 2024 |
| December 11, 2024 | West Gharib-G | Gulf of Suez | January 9, 2025 |

#### Golden License to Boost Production

| | |
|---|---|
| Approved Date | September 20, 2023 |
| Company | GASCO |
| Investment | $380 million |

## Oil & Gas Sector Economic Contribution

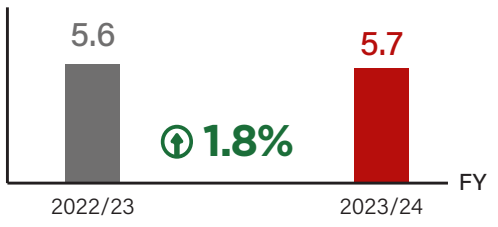
### Foreign Direct Investment (FDI)

FDI inflows in the sector increased by 1.8% in the fiscal year (FY) 2023/24, reaching $5.7 billion, according to the Central Bank of Egypt (CBE). These inflows primarily consist of green investments made by foreign oil companies, driven by the significant incentives provided by the government.

Meanwhile, transfers abroad related to cost recovery for exploration, development, and operations previously incurred by foreign partners declined by 9.1% to $6 billion in FY 2023/24, compared to $6.6 billion in FY 2022/23.

Consequently, net outflows decreased to $351.6 million in FY 2023/24, compared to $982.5 million in the previous FY.

Sector's FDI Inflow Development ($ billion)




## Driving Investments in the Oil & Gas Sector

### NOCs & JV Investment Plans

NOCs in Egypt play an important role in the energy sector, particularly in driving exploration and production (E&P) activities. Their contributions are especially significant through collaborative joint ventures with IOCs, which facilitate the development of new fields and the optimization of existing reserves. These partnerships effectively merge local expertise with international knowledge, ensuring consistent progress in exploration.

| Company | Investments ($ billion) | Duration | Company | Investments ($ billion) | Duration |
|---|---|---|---|---|---|
| Enppi | 5 | 2024-2028 | | 0.535 | 2024/25 |
| AGIBA | 0.5 | 2024/25 | Khalda Petroleum Company | 1.2 | |
| | 0.614 | | | 0.586 | |

## Major IOCs Investment Plans

IOCs have been significantly investing in Egypt's oil and gas sector, driven by the country's rich energy resources and its strategic importance in the region. In recent years, many IOCs have expanded their operations through joint ventures, new exploration blocks, and partnerships with the Egyptian government. These collaborations not only boost Egypt's energy security, but also support the country's goals for economic development, energy diversification, and boosts its position as a regional energy hub.

In September 2024, Eni and its partners intended to pump new investments into Egypt, over the next four years, worth $7.7 billion, as part of the company's keenness to enhance its successful projects in Egypt.

In January 2024, Enap intended to pump investments estimated at about $70 million in 2024 in the East Ras Qattara area to drill 4 development wells and 3 exploratory wells in the Shahd, North East Shahd, and Zahraa areas.

Total Investments
**581** million

Announced its commitment to investments worth $1.4 billion in 2024 for research, exploration, and production in its operating areas in Egypt in the Western Desert.

Total Investments
**3.5** billion

Year
2021-2025

The company plans to invest $43 million in preparation for an intensive drilling program in its concession areas in 2024, indicating the company's commitment to operating and expanding in Egypt.

In June 2024, the Egyptian Cabinet approved Dana Gas' new concession agreement, under which Dana Gas committed to a major development and exploration program with planned investments of $100 million, to increase production and add gas reserves.

The company plans to invest $200 million in FY 2024/25 to drill two wells in Raven field and also plans to invest $120 million to drill two wells in the Giza and Fayoum areas in the Mediterranean Sea.

Duration
2024, 2025, 2026 and 2027

Investments
**$1.5** billion

Aim
Exploration and development of natural gas resources

The fully-owned exploration, development, and production company by the National Petroleum Company (ENOC), planned to invest $500 million in Egypt in 2024 to drill new wells and maintain production at 61,000 barrels of oil per day (bbl/d).

American energy group "IPR" planned to inject investments worth $250 million in Egypt during 2024, and 2025.

## IOCs Arrears Updates

Egypt's commitment to a stable investment climate is evident in its efforts to address outstanding financial obligations. The MoPMR has made significant strides in fulfilling its commitment to paying off arrears. The payment program is being implemented on schedule, with monthly bills paid regularly. This proactive approach has been well-received by both domestic and international partners.

To date, between 20% and 25% of the arrears owed to foreign companies have been settled, depending on the individual company's outstanding balance, according to MoPMR press release.

For instance, in December 2024, Dana Gas received a $20 million cash payment from its Egyptian operations, bringing the total fourth-quarter (Q4) receipts to $24.5 million from the outstanding $59 million receivables balance. The company plans to reinvest these funds into its Egyptian operations, particularly to initiate its investment program as outlined in the concession area merger agreement with the Egyptian government.

Egypt's investment landscape, particularly in the oil and gas sector, continues to demonstrate resilience and strategic focus despite facing global and domestic challenges. Through comprehensive reforms, including the enactment of significant investment laws and the issuance of golden licenses, MoPMR has created an attractive environment for both local and international investors. The ministry's efforts, complemented by partnerships with IOCs and the strategic use of platforms like EUG, have been instrumental in identifying and promoting lucrative exploration and production opportunities.

Increased FDI and proactive agreements signal robust confidence in Egypt's potential as a regional energy hub. With a blend of enhanced investment incentives, regional collaboration, and ongoing initiatives to address financial obligations, Egypt is fostering a supportive climate for sustainable growth in its energy sector. These developments align with the broader national objectives of economic diversification and energy security, underscoring Egypt's pivotal role in the global oil and gas market.

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