

 Early Warning System

EBRD-20978

Data Centre Investment Framework



Quick Facts

Countries	Egypt
Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Hold
Bank Risk Rating	U
Borrower	Government of Egypt
Sectors	Communications, Law and Government, Technical Cooperation
Investment Type(s)	Advisory Services



Project Description

As stated by the EBRD, the impetus for this Technical Assistance (TC) is observed underinvestment into data centres (DCs) in Egypt--with prospective investors highlighting regulatory challenges related to access to land, construction permits, and broadband licensing as key constraints. The TC aims to analyse these challenges and develop targeted policy recommendations.

Egypt's is a prime candidate for data centres investments. Its strategic location linking Europe, Africa, and the Middle East, coupled with extensive access to terrestrial and submarine cables, positions it as a key hub for international data traffic. The country's proximity to established regional DC hubs, including Saudi Arabia and the United Arab Emirates, creates opportunities to serve the rapidly growing markets of Africa and the Middle East, particularly in latency-sensitive and cost-conscious segments like content delivery. And indeed, Egypt's skilled workforce and abundant renewable energy potential provide a distinct competitive advantage.

Yet, Egypt's DC sector remains undercapitalised. The country's DC capacity is comparable to Morocco's, a country with a third of Egypt's population and GDP. While international players have considered entering the market, they are notably absent. Local and regional investors cite barriers that include lengthy processes for construction permits and land licensing; challenges accessing key network infrastructure; and data protection regulations that diverge from international best practice and deter hyperscalers from storing data in Egypt.

This represents a missed opportunity. As foundational digital infrastructure, DCs stimulate innovation, generate employment, and drive economic growth. In Egypt, the Information and Communications Technology (ICT) sector is especially dynamic, achieving a growth rate of 15.2% in 2022, surpassing overall GDP growth and contributing 5.1% to the national economy. Expanding DC capacity could unlock further economic gains for Egypt. And indeed, DCs are a critical short-term strategic priority for Egypt according to the World Bank.

This Technical Cooperation assignment seeks to identify and address the key bottlenecks impeding large-scale DC projects in Egypt, with the objective of unlocking new avenues for investment. The analysis will encompass a comprehensive review of policy, legal, regulatory, economic and other barriers constraining DC sector growth. By clarifying these challenges, the TC aims to create a more conducive environment for private sector investments in the sector, supporting Egypt's potential as a regional DC hub.

An external consultancy will be retained to undertake a comprehensive diagnostic of Egypt's DC market as well as the policy and regulatory framework governing the sector.

- Activity 1 - Market assessment: Analyse the size, growth trajectory, and competitive landscape of Egypt's DC market, including key players, regulatory environment.
- Activity 2 - Analysis of constraints impeding large-scale DC projects in Egypt: Analyse the market, competitive, and regulatory factors hindering large-scale DC projects in Egypt, including opportunities and challenges to market entry, investment, and operations, covering both supply- and demand-side constraints.
- Activity 3 - Actionable recommendations: Develop recommendations to address regulatory gaps and barriers to investment. Recommendations must be evidenced-based and informed by stakeholder consultations, regulatory impact analyses, and best practices. The proposed solutions should align with Egypt's context, balancing market needs with international best standards. Recommendations should be prioritised based on impact and government buy-in. Risks should be highlighted, and mitigation strategies developed.

In developing recommendations, the Consultant should explore opportunities for locating data centres in special economic zones (SEZs) and examine models to strengthen cross-governmental coordination for the streamlined approval and effective



Investment Description

- European Bank for Reconstruction and Development (EBRD)



Contact Information

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