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ARAB REPUBLIC OF EGYPT

August 2026

SEVENTH REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR WAIVERS OF APPLICABILITY OF PERFORMANCE CRITERIA AND MODIFICATION OF PERFORMANCE CRITERIA, AND MONETARY POLICY CONSULTATION, AND SECOND REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT—PRESS RELEASE; STAFF REPORT; STAFF SUPPLEMENT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE ARAB REPUBLIC OF EGYPT

In the context of the Seventh Review Under the Extended Arrangement Under the Extended Fund Facilty, Requests for Waivers of Applicability of Performance Criteria and Modification of Performance Criteria, and Monetary Policy Consultation, and Second Review Under the Resilience and Sustainability Facility Arrangement, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on July 30, 2026 following discussions in Cairo that ended on May 21, 2026. Discussions with the officials of the Arab Republic of Egypt on economic developments and policies continued virtually, with agreement reached on the seventh review under the Extended Fund Facility and on the second review under the Resilience and Sustainability Facility on June 29, 2026. Based on information available at the time of these discussions, the staff report was completed on July 17, 2026.
- A **Staff Supplement** updating information on recent developments.
- A **World Bank Assessment Letter** for the Resilience and Sustainability Facility.
- A **Statement by the Executive Director** for the Arab Republic of Egypt.

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IMF Executive Board Completes the Seventh Review Under the Extended Arrangement Under the Extended Fund Facility and Second Review Under the Resilience and Sustainability Facility Arrangement for Egypt

FOR IMMEDIATE RELEASE

- *The Executive Board of the International Monetary Fund (IMF) completed the seventh review under the Extended Fund Facility (EFF) arrangement and the second review under the Resilience and Sustainability Facility (RSF) arrangement, allowing the authorities to draw the equivalent of about $1.8 billion.*
- *Egypt's economy has remained resilient to spillovers from the war in the Middle East, supported by the authorities' timely and decisive policy response, including exchange rate flexibility, fuel price adjustments, and measures to contain budget spending.*
- *An appropriately tight monetary policy, continued fiscal discipline, and decisive implementation of the state ownership policy and divestment agenda will be essential to preserve macroeconomic stability and strengthen resilience.*

Washington, DC – **July 30, 2026.** The Executive Board of the International Monetary Fund (IMF) completed the seventh review under the 48-month Extended Arrangement under the Extended Fund Facility (EFF) and the second review under the Resilience and Sustainability Facility (RSF) arrangement for the Arab Republic of Egypt. Completion of the reviews allows the authorities to immediately draw the equivalent of SDR 1.11 billion (about US$1.5 billion) under the EFF and SDR 200 million (about US$272 million) under the RSF, bringing total purchases and disbursements under the two arrangements to about SDR 5.4 billion (about US$7.3 billion).

Egypt has faced the implications of the war in the Middle East in a stronger macroeconomic position than during previous episodes of external stress, with robust growth, inflation on a downward trend and rising gross international reserves. The economic impact of the war in the Middle East on the Egyptian economy has remained relatively contained, reflecting the authorities' timely and decisive policy actions, including exchange rate flexibility, energy price adjustments, and measures to contain budget spending.

Economic activity has continued to recover, with real GDP growth reaching 5 percent in the third quarter of FY2025/26, bringing growth over the first nine months of the fiscal year to 5.2 percent. This performance is expected to help keep growth in FY 2025/26 at about 4.6 percent, only 0.1 percentage points lower than at the time of the 5th and 6th Reviews.

Headline inflation declined steadily until March 2026, when it increased to 15.2 percent—about 1.4 percentage points above staff expectations—mainly due to exchange rate depreciation and higher energy prices. Headline inflation subsequently eased to 14.3 percent in June, while core inflation rose to 14.3 percent, with IMF estimates indicating seasonally adjusted month-on-month core inflation remaining elevated at 1.5 percent.

The current account came under pressure in March following higher oil and gas prices. However, record remittance inflows, robust tourism receipts and a gradual recovery in Suez Canal revenues helped contain the impact, with the current account deficit estimated at 4.5 percent of GDP in FY 2025/26. Oil hedging contracts and long-term gas supply agreements further cushioned the impact of higher energy prices. Gross international reserves remained strong, reaching 119 percent of the ARA metric by end-June, including through recent purchases by the central bank amid renewed inflows.

Fiscal performance has remained strong. By end-March 2026, both the primary balance and tax revenue targets had been exceeded, reflecting strong revenue mobilization and expenditure containment efforts. At the same time, the authorities have made progress in reducing GFNs, which declined by 5 percent of GDP in FY2025/26. The tax-to-GDP ratio is projected to rise by 1.2 percentage points in FY 2025/26, while continued revenue mobilization is expected to increase the primary surplus from 4.8 percent of GDP in FY2025/26 to 5 percent of GDP in FY2026/27.

Progress on structural reforms has been uneven. The recently adopted State Ownership Policy (SOP) remains an important step towards strengthening the state ownership framework. The authorities have also taken steps to improve the business environment and enhance competition, including by streamlining customs clearance and tax administration procedures. However, efforts to reduce the state's role in the economy and create greater space for private sector investment, including through the divestment program, have progressed more slowly than anticipated and need to be accelerated. The authorities have recently finalized the Gabal El Zeit deal, alongside MoF sales of shares in selected publicly traded companies, bringing divestment proceeds to around $520 million.

Heightened uncertainty continues to weigh on the near-term outlook. The lagged effects of the war—including weaker investment, higher input costs, and persistent uncertainty—are projected to moderate growth to 4.4 percent in FY2026/27. Inflation is expected to rise to 16.7 percent in the second half of 2026, reflecting higher energy prices, exchange rate depreciation, and unfavorable base effects, with convergence to the CBE's inflation target range delayed by about one year. The current account deficit is projected to narrow, driven by an improving trade balance as oil prices normalize, together with a larger services surplus and strong remittance inflows. Gross international reserves are expected to remain broadly in line with previous projections and well above 100 percent of the ARA metric.

Substantial downside risks remain. A renewed escalation of regional tensions could weigh on growth, raise global inflationary pressures, tighten financial conditions, and put additional pressure on the fiscal and external positions. Domestic risks include difficulties in sustaining tight policies amid rising social pressures, elevated rollover and refinancing needs, and slower-than-expected progress in reducing the state's role in the economy. On the upside, a renewal of the US-Iran ceasefire agreement may help lower energy prices and improve investor sentiment. A recovery in Suez canal activity and accelerated implementation of structural reforms could also help boost growth and foster private sector development.

Following the Executive Board discussion, Mr. Nigel Clarke, Deputy Managing Director and Acting Chair, made the following statement:

"Egypt entered the period of the war in the Middle East from a solid macroeconomic position, reflecting substantial progress in restoring stability and rebuilding buffers under the Fund-supported program. A timely and proactive coordinated policy response—including exchange rate flexibility, energy price adjustments, and targeted support—helped contain the impact of the shock.

“However, important vulnerabilities remain, reflecting elevated public debt, large gross financing needs, and a sizable state footprint. Continued fiscal discipline and accelerating structural reforms, notably decisive implementation of the State-Ownership Policy and divestment agenda, will be essential to preserve macroeconomic stability and strengthen resilience.

“An appropriately tight monetary stance, supported by clear communication, is important to anchor expectations, return inflation to target, and reinforce the credibility of the inflation-targeting framework. Maintaining exchange rate flexibility while continuing to build reserves remains important to absorb shocks and strengthen buffers.

“The authorities’ commitment to prudent fiscal discipline is welcome. Continued fiscal consolidation and stronger revenue mobilization—including through a broader tax base—remain essential to strengthen debt sustainability and rebuild fiscal buffers. The announced resumption of the automatic fuel pricing mechanism is important to reduce untargeted energy subsidies and advance toward energy cost recovery. Strengthening public financial management and mitigating fiscal risks, including those arising from SOEs and EGPC, remain critical.

“Sustained primary surpluses, voluntary liability management operations, and maturity extension remain key to reducing gross financing needs and rollover risks. Priorities include continuing to reduce reliance on short-term and non-market financing, limiting the use of one-off measures, broadening the investor base, mobilizing concessional financing, and strengthening debt management.

“Continued vigilance is needed to safeguard financial stability. The banking sector remains sound, and stronger contingency planning would enhance resilience to downside risks. The completion of governance diagnostics of state-owned banks is welcome, and timely implementation of corrective actions should strengthen risk management.

“Progress on structural reforms has been uneven. More decisive implementation of structural reforms is needed to support private sector-led growth and strengthen resilience. Accelerating divestment, implementing the State Ownership Policy, and strengthening SOE governance will be critical to reducing the state’s footprint and improving competitive neutrality. Continued reforms to the business climate, trade facilitation, and competition policy will help attract investment and boost productivity, while sustained progress on macro-critical climate reforms will further strengthen resilience and support sustainable long-term growth.”

ARAB REPUBLIC OF EGYPT

July 17, 2026

SEVENTH REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR WAIVERS OF APPLICABILITY OF PERFORMANCE CRITERIA AND MODIFICATION OF PERFORMANCE CRITERIA, AND MONETARY POLICY CONSULTATION, AND SECOND REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT

EXECUTIVE SUMMARY

Context. Egypt entered the recent war in the Middle East from a much stronger macroeconomic position than in previous episodes—supported by solid growth, declining inflation, stronger external buffers, and an improved primary fiscal balance—and responded swiftly with an orthodox policy mix. External conditions have since improved markedly following the U.S.–Iran agreement and broader regional de-escalation. Nonetheless, vulnerabilities remain elevated, reflecting high public debt and large gross financing needs. Accelerating reforms to reduce the state's footprint and support the private sector remains essential.

Program Performance. Program implementation has strengthened despite the regional conflict. All end-March 2026 quantitative performance criteria were met, except for a temporary breach of the ceiling on central bank lending to public entities, which was corrected. Based on available information, the end-June 2026 quantitative performance criteria on central bank lending to public entities and the stock of privately-placed Ministry of Finance notes were met, and the remaining end-June criteria are expected to have been met; while four out of seven indicative targets were achieved for end-March. Structural reform implementation continued, with most benchmarks met, including all recurring ones, with progress underway on the publication of comprehensive SOE portfolio information. The updated State Ownership Policy and annual GFN reduction plan were completed as prior actions. Implementation of the RSF-supported agenda remains on track, with the climate reform measure for this review completed and further progress being made toward the next milestones.

Policy recommendations. A tighter monetary policy stance will be critical to complete disinflation. Maintaining exchange rate flexibility will continue to support resilience to shocks and help ease external pressures. Sustaining revenue-based fiscal consolidation will help reduce debt while creating space for targeted social safety nets. These efforts should be complemented by accelerated implementation of the authorities' strategy to reduce gross financing needs, strengthened debt management, and continued efforts to contain fiscal risks. Advancing structural reforms remains essential to unlock stronger and more resilient private sector-led growth. In this regard, divestment needs to be accelerated to make up for past delays, alongside timely implementation of the updated State Ownership Policy, stronger SOE and SOB governance, improvements in the business environment, and continued progress on climate-related reforms.

Staff supports the authorities' request for the completion of the seventh review under the EFF Arrangement and second review under the RSF Arrangement, including the proposed rephasing of one reform measure. Two prior actions have been met and the remaining one on divestment is expected to be met prior to the Executive Board meeting. Three new structural benchmarks are proposed to support implementation of the State Ownership Policy, EGPC's viability plan, and adoption of the withholding tax. Staff recommends completion of the MPCC consultation with the Executive Board and supports the request for waivers of applicability of the end-June quantitative performance criteria on NIR, tax revenue, primary balance, and overdraft since the Executive Board discussion of the seventh review will take place in July 2026 after the end-June 2026 test date when the data to assess performance on these quantitative performance criteria are not available, while there is no indication that they will not be met. Staff supports the proposed establishment of new end-September 2026 QPCs. While program implementation remains on track, implementation and enterprise risks remain significant.

Approved By	
Taline Koranchelian and Rishi Goyal	The staff team comprised Amine Mati (mission chief), Zeina Hasna, Yevgeniya Korniyenko, Gabor Pula, (all MCD), Marwa Alnasaa, Amanda Sayegh (all FAD), Clément Marsilli (SPR), and Guilherme Pedras (MCM), Alex Segura-Ubiergo (Senior Resident Representative), Mouchera Karara and Maria Tawadros (Resident Representative Office). The team was supported by Maria de Mesa, Nareg Mesrobian, and Nethra Sriram. Discussions were held in Cairo from May 11–21, 2026, with Dr. Mostafa Madbouly, Prime Minister; Ahmed Kouchouk, Minister of Finance; Hassan Abdallah, Acting Governor of the Central Bank of Egypt; Ahmed Rostom, Minister of Planning, Economic Development; Mohamed Farid Saleh, Minister of Investment and Foreign Trade; and other senior officials. Mohamed Maait, Maya Choueiri, and Habiba ElKharbotly (all OED) also participated in the discussions. Discussions continued virtually, with agreement reached on the seventh review under the EFF arrangement and second review under the RSF arrangement on June 29, 2026.

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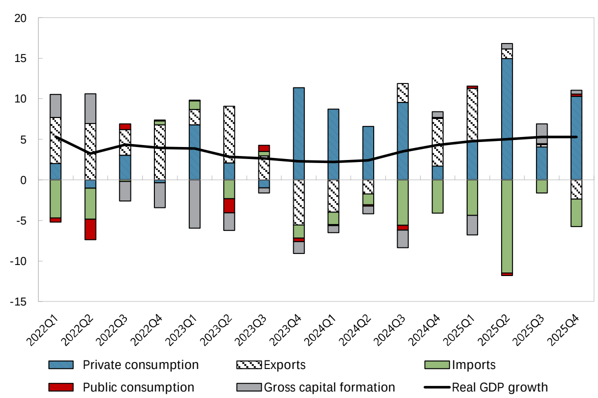
CONTEXT

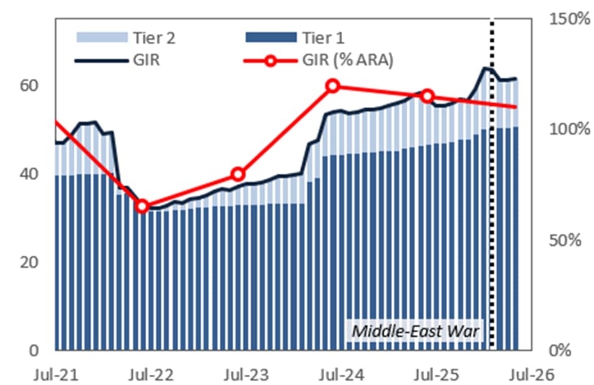
1. Egypt entered the war in the Middle East from a stronger macroeconomic position than in previous periods of external stress. Prior to the war, growth had reached its highest H1 level since FY2021/22, inflation was on a downward trend, gross international reserves increased, reaching US$64 billion at end-January—about 119 percent of the ARA metric—commercial banks' net foreign assets (NFA) had reached a record high, and the primary fiscal surplus continued to strengthen. Despite these gains, vulnerabilities remain significant as high public debt levels and elevated gross financing needs—still largely short-term and reliant on foreign inflows—continue to pose an important source of risk. Moreover, progress on reducing the role of the state in the economy and leveling the playing field has been slow.

Figure 1. Egypt: Quarterly Demand-Side Contributions to Real GDP Growth
(Year-on-year percent change)



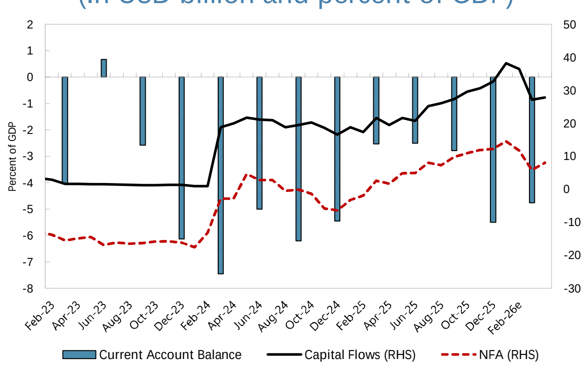
Source: Haver and IMF staff calculations.

Figure 2. Egypt: Official Gross International Reserves
(In USD billion and percent of ARA metric)



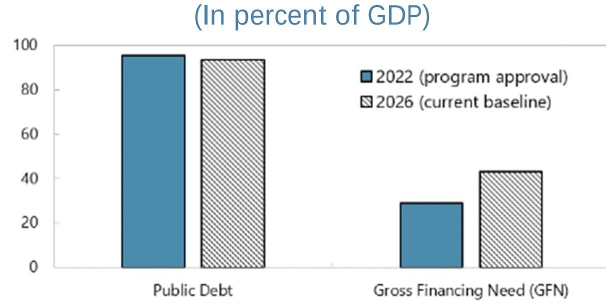
Note: GIR is program's definition. Source: CBE, IMF staff calculations.

Figure 3. Egypt: Banks' NFA, Current Account and Capital Inflows
(In USD billion and percent of GDP)



Source: Egyptian Authorities; IMF staff calculations

Figure 4. Egypt: Debt and Gross Financing Needs
(In percent of GDP)



Source: Egyptian Authorities; IMF Staff Calculations

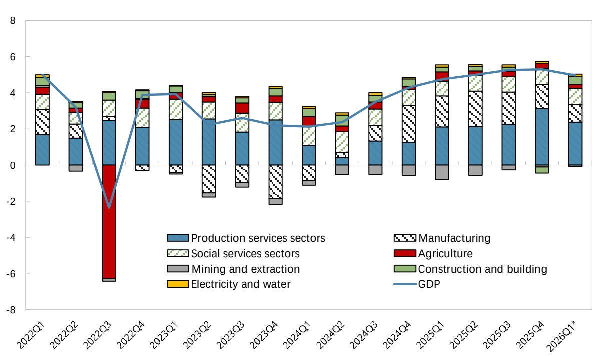
2. The authorities acted swiftly to respond to the immediate challenges posed by the war while reiterating their commitment to the reform agenda. The orthodox policy response—including through greater exchange rate flexibility and early increases in fuel and electricity prices along with increased targeted on-off social payments—has helped preserve policy discipline and ease pressures on the external and fiscal positions. The authorities also instituted measures to reduce energy consumption—namely through temporary early closure of commercial establishments, mandatory work from home, curtailed fuel use by government entities—and delayed implementation of some mega projects. The work on the structural reform agenda continued, although some of the earlier divestment operations were delayed amid a more challenging market environment at the onset of the crisis.

RECENT DEVELOPMENTS

3. The impact of the war has been contained, with the most immediate effects concentrated in financial markets through capital outflows and resulting exchange rate volatility—which have since been partially reversed following the signing of the U.S.-Iran agreement:

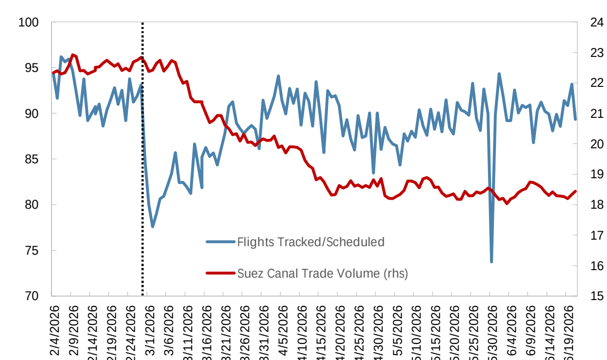
- Growth was resilient, despite heightened regional uncertainty and higher energy prices in the wake of the war. Real GDP growth reached 5.0 percent in the third quarter of FY2025/26, exceeding expectations, supported by continued expansion in key sectors—including the Suez Canal, tourism, and construction—as well as positive, though moderating, growth in non-oil manufacturing. Labor market conditions also remained strong, with the unemployment rate falling to a historic low of 6.0 percent in Q1 2026, alongside continued increases in employment and labor force participation. While Q3 data largely predates the latest escalation, available high-frequency indicators suggest a temporary post-shock dip, followed by signs of partial recovery and normalization (Suez Canal, flights).

Figure 5. Egypt: Sectoral Contributions to Growth
(Growth in year-on-year percent change, contributions in percentage points)



Source: Haver and IMF staff calculations.
Note: The values for 2026Q1 are estimates.

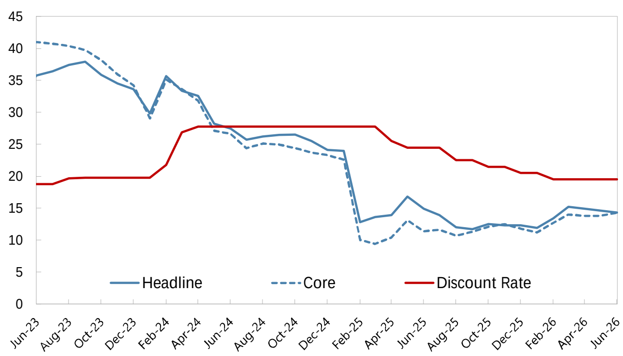
Figure 6. Egypt: High Frequency Indicators on Trade and Tourism
(Flights: tracked flights in percent of total flights, Trade: year-on-year change in cumulative trade volume within FY)



Sources: IMF PortWatch; FlightRadar24; and IMF staff calculations.

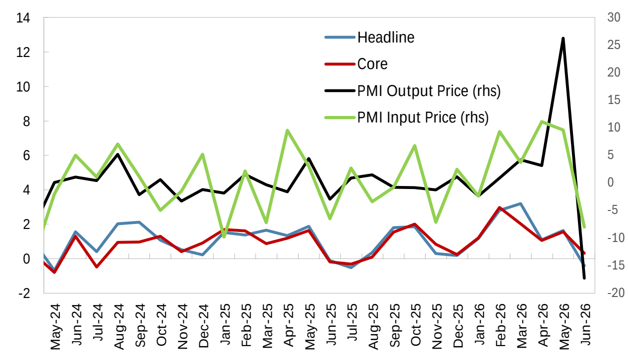
- Inflation had been declining until March 2026, when it rose to 15.2 percent—about 1.4 percentage points above staff expectations—mainly reflecting exchange rate pass-through and domestic price increases following the war. Headline inflation has since eased, reaching 14.3 percent in June, supported by easing food inflation. However, underlying price pressures remain elevated as core inflation increased from 13.8 percent in May 2026 to 14.3 percent in June, reflecting broad-based inflationary pressures. While month-on-month core inflation declined to 0.3 percent in June from 1.6 percent in May, seasonally adjusted core inflation remained at 1.5 percent in June. Against this backdrop of heightened uncertainty, the Monetary Policy Committee (MPC) adopted a wait-and-see approach in May and July 2026, leaving policy rates unchanged.

Figure 7a. Egypt: Inflation and Discount Rate
(Year-on-year, in percent)



Source: Central Bank of Egypt; and IMF staff calculations.

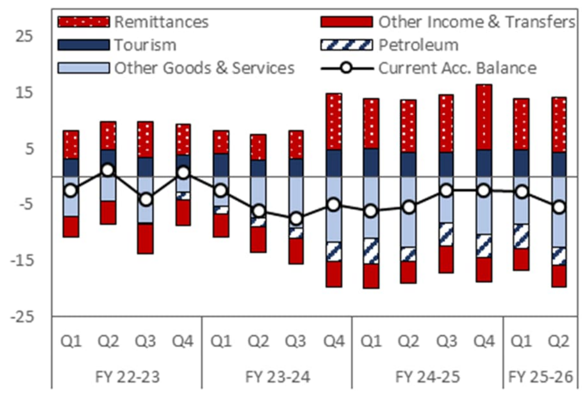
Figure 7b. Egypt: Inflation and PMI
(Month-on-month, in percent)



Source: S&P; Haver Analytics and IMF staff calculations.

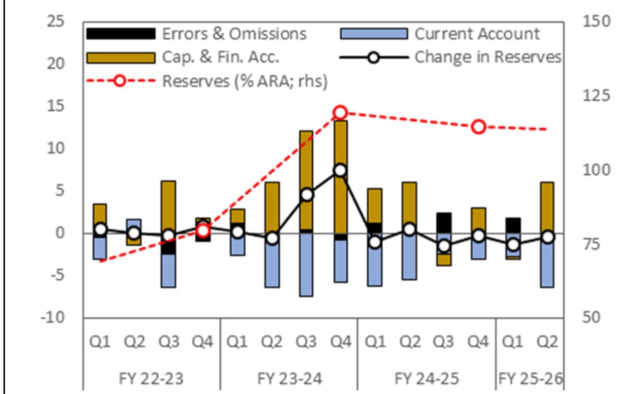
- The current account came under pressure in March as higher oil and gas prices and the temporary suspension of gas imports from Israel (lifted in April) increased LNG purchases and widened the hydrocarbon trade deficit. The deterioration was partly offset by record-high remittances in March and April (which proved to be countercyclical), robust tourism receipts, stronger petroleum export earnings driven by higher oil prices, and a gradual recovery in Suez Canal revenues. While Canal traffic remains well below pre-2023 Red Sea crisis levels—averaging about 39 ships per day in FY2025/26 compared to 73 in 2023—monthly receipts have risen to around US$390 million this fiscal year, up from US$310 million in FY2024/25, supported in part by trade re-routing and increased use of the SUMED pipeline. Nevertheless, receipts remain less than half of the 2023 level of US$850 million.

Figure 8. Egypt: Current Account
(In percent of GDP)



Source: CBE, IMF staff calculations.

Figure 9. Egypt: Financial Account
(In percent of GDP)

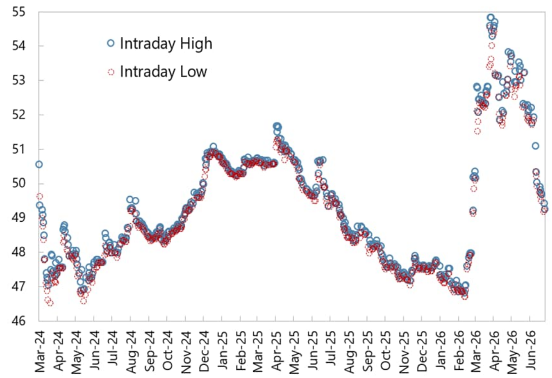


Source: CBE, IMF staff calculations.

- Capital flows. Following a sustained increase in portfolio inflows, non-resident holdings of local-currency government debt reached a record high of US$39.1 billion on February 18, 2026. However, a deterioration in global risk sentiment toward emerging markets, together with sizable T-bill maturities in March, triggered a sharp reversal. Consequently, non-resident holdings fell to US$22.2 billion by April 8, before recovering modestly in May, and reaching $36.4 billion by June 24 following the recent signing of the U.S.- Iran agreement, suggesting a partial return of investor appetite. That said, flows remain sensitive to changes in global risk sentiment, which appears increasingly linked to fluctuations in international oil prices. Despite the initial outflows, gross international reserves still exceeded 114 percent of the ARA metric at end-March, and have remained strong, including through recent FX purchases by the central bank amid renewed inflows.

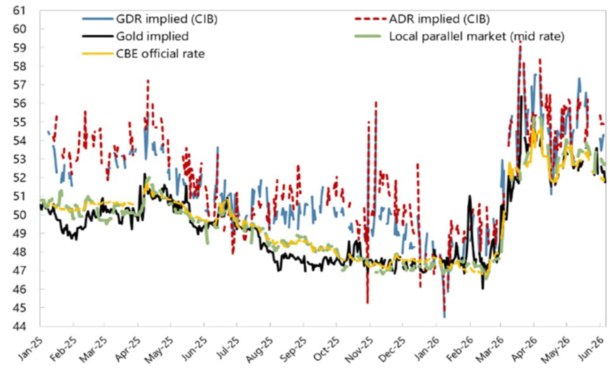
- Exchange rate. The capital outflows triggered a sharp exchange rate depreciation of about 14–17 percent from peak to trough in March. As portfolio inflows resumed, the exchange rate appreciated significantly, leaving it only about 2.5 percent weaker than before the conflict. The spread between the official market rate and market-clearing measures remained closed throughout, with no reported FX demand backlogs at banks and no FX intervention by the Central Bank of Egypt (CBE). Bank-level daily FX interbank transaction data indicate that the interbank foreign exchange market continued to function in an orderly manner, with banks transacting in line with market conditions, supporting continuous price discovery.

Figure 10. Egypt: Intraday High and Low Exchange Rates (EGP per USD)



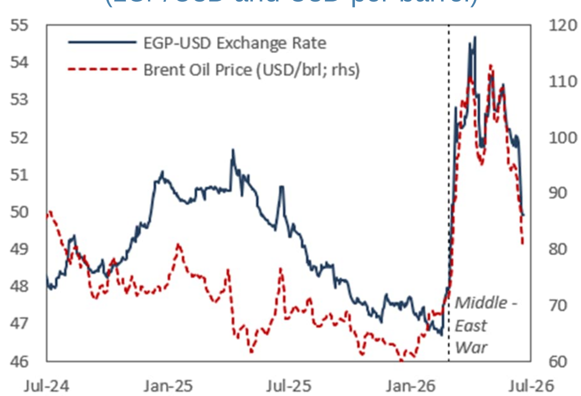
Source: Bloomberg; IMF staff calculations

Figure 11. Egypt: Measures of Market Clearing Exchange Rate and the Official Rate (EGP per USD)



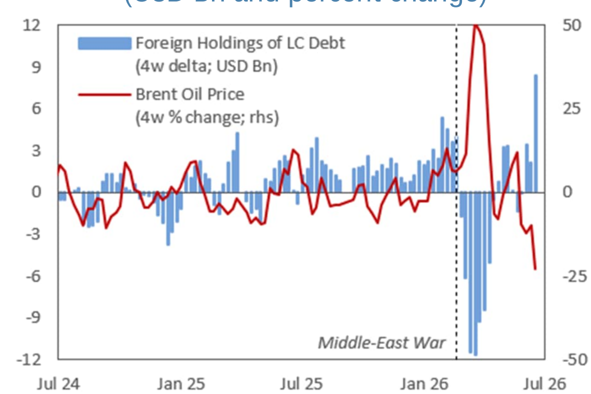
Source: CBE, Bloomberg, IMF staff calculations
Note: Latest data available is as of June 5, 2026.

Figure 12. Egypt: Oil Price and Exchange Rate (EGP/USD and USD per barrel)



Source: CBE, IMF staff calculations.

Figure 13. Egypt: Nonresident Holdings of Local-Currency Debt and Oil Price (USD Bn and percent change)



Source: CBE, IMF staff calculations.

- Fiscal performance. Despite the crisis, the end-March primary balance and tax revenue targets have been met, supported by strong performance in direct taxes (PIT and CIT), underpinned by ongoing tax policy reforms (including new measures) and tax administration efforts. This performance more than offset modest increases in investment and interest spending, as well as higher one-off targeted cash transfers associated with the Eid holidays.

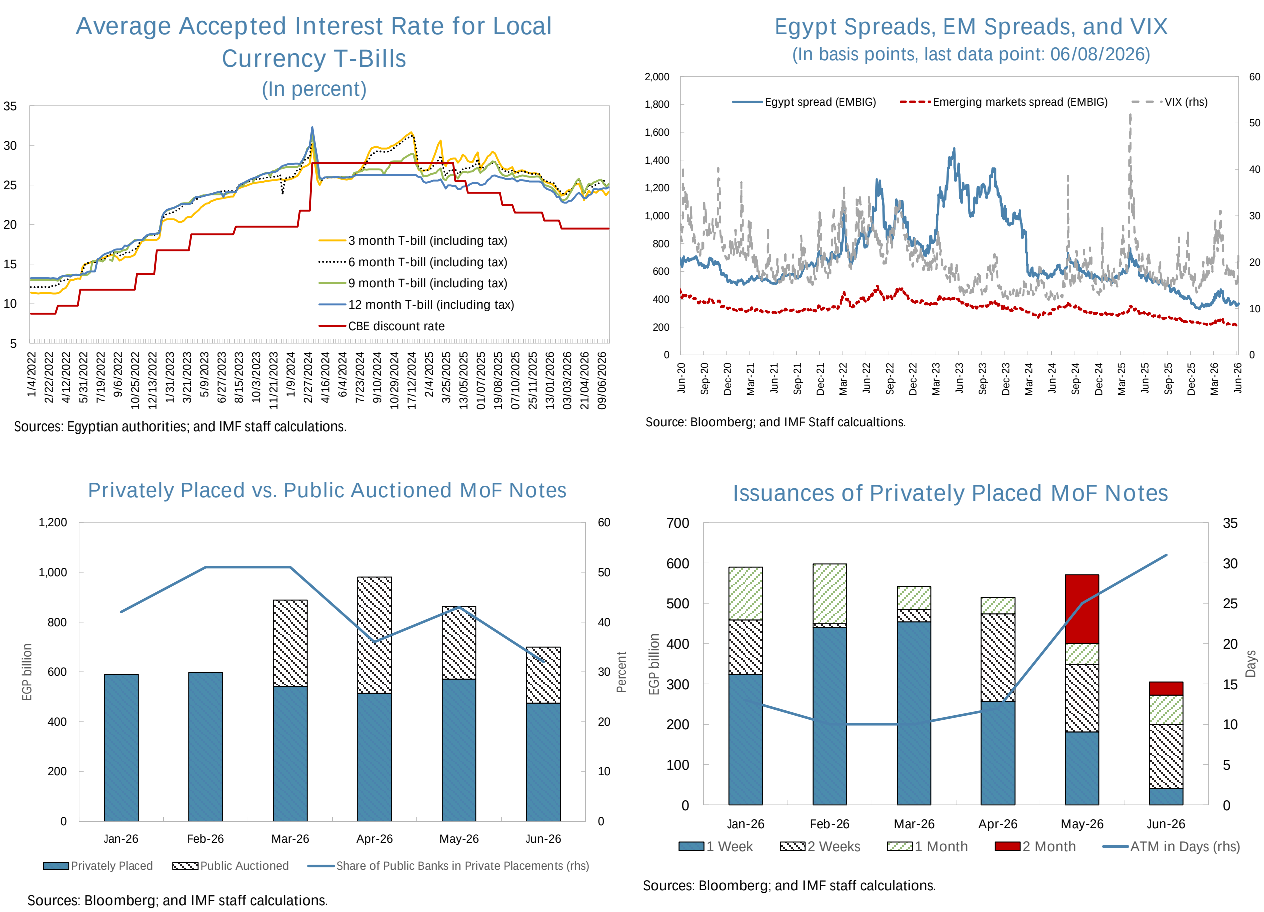
Text Table 1. Egypt: Budget Sector Fiscal Outturns, (July-March)

	2024/2025	2025/2026	
Percent of full year GDP	Actual	Actual	5th & 6th Review
Revenues	9.3	9.9	8.6
Taxes	7.9	8.7	7.5
Grants	0.0	0.1	...
Other revenue	1.3	1.1	...
Expenditures	15.4	15.8	14.4
Wages and compensation of employees	2.4	2.3	...
Purchases of goods and services	0.7	0.7	...
Interest	8.6	8.8	...
Subsidies, grants, and social benefits	2.3	2.3	...
Other expenditures	0.6	0.6	...
Purchase of non financial assets	0.9	1.1	...
Deficit-Financed	0.8	1.0	...
Cash Deficit	6.1	5.8	5.8
Net Acquisition of Financial Assets	0.1	0.2	...
Divestment	-	0.8	0.8
Overall Deficit	6.2	5.2	5.3
Primary Balance (including NAFA)	2.4	3.5	3.0

Sources: Egyptian Authorities, and IMF Staff Calculations

- Domestic Financing. Treasury bill yields remain around 500 basis points above the policy rate, while issuance is concentrated at the short end of the curve, reflecting an inverted yield curve that discourages appetite for duration risk. In the immediate aftermath of the crisis, the government relied more heavily on short-term MoF notes to meet financing needs. Since then, issuance has increasingly shifted toward publicly auctioned instruments while the stock of privately placed MoF notes has gradually declined. The issuance share of one-week notes has declined significantly to 6.2 percent by June from 83.9 percent in March, and 2-month MoF notes were issued through public and private placements. In addition, the share of MoF notes held by public banks has fallen to 32 percent (from 51 percent in March). As T- bond issuance recovered in May (following a notably weak issuance in March-April), and the government successfully issued 10-year bonds in June, the average time to maturity (ATM) of new issuances increased to 1.1 years by end-June—the highest level in three years—although it remains below program target.

Figure 14. Egypt: Financing

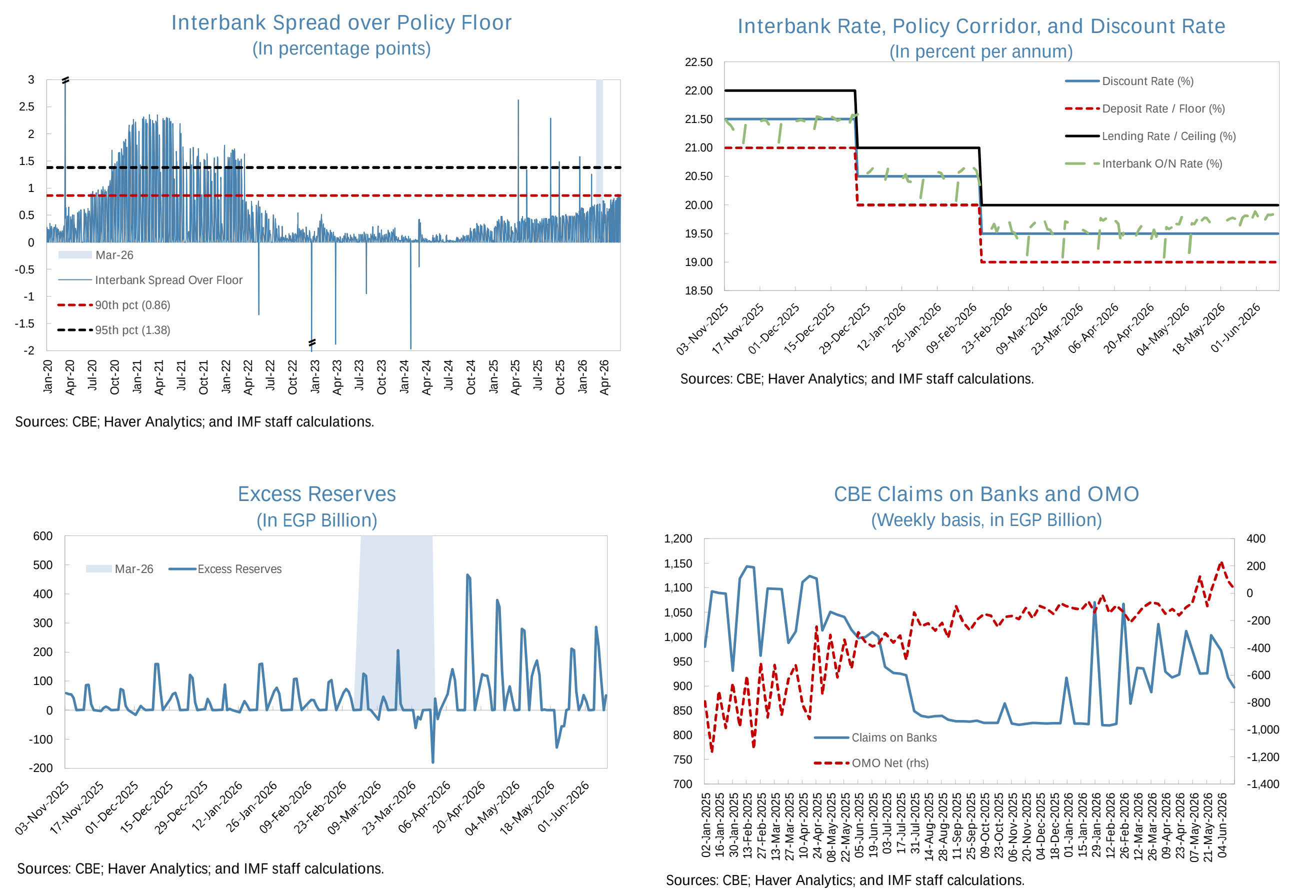


- External financing conditions improved considerably as well: after widening temporarily following the outbreak of the war, sovereign spreads narrowed steadily and fell below pre-war levels by June. Reflecting this improvement in investor sentiment, the authorities successfully issued a US$1 billion

8-year Social Eurobond in May, which was five-times oversubscribed, and a $500 million Samurai Bond in June.

- Financial Sector. The banking sector remains well capitalized and profitable, with low nonperforming loans and no immediate signs of stress following the war. Banks' net foreign assets declined from a peak of US$14.5 billion in January to US$5.8 billion at end-March, before partially recovering to US$7.7 billion in May. However, banks' exposure to the central government remains high at 35 percent of assets as of end-2025, the second largest in the region, and continues to be a source of vulnerability.[1] Money market conditions tightened modestly in the aftermath of the conflict, with the overnight interbank rate moving slightly toward the upper bound of the policy corridor. However, the degree of tightening remained well below levels observed during past stress episodes, suggesting that pressures were temporary and contained.

Figure 15. Egypt: Banking Liquidity



[1] Total exposure to the public sector is even higher. As of end-2025, banks' credit to Local Governments and to SOEs stood at 16.9 percent and 2.1 percent, respectively.

OUTLOOK AND RISKS

4. **The near-term outlook—based on the July 2026 WEO Update assumptions—is weaker than pre-war projections set at the 5th and 6th reviews (Tables 1–9).**

- **Output.** Real GDP growth is projected at 4.6 percent in FY2025/26, around 0.1 percentage points lower than at the time of the 5th and 6th reviews. While stronger-than-expected growth in the third quarter has largely offset the immediate impact of the war, growth is projected to moderate to 4.4 percent in FY2026/27, as the lagged effects of the war weigh on activity, including through weaker investment, higher input and financing costs, and continued uncertainty. These factors are expected to dampen growth in industry, manufacturing, and services, while also slowing the pace of structural reforms and delay improvements in the business environment and private sector development. Private consumption is also projected to soften amid elevated inflation and weakened purchasing power, although the drag from weaker investment is assessed to be the dominant factor.

Text Table 2. Egypt: Selected Macroeconomic Indicators[1]

	2022/23	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
				5th & 6th review	Est.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
Real GDP growth (%)	3.8	2.4	4.4	4.7	4.6	5.4	4.4	5.0	5.5	4.8	4.8
Inflation (%, end of period)	35.7	27.5	14.9	11.7	14.3	8.7	13.2	7.3	5.9	5.6	5.3
Primary balance (% GDP)	1.6	6.2	3.8	4.8	4.8	4.8	5.0	5.0	5.0	5.0	5.0
Gross debt, general government (% GDP)	95.9	90.9	86.8	87.0	85.6	84.4	82.8	80.9	77.6	74.4	70.8
Current account (% GDP)	-1.2	-5.4	-4.2	-3.9	-4.5	-3.9	-4.3	-3.9	-3.3	-3.0	-2.8
Gross International Reserves (USD billion)	37.2	53.8	56.8	62.0	58.6	64.3	67.5	66.3	68.2	70.8	72.9
In percent of ARA metric (floating)	79.6	119.1	114.5	114.4	109.9	110.5	115.2	106.4	102.8	100.7	98.1

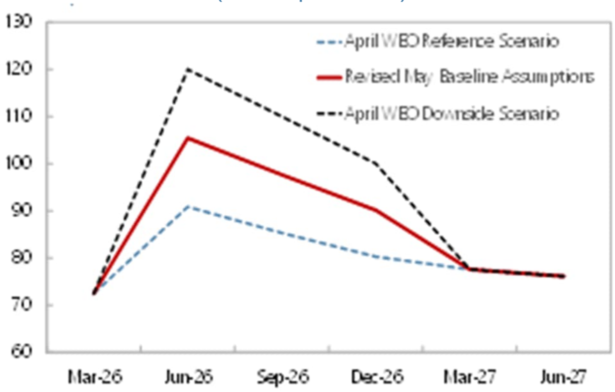
Sources: Egyptian authorities; and IMF staff estimates and projections.

1/ Fiscal year ends June 30.

- **Inflation** is projected to rise in H2 2026 to an average of 16.7 percent, reflecting higher energy prices, unfavorable base effects and exchange rate depreciation. While the resumption of inflows and the reversal of the depreciation as well as a tight monetary policy are expected to help moderate inflation thereafter, the gradual convergence of inflation to the CBE's target range is expected to be delayed by one year due to lingering transitory conflict-related inflationary pressures and to energy price adjustments linked to the implementation of the automatic fuel price

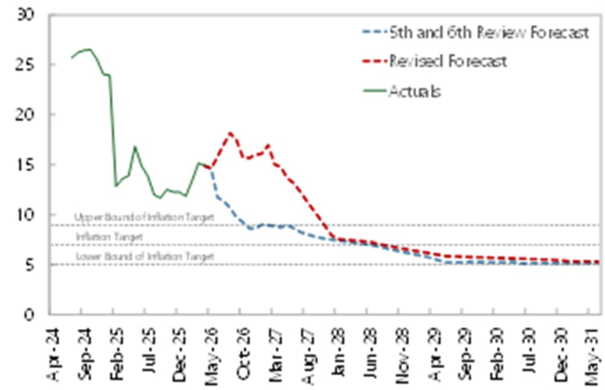
- **BOP.** The current account deficit is projected to narrow, driven by a gradual improvement in the trade balance—particularly in oil and gas—as prices normalize, alongside a growing services surplus. Remittances are expected to remain strong, following recent record inflows. The impact of higher oil prices is partly mitigated by oil hedging contracts for imports and long-term gas contracts—notably with Israel—which help cap prices. With sovereign spreads normalized, external issuances are expected to proceed as programmed, while foreign holdings of local currency debt are projected to gradually recover and stabilize in coming quarters. FDI is projected to decline by about 13 percent relative to pre-war projections next fiscal year—reflecting remaining exposure to war-affected countries—before recovering thereafter. Reserves are expected to remain broadly in line with previous projections and well above the 100 percent of the ARA metric throughout the program horizon formula.

Text Figure 1. Egypt: Oil Price Projections, Q1 2026 – Q2 2027
(In US$ per barrel)



Source: IMF staff calculations.

Text Figure 2. Egypt: Headline Inflation, 5th and 6th Review vs Actuals
(Month-on-month in percent)



Source: Country authorities; and IMF staff calculations.

- Public debt is projected to be slightly lower than under the 5th and 6th reviews, reflecting stronger nominal growth in the near term. Debt remains sustainable in the medium term, but not with high probability, with high risks of sovereign stress (Annex II). Public debt is projected to decline gradually from 91.1 percent of GDP in FY2025/26 to below 75 percent by 2031, mainly driven by the sustained primary surplus (Figure A2.4). Gross financing needs (GFN) are expected to peak at about 42.0 percent of GDP in FY2025/26, alongside high debt, interest, and rollover risks. The authorities' GFN reduction measures, estimated at about 5 percent of GDP in FY2025/26, with a further 5 percent of GDP effort projected in FY2026/27, are expected to gradually reduce GFN to below 30 percent of GDP by 2030.[2]

5. Downside risks to the outlook persist (Annex I). While risks have become more manageable, the outlook remains subject to high global and regional uncertainty. External risks remain high, as renewed regional tensions could weaken FDI, disrupt trade and supply chains, increase commodity price volatility, and trigger capital outflows alongside higher borrowing costs. Domestic risks reflect challenges in sustaining tight policies amid rising social pressures, rollover and refinancing pressures associated with elevated financing needs, and delayed progress in reducing the state's role in the economy. On the upside, a recovery in Suez Canal activity could support growth and improve the external position. The authorities should stand ready to deploy contingency measures, including identifying sources of external financing, should downside risks materialize (Box 1).

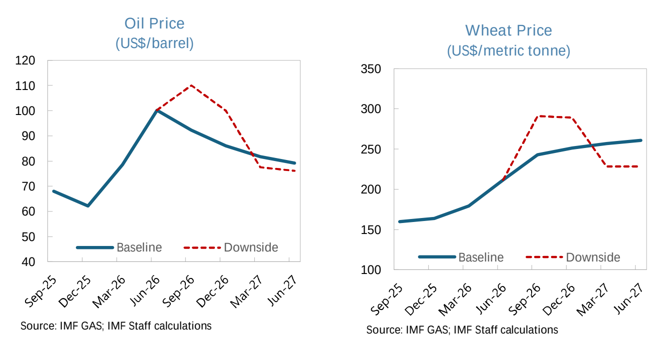
[2] The authorities' GFN reduction measures in FY2025/26 and FY2026/27 are reflected in the DSA projections to varying degrees. In FY2025/26, the targeted 5 percent reduction in the GFN-to-GDP ratio was achieved primarily through maturity-lengthening operations that converted very short-term instruments (one and two-week MoF notes and 3-month T-bills) into longer tenors within one year, thereby reducing rollover risks. Similar measures are expected to contribute to the cumulative 10 percent GFN reduction target in FY2026/27, albeit to a lesser extent. Because the DSA is an annual framework that aggregates all instruments with maturities below one year into a single short-term category, the authorities' maturity-lengthening operations within the one-year horizon (amounting to 4.5 percent of GDP) are not reflected in the DSA's annual GFN projections. The Qatari land sales, which accounted for 0.9 percent of GFN reduction efforts in FY2025/26 have been already incorporated in our projections at the time of the combined 5th and 6th reviews.

Box 1. Downside Scenario[1]

The impact of the Middle East war on Egypt has so far remained contained. However, the economy remains exposed through several channels that could adversely affect the outlook if regional tensions intensify:

- Energy imports. From March to June, the import bill expanded by approximately US$3.5 billion, with natural gas accounting for roughly half of the increase. The suspension of pipeline gas from Israel in March forced costly LNG purchases, although resumed deliveries in April—linked to long-term gas contracts—helped contain further price pressures. However, the cost to secure refined fuel products, in particular diesel and gasoline, remains highly dependent on the evolution of Brent spot prices. Overall, a $10 per barrel increase in international oil prices would widen the current account deficit by about 0.3 percent of GDP on an annual basis.
- Suez Canal receipts. These generated fiscal and BoP receipts of about 0.6 and 1.0 percent of GDP, respectively, in the current fiscal year. A worsening of regional tensions could interrupt the nascent recovery in traffic, which remains about 50 percent below pre-2023 levels.
- Remittance inflows—estimated at close to 10 percent of GDP in FY2024/25, with roughly 74 percent originating from GCC countries—remain strong but could weaken if regional spillovers significantly weaken economic activity in the GCC.
- Tourism receipts—accounting for about 4.6 percent of GDP in BoP receipts and contributing around 0.5 percentage points to growth in 2025—could be adversely affected if regional instability persists.
- Capital flows. A renewed increase in international oil prices could prompt a repeat in investor repositioning and lead to additional capital outflows.

Selected Commodity Price Assumptions – Baseline vs. Downside Scenario



The outlook would deteriorate further under an adverse scenario, which assumes international oil prices rising to US$103 per barrel, while the strait of Hormuz reopens— alongside Egypt-specific spillovers from the conflict in FY2026/27—namely Suez Canal traffic unchanged at current levels; tourism receipts 5 percent below baseline projections; reduction in portfolio inflows equivalent to about half of that experienced in Q3–Q4 FY2025/26; and a 150 basis point increase in spreads. Under this scenario, staff estimates that:

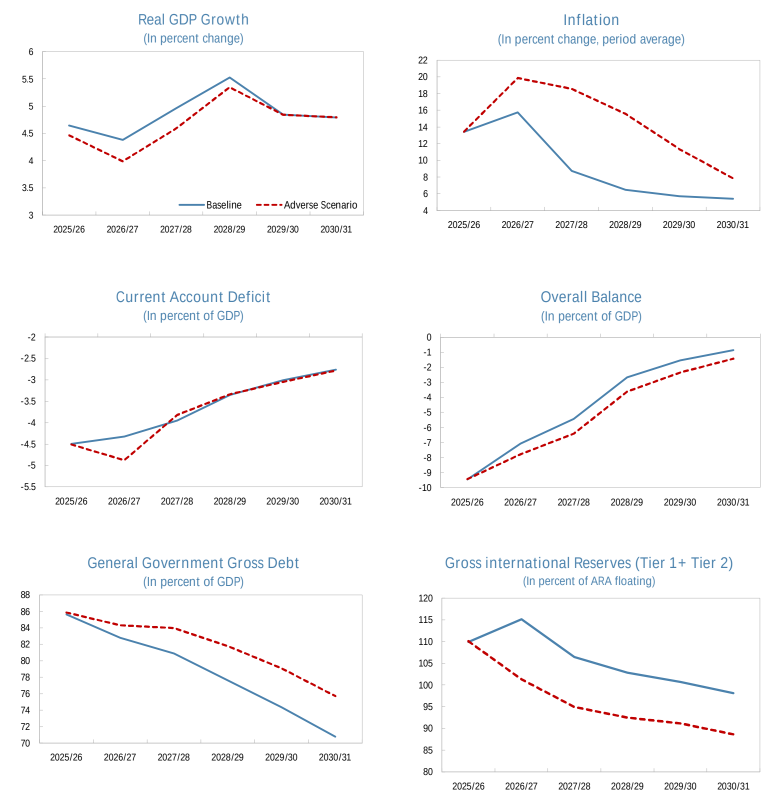
- Growth would decelerate to 3.0 percent in FY2026/27 and 4.4 percent in FY2027/28, compared to 4.4 percent and 5.0 percent in the baseline. Heightened uncertainty, higher import costs, and weaker demand would dampen private investment and activity across key sectors, including manufacturing, trade, and tourism.
- The current account deficit would widen by 0.6 percentage points of GDP to 4.9 percent in FY2026/27 relative to the baseline, while reserves would decline to $58 billion (98 percent of the ARA metric) in the absence of additional policy measures.

[1] The downside scenario is based on the April WEO adverse scenario assumptions for commodity prices starting in H2 2026.

Box 1. Downside Scenario (concluded)

- Larger external imbalances and capital outflows could lead to more pronounced exchange rate depreciation, with stronger passthrough to inflation, raising average inflation by 4 percentage points to 19.9 percent in FY2026/27.

Baseline and Downside Scenarios



Sources: Egyptian authorities; IMF staff calculations.

- The fiscal deficit would increase by 0.8 percentage points of GDP, with public sector debt rising to 84.3 percent of GDP. While higher domestic fuel retail prices would help ease pressures from elevated energy prices, higher international oil prices could still raise other subsidy costs (e.g., electricity) or trigger the materialization of contingent liabilities. At the same time, weaker growth and external activity would weigh on revenues, while higher borrowing costs would raise interest expenditures.

Additional policy adjustment would be needed to safeguard economic and policy stability under an adverse scenario. Exchange rate flexibility should remain the first line of defense, supported by tighter monetary and fiscal policies to contain inflationary pressures, facilitate external adjustment, and preserve reserve buffers. Fiscal policy should prioritize targeted support to vulnerable households while remaining consistent with debt sustainability objectives, including through additional revenue mobilization measures. Maintaining an open foreign exchange system would remain essential to preserving investor confidence, with capital flow management measures considered only in the event of an imminent crisis and as a measure of last resort. Accelerating structural reforms and divestment efforts, alongside mobilizing additional concessional and multilateral financing, would help contain financing pressures and support macroeconomic stability.

PROGRAM PERFORMANCE

6. Program implementation has improved, notwithstanding the onset of the war in Iran:

- End-June quantitative performance targets are expected to have been met and all end-March 2026 quantitative performance targets (QPCs) have been met, except one. The controlling QPCs for the 7th review are the end-June 2026 QPCs. The authorities met the end-March QPC targets on NIR, overdrafts, the primary balance, tax revenues, the ceiling on the outstanding stock of privately placed MoF notes, and the continuous PC on the non-accumulation of external arrears. The QPC on CBE lending to public agencies has been missed but repayments have been made in early June to correct for the March deviation and ensure the end-June QPC is met. Based on available information, all end-June 2026 quantitative performance criteria are expected to be met.

- Performance against indicative targets (ITs) was mixed. Four of the seven indicative targets (ITs) for end-March were met: the floor on social spending, CBE's FX intervention rule and budget, ceiling for public investment, and ceiling on net change in government guarantees. The authorities also met targets for CBE's FX intervention rule and budget for end-June. The remaining missed targets relate to the inflation clause, as annual urban inflation exceeded the program's upper outer band at end-March and end-June 2026, triggering an MPCC consultation with the Board (Annex IV), the breach of the end-December budget sector debt ceiling, and the end-June ATM issuance target. This latter target has been missed for three consecutive quarters. To support progress in this area, the authorities have agreed to reach an ATM at issuance of 1.25 by end-September and further reduce the stock of privately placed MoF notes to EGP 375 billion. Data for end-June social spending, public investment, government guarantees, and public debt are not yet available.[3]

- Progress has been made in implementing structural benchmarks. Of the end-March and end-June non-recurrent SBs, two were met: the CBE's supervisory response to address the gaps identified in NBE's and Bank Misr's risk management practices was shared with staff and incorporates all the gaps flagged by the assessors and agreed by both the bank and CBE; and the authorities published an action plan for simplifying business procedures. Two measures were completed with a delay (upload for the CBAM related supervisory reporting on the CBE website was made in April and legislative mandatory advanced customs clearance was sent to Parliament in March). Of the recurring six SBs, all have been met or in progress. The structural benchmark on the adoption of the FY2026/27 tax package was not met, as Parliament did not adopt the withholding tax on free zones. The publication of the updated State Ownership Policy (*end-March structural benchmark*) and the reduction of gross financing needs (*end-June structural benchmark*) were not met and are prior actions for completing the 7th Review (MEFP Table 2).

- The RSF reform agenda remains on track. RM3—which is due for this Review—was met, including by demonstrating the emission impact assessment at the project appraisal stage. RM4 with the availability date of November 15, 2026, linked to the third review, has been implemented, with a climate risk assessment already integrated into the fiscal risk statement by end-June 2026. It is proposed to rephase RM4 and associated disbursement to the current review because all the requisite elements of the RM have been met, and all the requisite criteria to rephase the RM to an earlier date are in place.

[3] General government debt data are as of end-December 2025.

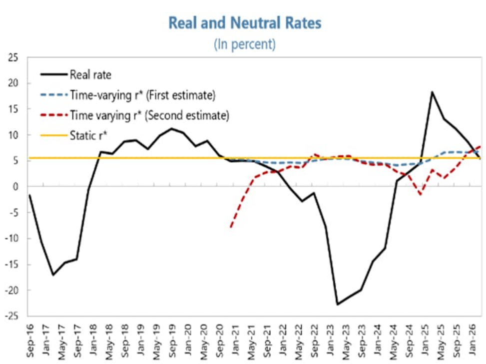
POLICY DISCUSSIONS

Policy discussions focused on calibrating the appropriate monetary policy stance, preserving exchange rate flexibility, maintaining fiscal discipline and reducing gross financing needs amid persistent supply shocks and high uncertainty. Discussions also focused on advancing structural reforms, including by reducing the role of the state through accelerating divestment and strengthening State-Owned-Enterprise (SOE) reforms.

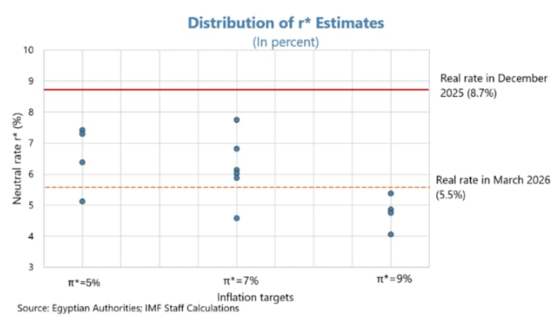
A. Exchange Rate and Monetary Policies

7. A tight monetary policy is necessary to contain inflation and keep expectations anchored. While inflation developments prior to the crisis gave the CBE room to cut interest rates through 2025, this space has closed, with the real rate falling on average below the estimated neutral rate. Month-on-month core inflation is 1.5 percent (on a seasonally adjusted basis) in June 2026 and headline inflation is projected to rise to about 17 percent by September 2026, driven by higher input costs and further energy price adjustments, despite recent declines in international oil prices and exchange rate appreciation. With the policy rate currently below the estimated neutral level, inflation outside the outer band in March and June 2026, and short-term inflation expectations remaining at 12 percent (above the inflation target band), increases in interest rate are needed to advance the disinflation process and help bring inflation expectations in line with the inflation target. Even under such path, the central bank's target would be reached with a one-year delay, by December 2027, reflecting the transitory nature of the shock. Monetary policy should remain guided by domestic inflation dynamics and be supported by clear and consistent communication reaffirming the authorities' readiness to act decisively to ensure inflation converges to within the 7 ±2 percent target band within the new horizon.

Figure 16. Egypt: Neutral Rate



Note: This figure presents neutral real interest rate estimates from two model approaches under a 7 percent inflation target, estimated using rolling 20-quarter windows. The realized real policy rate is measured as the discount rate deflated by core inflation.



Note: This figure presents neutral real interest rate estimates derived from multiple model specifications under alternative inflation targets (5, 7, and 9 percent), corresponding to points within the CBE's 7±2 percent inflation target band for December 2026. Each dot represents one specification. Horizontal lines indicate the realized real policy rate (discount rate deflated by core inflation) in December 2025 and March 2026.

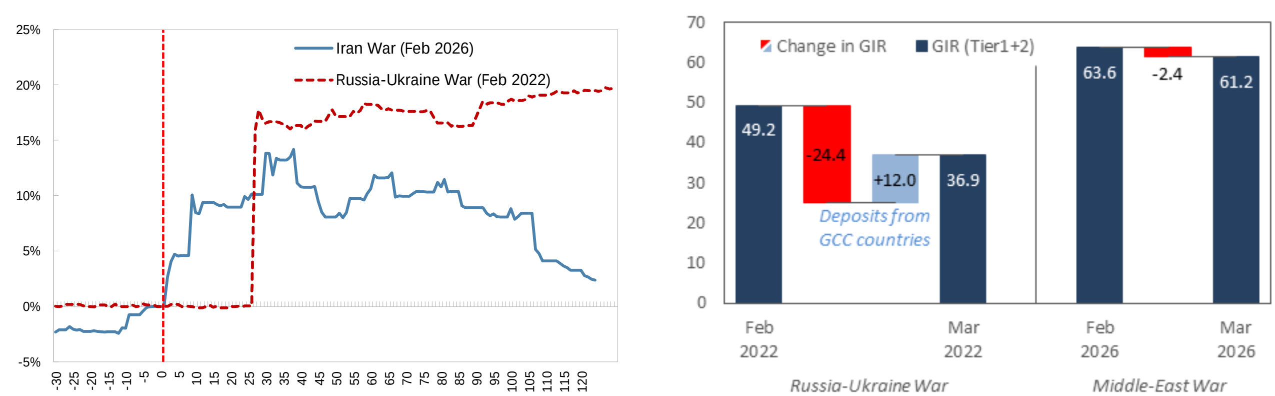
8. **Staff welcomes the authorities' continued efforts to reduce monetary financing, including from legacy arrangements.** The authorities have maintained observance of the overdraft ceiling, consistent with the program objective of reducing monetary financing of the budget. In addition, the stock of the CBE lending to public sector agencies outside the MoF is being reduced, with the shortfall underlying the end-March QPC made up in June, alongside planned repayments to ensure the end-June target is met. The faster repayment to the central bank is aligned with the objective of reducing this stock by EGP100 billion per year, with a view to eliminating it by end-June 2029.

9. **Exchange rate flexibility continues to play an important role in absorbing external shocks and managing volatile capital flows.** The exchange rate acted as the primary shock absorber during the recent outflow episode, adjusting in both directions in line with changing external conditions (Figure 17). The authorities' accumulation of reserves through market-based purchases helped maintain buffers above standard reserve adequacy metrics, placing reserves in a strong position vis-à-vis NIR targets—following an overperformance in March. The temporary decline in commercial banks' NFAs below the consultation threshold reflected the banking sector's role in absorbing the portfolio outflows associated with the regional shock. NFAs partially recovered as portfolio inflows resumed and market conditions normalized. Maintaining foreign exchange flexibility should remain the first line of defense against external shocks and capital flow volatility. Continued efforts to deepen FX risk management markets, including through further development of onshore forward and swap markets and greater use of hedging instruments by both the public and private sectors, would support resilience to external shocks.

Figure 17. Egypt: Exchange Rate and Reserve Dynamics Following Recent Geopolitical Shocks

Cumulative Exchange Rate Change
(Relative to the start of war; in percent)

Gross Reserves: Level and Monthly Changes
(In USD Mn)



Source: CBE, Haver, IMF Staff Calculations.

10. **The authorities' policy framework remains broadly consistent with the principles of the Integrated Policy Framework, which emphasizes coordination across monetary, exchange rate, FX intervention, capital flow, and macroprudential policies while preserving the primacy of warranted macroeconomic adjustment.** Since the publication of the Staff Report for the 5th and 6th reviews, no

new exchange restrictions, MCPs inconsistent with Article VIII, or capital flow management measures (CFMs) have been introduced or intensified.

B. Fiscal Policy

11. Proactive policy responses and identified contingency reserves are supporting fiscal discipline and are expected to help the authorities meet the FY2025/26 primary balance target amid heightened uncertainty. Timely increases in gasoline, diesel and mazut (above the 10 percent cap that would have been implied by the pricing mechanism), as well as increases in natural gas prices, and electricity tariffs, together with energy conservation measures, have helped limit the deviation from cost recovery and the associated fiscal cost of higher energy prices and keep spending broadly aligned with the budget envelope. Revenue performance through April 2026—also helped through administration efforts to improve voluntary compliance such as digitalization and new dispute resolution mechanisms (MEFP ¶10)—remained broadly on track to meet annual targets. Moreover, the authorities have rationalized spending through under-execution of contingency spending available under the budget ceiling by around 0.6 percent of GDP to meet the primary balance target in light of the lower divestment proceeds.

Text Table 3. Egypt: Fuel and Electricity Price Adjustments

	Price		Change	
Product Type	Oct-25	Mar-26	EGP	%
Petroleum (per liter)				
Octane 95	21	24	3	14
Octane 92	19	22	3	16
Octane 80	18	21	3	17
Diesel (per liter)	18	21	3	17
Natural gas, for cars (per m3)	10	13	3	30
Butane Gas Cylinders (12.5 kg)	225	275	50	22
Butane Gas Cylinders (25 kg)	450	550	100	22

	Price		Change	
	Old	New	EGP	%
Domestic Users				
Consumption > 1000 KwH	2.23	2.58	0.35	16
Commerical Ursers				
1-100 KwH	85	162	77	91
101-250 KwH	168	216	48	29
251-600 KwH	220	264	44	20
601-1000 KwH	227	274	47	21
Above 1000 KwH	233	279	46	20

Text Table 4. Egypt: Revenue Mobilization Measures

	FY2025/26	
	EGP billion	% GDP
Removal of exemption on crude oil, with VAT rate of 10%	42.4	0.2
Removal of exemptions on construction	54.8	0.3
4% withholding tax on freezone companies' exports to local market	13.8	0.1
Informal Economy Policy Reforms	28.5	0.1
Other	152.9	0.7
Total	195.2	0.9

	FY2026/27	
	EGP billion	% GDP
VAT on rental of non-residential units	41.0	0.2
Dividend tax on distributable profits for SOEs	46.0	0.2
Transfer Pricing and International Taxation	44.0	0.2
Excise on natural gas	40.6	0.2
Other	128.6	0.5
Total	300.2	1.2

12. The FY2026/27 budget, which has been submitted to Parliament, targets a primary balance of 5 percent of GDP. This fiscal stance remains appropriate to contain gross financing needs and reduce public sector debt. This is supported through:

- Revenue measures. A tax package for FY2026/27 (Text Table 4), which is expected to support an increase in the tax to GDP ratio of about 2 percent of GDP between June 2025 and June 2027, was approved by Parliament in June 2026 as part of the FY2026/27 budget (*end-June 2026 structural benchmark*), and reflects a two-pronged strategy:

- Tax policy. Relevant legislation needed to enact the tax package, including the reduction of VAT exemptions (notably on rentals of non-residential property) and the introduction of a new tax on SOE profits was approved by Parliament in June. Staff regrets that the withholding tax on free zones (with an estimated yield of 0.1 percent of GDP), which was submitted to Parliament as part of the FY2025/26 package, was not adopted. While the authorities will continue to pursue the adoption of the withholding tax through the legislative process, with its publication in the official gazette expected by end-November (*structural benchmark*), offsetting measures have also been identified to compensate for the immediate revenue shortfall (MEFP ¶10), including by: (i) introducing an intraday stock exchange transaction tax; (ii) unifying duties on departure travel to EGP 100 per person, (iii) increasing duties/excises on cement sales; and (iv) transfers by GAFI of fees on turnover collected from companies in free-zones to the budget.

- Revenue administration. The tax policy measures are complemented by a tax facilitation package aimed at improving taxpayer services and strengthening compliance (MEFP ¶10). Staff encourage the authorities to continue building on the positive momentum and significant progress in revenue administration by further improving compliance with return-filing obligations and timely payments, expanding the scope of automated, risk-based audit selection, and implementing a structured risk management process for tax compliance.

- Spending prioritization. The FY2026/27 budget incorporates priority investments in health, education, energy, water and sanitation alongside targeted support programs, including cash transfers (Takaful and Karama) and in-kind transfers of around 0.24 percent of GDP. It also provides for an increase in the minimum wage, with a limited impact on the public wage bill (around 0.1 percent of GDP). The Prime Minister has publicly announced in early July that the automatic fuel pricing mechanism (covering gasoline, diesel, and fuel oils) will resume in July—a critical step that will help reduce untargeted energy subsidy spending. Accelerating the transition to renewable energy would also help reduce the import and subsidy bill (MEFP ¶12). Staff supports the prioritization of key social spending and sectors, and transition towards cash transfers, and encourages the authorities to conduct an impact assessment to refine targeting within the available fiscal space (e.g., by revising adequacy, coverage and eligibility criteria to safeguard those who risk falling into poverty).

- Contingency reserves. The budget allocates about 1.1 percent of GDP to contingency reserves, providing flexibility to reprioritize or streamline spending while remaining within the overall expenditure envelope and primary balance target. The reserves would help absorb higher-than-budgeted oil prices (the budget assumes around $75 a barrel) and offset any potential shortfalls in divestment and asset sale proceeds, which are programmed to be transferred to the budget. The authorities should also continue to prioritize revenue-based measures, including further streamlining of VAT exemptions, to address any revenue underperformance.

13. Stronger efforts to better monitor and control public sector activity and fiscal risks should accompany fiscal consolidation:

- Fiscal Risks. The Egyptian General Petroleum Corporation (EGPC) remains the main source of fiscal risk. While total government guarantees remained below the end-March target, guarantees to EGPC continued to increase, reflecting higher borrowing. The clearance of US$6.2 billion in arrears to international oil companies (IOCs) in early June 2026, together with higher domestic fuel prices, is expected to support production, improve operating profitability, and ease financial pressures. Nevertheless, EGPC remains highly leveraged, with large interest expenses continuing to weigh on its financial performance, creating potential budgetary risks through future subsidies, guarantees, or recapitalization needs. In this context, staff welcomes the implementation of the EGPC viability plan, for which a progress report is expected by end-September (*new structural benchmark*), to inform progress toward achieving a cash-flow surplus in FY2025/26, reducing government guarantees by 25 percent by FY2026/27, and accelerating receivables collection from major energy sector counterparts (MEFP ¶13).

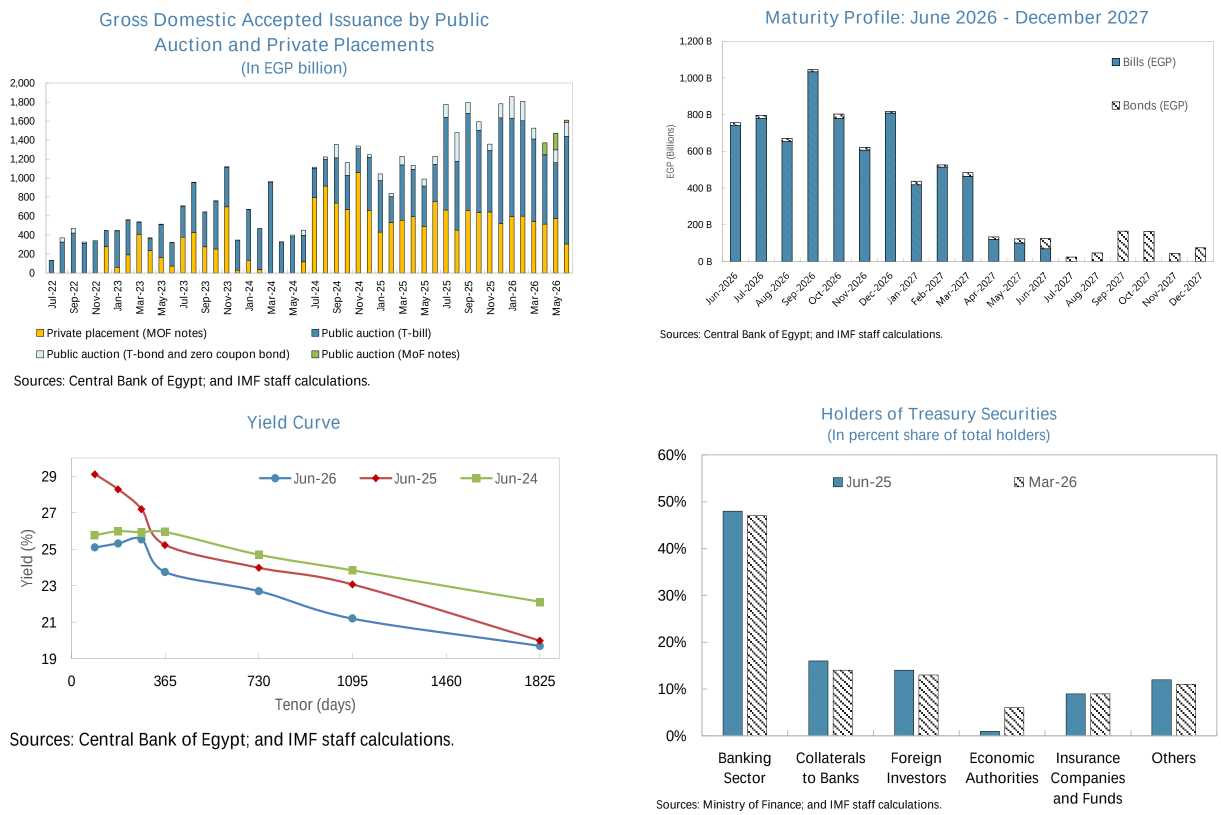
- Public investment management. The authorities successfully contained overall public investment spending in the first half of FY2025/26, with total outlays amounting to EGP 440.9 billion. Budget entities, economic authorities, and public companies accounted for 45, 34, and 21 percent of spending, respectively. For FY2025/26, the public investment ceiling has been set at EGP 1,158 billion, consistent with a sustained reduction in the public investment-to-GDP ratio (currently at 5.4 percent of GDP) supporting the transition away from a public investment-led growth model amid elevated gross financing needs. Within this ceiling, priority will be given to projects financed on concessional terms. The authorities also remain committed to strengthening the evaluation and prioritization of public investment projects, including public–private partnerships, to ensure efficient use of fiscal resources. In this context, an assessment of public investment management is planned as part of the World Bank's Public Finance Review (PFR).

- Public financial management (PFM). Progress continues toward consolidating EAs into the general government fiscal reporting, in line with GFSM 2014, including through expanded training. The forthcoming budget sector arrears report—planned on a semi-annual basis—will expand coverage to critical SOEs and EAs, while ensuring timeliness and consistency of reported data, and is expected to be published by September 2026 (*structural benchmark*). Further improvements to consolidated debt statistics focusing on clarifying institutional coverage—including entities and instruments—and consolidation methodologies, including the treatment of intra-public sector holdings and valuation methodologies in the next publication (November 2026), alongside expanded SOE reporting (*recurring structural benchmarks*), will strengthen transparency. The significant advance in the full digitalization of procurement across budget entities is welcome, with a pilot phase of the e-procurement system expected to begin in July 2026 (MEFP ¶17).

C. Debt Management

14. **Tight market conditions constrained the authorities' efforts to reduce gross financing needs (GFNs) and extend debt maturities.** While maturities were successfully lengthened in the first two months of 2026, the onset of the war in March heightened market volatility, triggered nonresident outflows, and weakened demand for longer-term instruments, leading the ATM to fall below the program target by April. In this environment, the authorities relied on very short-term MoF notes to meet financing needs (Figure 18). This increased reliance on short-term instruments further shortened the maturity profile and delayed the implementation of GFN reduction measures. In response, the authorities modestly backloaded the implementation of their GFN reduction plan.

Figure 18. Egypt: Public Sector Debt



15. **Nevertheless, the efforts to achieve a cumulative reduction of 10 percent of GDP during FY2025/26–FY2026/27 remain as programmed, although GFNs are now projected to decline by 5 percent of GDP in FY2025/26, compared with 6 percent envisaged at the time of the 5th and 6th reviews.** For FY2025/26, market-based maturity extension, primarily very short-term instruments, including three-month T-bills and MoF notes, accounted for the bulk of the effort, complemented by proceeds from the Qatar land sales and divestment. In FY2026/27, the additional 5 percent of GDP reduction in GFNs is expected to be achieved mainly through further maturity lengthening and voluntary and market-based liability management operations that exchange shorter-term securities

for longer-dated instruments. Consistent with the authorities' commitment to reduce reliance on very short-term financing instruments, any maturity extension achieved through privately placed or publicly auctioned MoF notes is excluded from the FY2026/27 GFN reduction plan. This strategy should be complemented by a gradual unwinding of the stock of short-term MoF notes—with zero issuance of weekly notes by end-September—and a shift toward tradable instruments. Strengthening the institutional framework for debt management, further diversifying the investor base, and promoting policies to develop the domestic market will be critical to underpin these efforts and ensure their durability.

Text Table 5. Egypt: GFN Reduction Efforts (FY2025/26) and Potential Measures (FY2026/27)

Measures	Contribution to GFN/GDP reduction (%)
Qatar land sales (US$3.5 billiion)	0.86
Divestment proceeds (US$100mn)	0.03
Maturity extension of 3m T-bills	1.65
Maturity extension of privately placed MOF notes	2.04
Voluntary liability management operations	0.46
Overall effort, FY25/26	5.0
Divestment (US$920 million)	0.2
Maturity extension of T-bills	2.5
Voluntary liability management operations	2.3
Overall effort, FY26/27	5.0

** for FY26/27, numbers are estimates.*

16. A more effective and coordinated debt management framework, anchored in the establishment of a fully-fledged debt management office (DMO), will be essential to strengthen macroeconomic resilience. Staff welcomes the progress made to date, including the publication of the Medium-Term Debt Strategy (MTDS) and Annual Borrowing Plan (ABP) – which are contributing to improved transparency and credibility—the establishment of a dedicated DMO, and the recruitment of additional staff to strengthen middle-office functions (including debt strategy and reporting, with technical assistance from the World Bank). However, further reforms are needed to enhance debt management effectiveness and reduce refinancing risks. Priorities include:

- Completing the DMO structure. The DMO should adopt a standard functional structure with clear separation of front-, middle-, and back-office responsibilities and a strong legal mandate.

- Strengthening institutional arrangements. The improved institutional arrangement should also address fragmentation in responsibilities, data gaps, and weak IT systems to improve debt management operations, risk assessment, and reporting. This should include establishing debt recording systems under the responsibility of the DMO that provide accurate, comprehensive, and timely information on both external and domestic debt. Consolidating debt recording, debt statistics, and related systems within the DMO would strengthen accountability, reduce operational risks, and support more effective debt management by giving it direct control over the information underpinning its operations.

- Improving coordination between cash and debt management. Cash forecasting and liquidity management should be strengthened further, together with enhanced coordination between the units responsible for cash management and debt management. Enhanced coordination would improve the alignment of funding decisions with government liquidity needs, reduce reliance on ad hoc borrowing, support more strategic funding operations, lower refinancing risks, and facilitate the extension of debt maturities.

- **Enhancing interagency coordination.** Building on the existing committee that coordinates external debt, the authorities should broaden its mandate to oversee all public debt and strengthen interagency coordination among the MoF, the CBE, the Ministry of Planning, and other relevant institutions. This would support a more integrated approach to debt management, fiscal policy, monetary policy, and public investment planning.

- **Strengthening the Annual Borrowing Plan.** The ABP should become a key operational tool, published alongside the budget and monitored regularly against borrowing outcomes and budget execution. Systematic assessment of deviations between planned and actual borrowing should be undertaken to improve accountability and support more proactive debt management.

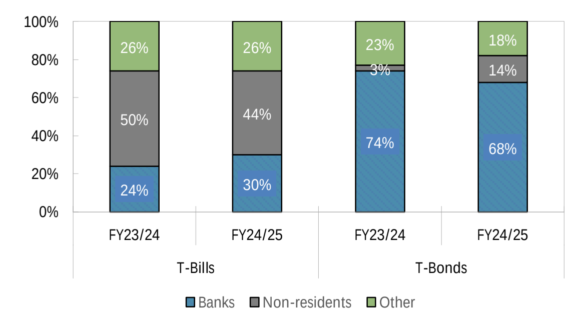
- **Promoting the development of the domestic debt market.** The DMO should champion efforts to deepen the domestic debt market by establishing liquid benchmark securities, fostering market-based price formation in government securities auctions, strengthening the primary dealer framework, and supporting the development of secondary markets.

- **Strengthening investor relations.** Efforts to strengthen investor relations are welcome. Additional efforts to enhance communication with market participants and improve transparency regarding the government's financing strategy will help bolster investor confidence and broaden the investor base.

D. Financial Sector Policies

17. **The banking system remains broadly sound.** It is well capitalized, with the system-wide capital adequacy ratio reaching 19.3 percent at end-2025, comfortably above regulatory requirements. Liquidity and profitability remain strong, well above regulatory minima and indicative of substantial domestic and foreign-currency liquidity buffers (MEFP ¶21). Profitability remains robust, with return on assets above 2½ percent and high returns on equity, supported in part by elevated net interest margins. However, banks' exposure to the sovereign remains elevated, creating potential valuation, liquidity, and rollover risks in the event of market stress.

Text Figure 3. Egypt: Domestic Securities Investor Base



Source: Central Bank of Egypt.

18. **The policy toolkit remains available to respond to a deterioration in conditions but should be deployed cautiously.** Existing capital and liquidity buffers provide an important degree of resilience and should allow banks to absorb temporary funding and market shocks without recourse to extraordinary support measures. While the release of macroprudential tools is not warranted at this

stage, it could be considered in the event of a significant deterioration in banks' liquidity or capital positions. Capital flow management measures (CFMs) should remain measures of last resort, to be deployed only in the event of acute stress and should not substitute for warranted macroeconomic adjustment. Continued efforts by the authorities to identify, operationalize, and regularly test contingency measures would further strengthen crisis preparedness and the resilience of the financial sector.

19. Strengthening the governance of State-owned banks (SOBs) remains a priority. Recent diagnostic studies of the two large SOBs have led the central bank to agree with banks on a corrective action plan to address gaps identified by the assessors. The measures taken to address these gaps will be shared with staff in an interim report in August and detailed in a final action report (*end-September structural benchmark*), supporting efforts to further strengthen state-owned banks' operations and reduce the risk of contingent liabilities materializing for the state.

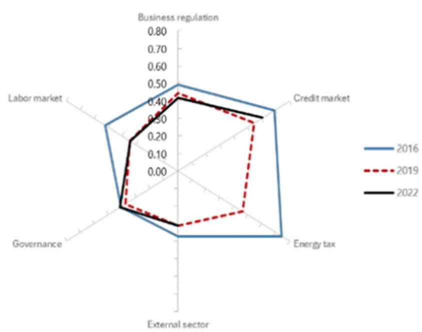
20. The authorities are also advancing their digital financial sector development agenda (MEFP ¶25). Key initiatives include the expansion of digital banking services, implementation of e-KYC frameworks, strengthening fintech regulation, and enhancements to cyber resilience. Ongoing efforts to strengthen supervisory and regulatory frameworks will be important to support innovation while safeguarding financial stability, operational resilience, and financial integrity.

21. The nonbank financial sector (NBFS) remains small relative to the banking system but has continued to expand rapidly. Mutual fund assets reached EGP 316 billion in 2025, although growth remains concentrated in money market funds, which limits the sector's contribution to extending the maturity profile of public debt. Insurance sector balance sheets also grew, with total assets of insurance companies rising by about 15 percent to EGP 420 billion. NBFS balance sheets remain significantly exposed to government securities, reinforcing the sovereign-financial sector nexus and creating a potential channel for broader financial spillovers. Going forward, promoting longer-term institutional investors—particularly pension and life insurance funds—would help diversity the investor base, deepen domestic markets, and support maturity extension. At the same time, continued close monitoring of NBFS developments is warranted, including the evolution of asset allocation and risk exposures.

E. Structural Reform Policies

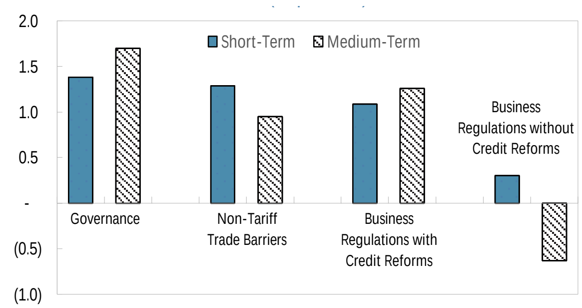
22. **Structural reforms remain critical to raising Egypt's medium-term growth potential and reducing vulnerabilities.** Egypt's state-led growth model has generated relatively weak productivity gains, limited private investment, and insufficient job creation despite high levels of investment. Accelerating implementation of the State Ownership Policy, strengthening competitive neutrality, reducing the state's footprint, addressing governance weaknesses, and improving business environment would help reallocate capital and labor toward more productive private-sector firms, boosting investment, productivity, exports, and employment. Beyond supporting growth, these reforms are essential to improving resilience by diversifying sources of growth, attracting durable foreign direct investment, reducing reliance on debt-financed public investment, and strengthening the economy's capacity to absorb future shocks.

Figure 19a. Egypt: Evolution of Structural Gaps (Compared to EMs frontier)



Source: Fraser Institute (2023 release), World Bank, and IMF staff calculations.
Note: The spider charts show the structural gaps between Egypt and the EM frontier for a given year, in areas of governance, business regulation, and external sector. Structural gaps range between 0 and 1, where a lower value implies the country is closer to the frontier, and vice versa.

Figure 19b. Egypt: Estimated Dividends from Structural Reforms (In percent)



Source: IMF estimates.

23. **The recently adopted SOP strengthens the state ownership framework—focusing on private-sector-led growth, competitive neutrality, portfolio management, and governance—and provides a structured framework for managing state ownership (Box 2).** Its effectiveness hinges on operationalizing the SOE Unit, advancing key reforms to strengthen competitive neutrality and corporate governance and sustaining portfolio oversight. To operationalize the updated policy and support implementation, the authorities will prepare and secure Cabinet approval of an executive plan specifying clear actions and timelines (MEFP ¶29, *new structural benchmark*).

Box 2. State Ownership Policy

Egypt adopted its first State Ownership Policy (SOP) in 2022 to clarify the scope of state involvement in economic activity and create space for greater private sector participation. While it provided strategic guidance on sectoral presence, it offered limited direction on how ownership should be governed and managed over time. As a result, it was characterized by weak ownership governance, limited accountability, fragmented portfolio management, and insufficient institutional efficiency.

The revised SOP for 2026–30 represents a significant upgrade, shifting from a sectoral approach to a comprehensive ownership management framework. It broadens the scope of the initial Policy across portfolio management, the legal and institutional framework, competitive neutrality, corporate governance, as well as implementation and monitoring. More specifically, it:

- updates the sectoral priority matrix in line with IFC recommendations, identifying priority sectors for state withdrawal.
- establishes a portfolio management framework based on principles of selective ownership, company-specific decision-making, periodic portfolio reviews, and commercial considerations of risk, return, and value creation, bringing practices closer to international standards.
- introduces a unified legal and institutional architecture, including the creation of the State-Owned Enterprises (SOE) Unit as the central ownership coordination body responsible for overseeing SOP implementation, conducting portfolio triage (identifying companies to retain, restructure, or divest), managing transfers to the Sovereign Fund of Egypt (FSE), and monitoring implementation timelines.
- strengthens competitive neutrality by separating ownership and regulatory functions and ensuring that SOEs operate under conditions comparable to private firms, supported by enhanced competition policies, strengthened independence and enforcement capacity of the Egyptian Competition Authority (ECA), improved coordination with sector regulators, and clearer criteria for state market intervention.
- enhances corporate governance in line with OECD standards, including stronger and more independent boards, improved selection criteria, and more transparent dividend policies. Economic authorities that primarily perform government functions may remain outside the SOP and be governed under arrangements applicable to government units.
- expands coverage to include economic authorities, with ongoing reviews of their legal status and restructuring options, including conversion into joint-stock companies to improve governance and financial performance.
- introduces a Cabinet-approved execution plan translating the SOP implementation into time-bound actions and measurable outcomes, updated annually to reflect evolving priorities.
- reinforces monitoring and transparency through the composite SOP implementation indicator and an annual implementation report, supporting systematic tracking of progress and strengthening accountability.

24. Accelerating the divestment agenda is central for scaling back the state's footprint. Under the original EFF objectives, divestment was expected to reduce the role of the State and generate US$8.7 billion in proceeds, with half allocated to debt reduction. By end-FY2023/24, divestment pipeline progressed slower than envisaged, partly due to market conditions, with proceeds reaching US$2.2 billion. To address the shortfall, the authorities sold a land to Qatar for US$3.5 billion. An additional US$1.5 billion in proceeds—programmed at the 5th and 6th reviews for FY2025/26—is now expected in FY2026/27. Achieving this would demonstrate the authorities' commitment to

reducing the role of the state, in line with the SOP. Under this scenario, total proceeds allocated to debt reduction during the program would reach about US$4.7 billion, exceeding initial expectations. These would materialize through:

- By July 2026, at least US$500 million in proceeds to be collected from key transactions, including the sale of a 100 percent stake in Gabal El Zeit and in some Ministry of Finance shareholdings, alongside an agreement ensuring the irreversibility of the sale of a 20 percent stake in Misr Life Insurance (Prior Action). Proceeds from the Misr Life transaction are expected by end-August. The proceeds from these transactions will be fully allocated to debt reduction.

- Looking ahead, to achieve total proceeds of about US$1.5 billion by program end, consistent with program targets set at the 5th and 6th reviews, the authorities are committed to advance the divestment program to ensure timely execution of remaining transactions, with an increasing shift toward initial public offerings (IPOs) to deepen capital markets and broaden investor participation. At least 50 percent of the proceeds will be allocated to debt reduction. Preparations are also underway for management concessions of 11 airports, with initial progress on one transaction supported by IFC.

- As the divestment strategy advances, it will be important to prioritize attracting foreign direct investment. Where assets are sold domestically, transactions should support effective private-sector participation, avoid dominance by state-owned enterprises or connected domestic parties. The strategy should also prioritize majority sales to foster private sector development, while avoiding reliance on land sales as stop-gap measures.

25. Reforms toward improving the business environment need to be accelerated as they are progressing more slowly than envisaged. Efforts have focused on easing administrative bottlenecks and strengthening the institutional framework for competition:

- Trade facilitation: Customs clearance times have fallen from 16 days in 2021 to 5.8 days, though momentum toward reaching the 2-day target has stalled. Amendments to the custom laws—submitted to Parliament in March (*end-February 2026 structural benchmark*) and adopted in June—are expected to help further accelerate custom clearance.

- Streamlining business procedures. Progress is also underway on developing the digital Integrated Economic Entities Platform, aimed at streamlining business registration, licensing, and operations and reducing nuisance fees. The authorities have published an action plan to re-engineer procedures at end-June 2026 (*structural benchmark*), which spans 90 licensing authorities and 468 economic activities, enabling a detailed assessment of licensing requirements.

- Improving competition. In April 2026, Parliament approved amendments to the Competition Law, which is expected to strengthen the institutional independence of the Egyptian Competition Authority (ECA) and enable it to impose direct administrative sanctions. The amendments also expand the ECA's enforcement toolkit, enhancing its ability to effectively implement competition policy.

RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT

26. Performance under the RSF continues to be strong:

- **RM3 was successfully implemented.** It introduced climate considerations for national investment planning, now applied to major projects, strengthening alignment with the National Climate Change Strategy 2050 (MEFP, ¶36).

- **It is proposed to modify RM9 to improve PPP monitoring and transparency**. The measure includes preparing pre-feasibility studies for two climate-related PPP projects (one on adaptation and one on mitigation); conducting and publishing a stock-take of PPP procurement methods, expanding the Ministry of Finance's ability to collect and report PPP information across legal frameworks, and publishing annual PPP procurement indicators beginning in FY2025/26. It is proposed to modify the target date from end-June 2026 to end-August 2026.

- **Progress on remaining RSF reform measures continues, with two measures completed ahead of schedule.** Work is completed on expanding the asset registry and integrating climate risk analysis, with assessments of major new completed projects informing the draft FY2026/27 fiscal risk statement already published (**RM4**). Quantitative analysis of long-term climate-related fiscal risks and contingent liabilities—focusing on PPPs and SOEs—has been incorporated into the draft budget, and published in a separate statement in June 2026 (**RM5**).[4,5] In parallel, regulatory and institutional reforms are progressing, including through: publishing an environmental and social risk management framework for banks (**RM6**), developing a national disaster risk financing strategy (**RM7**), establishing a measurement, reporting, and verification framework for emissions from hydrocarbon production (**RM8**), alongside operationalizing the National Water Council and developing a national water allocation framework (**RM10**).

PROGRAM MODALITIES AND RISKS

27. Given the Board timing after the availability of some of the end-June QPCs, conditionality has been updated as follows (MEFP Tables 1 & 2):

- **For end-June:** QPCs are unchanged, two new structural benchmarks track implementation of the State-Ownership Policy and the EGPC's viability plan and a new structural benchmark was introduced for adoption of the withholding tax on free zones while measures on gross financing needs reduction, divestment, and SOP publication are prior actions for completing the Review

[4] The authorities' analysis illustrates that under the severe climate scenario modeled, the primary balance is projected to be around 0.4 percentage points of GDP lower than the baseline scenario by 2075. The link to Climate Fiscal Risk Annex to the 2026/27 Budget is here.

[5] Although two RMs have been completed ahead of schedule, only one RM can be brought forward for assessment this review as per RSF guidance note.

(MEFP Table 2). To monitor GFN reduction targets, a new monthly data requirement on reporting redemption and issuance-profile of all public domestic debt on a monthly basis is added.

- For end-September: In line with the revised program timeline, it is proposed by the authorities and staff agreed to set new quantitative performance criteria for end-September 2026, which will be assessed for completion of the 8th Review. This change strengthens monitoring of key program objectives and ensures that conditionality appropriately governs performance through the final review. The end-September MPCC consultation bands have been revised relative to the 5th and 6th reviews to reflect the impact of the regional conflict on the inflation outlook.

28. The program remains fully financed. Assurances remain that GCC official deposits at the CBE will not be withdrawn before the end of the EFF in December 2026, except in the case of equity purchases, with the associated FX proceeds retained in the CBE's foreign exchange reserves. The baseline assumes that foreign inflows resume in the second half of FY2026/27, albeit at a slower pace than prior to the war, with Eurobond issuance assumptions unchanged, while reserves continue to increase in line with program targets. Expected financing from the EU, the World Bank, and other international partners (excluding the IMF), together with the revised divestment profile, is projected to amount to US$4.7 billion in FY2025/26 and $6.7 billion in FY2026/27 (Text Table 6).

Text Table 6. Egypt: External Financing Needs and Sources
(Billions of US dollars)

	2025/26		2026/27
	5th/6th review	*Proj.*	*Proj.*
External financing needs	35.6	32.7	32.6
Current account deficit	16.6	19.6	20.6
Public and private loan amortization	15.8	9.9	10.2
IMF repayments	3.1	3.1	1.8
External financing sources	28.6	25.2	30.5
Foreign direct investment, net	12.6	12.4	11.8
Portfolio investment and loan disbursements	17.7	14.7	19.7
Change in CBE and bank's foreign asset	-1.7	-1.9	-1.0
Errors and Omissions	-1.1	0.9	0.0
Financing Gap	-8.1	-6.6	-2.1
Change in Reserves 1/	-4.8	-0.1	-7.7
Identified Official Financing	12.9	6.7	9.7
IMF, Extended Fund Facility	3.5	2.0	3.0
World Bank	0.7	0.0	1.0
European Commission	2.8	1.2	3.5
Sales of state-owned assets	5.0	3.5	0.4
Other	0.9	0.0	1.8

IMF staff estimates.
1/ Excluding RSF; Negative sign indicates an increase in reserves.

29. The concurrent RSF arrangement will continue to be monitored through the agreed reform measures, with one reform measure proposed for rephasing. Staff supports the authorities' request to bring forward the completion date and associated disbursement for RM4 to the second RSF review, reflecting the progress made in its implementation. The authorities successfully expanded the pilot asset registry to the additional required ministries, undertook climate risk analysis of large new assets, and published a summary of this analysis. At the same time, RM9 has been revised to strengthen the monitoring and transparency of PPPs, while preserving the overall ambition and objectives of the RSF reform agenda. The proposed adjustments improve the sequencing of reforms without weakening the reform package. The World Bank has also provided an updated assessment letter on the authorities' climate policies in support of the second RSF review (Supplement 1, WB Assessment Letter).

30. Enterprise risks remain significant and would increase if downside risks materialize. While program implementation has remained strong, business and reputational risks could increase under adverse conditions, including if higher inflation, tighter financing conditions, or rising social pressures

make reforms more difficult to sustain. For instance, while the program provides space for the CBE to assess incoming data, there is a risk that the authorities' monetary policy stance proves less restrictive than staff considers necessary to contain inflationary pressures and anchor inflation expectations. Furthermore, risks continue to stem from Egypt's reliance on short-term domestic financing, remaining structural reform gaps, and vulnerabilities related to data quality and non-standard accounting practices, and potential spillovers from geopolitical shocks. Exchange rate flexibility remains an important shock absorber, while net international reserves in excess of Fund debt service obligations and continued improvements in Egypt's fiscal and external positions mitigate financial credit risks. Nevertheless, the evolving global environment warrants continued monitoring and readiness to respond swiftly to risks.

31. **Capacity to repay the Fund is adequate but subject to risks and contingent on full program implementation and the materialization of all projected financing.** Egypt is the Fund's fifth largest exposure in the General Resources Account (GRA), as of July 1, 2026. Fund repurchases and charges are expected to decline further in FY2026/27, from 4.7 to 2.8 percent of exports and from 6.2 to 3.4 percent of gross reserves, and to continue declining over the following years before rising again beginning of FY2030/31 as repurchases under the current EFF arrangement fall due (Table 10). Risks to capacity to repay could arise from renewed and lasting regional tensions in the Middle East, which could trigger capital outflows, raise borrowing costs, weaken FDI, disrupt trade and supply chains, and increase commodity prices. Egypt's stock of gross and net international reserves exceeds its obligations to the Fund, providing a buffer for repayments. Continued improvements in the fiscal and external positions are expected to ensure Egypt's market access and adequate capacity to repay the Fund.

32. **The CBE's progress in implementing outstanding safeguards recommendations remains mixed.** The CBE has strengthened foreign reserves management and continues efforts to reduce legacy claims on public sector agencies. However, progress toward full compliance in Egyptian Accounting Standards/IFRS has been limited, and staff encourages the authorities to take concrete actions to address remaining gaps and advance implementation.

STAFF APPRAISAL

33. **Egypt entered the war in the Middle East from a stronger macroeconomic position, which helped increase its resilience to external shocks.** Substantial progress in restoring stability and rebuilding buffers under the Fund-supported program have helped contain the impact of the war. The proactive, timely, well-coordinated policy response—including through exchange rate flexibility, energy price adjustment and expanded targeted support—has further helped contain pressures on the fiscal and external positions. However, vulnerabilities remain high, reflecting high public debt, large gross financing needs, and a large state footprint. In an environment of continued global and regional uncertainty, continued policy discipline and decisive implementation of structural reforms remain essential to safeguard macroeconomic stability and further strengthen resilience.

34. **A tighter monetary policy is needed to keep inflation expectations anchored and bring inflation back to target.** With inflation above the outer band, sequential increases in seasonally-

adjusted core inflation, and headline inflation projected to rise further in a context of heightened uncertainty, a tighter stance is needed to support disinflation and help anchor inflation expectations to the central bank's target. Monetary policy should be supported by clear communication reinforcing the authorities' commitment to bring inflation back within the target band within a reasonable time-frame. Maintaining exchange rate flexibility while continuing to accumulate reserves through market-based purchases during periods of strong inflows will help absorb external shocks and strengthen reserve buffers.

35. **The authorities' commitment to prudent fiscal policy amidst the war in the Middle East is commendable.** Continued fiscal consolidation remains essential to strengthen debt sustainability and rebuild buffers. The adoption of tax measures yielding 2 percent of GDP over two years is welcome, but sustained efforts are needed to raise revenue from its low level and meet program targets, including through the adoption of the withholding tax on free zones. Revenue mobilization priorities include rationalizing VAT exemptions, streamlining corporate tax incentives, strengthening compliance, and advancing tax administration—particularly through digitalization and risk-based compliance. The authorities' proactive increases in retail fuel prices are welcome and the resumption of the automatic fuel pricing mechanism represents an important and necessary step toward reducing untargeted energy subsidies. Sustaining progress in energy cost recovery will be critical to creating fiscal space for well-targeted social spending and priority investments.

36. **Continued strengthening of PFM practices and management of fiscal risks—including from SOEs and EGPC—remain critical.** The FY2026/27 budget includes a fiscal risk statement covering macro-fiscal risks, contingent liabilities from government guarantees, PPPs, and SOEs, as well as climate risks; further efforts should expand the analysis of SOE-related risks and PPP contingent liabilities. Improving the efficiency of public investment, including through stronger PPP frameworks, will be important. In this context, the authorities' plan to assess public investment management is welcome and should help identify reform priorities and strengthen public investment practices. While progress has been made in reducing arrears to international oil companies, EGPC's financial position remains weak. Full and timely implementation of its viability plan—including measures to strengthen cash flows and address cross-arrears within the energy sector—will be critical to contain fiscal risks and limit pressures on the budget.

37. **Sustained primary surpluses, successful liability management operations and continued progress in extending debt maturities will be essential to reduce gross financing needs and continued reliance on short-term debt financing.** The miss of the average time-to-maturity target underscores the need to accelerate the unwinding of short-term instruments, including one-week MOF notes, and shift towards tradable securities, which would help mitigate refinancing risks. Decisive action—including those incorporated in the GFN reduction plan—is needed to lengthen maturities, broaden, diversify the investor base, and reduce reliance on privately placed and non-marketable instruments. Together with fiscal discipline, these efforts are essential to safeguarding debt sustainability. Continued efforts to mobilize concessional financing and diversify funding sources will further support these objectives. Establishing a fully-fledged debt management office with a clear legal mandate, modern data and risk-management systems, and effective coordination across debt, cash,

and fiscal management functions will be essential to underpin a more effective debt management framework and enhance market confidence.

38. **Continued vigilance is warranted to safeguard financial sector stability.** While the banking sector remains sound, its significant exposure to the sovereign calls for close monitoring of valuation, liquidity, and rollover risks, particularly under tighter market conditions. Further strengthening of contingency planning would help bolster resilience in case downside risks materialize. Against this backdrop, staff welcomes the completion of governance diagnostics of state-owned banks and urges timely implementation of the associated corrective action plan. Improving governance and risk management practices in state-owned banks is essential to support sound commercial decision-making and promote fair competition.

39. **Progress on structural reforms remains uneven, and faster implementation is needed to support private sector-led growth and strengthen resilience to shocks.** The recently adopted State Ownership Policy (SOP) is a key step towards strengthening the state ownership framework, with a greater emphasis on private sector-led growth, competitive neutrality, portfolio management, and governance. Accelerating divestment and timely implementation of the SOP executive plan will be critical to reducing the state's footprint and improving competitive neutrality. This should be accompanied by continued reform of EAs, and improvements in SOE governance and transparency. Faster and sustained progress in business climate, trade facilitation, and competition reforms will also be essential to attract investment, boost productivity, and enhance resilience.

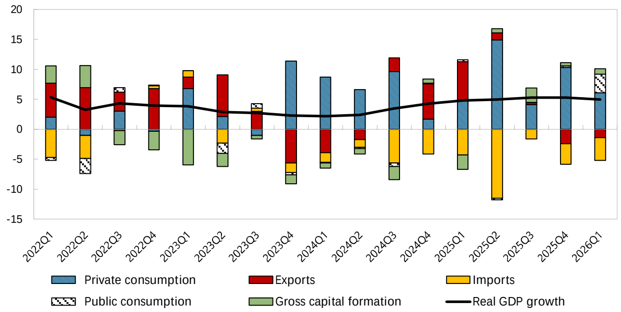
40. **Progress under the Resilience and Sustainability Facility continues.** Staff welcomes the completion of RM3 and the continued advancement of the remaining reform measures, including reforms to strengthen climate-informed public investment, climate-related fiscal risk management, sustainable finance, and water governance. Staff also supports the authorities' request to rephase the RSF reform measures by bringing forward RM4 and modifying the target date for RM9. The proposed adjustments improve the sequencing of reforms while preserving the overall ambition and objectives of the RSF-supported reform agenda. Completion of the remaining reform measures will help strengthen climate resilience and support sustainable growth.

41. **Based on the authorities' program implementation and policy commitments, staff supports the authorities' request for waivers of applicability of end-June 2026 QPCs on NIR, tax revenue, primary balance, and overdraft, recommends completion of the monetary policy consultation and the completion of the Seventh Review under the EFF arrangement and the Second Review under the RSF arrangement.** Staff supports the requests for waivers of applicability of the end-June 2026 QPCs on NIR, tax revenue, primary balance, and overdraft as the data to assess performance on these QPCs would not be available by the time of the Board meeting in July, there is no evidence that these QPCs would not be met and the program will be successfully implemented. Staff supports the proposed establishment of new end-September 2026 QPCs. Staff also supports the proposed rephasing of RM4 and modification of RM9 under the RSF arrangement.

Figure 20. Egypt: Real Sector

Real growth is recovering, albeit unevenly, as strong consumption offsets drag from the external sector.

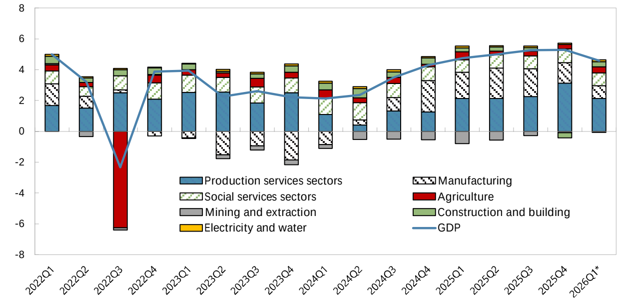
Demand-side Contributions to Growth
(Growth in year-over-year percent change, contributions in percentage points)



Source: Haver and IMF staff calculations.

Services remain the main driver of growth, while industrial contributions are softening in the latest quarter.

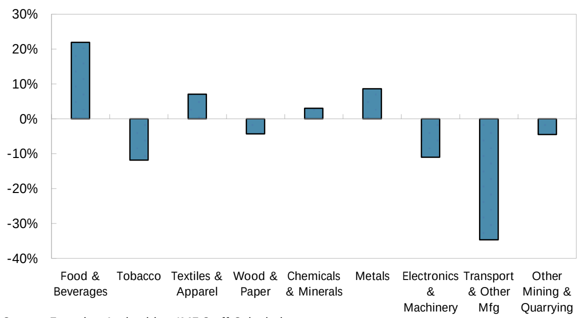
Sectoral Contributions to Growth
(Growth in year-over-year percent change, contributions in percentage points)



Source: Haver and IMF staff calculations.
Note: The values for 2026Q1 are estimated projections.

Expansion in manufacturing is concentrated in consumption-driven sectors, masking contractions in higher value-added industries critical to long-run productivity...

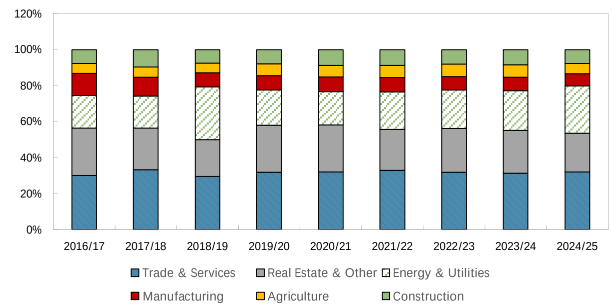
Manufacturing IPI by Sub-Industry: March 2026
(In month-on-month percent change)



Source: Egyptian Authorities; IMF Staff Calculations

... consistent with the skewed composition of private investment towards consumption-driven activities rather than the technology-intensive sectors needed to drive productivity.

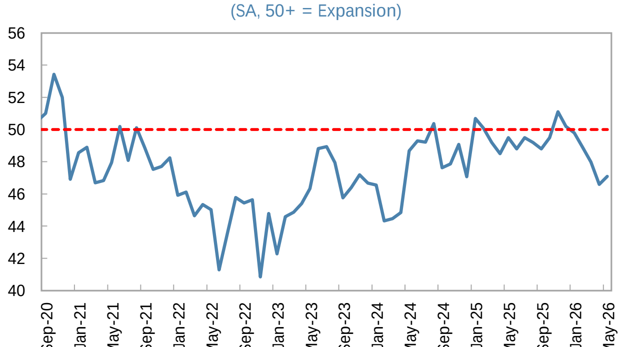
Private Investment by Sector
(In percentage share of total private investment)



Source: Egyptian Authorities; IMF Staff Calculations

Business conditions show a modest improvement in May 2026 after five consecutive months of contraction, though remaining below the neutral threshold...

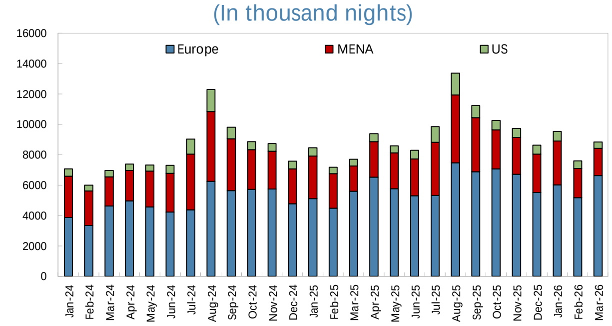
Purchasing Managers Index
(SA, 50+ = Expansion)



Source: Standard & Poor's; and IMF staff calculations.

... but tourism remains robust, as weaker regional inflows were offset by European arrivals.

Tourism Nights by Country
(In thousand nights)

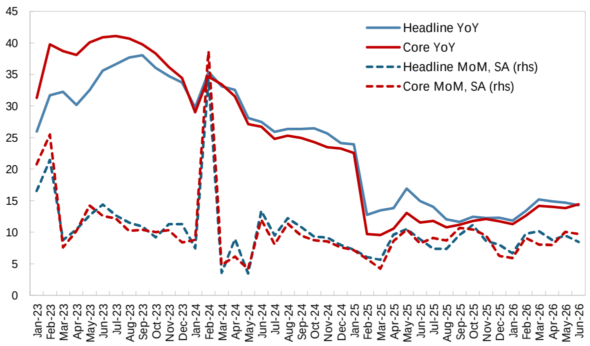


Source: Egyptian Authorities.
Notes: "Europe" consists of Russia, Germany, England, Italy, Poland, and France. "MENA" consists of Saudi Arabia, Yemen, Libya, and Sudan

Figure 21. Egypt: Inflation

While headline inflation has moderated on yoy basis, recent data point to a pickup in core inflation.

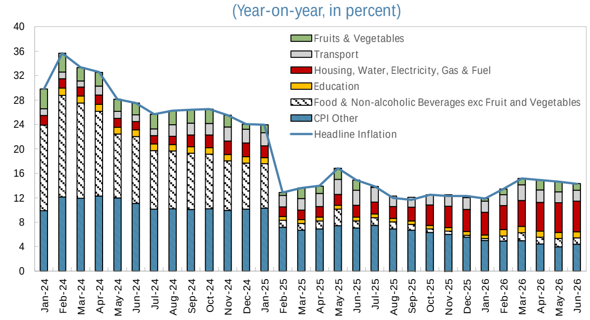
Headline and Core Inflation, Seasonally Adjusted
(In percent)



Source: Haver Analytics and IMF staff calculations.

Food price pressures have eased in recent months, while non-food components have become more prominent drivers of headline inflation.

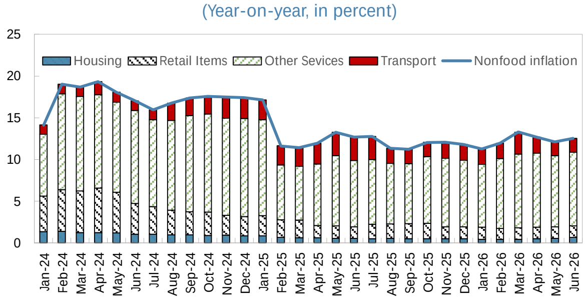
Contributions to Headline Inflation
(Year-on-year, in percent)



Sources: Haver Analytics; and IMF staff calculations.

The non-food inflation is largely driven by regulated prices, particularly in the utilities and transportation sectors.

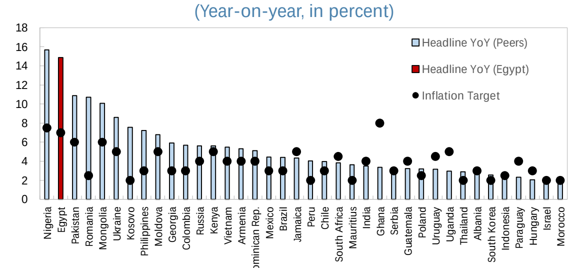
Breakdown of Non-Food Inflation
(Year-on-year, in percent)



Source: Haver Analytics and IMF staff calculations.

Nevertheless, Egypt's inflation remains elevated relative to peers.

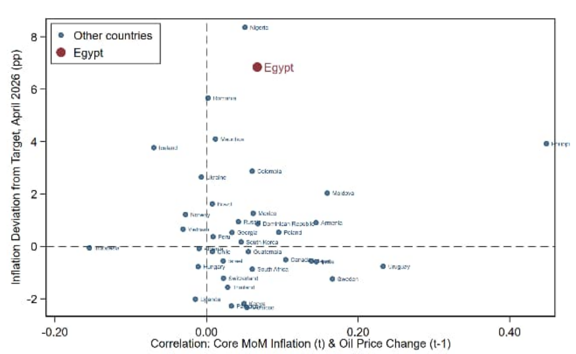
Headline Inflation vs. Target Inflation, April 2026
(Year-on-year, in percent)



Sources: Haver Analytics; and IMF staff calculations.

The inflation outlook remains vulnerable to fluctuations in international oil prices…

Inflation Deviation from Target vs. Correlation with Oil Price Change
(Deviation as of April 2026, oil price changed lagged by a month)



…as well as further exchange rate depreciation, which could exert additional upward pressure on domestic prices.

Inflation Deviation from Target vs. Correlation with ER Depreciation
(Deviation as of April 2026)

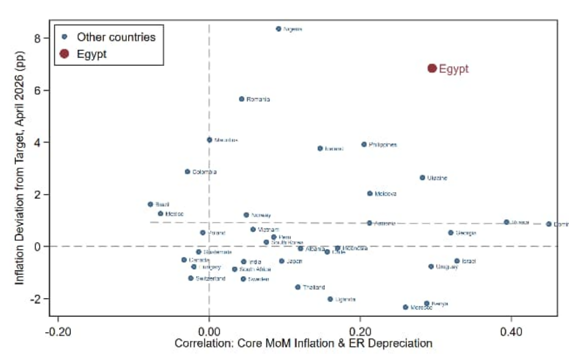
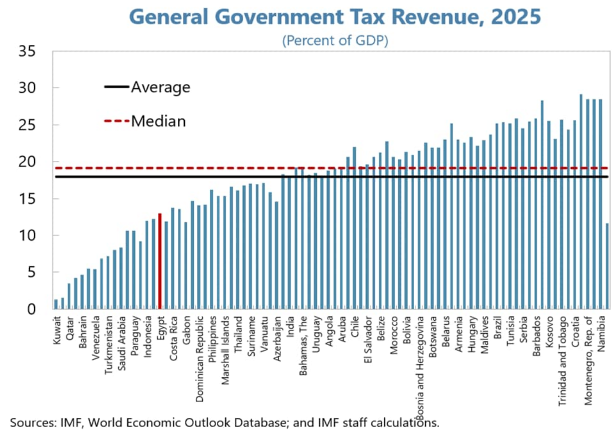
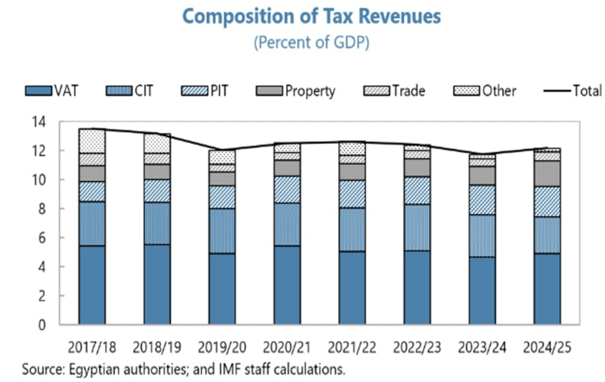


Figure 22. Egypt: Fiscal Sector

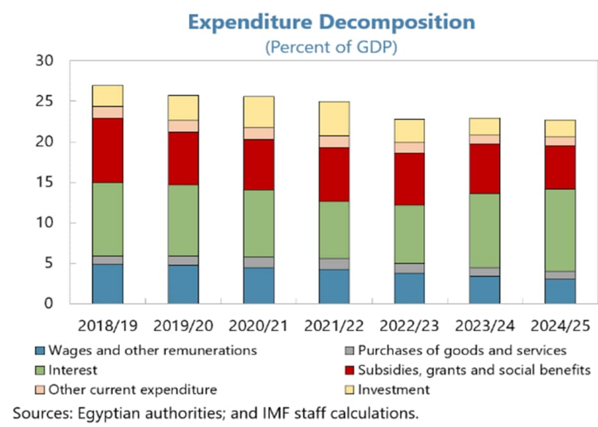
Egypt's tax revenue remains low relative to other Emerging Markets…



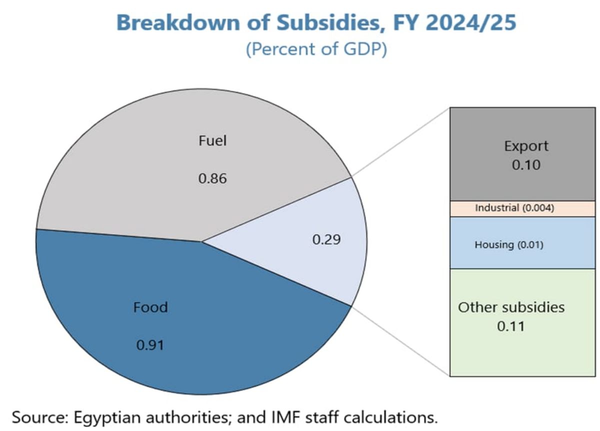
…mainly given VAT and CIT revenues.



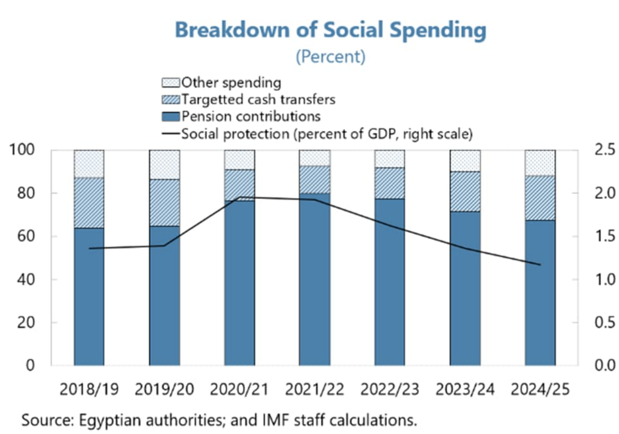
At the same time, the interest burden has grown to account for almost 50 percent of expenditures…



…while untargeted fuel subsidies still constitute a large part of the subsidy budget…



…and both are squeezing the capacity to improve social spending.



The low tax revenues and large interest bills generate large gross financing needs despite primay surpluses.

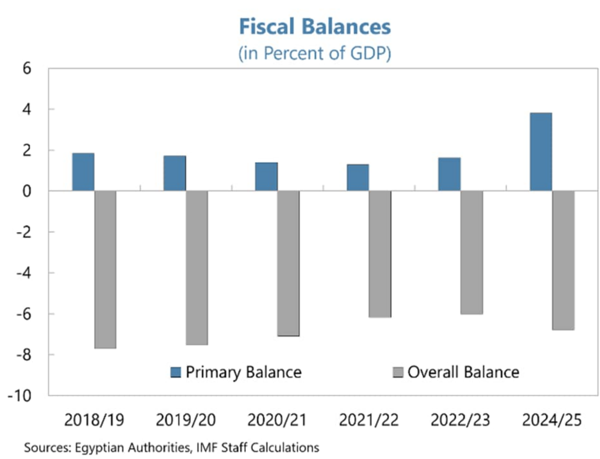
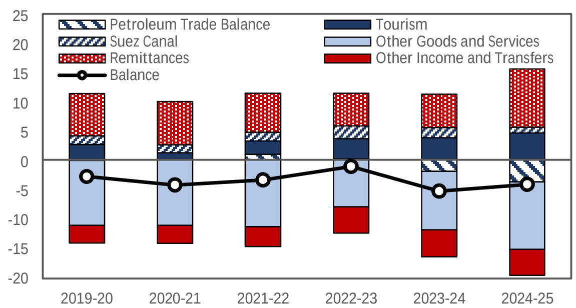


Figure 23. Egypt: External Sector

Egypt runs a persistent current account deficit, with remittances and tourism only partly offsetting trade and income gaps.

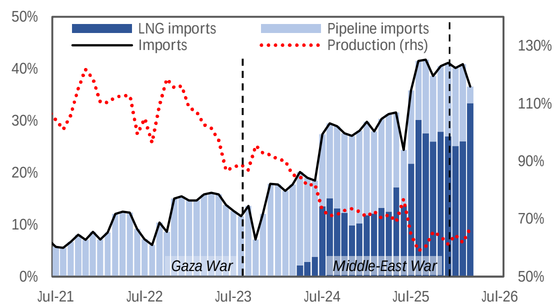
Current Account
(In percent of GDP)



Source: CBE and IMF staff calculations.

The petroleum deficit has widened on higher gas imports, though long-term contracts should limit price-driven increases.

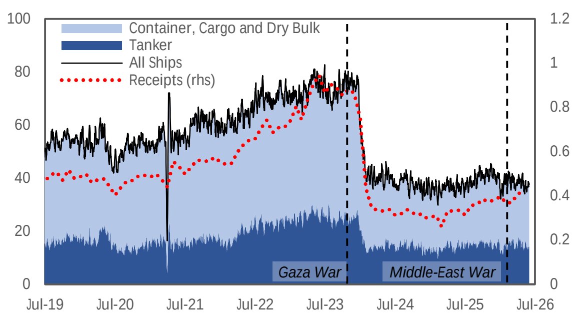
Gas: Imports and Production
(In Percent of Domestic Use, Quantity Ratios)



Source: Haver, JODI and IMF staff calculations.

Suez Canal transit has yet to recover from its drop in winter 2023/24 following Red Sea tensions.

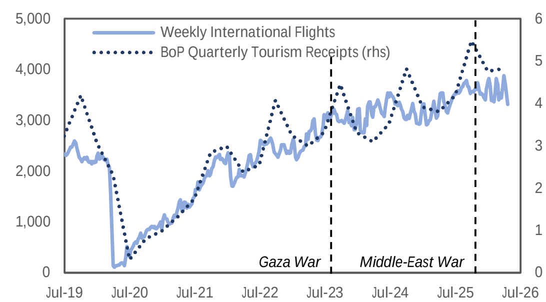
Suez Canal: Transit and Revenues
(Daily Arrivals of Ships; USD Bn (rhs))



Source: PortWatch, Haver, CAPMAS and IMF staff calculations.

By contrast, tourism has remained resilient, including recently, despite war-related uncertainty and regional tensions …

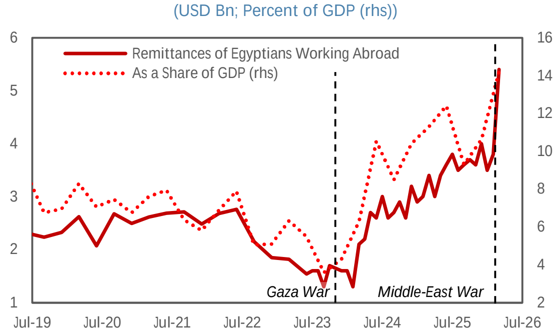
International Tourism
(Weekly Flights; USD Bn (rhs))



Source: FlightRadar, Haver and IMF staff calculations.

… while remittances—mainly from GCC-based workers—have been very dynamic, rising countercyclically in March.

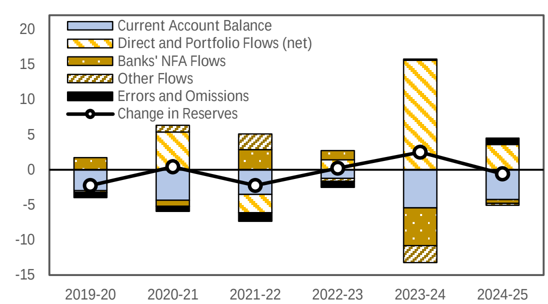
Workers Remittances
(USD Bn; Percent of GDP (rhs))



Source: CBE and IMF staff calculations.

FDI and portfolio inflows finance the current account deficit and outflows, allowing the CBE to preserve, and even build, reserves.

Balance of Payments
(In percent of GDP)



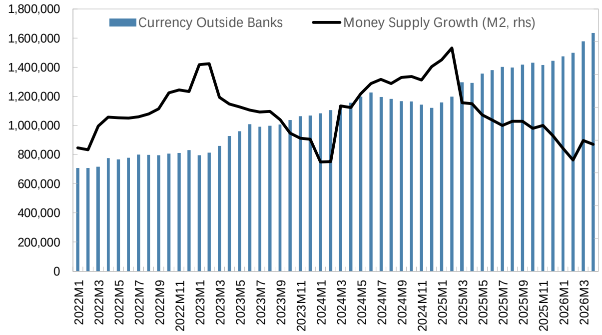
Source: CBE and IMF staff calculations.

Figure 24. Egypt: Monetary and Financial Sector

Money growth has moderated from earlier peaks, despite continued expansion in currency in circulation…

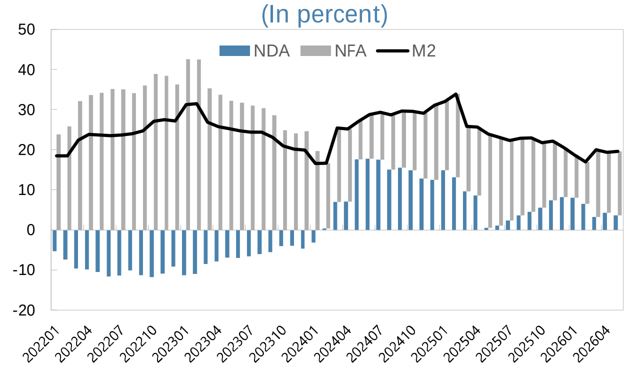
…reflecting a smaller contribution from net domestic assets relative to previous years.

Money Supply
(EGP Millions, rhs: year-on-year percent change)



Sources: Haver Analytics; and IMF staff calculations.

M2 Growth Decomposition
(In percent)

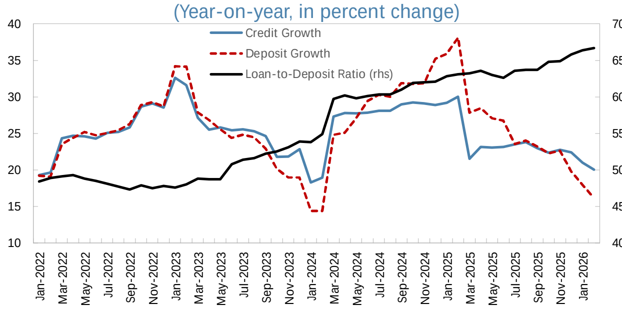


Sources: Haver Analytics; and IMF staff calculations.

Credit growth remained relatively stable as deposit growth eased from its 2025 peak, contributing to a gradual increase in the loan-to-deposit ratio.

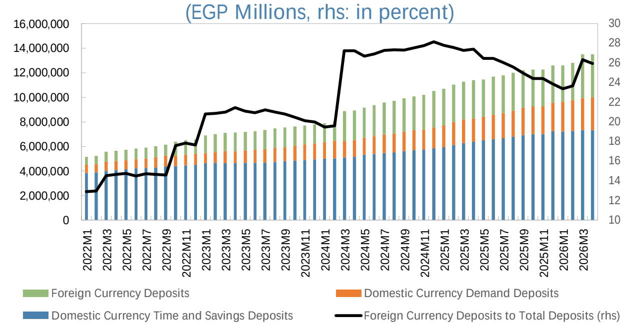
Bank deposits continued to expand, while the share of foreign currency deposits increased in 2026.

Private Sector Credit and Deposit Growth
(Year-on-year, in percent change)



Sources: Haver Analytics; and IMF staff calculations.

Bank Deposits
(EGP Millions, rhs: in percent)

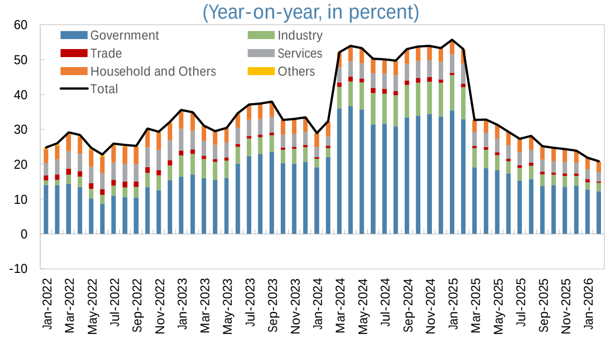


Sources: Haver Analytics; and IMF staff calculations.

Government lending slowed, while private sector credit remained broadly stable.

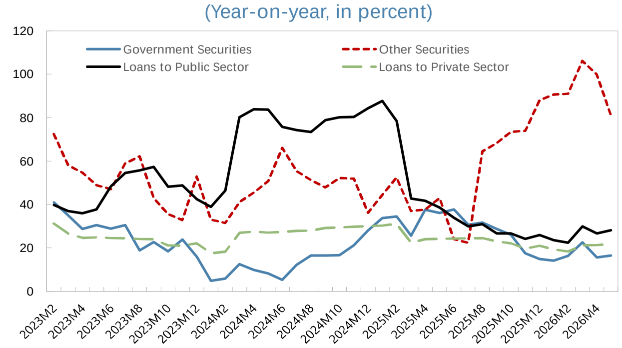
Banks' balance sheets remain heavily exposed to government-related assets.

Contributions to Bank Credit Growth
(Year-on-year, in percent)



Sources: Haver Analytics; and IMF staff calculations.

Banks' Holdings of Securities and Loans
(Year-on-year, in percent)



Sources: IMF MFS.

Table 1. Egypt: Selected Macroeconomic Indicators, 2021/22–2030/31 1/

	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
					5th & 6th review	Est.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
Output and prices					(percent change)							
Real GDP	6.7	3.8	2.4	4.4	4.7	4.6	5.4	4.4	5.0	5.5	4.8	4.8
Consumer prices (end of period)	13.2	35.7	27.5	14.9	11.7	14.3	8.7	13.2	7.3	5.9	5.6	5.3
Consumer prices (period average)	8.5	24.4	33.3	20.4	12.4	13.3	9.3	15.8	8.7	6.5	5.7	5.4
Public finances 2/					(percent of GDP)							
Gross debt, general government 3/	88.5	95.9	90.9	86.8	87.0	85.6	84.4	82.8	80.9	77.6	74.4	70.8
External	19.5	25.1	27.3	21.5	20.7	18.4	18.6	18.5	16.1	14.7	13.4	12.1
Domestic	69.0	70.8	63.6	65.3	66.3	67.2	65.8	64.3	64.8	63.0	61.0	58.7
Gross debt, general government 4/	85.4	94.3	88.4	82.5	…	…	…	…	…	…	…	…
Budget sector 5/					(percent of GDP)							
Revenue and grants 9/	17.2	15.4	14.3	14.6	15.2	15.1	16.4	16.3	16.3	16.0	16.0	16.0
Expenditure (incl. net acquisition of financial assets)	23.4	21.4	17.9	21.4	24.5	24.5	23.4	23.4	21.8	18.7	17.5	16.8
Of which: Energy subsidies	0.8	1.3	1.2	0.9	0.7	0.8	0.5	0.8	0.5	0.4	0.6	0.6
Overall balance 6/	-6.2	-6.0	-3.6	-6.8	-9.4	-9.5	-7.0	-7.1	-5.4	-2.7	-1.5	-0.9
Overall balance, excl. grants 6/	-6.2	-6.1	-3.7	-6.9	-9.4	-9.5	-7.0	-7.1	-5.5	-2.7	-1.6	-0.9
Primary balance (incl. net acqusition of financial assets)	1.3	1.6	6.2	3.8	4.8	4.8	4.8	5.0	5.0	5.0	5.0	5.0
Primary balance (excl. net acqusition of financial assets)		*1.6*	*2.5*	*3.6*	*4.0*	*4.2*	*5.0*	*5.1*	*5.0*	*5.0*	*5.0*	*5.0*
Monetary sector					(percent change)							
Credit to the private sector	24.3	25.4	27.8	23.1	18.0	19.0	18.0	15.0	16.3	15.9	16.9	18.5
Real credit to the private sector	9.9	-7.6	0.3	7.2	5.6	2.8	8.6	1.6	8.4	9.5	10.7	12.5
Reserve money	20.8	28.2	28.5	18.1	7.5	4.7	13.4	11.9	18.5	13.7	10.0	8.4
Broad money (M2)	23.5	24.7	28.7	23.1	16.8	15.8	13.6	18.3	14.4	14.4	14.9	14.9
Policy rate (end of period, in percent)	11.75	18.75	27.75	24.5	…	19.5	…	…	…	…	…	…
External sector					(percent of GDP, unless otherwise indicated)							
Exports of goods (in US$, percentage change)	53.1	-9.8	-17.8	23.5	-0.7	3.2	3.3	3.4	3.8	4.0	4.2	4.4
Imports of goods (in US$, percentage change)	23.4	-18.9	1.9	26.5	2.9	16.8	5.2	1.2	1.8	5.0	6.0	6.4
Merchandise trade balance	-9.1	-7.9	-10.3	-14.0	-12.6	-14.9	-12.5	-13.6	-12.6	-12.1	-12.0	-11.9
Current account	-3.5	-1.2	-5.4	-4.2	-3.9	-4.5	-3.9	-4.3	-3.9	-3.3	-3.0	-2.8
Capital and financial account (incl. errors and omissions)	1.3	0.7	7.0	3.2	2.7	3.7	3.6	4.3	3.7	3.8	3.6	3.3
Foreign direct investment (net, in billions of US$)	8.6	9.7	45.6	11.7	12.6	12.4	13.5	11.8	13.2	14.9	16.6	18.2
External debt 7/	32.6	40.5	38.8	44.2	41.6	37.4	40.2	37.2	35.7	33.4	31.3	29.0
Gross international reserves (in billions of US$)	31.5	32.8	44.3	46.4	51.3	47.2	52.6	55.2	53.9	55.9	58.4	60.5
In months of next year's imports of goods and services	3.5	5.1	6.0	5.4	6.1	5.3	5.8	5.8	5.4	5.3	5.2	4.9
In percent of short-term external debt 8/	101.9	103.7	135.5	126.2	116.3	110.3	106.6	112.4	105.8	103.8	105.9	107.4
Nominal GDP (in billions of Egyptian pounds)	7,843	10,156	13,903	18,136	21,200	21,407	24,539	25,375	28,845	32,113	35,352	38,873
Unemployment rate (period average, percent)	7.3	7.2	6.8	6.4	…	…	…	…	…	…	…	…
Population (in millions)	103.6	105.2	106.6	107.9	111.6	110.1	113.9	112.3	114.5	116.8	120.3	125.1

Sources: Egyptian authorities; and IMF staff estimates and projections.

1/ Fiscal year ends June 30.

2/ General government includes the budget sector, the National Investment Bank (NIB), and social insurance funds.

3/ As defined in the program.

4/ Ministry of Finance financial statements audited by the State Audit Agency in line with the Government Accounting Law for FY2021/22.

5/ Budget sector comprises central government, local governments, and some public corporations.

6/ Accrued interest expense is not included in the overall balance through FY2023/24 as per the authorities' presentation, while it is included in the overall balance from FY2024/25 onwards as in GFSM 2014.

7/ Includes multilateral and bilateral public sector borrowing, private borrowing and prospective financing.

8/ Debt at remaining maturity and stock of foreign holding of T-bills.

9/ In FY2023/24, a portion of the decrease in revenue and grants is related to lower self-financed investment projects. The financing associated with such projects is a component of non-tax revenue.

Table 2a. Egypt: Balance of Payments, 2021/22–2030/31
(In billions of US$, unless otherwise indicated)

	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
					5th & 6th review	Est.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
Current account	-16.6	-4.7	-20.8	-15.4	-16.6	-19.6	-17.7	-20.6	-20.4	-19.0	-18.5	-18.4
Balance on goods and services	-32.2	-9.2	-25.2	-35.9	-36.7	-47.9	-37.6	-46.5	-44.0	-43.5	-44.3	-47.1
Exports of goods and services	70.8	74.2	62.8	72.3	75.8	77.2	81.8	82.2	89.0	96.6	104.1	110.6
Imports of goods and services	-103.1	-83.4	-88.0	-108.2	-112.5	-125.1	-119.4	-128.7	-133.0	-140.2	-148.5	-157.6
Trade balance	-43.4	-31.2	-39.6	-51.0	-53.9	-65.1	-57.5	-65.0	-65.2	-68.9	-73.8	-79.5
Oil and gas	4.4	0.4	-7.6	-13.9	-13.4	-20.1	-14.9	-20.2	-16.9	-17.0	-18.0	-20.5
Other	-47.8	-31.6	-31.9	-37.1	-40.5	-45.0	-42.6	-44.8	-48.3	-51.9	-55.8	-59.0
Exports of goods	43.9	39.6	32.6	40.2	39.9	41.5	41.3	42.9	44.6	46.3	48.3	50.4
Oil and gas	18.0	13.8	5.7	5.6	3.8	5.8	3.7	5.9	5.6	5.3	5.0	4.7
Other	25.9	25.8	26.8	34.6	36.1	35.7	37.5	37.0	38.9	41.0	43.3	45.7
Imports of goods	-87.3	-70.8	-72.1	-91.2	-93.9	-106.6	-98.7	-107.9	-109.8	-115.2	-122.1	-129.9
Oil and gas	-13.5	-13.4	-13.4	-19.5	-17.2	-25.9	-18.6	-26.0	-22.5	-22.3	-23.0	-25.1
Other	-73.8	-57.4	-58.8	-71.7	-76.7	-80.6	-80.1	-81.8	-87.2	-93.0	-99.2	-104.8
Of which: from Ras El-Hekma	...	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services (net)	11.2	21.9	14.4	15.1	17.3	17.2	19.9	18.5	21.2	25.3	29.5	32.4
Receipts	26.9	34.6	30.2	32.1	35.9	35.7	40.5	39.3	44.5	50.3	55.8	60.2
Of which: Tourism receipts	10.7	13.6	14.4	16.7	19.9	19.9	21.1	20.8	22.9	25.4	27.9	29.8
Of which: Suez canal receipts	7.0	8.8	6.6	3.6	4.2	4.1	6.0	4.9	6.6	8.3	10.0	11.0
Payments	-15.8	-12.6	-15.9	-17.0	-18.6	-18.6	-20.7	-20.8	-23.2	-24.9	-26.3	-27.7
Of which: Transportation	-3.0	-2.8	-3.3	-3.6	-3.8	-3.6	-4.0	-3.8	-4.1	-4.4	-4.7	-5.0
Of which: Travel	-4.5	-5.0	-5.1	-3.9	-4.6	-4.6	-5.9	-5.9	-7.6	-8.4	-9.1	-9.8
Primary income (net)	-15.8	-17.3	-17.5	-15.8	-19.3	-15.7	-19.8	-17.6	-19.5	-20.1	-20.2	-19.9
Receipts	1.0	2.1	1.9	2.9	2.6	2.9	2.4	2.8	2.7	2.7	2.7	2.7
Payments	-16.8	-19.5	-19.5	-18.7	-21.9	-18.5	-22.2	-20.4	-22.1	-22.8	-22.9	-22.6
Transfers	31.4	21.8	21.9	36.3	39.4	44.0	39.7	43.5	43.0	44.7	46.1	48.6
Official grants	-0.3	-0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Private remittances	31.7	21.9	21.9	36.2	39.3	43.9	39.6	43.4	42.9	44.6	46.0	48.5
Capital and financial account	11.9	6.2	26.4	8.5	12.8	15.3	16.7	20.3	19.3	21.3	22.1	21.8
Capital account	-0.1	-0.1	-0.1	-0.2	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	12.0	6.3	26.5	8.7	12.8	15.4	16.7	20.3	19.3	21.3	22.1	21.8
Medium- and long-term loans and supplier credit (net)	1.6	1.4	1.2	0.2	1.2	0.9	0.0	1.8	1.1	0.7	0.4	-0.7
Drawings	7.6	5.7	4.7	6.9	6.5	6.8	8.0	9.6	9.7	8.0	8.2	6.7
Amortization	6.0	4.3	3.5	6.7	5.2	5.9	8.0	7.9	8.6	7.3	7.8	7.4
FDI (net)	8.6	9.7	45.6	11.7	12.6	12.4	13.5	11.8	13.2	14.9	16.6	18.2
Of which Ras El-Hekma 1/	...	...	35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Portfolio investment (net)	-21.1	-4.1	14.3	1.5	5.9	1.0	2.8	5.0	3.4	3.6	3.3	3.1
Commercial banks' NFA	13.5	5.2	-20.4	-2.0	-5.2	0.0	-1.0	-1.0	-1.0	0.0	0.0	0.0
Incurrance of CBE foreign liabilities 1/ 2/	15.7	0.3	-14.9	-1.9	-2.9	-2.2	0.0	-0.3	0.0	0.0	0.0	0.0
Short-term supplier credit	-2.9	0.0	7.2	2.8	1.6	2.8	1.9	3.0	2.6	2.2	1.7	1.2
Other	-3.3	-6.2	-6.5	-3.7	-0.4	0.4	-0.4	0.1	0.0	0.0	0.0	0.0
Errors and omissions (net)	-5.8	-3.3	0.6	3.1	-1.1	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-10.4	-1.8	6.2	-3.8	-5.0	-3.4	-0.9	-0.3	-1.1	2.4	3.6	3.4
Financing	10.4	-0.1	-14.1	-6.3	-7.9	-3.3	-3.1	-9.4	-0.1	-2.9	-3.6	-3.4
Reserves (w/o RSF; "-" indicates increase)	10.5	-3.4	-14.9	-1.3	-4.8	-0.1	-1.3	-7.7	1.3	-1.9	-2.6	-2.1
Other below the line adjustments 3/	0.0	3.5	5.2	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net use of IMF resources (excl. 2022 EFF)	-0.1	-0.3	-4.4	-5.8	-3.1	-3.1	-1.8	-1.8	-1.3	-0.9	-1.0	-1.3
Other financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	2.0	7.9	10.1	12.9	6.7	4.0	9.7	1.2	0.5	0.0	0.0
Extended Fund Facility	0.0	0.3	0.8	2.1	3.5	2.0	1.5	3.0	0.0	0.0	0.0	0.0
Other prospective financing	0.0	1.6	7.1	8.0	9.4	4.7	2.5	6.7	1.2	0.5	0.0	0.0
Residual Gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF disbursement	...	...	...	...	0.4	0.4	1.0	1.0	0.0	0.0	0.0	0.0
Change in reserves (with RSF; "-" indicates increase)	...	...	...	...	-5.2	-0.6	-2.3	-8.6	1.3	-1.9	-2.6	-2.1
Memorandum items:												
Current account excluding grants	-16.3	-4.7	-20.8	-15.5	-16.7	-19.6	-17.8	-20.7	-20.6	-19.1	-18.6	-18.5
Terms of trade (percent change)	8.3	1.6	-0.6	1.1	-1.1	2.7	-0.4	2.0	-0.7	0.1	0.0	0.0
GIR & FX deposits in domestic banks (Excl. RSF) 4/	32.4	37.2	53.8	56.8	61.6	58.2	63.0	66.2	64.9	66.9	69.4	71.5
In months of next year's imports of G&S	3.5	5.1	6.0	5.4	6.1	5.3	5.8	5.8	5.4	5.3	5.2	4.9
In percent of ARA metric (floating)	65	80	119	114	114	109	108	113	104	101	99	96
GIR & FX deposits in domestic banks (with RSF) 4/	32.4	37.2	53.8	56.8	62.0	58.6	64.3	67.5	66.3	68.2	70.8	72.9
In percent of ARA metric (floating)	65	80	119	114	114	110	111	115	106	103	101	98
Tier 1 GIR (with RSF) 4/	31.5	32.8	44.3	46.4	51.7	47.4	54.0	56.5	53.9	55.9	58.4	60.5
In percent of ARA metric (floating)	63	70	98	95	96	95	92	96	87	84	83	81
External debt 4/	155.7	164.7	152.9	161.2	178.3	163.0	184.4	177.2	185.2	189.4	192.4	193.5
External debt service	26.3	25.4	32.9	38.7	60.5	54.1	63.4	59.2	67.4	71.2	71.7	74.0
External debt service (in percent of exports of GNFS)	37.1	34.3	52.4	53.6	79.8	70.0	77.5	72.1	75.7	73.7	68.9	66.9
Stock of external arrears 4/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Central Bank of Egypt; and IMF staff estimates and projections.

1/ Includes USD 11 bn of UAE deposits converted in FY23/24.

2/ Includes foreign official creditors' deposits at the CBE and the 2021 SDR allocation.

3/ This line includes changes in gold valuation and a statistical correction for program purposes, eliminates transfers from Tier 1 to Tier 2 from errors and omissions.

4/ End of period.

Table 2b. Egypt: Balance of Payments, 2023/24–2030/31
(In percent of GDP, unless otherwise indicated)

	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
			5th & 6th review	Est.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
Current account	-5.4	-4.2	*-3.9*	-4.5	-3.9	-4.3	-3.9	-3.3	-3.0	-2.8
Balance on goods and services	-6.6	-9.8	*-8.6*	-11.0	-8.2	-9.8	-8.5	-7.7	-7.2	-7.1
Exports of goods and services	16.4	19.8	*17.7*	17.7	17.9	17.3	17.2	17.0	16.9	16.6
Imports of goods and services	-23.0	-29.7	*-26.2*	-28.7	-26.1	-27.0	-25.7	-24.7	-24.1	-23.6
Trade balance	-10.3	-14.0	*-12.6*	-14.9	-12.5	-13.6	-12.6	-12.1	-12.0	-11.9
Oil and gas	-2.0	-3.8	*-3.1*	-4.6	-3.3	-4.2	-3.3	-3.0	-2.9	-3.1
Other	-8.3	-10.2	*-9.4*	-10.3	-9.3	-9.4	-9.3	-9.2	-9.1	-8.9
Exports	8.5	11.0	*9.3*	9.5	9.0	9.0	8.6	8.2	7.9	7.6
Oil and gas	1.5	1.5	*0.9*	1.3	0.8	1.2	1.1	0.9	0.8	0.7
Other	7.0	9.5	*8.4*	8.2	8.2	7.8	7.5	7.2	7.0	6.9
Imports	-18.8	-25.0	*-21.9*	-24.4	-21.5	-22.7	-21.2	-20.3	-19.9	-19.5
Oil and gas	-3.5	-5.3	*-4.0*	-5.9	-4.1	-5.5	-4.3	-3.9	-3.7	-3.8
Other	-15.3	-19.7	-17.9	-18.5	-17.5	-17.2	-16.8	-16.4	-16.1	-15.7
Of which: from Ras El-Hekma	0.0	0.0	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services (net)	3.7	4.1	*4.0*	3.9	4.3	3.9	4.1	4.5	4.8	4.9
Receipts	7.9	8.8	*8.4*	8.2	8.8	8.3	8.6	8.9	9.1	9.0
Of which: Tourism receipts	3.8	4.6	*4.6*	4.6	4.6	4.4	4.4	4.5	4.5	4.5
Of which: Suez canal dues	1.7	1.0	*1.0*	0.9	1.3	1.0	1.3	1.5	1.6	1.6
Payments	-4.1	-4.7	*-4.3*	-4.3	-4.5	-4.4	-4.5	-4.4	-4.3	-4.2
Of which: Transportation	-0.9	-1.0	*-0.9*	-0.8	-0.9	-0.8	-0.8	-0.8	-0.8	-0.7
Of which: Travel	-1.3	-1.1	*-1.1*	-1.1	-1.3	-1.2	-1.5	-1.5	-1.5	-1.5
Primary income (net)	-4.6	-4.3	*-4.5*	-3.6	-4.3	-3.7	-3.8	-3.5	-3.3	-3.0
Receipts	0.5	0.8	*0.6*	0.7	0.5	0.6	0.5	0.5	0.4	0.4
Payments	-5.1	-5.1	*-5.1*	-4.2	-4.8	-4.3	-4.3	-4.0	-3.7	-3.4
Transfers	5.7	10.0	*9.2*	10.1	8.7	9.1	8.3	7.9	7.5	7.3
Official grants	0.0	0.0	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private remittances	5.7	9.9	*9.2*	10.1	8.6	9.1	8.3	7.9	7.5	7.3
Capital and financial account	6.9	2.3	*3.0*	3.5	3.6	4.3	3.7	3.8	3.6	3.3
Capital account	0.0	-0.1	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	6.9	2.4	*3.0*	3.5	3.6	4.3	3.7	3.8	3.6	3.3
Medium- and long-term loans and supplier credit (net)	0.3	0.1	*0.3*	0.2	0.0	0.4	0.2	0.1	0.1	-0.1
Drawings	1.2	1.9	*1.5*	1.6	1.7	2.0	1.9	1.4	1.3	1.0
Amortization	0.9	1.8	*1.2*	1.3	1.8	1.7	1.7	1.3	1.3	1.1
FDI (net)	11.9	3.2	*2.9*	2.8	3.0	2.5	2.6	2.6	2.7	2.7
Of which: from Ras El-Hekma 1/	9.1	0.0	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Portfolio investment (net)	3.7	0.4	*1.4*	0.2	0.6	1.0	0.7	0.6	0.5	0.5
Commercial banks' NFA	-5.3	-0.6	*-1.2*	0.0	-0.2	-0.2	-0.2	0.0	0.0	0.0
Incurrance of CBE foreign liabilities 1/ 2/	-3.9	-0.5	*-0.7*	-0.5	0.0	-0.1	0.0	0.0	0.0	0.0
Short-term supplier credit	1.9	0.8	*0.4*	0.7	0.4	0.6	0.5	0.4	0.3	0.2
Other	-1.7	-1.0	*-0.1*	0.1	-0.1	0.0	0.0	0.0	0.0	0.0
Errors and omissions (net)	0.2	0.9	*-0.3*	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	1.6	-1.0	*-1.2*	-0.8	-0.2	-0.1	-0.2	0.4	0.6	0.5
Financing	-3.7	-1.7	*-1.9*	-0.8	-0.7	-2.0	0.0	-0.5	-0.6	-0.5
Reserves (w/o RSF; "-" indicates increase)	-3.9	-0.4	*-1.1*	0.0	-0.3	-1.6	0.2	-0.3	-0.4	-0.3
Other below the line adjustments 3/	1.4	0.2	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net use of IMF resources (excl. 2022 EFF)	-1.2	-1.6	*-0.7*	-0.7	-0.4	-0.4	-0.3	-0.2	-0.2	-0.2
Other financing	0.0	0.0	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	2.1	2.8	*3.0*	1.5	0.9	2.0	0.2	0.1	0.0	0.0
Extended Fund Facility	0.2	0.6	*0.8*	0.5	0.3	0.6	0.0	0.0	0.0	0.0
Other prospective financing	1.9	2.2	*2.2*	1.1	0.5	1.4	0.2	0.1	0.0	0.0
Residual Gap	0.0	0.0	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF disbursement	...	...	*0.1*	0.1	0.2	0.2	0.0	0.0	0.0	0.0
Change in reserves (with RSF; "-" indicates increase)		...	*-1.2*	-0.1	-0.5	-1.8	0.2	-0.3	-0.4	-0.3
Memorandum items:										
Current account excluding grants	-5.4	-4.3	*-3.9*	-4.5	-3.9	-4.3	-4.0	-3.4	-3.0	-2.8
External debt 4/	38.8	44.2	*41.6*	37.4	40.2	37.2	35.7	33.4	31.3	29.0
External debt service	8.4	10.6	*14.1*	12.4	13.8	12.4	13.0	12.6	11.7	11.1

Sources: Central Bank of Egypt; and IMF staff estimates and projections.

1/ Includes USD 11 bn of UAE deposits converted in FY23/24.

2/ Includes foreign official creditors' deposits at the CBE and the 2021 SDR allocation.

3/ This line includes changes in gold valuation and a statistical correction for program purposes, eliminates transfers from Tier 1 to Tier 2 from errors

4/ End of period.

Table 3a. Egypt: Budget Sector Operations, 2021/22–2030/31 1/
(In billions of Egyptian pounds, unless otherwise indicated)

	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
					5th & 6th review	Est.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue and grants	1,347	1,564	1,988	2,646	3,221.2	3,224	4,020.5	4,148	4,715	5,139	5,645	6,204
Tax revenue	991	1,259	1,630	2,204	2,788.1	2,788	3,472.4	3,590	4,065	4,399	4,818	5,292
Income and property	477	641	862	1,157	1377.4	1,389	1673.9	1,794	2,056	2,197	2,387	2,596
Personal income tax	152	194	285	383	469.6	474	554.5	621	706	786	865	951
Corporate income tax	234	322	398	454	546.8	547	717.5	726	902	1,029	1,153	1,273
EGPC	31	51	59	54	54.3	54	73.6	74	84	93	102	113
Suez Canal Authority	39	97	101	92	103.6	101	120.2	97	137	178	216	242
Other	165	175	238	307	388.8	392	523.8	555	681	758	835	918
Property	90	125	179	320	361.0	368	401.9	447	448	382	369	372
Tax on T-bill/T-bonds interests	75	108	157	292	317.7	324	351.8	375	367	292	269	262
Goods and services	454	556	683	918	1192.4	1,215	1433.0	1,487	1,662	1,821	1,981	2,148
Oil excises	57	37	31	26	30.9	31	35.7	78	88	98	108	119
VAT and nonoil excises	397	519	652	892	1161.5	1,184	1397.3	1,410	1,574	1,723	1,873	2,030
International trade	43	59	75	111	137.4	143	155.6	181	201	218	236	253
Other taxes	18	2	10	18	18.0	18	36.8	0	0	0	0	0
Tax revenue from unidentified Measures	...	...	...	0	63.0	23	173.0	128	146	162	213	295
Nontax revenue 7/	352	300	352	425	423.4	426	536.8	539	629	716	801	883
Oil-related nontax revenue	31	35	11	10	12.1	12	14.0	15	17	18	20	22
Other nontax revenues	321	265	341	415	411.2	414	522.8	525	613	698	781	861
Of which: interest income	8	16	27	31	35.8	36	41.5	43	49	54	60	66
Grants	4	5	6	17	9.8	10	11.3	19	21	24	26	29
Expenditure	1,831	2,185	3,017	3,905	5,377.8	5,383	5,684.4	5,910	6,285	5,993	6,190	6,537
Wages and other remunerations	359	412	513	588	685.5	691	792.6	825	941	1,056	1,175	1,307
Purchases of goods and services	100	128	140	186	238.9	241	301.0	290	330	367	404	444
Interest 2/	585	774	1,363	1,919	3004.6	3,049	2890.9	3,056	3,011	2,460	2,312	2,276
Domestic 2/	528	666	1,174	1,688	2696.9	2,749	2586.5	2,761	2,695	2,145	1,979	1,926
External	56	108	189	231	307.6	300	304.4	296	316	315	333	350
Subsidies, grants, and social benefits	343	454	559	645	717.6	731	807.5	881	880	933	1,076	1,158
Energy subsidies	60	128	167	166	154.1	170	123.5	198	146	143	214	236
Of which: fuel subsidy	60	126	165	156	79.1	93	78.5	84	43	40	106	117
Food subsidies 3/	98	122	134	168	137.7	133	151.9	190	185	189	208	212
Transfer to SIF 4/	120	127	135	143	151.2	151	160.3	169	179	190	202	214
Other	66	77	123	169	274.6	276	371.8	324	369	410	452	497
Other current	115	127	144	179	224.5	227	302.8	263	299	332	366	402
Investment	330	289	299	387	506.8	445	589.7	594	825	846	856	948
Cash balance	-484	-621	-1,029	-1,260	-2156.6	-2,159	-1663.9	-1,762	-1,569	-854	-545	-333
Net acquisition of financial assets (including divestment proceeds)	1	-11	-526	-29	-174.1	-132	53.5	30	0	0	0	0
Overall balance 2/	-484	-610	-503	-1,230	-1982.4	-2,027	-1717.4	-1,792	-1,569	-854	-545	-333
Financing	484	610	503	1,230	1982.4	2,027	1717.4	1,792	1,569	854	545	333
Net domestic	440	640	608	1,306	1812.6	2,120	1558.2	1,346	1,707	852	592	445
Bank	806	1,105	842	2,497	1488.9	932	1299.1	1,417	1,487	775	973	-13,581
Nonbank	-365	-465	-234	-1,191	323.7	1,188	259.1	-70	220	77	-381	14,026
Net external	44	-30	-105	-76	169.8	-93	159.2	446	-138	2	-47	-113
Of which RSF financing				0	20.1	20	51.1	51	0	0	0	0
Increase of governement assets												
of which: RSF												
Memorandum items:												
Primary balance (including net acquisition of financial assets)	100	164	860	689	1022.2	1,022	1173.5	1,264	1,442	1,606	1,768	1,944
Primary balance (excluding net acquisition of financial assets)		164	341	660	848.0	890	1227.0	1,294	1,442	1,606	1,768	1,944
Oil balance 6/	59	-5	-67	-74	-56.8	-73	-0.1	-32	42	66	17	18
Domestic financing without RSF				1,306	1,832.7	2,140	1,609.3	1,397	1,707	852	592	445
Domestic financing with RSF				1,306	1,812.6	2,120	1,558.2	1,346	1,707	852	592	445
Divestment proceeds flowing to the budget		N.A.	519	0	210.7	171	0.0	51	0	0	0	0
of which: from Ras El-Hekma and Allam Elroum			510			167						
Valuation changes in T-bills and zero coupon bonds 2/	75	...	...	...	...	...	...	...	...	...	...	...
Gross budget sector debt 5/	7,183	9,981	12,827	15,325	17,760	17,631	19,711	19,954	21,819	22,943	23,760	24,354
Gross budget sector debt 6/	6,926	9,665	12,520	14,964	...	...	...	...	...	...	...	...
Nominal GDP (in billions of Egyptian pounds)	7,843	10,156	13,903	18,136	21,200	21,407	24,539	25,375	28,845	32,113	35,352	38,873

Sources: Ministry of Finance; and IMF staff estimates.

1/ Budget sector comprises central and local governments, and some public corporations. Fiscal year ends June 30. Cash basis.

2/ Through FY2023/24, data is shown as per the authorities' presentation, whereby interest does not include accrued interest expense on T-bills and zero coupon bonds, which is instead included in non-deficit debt creating flows.

Beginning in FY2024/25, interest is defined as in GFSM 2014, and it includes accrued interest expense.

Accrued interest expense is not included in the overall balance through FY2023/24, while it is included in the overall balance beginning in FY2023/24.

3/ Food subsidies include subsidies paid to farmers.

4/ Increased transfers to the SIF starting in 2020/21 reflect impact of pension reform approved in 2019/20.

5/ As defined in the program.

6/ Ministry of Finance financial statements audited by the State Audit Agency in line with the Government Accounting Law.

7/ It includes resources of budget entities to finance their own capital investments. It is budget-neutral.

Table 3b. Egypt: Budget Sector Operations, 2021/22–2030/31 1/
(In percent of GDP)

	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
					5th & 6th review	Est.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue and grants 8/	17.2	15.4	14.3	14.6	*15.2*	15.1	16.4	16.3	16.3	16.0	16.0	16.0
Tax revenue	12.6	12.4	11.7	12.2	*13.2*	13.0	14.2	14.1	14.1	13.7	13.6	13.6
Income and corporate tax	6.1	6.3	6.2	6.4	*6.5*	6.5	6.8	7.1	7.1	6.8	6.8	6.7
Personal income tax	1.9	1.9	2.0	2.1	*2.2*	2.2	2.3	2.4	2.4	2.4	2.4	2.4
Corporate income tax	3.0	3.2	2.9	2.5	*2.6*	2.6	2.9	2.9	3.1	3.2	3.3	3.3
EGPC	0.4	0.5	0.4	0.3	*0.3*	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Suez Canal Authority	0.5	1.0	0.7	0.5	*0.5*	0.5	0.5	0.4	0.5	0.6	0.6	0.6
Other	2.1	1.7	1.7	1.7	*1.8*	1.8	2.1	2.2	2.4	2.4	2.4	2.4
Property	1.2	1.2	1.3	1.8	*1.7*	1.7	1.6	1.8	1.6	1.2	1.0	1.0
Tax on T-bill/T-bond interest	1.0	1.1	1.1	1.6	*1.5*	1.5	1.4	1.5	1.3	0.9	0.8	0.7
Goods and services	5.8	5.5	4.9	5.1	*5.6*	5.7	5.8	5.9	5.8	5.7	5.6	5.5
Oil excises	0.7	0.4	0.2	0.1	*0.1*	0.1	0.1	0.3	0.3	0.3	0.3	0.3
VAT and nonoil excises	5.1	5.1	4.7	4.9	*5.5*	5.5	5.7	5.6	5.5	5.4	5.3	5.2
International trade	0.5	0.6	0.5	0.6	*0.6*	0.7	0.6	0.7	0.7	0.7	0.7	0.7
Other taxes	0.2	0.0	0.1	0.1	*0.1*	0.1	0.2	0.0	0.0	0.0	0.0	0.0
Tax revenue from unidentified measures	…	…	…	0.0	*0.3*	0.1	0.7	0.5	0.5	0.5	0.6	0.8
Nontax revenue 7/	4.5	3.0	2.5	2.3	*2.0*	2.0	2.2	2.1	2.2	2.2	2.3	2.3
Oil-related nontax revenue	0.4	0.3	0.1	0.1	*0.1*	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other nontax revenues	4.1	2.6	2.5	2.3	*1.9*	1.9	2.1	2.1	2.1	2.2	2.2	2.2
Grants	0.1	0.1	0.0	0.1	*0.0*	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Expenditure	23.3	21.5	21.7	21.5	*25.4*	25.1	23.2	23.3	21.8	18.7	17.5	16.8
Wages and other remunerations	4.6	4.1	3.7	3.2	*3.2*	3.2	3.2	3.3	3.3	3.3	3.3	3.4
Purchases of goods and services	1.3	1.3	1.0	1.0	*1.1*	1.1	1.2	1.1	1.1	1.1	1.1	1.1
Interest 2/	7.5	7.6	9.8	10.6	*14.2*	14.2	11.8	12.0	10.4	7.7	6.5	5.9
Domestic 2/	6.7	6.6	8.4	9.3	*12.7*	12.8	10.5	10.9	9.3	6.7	5.6	5.0
External	0.7	1.1	1.4	1.3	*1.5*	1.4	1.2	1.2	1.1	1.0	0.9	0.9
Subsidies, grants and social benefits	4.4	4.5	4.0	3.6	*3.4*	3.4	3.3	3.5	3.1	2.9	3.0	3.0
Energy subsidies	0.8	1.3	1.2	0.9	*0.7*	0.8	0.5	0.8	0.5	0.4	0.6	0.6
Of which: fuel subsidy	0.8	1.2	1.2	0.9	*0.4*	0.4	0.3	0.3	0.1	0.1	0.3	0.3
Food subsidies 3/	1.2	1.2	1.0	0.9	*0.6*	0.6	0.6	0.7	0.6	0.6	0.6	0.5
Transfers to SIF 4/	1.5	1.3	1.0	0.8	*0.7*	0.7	0.7	0.7	0.6	0.6	0.6	0.5
Other	0.8	0.8	0.9	0.9	*1.3*	1.3	1.5	1.3	1.3	1.3	1.3	1.3
Other current	1.5	1.3	1.0	1.0	*1.1*	1.1	1.2	1.0	1.0	1.0	1.0	1.0
Investment	4.2	2.8	2.1	2.1	*2.4*	2.1	2.4	2.3	2.9	2.6	2.4	2.4
Cash balance	-6.2	-6.1	-7.4	-6.9	*-10.2*	-10.1	-6.8	-6.9	-5.4	-2.7	-1.5	-0.9
Net acquisition of financial assets (including divestment proceeds)	0.0	-0.1	-3.8	-0.2	*-0.8*	-0.6	0.2	0.1	0.0	0.0	0.0	0.0
Overall balance 2/	-6.2	-6.0	-3.6	-6.8	*-9.4*	-9.5	-7.0	-7.1	-5.4	-2.7	-1.5	-0.9
Financing	6.2	6.0	3.6	6.8	*9.4*	9.5	7.0	7.1	5.4	2.7	1.5	0.9
Net domestic	5.6	6.3	4.4	7.2	*8.5*	9.9	6.3	5.3	5.9	2.7	1.7	1.1
Net external	0.6	-0.3	-0.8	-0.4	*0.8*	-0.4	0.6	1.8	-0.5	0.0	-0.1	-0.3
Of which RSF financing				0.0	*0.1*	0.1	0.2	0.2	0.0	0.0	0.0	0.0
Memorandum items:												
Primary balance (including net acquisition of financial assets)	1.3	1.6	6.2	3.8	*4.8*	4.8	4.8	5.0	5.0	5.0	5.0	5.0
Primary balance (excluding net acquisition of financial assets)		1.6	2.5	3.6	*4.0*	4.2	5.0	5.1	5.0	5.0	5.0	5.0
Domestic financing without RSF				7.2	*8.6*	10.0	6.6	5.5	5.9	2.7	1.7	1.1
Domestic financing with RSF				7.2	*8.5*	9.9	6.3	5.3	5.9	2.7	1.7	1.1
Divestment proceeds flowing to the budget		0.0	3.7	0.0	*1.0*	0.8	0.0	0.2	0.0	0.0	0.0	0.0
of which: from Ras El-Hekma and Allam Elroum			3.7					0.8				
Gross budget sector debt 5/	91.6	98.3	92.3	84.5	*83.8*	82.4	80.3	78.6	75.6	71.4	67.2	62.6
Gross budget sector debt 6/	88.3	95.2	90.1	82.5	…	…	…	…	…	…	…	…

Sources: Ministry of Finance; and IMF staff estimates.

1/ Budget sector comprises central and local governments, and some public corporations. Fiscal year ends June 30. Cash basis.

2/ Through FY2023/24, data is shown as per the authorities' presentation, whereby interest does not include accrued interest expense on T-bills and zero coupon bonds, which is instead included in non-deficit debt creating flows.

Beginning in FY2024/25, interest is defined as in GFSM 2014, and it includes accrued interest expense.

Accrued interest expense is not included in the overall balance through FY2023/24, while it is included in the overall balance beginning in FY2024/25.

3/ Food subsidies include subsidies paid to farmers.

4/ Increased transfers to the SIF starting in 2020/21 reflect impact of pension reform approved in 2019/20.

5/ As defined in the program.

6/ Ministry of Finance financial statements audited by the State Audit Agency in line with the Government Accounting Law.

7/ It includes resources of budget entities to finance their own capital investments. It is budget-neutral.

8/ Primary balance defined by the MOF, which includes divestment proceeds envisaged under the program approval.

Table 4. Egypt: General Government Operations, 2021/22–2030/31 1/

	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
					5th & 6th review	Proj.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
					(In billions of Egyptian pounds)							
Revenue and grants	1,506	1,724	2,199	2,923	*3,539*	3,545	4,389	4,528	5,148	5,621	6,175	6,787
Tax revenue	991	1,259	1,630	2,204	*2,788*	2,788	3,472	3,590	4,065	4,399	4,818	5,292
Income and property	477	641	862	1,157	*1,377*	1,389	1,674	1,794	2,056	2,197	2,387	2,596
Personal income tax	152	194	285	383	*470*	474	555	621	706	786	865	951
Corporate income tax	234	322	398	454	*547*	547	718	726	902	1,029	1,153	1,273
EGPC	31	51	59	54	*54*	54	74	74	84	93	102	113
Other	165	175	238	307	*389*	392	524	555	681	758	835	918
Goods and services	454	556	683	918	*1,192*	1,215	1,433	1,487	1,662	1,821	1,981	2,148
Oil excises	57	37	31	26	*31*	31	36	78	88	98	108	119
VAT and nonoil excises	397	519	652	892	*1,161*	1,184	1,397	1,410	1,574	1,723	1,873	2,030
International trade taxes	43	59	75	111	*137*	143	156	181	201	218	236	253
Other taxes	18	2	10	18	*18*	18	37	0	0	0	0	0
Nontax revenue	510	460	563	702	*741*	747	905	920	1,062	1,198	1,331	1,467
Of which: Interest income	68	31	47	49	*60*	60	66	67	73	78	84	90
Grants	4	5	6	17	*10*	10	11	19	21	24	26	29
Expenditure	1,956	2,310	3,188	4,111	*6,049*	6,067	6,465	6,745	7,256	7,059	7,371	7,869
Unidentified Spending Measures 2/	0	0	0	0	*0*	0	0	0	0	0	0	0
Wages and other remunerations	331	380	473	543	*633*	638	732	762	868	974	1,084	1,206
Purchases of goods and services	106	128	140	187	*240*	242	302	291	331	368	405	445
Interest 2/	555	724	1,274	1,830	*3,116*	3,165	3,008	3,209	3,195	2,641	2,512	2,523
Domestic interest 2/	499	616	1,085	1,598	*2,808*	2,865	2,704	2,914	2,879	2,326	2,179	2,173
External interest	56	108	189	231	*308*	300	304	296	316	315	333	350
Subsidies, grants, and social benefits	518	660	859	986	*1,330*	1,350	1,531	1,626	1,739	1,898	2,147	2,344
Other current	116	127	144	179	*225*	227	303	263	299	332	366	402
Investment	330	289	299	387	*507*	445	590	594	825	846	856	948
Net acquisition of financial assets	27	-6	-498	-45	*-172*	-130	55	32	2	2	2	2
Overall balance 2/	-477	-580	-492	-1,144	*-2,338*	-2,392	-2,132	-2,249	-2,110	-1,441	-1,198	-1,084
Financing	477	580	492	1,144	*2,338*	2,392	2,132	2,249	2,110	1,441	1,198	1,084
Net domestic	433	610	597	1,220	*2,168*	2,484	1,973	1,803	2,248	1,439	1,245	1,196
Net external	44	-30	-105	-76	*170*	-93	159	446	-138	2	-47	-113
of which: RSF financing				0	*20*	20	51	51	0	0	0	0
					(In percent of GDP, unless otherwise indicated)							
Revenue and grants	19.2	17.0	15.8	16.1	*16.7*	16.6	17.9	17.8	17.8	17.5	17.5	17.5
Tax revenue	12.6	12.4	11.7	12.2	*13.2*	13.0	14.2	14.1	14.1	13.7	13.6	13.6
Nontax revenue	6.5	4.5	4.0	3.9	*3.5*	3.5	3.7	3.6	3.7	3.7	3.8	3.8
Grants	0.1	0.1	0.0	0.1	*0.0*	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Expenditure	24.9	22.7	22.9	22.7	*28.5*	28.3	26.3	26.6	25.2	22.0	20.9	20.2
Wages and other remunerations	4.2	3.7	3.4	3.0	*3.0*	3.0	3.0	3.0	3.0	3.0	3.1	3.1
Purchases of goods and services	1.3	1.3	1.0	1.0	*1.1*	1.1	1.2	1.1	1.1	1.1	1.1	1.1
Interest 2/	7.1	7.1	9.2	10.1	*14.7*	14.8	12.3	12.6	11.1	8.2	7.1	6.5
Subsidies, grants, and social benefits	6.6	6.5	6.2	5.4	*6.3*	6.3	6.2	6.4	6.0	5.9	6.1	6.0
Other current	1.5	1.3	1.0	1.0	*1.1*	1.1	1.2	1.0	1.0	1.0	1.0	1.0
Investment	4.2	2.8	2.1	2.1	*2.4*	2.1	2.4	2.3	2.9	2.6	2.4	2.4
Net acquisition of financial assets	0.3	-0.1	-3.6	-0.2	*-0.8*	-0.6	0.2	0.1	0.0	0.0	0.0	0.0
Overall balance	-6.1	-5.7	-3.5	-6.3	*-11.0*	-11.2	-8.7	-8.9	-7.3	-4.5	-3.4	-2.8
Financing	6.1	5.7	3.5	6.3	*11.0*	11.2	8.7	8.9	7.3	4.5	3.4	2.8
Net domestic	5.5	6.0	4.3	6.7	*10.2*	11.6	8.0	7.1	7.8	4.5	3.5	3.1
Net external	0.6	-0.3	-0.8	-0.4	*0.8*	-0.4	0.6	1.8	-0.5	0.0	-0.1	-0.3
of which RSF financing				0.0	*0.1*	0.1	0.2	0.2	0.0	0.0	0.0	0.0
Memorandum items:												
Primary balance (incl net acquisition of financial assets)	1.0	1.4	5.6	3.8	*3.7*	3.6	3.6	3.8	3.8	3.7	3.7	3.7
Gross general government debt 3/	88.5	95.9	90.9	86.8	*87.0*	85.6	84.4	82.8	80.9	77.6	74.4	70.8
Gross general government debt 4/	85.4	94.3	88.4	82.5	...	...	...	...	...	...	...	...
Nominal GDP (in billions of EGP)	7,843	10,156	13,903	18,136	*21,200*	21,407	24,539	25,375	28,845	32,113	35,352	38,873

Sources: Ministry of Finance; and IMF staff estimates.

1/ General government includes budget sector, National Investment Bank (NIB) and Social Insurance Funds (SIF). Fiscal year ends June 30. Cash basis.

2/ Through FY2023/24, data is shown as per the authorities' presentation, whereby interest does not include accrued interest expense on T-bills and zero coupon bonds, which is instead included in non-deficit debt creating flows. Beginning in FY2024/25, interest is defined as in GFSM 2014, and it includes accrued interest expense. Accrued interest expense is not included in the overall balance through FY2023/24, while it is included in the overall balance beginning in FY2024/25.

3/ As defined in the program.

4/ Ministry of Finance financial statements audited by the State Audit Agency in line with the Government Accounting Law for FY2021/22.

Table 5. Egypt: Central Bank Accounts, 2021/22–2030/31

	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
					5th & 6th review	Est.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
	(end-period, in billions of EGP, unless otherwise indicated)											
Net foreign assets	-153	-305	495	500	*954*	813	1031	1316	1274	1404	1574	1718
Foreign assets	611	1046	2162	2352	*2789*	2761	2875	3378	3375	3536	3738	3909
Foreign liabilities	764	1351	1667	1852	*1835*	1948	1845	2062	2102	2132	2164	2191
Net domestic assets	1346	1834	1471	1822	*1540*	1617	1798	1403	1948	2258	2455	2649
Net domestic credit	449	420	507	1509	*1146*	1958	765	852	1327	951	245	-663
Net credit to central government	1059	1413	1985	2259	*2300*	1969	2355	2270	2342	2411	2475	2525
Net credit to public economic authorities	-58	-73	-634	-606	*-606*	-273	-606	-222	-172	-122	-71	-21
Credit to banks	400	530	875	939	*1164*	1033	1226	1336	1463	1554	1667	1793
Banks' deposits in foreign currency	-216	-508	-601	-682	*-743*	-647	-747	-695	-709	-720	-730	-740
Open market operations	-736	-942	-1117	-399	*-968*	-125	-1463	-1837	-1597	-2173	-3095	-4220
Other items net	897	1414	964	313	*394*	-341	1033	551	621	1307	2210	3312
o/w lending to government agencies 1/	515	765	658	454	*308*	308	208	208	108	0	0	0
Reserve money	1193	1529	1965	2321	*2494*	2430	2829	2719	3222	3662	4030	4366
Currency in circulation	779	1009	1227	1381	*1647*	1635	1982	2384	2717	2549	2088	1761
Reserves and highly liquid assets of banks	414	520	738	940	*847*	795	847	335	505	1113	1942	2605
Cash in vaults	59	74	102	126	*126*	108	126	108	108	108	108	108
Reserves	355	446	636	814	*721*	686	721	226	396	1005	1833	2497

Sources: Central Bank of Egypt; and IMF staff estimates and projections.
1/ Balance for FY 2022/23 is as of end-February 2023.

Table 6. Egypt: Monetary Survey, 2021/22–2030/31

	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
					5th & 6th review	Est.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
	(End-period, in billions of EGP)											
Net foreign assets	-372	-835	627	742	*1,526*	1,229	1,660	1,814	1,837	1,976	2,155	2,306
Central bank	-153	-305	495	500	*954*	813	1,031	1,316	1,274	1,404	1,574	1,718
Commercial banks	-219	-530	132	242	*572*	416	629	498	564	572	581	588
Net domestic assets	6,987	9,083	9,992	12,331	*13,747*	13,908	15,684	16,094	18,642	21,443	24,750	28,599
Net claims on central and local government	3,972	5,076	5,918	8,415	*9,904*	9,347	11,203	10,764	12,251	13,026	13,581	14,000
Net claims on public economic authorities	453	766	1,206	1,707	*1,898*	3,021	1,818	3,089	3,874	4,964	6,381	8,095
Claims on public sector companies	155	165	370	447	*466*	542	477	562	676	819	999	1,213
Claims on private sector	2,178	2,732	3,493	4,301	*5,075*	5,120	5,988	5,889	6,848	7,938	9,280	10,996
Net other items	229	343	-995	-2,540	*-3,596*	-4,122	-3,803	-4,210	-5,007	-5,305	-5,491	-5,705
Broad money (M2)	6,614	8,248	10,619	13,073	*15,273*	15,137	17,344	17,908	20,479	23,418	26,905	30,905
Domestic currency component (M2D)	5,768	6,732	8,091	9,981	*11,943*	11,636	13,996	14,161	16,658	19,540	22,968	26,917
Currency outside banks	779	1,009	1,227	1,381	*1,647*	1,635	1,982	2,384	2,717	2,549	2,088	1,761
Domestic currency deposits	4,990	5,723	6,864	8,600	*10,296*	10,001	12,014	11,777	13,941	16,991	20,880	25,156
Foreign currency deposits	846	1,516	2,528	3,092	*3,329*	3,501	3,348	3,746	3,821	3,878	3,937	3,988
	(Annual percent change, unless otherwise indicated)											
Broad money (M2)	23.5	24.7	28.7	23.1	*16.8*	15.8	13.6	18.3	14.4	14.4	14.9	14.9
Domestic currency component (M2D)	22.6	16.7	20.2	23.4	*19.7*	16.6	17.2	21.7	17.6	17.3	17.5	17.2
Reserve money	20.8	28.2	28.5	18.1	*7.5*	4.7	13.4	11.9	18.5	13.7	10.0	8.4
Contribution to broad money growth	23.5	24.7	28.7	23.1	*16.8*	15.8	13.6	18.3	14.4	14.4	14.9	14.9
Net foreign assets	-11.6	-7.0	17.7	1.1	*5.8*	3.7	0.9	3.9	0.1	0.7	0.8	0.6
Net domestic assets	35.1	31.7	11.0	22.0	*11.1*	12.1	12.7	14.4	14.2	13.7	14.1	14.3
Credit to the private sector	24.3	25.4	27.8	23.1	*18.0*	19.0	18.0	15.0	16.3	15.9	16.9	18.5
Credit to government, public economic authorities and public sector companies	24.8	31.2	24.7	41.0	*15.3*	22.1	10.0	11.7	16.5	12.0	11.4	11.2
Memorandum items:												
Velocity												
Velocity GDP/M2D (level)	1.4	1.5	1.7	1.8	*1.9*	1.8	1.9	1.8	1.7	1.6	1.5	1.4
Velocity GDP/M2 (level)	1.2	1.2	1.3	1.4	*1.5*	1.4	1.5	1.4	1.4	1.4	1.3	1.3
M2 (in percent of GDP)	84.3	81.2	76.4	72.1	*72.0*	70.7	70.7	70.6	71.0	72.9	76.1	79.5
Money multiplier (M2D/reserve money)	4.8	4.4	4.1	4.3	*4.8*	4.8	4.9	5.2	5.2	5.3	5.7	6.2
Money multiplier (M2/reserve money)	5.5	5.4	5.4	5.6	*6.1*	6.2	6.1	6.6	6.4	6.4	6.7	7.1
M2 (in real terms)	9.1	-8.1	1.0	7.1	*1.7*	0.0	1.6	4.5	6.6	8.0	8.8	9.1
Domestic currency deposits (in real terms)	9.3	-15.5	-5.9	9.0	*4.2*	0.4	4.4	4.1	10.3	15.1	16.4	14.4
Claims on private sector (in real terms)	9.9	-7.6	0.3	7.2	*5.6*	2.8	8.6	1.6	8.4	9.5	10.7	12.5
Foreign currency deposits (in percent of total depc	14.5	20.9	26.9	26.4	*24.4*	25.9	21.8	24.1	21.5	18.6	15.9	13.7

Sources: Central Bank of Egypt; and IMF staff estimates and projections.

Table 7a. Egypt: Summary of National Accounts, 2021/22–2030/31
(In percent)

	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
					5th & 6th review	Est.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
					(Annual change, in percent)							
Real GDP at market price 1/	6.7	3.8	2.4	4.4	*4.7*	4.6	5.4	4.4	5.0	5.5	4.8	4.8
Domestic demand (absorption)	5.4	-0.7	5.3	6.5	*4.7*	7.1	5.8	3.6	4.6	5.6	5.2	5.4
Private	7.6	-0.1	5.7	9.2	*4.5*	7.3	5.6	3.5	4.6	5.7	5.2	5.5
Public	-12.3	-9.3	2.4	-5.6	*7.0*	6.8	8.1	3.2	4.7	5.1	4.9	5.1
Consumption	3.8	3.0	7.4	8.4	*3.2*	6.3	4.1	2.2	3.4	4.4	3.0	2.6
Private	6.2	3.6	8.0	9.2	*2.9*	6.3	3.8	2.1	3.3	4.3	2.8	2.4
Public	-17.3	-2.8	0.2	-2.0	*6.4*	6.3	8.4	3.3	4.7	5.2	5.0	5.2
Investment	13.4	-17.0	-6.1	-5.5	*14.8*	13.0	15.6	12.7	12.0	12.6	16.6	18.2
Gross fixed capital formation	15.3	-34.0	17.0	-4.7	*14.8*	13.0	12.8	10.2	12.1	13.0	17.2	18.7
Private	10.5	-28.4	16.4	25.0	*17.0*	15.0	17.0	16.0	17.0	18.0	24.0	25.0
Public	18.7	-37.7	17.5	-27.1	*11.5*	10.5	5.9	2.4	4.5	4.6	4.1	4.3
Net exports of goods and services 2/	0.8	4.5	-3.0	-2.4	*-0.3*	-3.0	-0.7	0.5	0.0	-0.6	-0.8	-1.1
Exports of goods and services	51.7	31.4	-10.6	18.0	*3.2*	2.6	3.9	2.4	5.4	5.0	4.7	3.8
Imports of goods and services	25.2	1.1	4.7	30.6	*3.6*	12.9	5.6	0.0	3.8	5.6	6.0	6.5
Real GDP at factor cost	6.2	3.6	2.3	4.4	*4.7*	4.6	5.4	4.4	5.0	5.5	4.8	4.8
Agriculture	4.0	1.2	3.8	2.8	*3.3*	2.5	3.4	3.4	3.5	3.5	3.5	3.5
Construction	7.0	-8.0	5.7	4.1	*4.2*	1.6	4.8	4.2	5.0	5.0	4.9	4.9
Industry	6.4	-11.7	-4.2	4.8	*4.8*	3.7	5.2	3.8	4.1	5.5	3.0	3.0
Services	6.5	4.1	5.9	6.0	*5.3*	6.0	6.3	5.0	5.9	6.3	6.1	6.0
General government	4.4	6.8	4.1	4.1	*2.5*	4.2	2.8	2.8	2.8	3.1	3.1	3.1
Suez Canal	11.7	-22.6	-30.0	-52.0	*15.0*	17.9	18.0	15.0	8.0	8.0	8.0	8.0
					(Contribution to real growth, in percent 3/)							
Real GDP at market price	6.7	3.8	2.4	4.4	*4.7*	4.6	5.4	4.4	5.0	5.5	4.8	4.8
Domestic demand (absorption)	5.9	-0.7	5.4	6.8	*5.0*	7.6	6.2	3.9	5.0	6.1	5.6	5.9
Private	5.7	3.6	4.3	9.0	*4.0*	6.7	5.3	3.6	4.5	5.5	5.1	5.3
Public	0.2	-4.3	1.2	-2.2	*1.0*	0.9	0.9	0.3	0.5	0.6	0.5	0.6
Consumption	3.4	2.6	6.4	7.6	*2.9*	5.9	3.7	2.1	3.2	4.0	2.7	2.4
Private	5.0	2.8	6.4	7.7	*2.5*	5.5	3.2	1.9	2.9	3.7	2.4	2.0
Public	-1.6	-0.2	0.0	-0.1	*0.4*	0.4	0.5	0.2	0.3	0.3	0.3	0.3
Investment	2.5	-3.4	-1.0	-0.8	*2.1*	1.7	2.4	1.8	1.8	2.1	2.9	3.5
Gross fixed capital formation	2.5	-6.1	2.0	-0.6	*1.9*	1.6	1.8	1.3	1.6	1.9	2.7	3.3
Private	0.7	-2.0	0.8	1.4	*1.4*	1.0	1.5	1.2	1.4	1.7	2.5	3.0
Public	1.8	-4.1	1.1	-2.0	*0.6*	0.5	0.3	0.1	0.2	0.2	0.2	0.2
Net exports of goods and services	0.8	4.5	-3.0	-2.4	*-0.3*	-3.0	-0.7	0.5	0.0	-0.6	-0.8	-1.1
Exports of goods and services	5.5	4.7	-2.0	3.9	*0.6*	0.5	0.8	0.5	1.0	1.0	0.9	0.7
Imports of goods and services	-4.7	-0.2	-1.0	-6.4	*-1.0*	-3.5	-1.5	0.0	-1.1	-1.5	-1.7	-1.8
Real GDP at factor cost	6.2	3.6	2.3	4.4	*4.7*	4.6	5.4	4.4	5.0	5.5	4.8	4.8
Agriculture	0.5	0.1	0.4	0.3	*0.4*	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Construction	0.6	-0.7	0.4	0.3	*0.3*	0.1	0.4	0.3	0.4	0.4	0.4	0.4
Industry	1.9	-3.5	-1.1	1.1	*1.1*	0.9	1.2	0.9	1.0	1.3	0.7	0.7
Services	2.8	1.9	2.8	2.9	*2.6*	3.0	3.1	2.5	3.0	3.2	3.1	3.1
General government	0.3	0.4	0.3	0.3	*0.2*	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Suez Canal	0.3	-0.5	-0.5	-0.6	*0.1*	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Sources: Egyptian authorities; and IMF staff estimates and projections.

1/ Historical real GDP growth reflects estimates based on the published revised nominal GDP.

2/ Contribution to growth.

3/ Components do not sum up to total due to statistical discrepancies associated with changes of base years.

Table 7b. Egypt: Summary of National Accounts, 2021/22–2030/31
(In percent of GDP)

	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
					5th & 6th review	Est.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
					(In percent of nominal GDP)							
GDP at market price	100.0	100.0	100.0	100.0	*100.0*	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Domestic demand (absorption)	106.8	102.2	106.8	111.7	*110.2*	112.8	109.8	111.4	110.1	109.2	108.7	108.5
Private	88.7	86.9	93.9	101.2	*99.2*	101.8	98.7	100.4	99.1	98.2	97.6	97.4
Public	18.1	15.4	12.9	10.5	*11.0*	11.0	11.2	11.0	11.0	11.1	11.1	11.2
Consumption	87.0	85.7	93.9	98.8	*99.7*	102.2	98.9	100.8	99.1	97.8	96.8	97.1
Private	79.7	79.0	87.6	93.4	*94.1*	96.7	93.2	95.2	93.5	92.1	91.1	91.3
Public	7.3	6.8	6.3	5.4	*5.6*	5.6	5.7	5.6	5.6	5.7	5.7	5.7
Investment	19.9	16.5	13.0	12.9	*10.5*	10.6	10.9	10.6	11.0	11.4	11.9	11.5
Gross fixed capital formation	18.0	15.1	11.7	11.7	*9.5*	9.4	9.9	9.5	9.8	10.2	10.7	10.3
Private	7.2	6.6	5.0	6.6	*4.0*	4.0	4.5	4.1	4.4	4.8	5.3	4.9
Public	10.8	8.6	6.7	5.1	*5.5*	5.4	5.5	5.4	5.4	5.4	5.4	5.4
Net exports of goods and services	-6.8	-2.2	-6.8	-11.7	*-10.2*	-12.8	-9.8	-11.4	-10.1	-9.2	-8.7	-8.5
Exports of goods and services	15.1	19.1	16.4	19.8	*17.7*	17.7	17.8	17.3	17.2	17.0	16.9	16.6
Imports of goods and services	-21.9	-21.3	-23.2	-31.5	*-27.9*	-30.5	-27.7	-28.7	-27.3	-26.3	-25.6	-25.1
Net factor income	-3.3	-4.4	-4.6	-4.3	*-4.5*	-3.6	-4.3	-3.7	-3.8	-3.5	-3.3	-3.0
Net remittances inflows	6.7	5.6	5.7	9.9	*9.2*	10.1	8.6	9.1	8.3	7.9	7.5	7.3
Net official transfers	-0.1	0.0	0.0	0.0	*0.0*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross National Disposable Income	103.3	101.1	101.2	105.6	*104.7*	106.5	104.3	105.4	104.5	104.3	104.2	104.3
National savings	16.4	15.3	7.6	8.7	*6.6*	6.1	7.1	6.3	7.0	8.1	8.9	8.7
Private	17.9	18.2	12.5	13.1	*16.1*	15.8	13.1	12.7	11.5	9.9	9.9	9.0
Public	-1.5	-2.9	-5.0	-4.4	*-9.4*	-9.7	-6.1	-6.4	-4.4	-1.8	-1.0	-0.3
Savings-investment balance	-3.5	-1.2	-5.4	-4.2	*-3.9*	-4.5	-3.9	-4.3	-3.9	-3.3	-3.0	-2.8
Private	10.7	11.7	7.5	6.5	*12.0*	11.8	8.7	8.7	7.1	5.1	4.6	4.2
Public	-12.4	-11.5	-11.6	-9.5	*-14.9*	-15.1	-11.5	-11.8	-9.9	-7.3	-6.4	-5.8
GDP at factor cost	100.0	100.0	100.0	100.0	*100.0*	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	11.5	11.2	14.4	17.3	*17.1*	16.9	16.7	16.7	16.5	16.1	15.9	15.7
Construction	7.6	8.3	10.0	10.3	*7.9*	7.7	7.7	7.7	7.3	7.2	7.2	0.0
Industry	26.8	26.2	24.2	23.2	*23.2*	23.0	23.1	22.8	22.5	22.5	22.1	21.6
Services	46.0	46.1	44.3	43.4	*45.8*	46.3	46.5	46.7	47.7	48.3	49.0	56.8
General government	6.6	5.9	5.4	5.0	*4.9*	4.9	4.7	4.9	4.8	4.6	4.5	4.5
Suez Canal	1.5	2.4	1.7	1.0	*1.1*	1.1	1.2	1.2	1.3	1.3	1.3	1.4

Sources: Egyptian authorities; and IMF staff estimates and projections.

Table 8. Egypt: Medium-Term Macroeconomic Framework, 2021/22–2030/31

(In percent of GDP, unless otherwise indicated)

	2021/22	2022/23	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
					5th & 6th review	Est.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
Growth and prices												
Real GDP (annual change, in percent)	6.7	3.8	2.4	4.4	*4.7*	4.6	5.4	4.4	5.0	5.5	4.8	4.8
CPI inflation (end-of-period, in percent)	13.2	35.7	27.5	14.9	*11.7*	14.3	8.7	13.2	7.3	5.9	5.6	5.3
CPI inflation (average, in percent)	8.5	24.4	33.3	20.4	*12.4*	13.3	9.3	15.8	8.7	6.5	5.7	5.4
Unemployment rate (period average, in percent)	7.3	7.2	6.8	6.4	*…*	…	…	…	…	…	…	…
Savings-investment balance	-3.5	-1.2	-5.4	-4.2	*-3.9*	-4.5	-3.9	-4.3	-3.9	-3.3	-3.0	-2.8
Investment	18.0	15.1	11.7	11.7	*9.5*	9.4	9.9	9.5	9.8	10.2	10.7	10.3
Domestic savings	14.6	13.9	6.3	7.5	*5.6*	4.9	6.1	5.1	5.8	6.9	7.7	7.5
Public finances												
General government												
Revenue and grants	19.2	17.0	15.8	16.1	*16.7*	16.6	17.9	17.8	17.8	17.5	17.5	17.5
Expenditure and net acquisition of financial assets	25.3	22.7	19.4	22.4	*27.7*	27.7	26.6	26.7	25.2	22.0	20.9	20.2
Overall balance	-6.1	-5.7	-3.5	-6.3	*-11.0*	-11.2	-8.7	-8.9	-7.3	-4.5	-3.4	-2.8
Overall balance, excl. grants	-6.1	-5.8	-3.6	-6.4	*-11.1*	-11.2	-8.7	-8.9	-7.4	-4.6	-3.5	-2.9
Primary balance	1.0	1.4	5.6	3.8	*3.7*	3.6	3.6	3.8	3.8	3.7	3.7	3.7
Gross debt	88.5	95.9	90.9	86.8	*87.0*	85.6	84.4	82.8	80.9	77.6	74.4	70.8
Domestic	69.0	70.8	63.6	65.3	*66.3*	67.2	65.8	64.3	64.8	63.0	61.0	58.7
External	19.5	25.1	27.3	21.5	*20.7*	18.4	18.6	18.5	16.1	14.7	13.4	12.1
Budget sector												
Revenue and grants	17.2	15.4	14.3	14.6	*15.2*	15.1	16.4	16.3	16.3	16.0	16.0	16.0
Tax revenue	12.6	12.4	11.7	12.2	*13.2*	13.0	14.2	14.1	14.1	13.7	13.6	13.6
Non-tax revenue	4.5	3.0	2.5	2.3	*2.0*	2.0	2.2	2.1	2.2	2.2	2.3	2.3
Grants	0.1	0.1	0.0	0.1	*0.0*	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Expenditure and net acquisition of financial assets	23.4	21.4	17.9	21.4	*24.5*	24.5	23.4	23.4	21.8	18.7	17.5	16.8
Of which: Current	19.2	18.6	15.8	19.2	*22.2*	22.5	21.0	21.1	18.9	16.0	15.1	14.4
Capital	4.2	2.8	2.1	2.1	*2.4*	2.1	2.4	2.3	2.9	2.6	2.4	2.4
Overall budget balance	-6.2	-6.0	-3.6	-6.8	*-9.4*	-9.5	-7.0	-7.1	-5.4	-2.7	-1.5	-0.9
Overall budget balance, excl. grants	-6.2	-6.1	-3.7	-6.9	*-9.4*	-9.5	-7.0	-7.1	-5.5	-2.7	-1.6	-0.9
Primary budget balance including divestment procee	1.3	1.6	6.2	3.8	*4.8*	4.8	4.8	5.0	5.0	5.0	5.0	5.0
Balance of payments and external debt												
Current account	-3.5	-1.2	-5.4	-4.2	*-3.9*	-4.5	-3.9	-4.3	-3.9	-3.3	-3.0	-2.8
Trade balance	-9.1	-7.9	-10.3	-14.0	*-12.6*	-14.9	-12.5	-13.6	-12.6	-12.1	-12.0	-11.9
Oil and gas	0.9	0.1	-2.0	-3.8	*-3.1*	-4.6	-3.3	-4.2	-3.3	-3.0	-2.9	-3.1
Other	-10.1	-8.0	-8.3	-10.2	*-9.4*	-10.3	-9.3	-9.4	-9.3	-9.2	-9.1	-8.9
Capital and financial account (incl. errors and omissi	1.3	0.7	7.0	3.2	*2.7*	3.7	3.6	4.3	3.7	3.8	3.6	3.3
Official reserve Assets (in billions of US$)	31.5	32.8	44.3	46.4	*51.3*	47.2	52.6	55.2	53.9	55.9	58.4	60.5
(In months of next year's imports of goods and se	3.5	5.1	6.0	5.4	*6.1*	5.3	5.8	5.8	5.4	5.3	5.2	4.9
External debt (in percent of GDP)	32.6	40.5	38.8	44.2	*41.6*	37.4	40.2	37.2	35.7	33.4	31.3	29.0

Sources: Egyptian authorities; and IMF staff estimates and projections.

Table 9. Egypt: Financial Soundness Indicators of the Banking System 1/
(Fiscal year end, unless otherwise indicated)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Mar-26
Capital adequacy												
Regulatory capital to risk-weighted assets	14.5	14.0	14.7	15.7	17.7	20.1	22.2	18.9	18.6	18.3	19.3	18.5
Common equity to risk-weighted assets	12.1	11.7	9.2	10.4	12.7	14.6	13.4	12.0	12.9	12.5	14.2	13.8
Asset quality												
NPLs to total loans	7.1	6.0	4.9	4.1	4.2	4.0	3.4	3.3	2.9	2.2	1.9	1.9
Loan provisions to non-performing loans	99.0	99.1	98.3	98.0	97.6	95.2	92.3	91.9	88.7	87.4	90.2	88.0
Profitability												
Return on assets	1.5	2.0	1.5	1.4	1.8	1.2	1.2	1.2	2.0	2.6	2.6	2.6
Return on average equity	24.4	30.9	21.5	19.2	23.4	14.9	16.1	17.7	32.2	39.0	33.9	33.9
Liquidity												
Average liquidity ratio												
Local currency	59.7	55.4	47.1	40.3	44.4	53.8	45.4	43.3	36.8	34.8	40.2	42.3
Foreign currency	52.0	60.2	66.4	67.7	67.7	71.5	67.9	77.9	67.5	71.3	79.4	73.4
Loans to deposits	40.9	47.0	46.0	46.2	46.7	46.4	48.3	48.0	53.3	61.9	66.0	68.4

Source: Central Bank of Egypt.

1/ Starting in 2021, the financial year ends on December 31 for the banking sector. Prior to that, the financial year ended on June 30 for public sector banks and December 31 for the rest of the banks.

Table 10. Egypt: Capacity to Repay the Fund 2023/24–2048/49 1/ 2/

	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36	36/37	37/38	38/39	39/40	40/41	41/42	42/43	43/44	44/45	45/46	46/47	47/48	48/49
			Projection																							
Fund repurchases and charges 3/																										
Millions of SDRs	4,326.8	4,999.6	2,663.5	1,686.0	1,332.4	1,005.8	825.9	1,117.2	1,271.0	1,213.6	1,158.4	972.2	742.5	360.3	204.4	200.8	197.3	193.2	189.7	186.0	182.5	178.5	175.0	106.7	71.1	70.8
Repurchases	3,345.2	4,333.1	2,301.3	1,290.4	953.9	675.6	522.8	833.1	1,018.6	996.9	975.1	820.6	615.2	250.5	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	35.0	0.0	0.0
GRA	3,345.2	4,333.1	2,301.3	1,290.4	953.9	675.6	522.8	833.1	1,018.6	996.9	975.1	820.6	615.2	185.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RST	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	65.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	35.0	0.0	0.0
Charges and fees 4/ 6/	981.6	666.5	362.2	395.6	378.4	330.2	303.1	284.1	252.3	216.7	183.3	151.7	127.2	109.8	104.4	100.8	97.3	93.2	89.7	86.0	82.5	78.5	75.0	71.7	71.1	70.8
Of which:																										
GRA Basic charges	615.2	422.6	242.8	258.3	247.7	217.0	195.4	176.3	144.4	109.2	75.5	43.9	19.3	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Surcharges	250.5	137.1	26.0	29.6	22.8	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Of which: Level-based	*167.0*	*93.6*	*20.0*	*29.6*	*22.8*	*5.6*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Time-based	*83.5*	*43.4*	*6.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Millions of US$	5,757.8	6,691.3	3,619.0	2,305.4	1,833.4	1,392.8	1,150.9	1,556.8	1,771.1	1,691.1	1,614.2	1,354.8	1,034.7	502.0	284.9	279.8	274.9	269.3	264.4	259.3	254.3	248.8	243.9	148.7	99.0	98.7
Percent of exports of goods and nonfactor services	9.2	9.3	4.7	2.8	2.1	1.4	1.1	1.5	1.6	1.4	1.3	1.0	0.7	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Percent of total debt service 5/	4.2	4.7	1.8	1.1	0.8	0.6	0.5	0.7	0.7	0.7	0.6	0.5	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Percent of quota	212.4	245.4	130.7	82.8	65.4	49.4	40.5	54.8	62.4	59.6	56.9	47.7	36.4	17.7	10.0	9.9	9.7	9.5	9.3	9.1	9.0	8.8	8.6	5.2	3.5	3.5
Percent of gross international reserves	10.7	11.8	6.2	3.4	2.8	2.1	1.7	2.2	2.4	2.2	2.0	1.6	1.1	0.5	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Percent of GDP	1.5	1.8	0.8	0.5	0.4	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percent of general government revenues	12.6	11.4	5.3	2.8	2.0	1.2	0.9	1.2	1.2	1.0	0.9	0.7	0.5	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Fund credit outstanding 3/																										
Millions of SDRs	10,290	7,497	6,962	8,597	7,643	6,968	6,445	5,612	4,593	3,596	2,621	1,801	1,186	935	835	735	635	535	435	335	235	135	35	0	0	0
GRA	10,290	7,497	6,662	7,597	6,643	5,968	5,445	4,612	3,593	2,596	1,621	801	186	0	0	0	0	0	0	0	0	0	0	0	0	0
RST	0	0	300	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	935	835	735	635	535	435	335	235	135	35	0	0	0
Millions of US$	13,612	10,037	9,515	11,753	10,457	9,545	8,838	7,696	6,299	4,932	3,595	2,469	1,626	1,282	1,145	1,008	871	734	597	459	322	185	48	0	0	0
Percent of exports of goods and nonfactor services	21.7	13.9	12.3	14.3	11.7	9.9	8.5	7.2	5.5	4.1	2.8	1.8	1.1	0.8	0.7	0.6	0.5	0.4	0.3	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Percent of quota	505.1	368.0	341.7	422.0	375.2	342.0	316.4	275.5	225.5	176.5	128.7	88.4	58.2	45.9	41.0	36.1	31.2	26.3	21.4	16.4	11.5	6.6	1.7	0.0	0.0	0.0
Percent of gross international reserves	25.3	17.7	16.3	17.4	16.1	14.3	12.7	10.9	8.4	6.3	4.3	2.8	1.8	1.3	1.1	0.9	0.8	0.6	0.5	0.4	0.2	0.1	0.0	0.0	0.0	0.0
Percent of GDP	3.6	2.8	2.2	2.5	2.0	1.7	1.4	1.2	0.9	0.7	0.5	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percent of general government revenues	29.7	17.0	13.8	14.3	11.4	8.4	7.1	5.8	4.3	3.1	2.0	1.3	0.8	0.5	0.4	0.4	0.3	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Use of Fund credit																										
Purchases (Millions of SDRs)	618.1	1,541.0	1,765.4	2,926.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GRA	618.1	1,541.0	1,465.4	2,226.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RST	0.0	0.0	300.0	700.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:																										
Exports of goods and nonfactor services (in millions of US$)	62,808	72,292	77,225	82,218	89,007	96,621	104,134	107,351	114,075	121,219	128,811	136,878	145,451	154,560	164,240	174,527	185,457	197,072	209,415	222,530	236,467	251,277	267,014	283,737	301,507	320,390
Total debt service (in millions of US$)	136,294	141,772	200,534	208,708	225,682	225,444	219,860	226,651	240,846	255,930	271,959	288,992	307,091	326,324	346,762	368,479	391,557	416,080	442,138	469,829	499,254	530,522	563,748	599,056	636,574	676,442
Quota (in millions of SDRs, end of period)	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1	2,037.1
Quota (in millions of US$)	2,694.8	2,727.2	2,784.1	2,784.7	2,787.0	2,790.7	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6	2,793.6
Fund repurchases and charges in percent of net international reserves	16.2	18.3	9.3	4.9	4.0	2.9	2.3	3.0	3.2	2.9	2.6	2.0	1.5	0.7	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Fund credit outstanding in percent of net international reserves	38.4	27.4	24.4	25.0	22.8	20.0	17.6	14.8	11.4	8.4	5.8	3.7	2.3	1.7	1.4	1.2	1.0	0.8	0.6	0.4	0.3	0.2	0.0	0.0	0.0	0.0
Gross international reserves (in millions of US$)	53,837	56,840	58,423	67,540	64,923	66,852	69,417	70,867	74,597	78,523	82,655	87,005	91,584	96,404	101,478	106,819	112,440	118,358	124,587	131,144	138,046	145,311	152,959	161,009	169,483	178,403

Source: IMF staff calculations.

1/ Fiscal year starts on July 1 and ends on June 30.

2/ Assumes repurchases are made on obligations schedule.

3/ Amounts reported reflect existing and prospective credit.

4/ SDR Service charges, GRA Commitment Fees-Other, SDR Assessments, SDR charges, RSF charges, and RSF service fees

5/ Debt service includes interest on the entire debt stock and amortization of medium- and long-term debt.

6/ Egypt is a Group C country for financing under the RSF.

Table 11. Egypt: External Financing Needs and Sources

(Billions of U.S. dollars)

	2022/23	2023/24	2024/25	2025/26		2026/27		2027/28	2028/29	2029/30	2030/31
				5th & 6th review	Est.	*5th & 6th review*	Proj.	Proj.	Proj.	Proj.	Proj.
External financing needs (A)	**11.3**	**54.6**	**31.3**	**35.6**	**32.7**	**30.0**	**32.6**	**32.4**	**29.1**	**29.5**	**29.5**
Current account deficit	4.7	20.8	15.4	16.6	19.6	17.7	20.6	20.4	19.0	18.5	18.4
Medium/long-term loan and supplier credit amortization 1/	0.3	20.4	5.1	11.7	6.4	8.0	8.2	8.6	7.3	7.8	7.4
External bond amortization	...	2.6	1.4	3.7	4.2	2.1	2.1	2.1	1.9	2.2	2.4
Other sectors' investments	6.0	6.3	3.5	0.4	-0.7	0.4	-0.1	0.0	0.0	0.0	0.0
IMF repayments (2016-19 EFF, 2020 RFI, 2020-21 SBA)	0.3	4.4	5.8	3.1	3.1	1.8	1.8	1.3	0.9	1.0	1.3
External financing sources (B)	**12.5**	**55.8**	**18.6**	**28.6**	**25.2**	**27.3**	**30.5**	**30.0**	**30.6**	**32.0**	**31.6**
Foreign direct investment, net	9.7	45.6	11.7	12.6	12.4	13.5	11.8	13.2	14.9	16.6	18.2
Portfolio investment 7/	-4.1	16.9	3.0	9.6	5.2	4.9	7.1	5.5	5.5	5.5	5.5
Medium/long-term loan disbursements	5.7	4.7	6.9	6.5	6.8	8.0	9.6	9.7	8.0	8.2	6.7
CBE's change in foreign asset 2/	-0.2	-0.1	-0.2	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks' change in foreign assets 3/	1.4	-18.4	-5.4	-1.7	-1.6	-1.0	-1.0	-1.0	0.0	0.0	0.0
Net short-term supplier credit	0.0	7.2	2.8	1.6	2.8	1.9	3.0	2.6	2.2	1.7	1.2
Capital account balance	-0.1	-0.1	-0.2	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Errors and Omissions (C) 4/	**0.2**	**5.8**	**4.0**	**-1.1**	**0.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Incipient change in reserves (D=B-A+C)	**1.4**	**7.0**	**-8.7**	**-8.1**	**-6.6**	**-2.7**	**-2.1**	**-2.4**	**1.4**	**2.6**	**2.1**
Targeted change in reserves (w/o RSF; E)	**4.4**	**14.9**	**1.3**	**4.8**	**0.1**	**1.3**	**7.7**	...	...	...	...
Financing gap (F=E-D) 6/	**3.0**	**7.9**	**10.1**	**12.9**	**6.7**	**4.0**	**9.7**	...	...	...	...
IMF, Extended Fund Facility	0.3	0.8	2.1	3.5	2.0	1.5	3.0	0.0	0.0	0.0	0.0
World Bank	0.4	0.0	0.6	0.7	0.0	0.7	1.0	0.6	0.5	0.0	0.0
European Commission	0.0	0.0	1.1	2.8	1.2	1.7	3.5	0.6	0.0	0.0	0.0
China Development Bank	0.0	1.0	1.0	0.0	0.0	...	...	...	...	...	...
Abu Dhabi Commerical Bank (ADCB)	1.0	0.0	1.8	0.0	0.0	...	...	...	...	...	...
UAE Central Bank	...	1.4	0.0	0.0	0.0	...	...	...	...	...	...
Sales of state-owned assets (including to GCC) 8/	0.0	2.0	0.0	5.0	3.5	0.0	0.4	...	...	...	...
New deposits at CBE (to be converted in divestment)	1.0	0.0	0.0	0.0	0.0	0.0	0.0	...	...	...	...
Other 5/	0.3	2.7	3.7	0.9	0.0	0.2	1.8	...	...	...	...
Residual gap (E-D-F)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF disbursement (G)	...	...	...	0.4	0.4	1.0	1.0				
Change in reserves (with RSF) (H=G+E)			...	5.2	0.6	2.3	8.6				

Source: IMF staff calculations.

1/ Includes projected change in liabilitites of the CBE and commercial banks (repayments, reflected as +).

2/ Includes only changes in foreign assets of the CBE. Changes in foreign liabilities are reflected under external financing needs/medium and long-term credit amortization.

3/ Includes only changes in foreign assets of commercial banks. Changes in foreign liabilities are reflected under external financing needs/medium and long-term credit amortization.

4/ Errors and omissions include other below-the-line adjustments to ensure consisency with the program definition of reserves including foreign currency deposits in commercial banks, as well as change in gold valuations.

United Kingdom, and Libya.

6/ In FY2022/23 program column, the financing gap includes US$0.4 billion of an increase in Tier 2 reserves.

7/ Disbursement of external bonds and net inflow on non-resident holdings of T-bills.

8/ For FY25/26, includes US$ 3.5 bn in land sales.

Table 12a. Egypt: Original Schedule of Reviews and Purchases Under the Extended Fund Facility with Augmentation

Availability Date	Amount		Condition
	Millions of SDR	Percent of Quota	
December 16, 2022	261.13	12.8	Board approval of the EFF
March 15, 2023	261.13	12.8	First review and end-June 2023 quantitative targets 1/
March 15, 2024	356.98	17.5	Second review and end-June 2023 quantitative targets 1/
June 15, 2024	618.11	30.3	Third review and end-March 2024 quantitative targets
September 15, 2024	922.87	45.3	Fourth review and end-June 2024 quantitative targets
March 15, 2025	732.72	36.0	Fifth review and end-December 2025 quantitative targets 2/
September 15, 2025	732.72	36.0	Sixth review and end-December 2025 quantitative targets 2/
June 15, 2026	1,113.01	54.6	Seventh review and end-March 2026 quantitative targets
November 15, 2026	1,113.02	54.6	Eighth review and end-June 2026 quantitative targets
Total	6,111.69	300.0	
Memorandum items:			
Quota (SDR, million)	2,037.10		

Source: IMF staff calculations.

Table 12b. Egypt: Proposed Schedule of Reviews and Purchases Under the Extended Fund Facility with Augmentation

Availability Date	Amount		Condition
	Millions of SDR	Percent of Quota	
December 16, 2022	261.13	12.8	Board approval of the EFF
March 15, 2023	261.13	12.8	First review and end-June 2023 quantitative targets 1/
March 15, 2024	356.98	17.5	Second review and end-June 2023 quantitative targets 1/
June 15, 2024	618.11	30.3	Third review and end-March 2024 quantitative targets
September 15, 2024	922.87	45.3	Fourth review and end-June 2024 quantitative targets
March 15, 2025	732.72	36.0	Fifth review and end-December 2025 quantitative targets 2/
September 15, 2025	732.72	36.0	Sixth review and end-December 2025 quantitative targets 2/
June 15, 2026	1,113.01	54.6	Seventh review and end-June 2026 quantitative targets
November 15, 2026	1,113.02	54.6	Eighth review and end-September 2026 quantitative targets
Total	6,111.69	300.0	
Memorandum items:			
Quota (SDR, million)	2,037.10		

Source: IMF staff calculations.

Table 12c. Egypt: Access and Original Phasing Under the Resilience and Sustainability Facility

Availability Date	Amount		Condition
	Millions of SDR	Percent of Quota	
February 2025	0.00	0.0	Board approval of the RSF
September 15, 2025	100.00	4.9	RSF first review (EFF sixth review) and reform measure 1
September 15, 2025	100.00	4.9	RSF first review (EFF sixth review) and reform measure 2
June 15, 2026	100.00	4.9	RSF second review (EFF seventh review) and reform measure 3
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 4
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 5
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 6
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 7
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 8
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 9
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 10
Total	1,000.00	49.00	
Memorandum items:			
Eligibility (SDR, million)	1,000.00		

Source: IMF staff calculations.

Table 12d. Egypt: Access and Proposed Phasing Under the Resilience and Sustainability Facility

Availability Date	Amount		Condition
	Millions of SDR	Percent of Quota	
February 2025	0.00	0.0	Board approval of the RSF
September 15, 2025	100.00	4.9	RSF first review (EFF sixth review) and reform measure 1
September 15, 2025	100.00	4.9	RSF first review (EFF sixth review) and reform measure 2
June 15, 2026	100.00	4.9	RSF second review (EFF seventh review) and reform measure 3
June 15, 2026	100.00	4.9	RSF second review (EFF seventh review) and reform measure 4
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 5
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 6
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 7
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 8
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 9
November 15, 2026	100.00	4.9	RSF third review (EFF eighth review) and reform measure 10
Total	1,000.00	49.00	
Memorandum items:			
Eligibility (SDR, million)	1,000.00		

Source: IMF staff calculations.

Table 13. Egypt: Decomposition of Public Debt and Debt Service by Creditor 1/

	Debt Stock (end of period)			Debt Service 2/					
	FY24/25			FY24/25	FY25/26	FY26/27	FY24/25	FY25/26	FY26/27
	(US$ billion)	*(Percent total debt)*	*(Percent GDP)*	*(US$ billion)*			*(Percent GDP)*		
Total budget sector debt	319.1	100.0	84.5	193.4	173.8	50.1	53.0	39.9	10.5
External budget sector debt	81.2	25.4	21.5	18.8	14.6	10.0	5.2	3.3	2.1
Multilateral creditors 3/	40.8	12.8	10.8	10.6	8.0	5.4	2.9	1.8	1.1
IMF	13.0	4.1	3.4						
World Bank	13.0	4.1	3.4						
AfDB	2.7	0.8	0.7						
Other Multilaterals	12.2	3.8	3.2						
Official bilateral creditors	8.1	2.5	2.1	0.4	0.4	0.5	0.1	0.1	0.1
External market financing	31.7	9.9	8.4	7.5	5.9	4.0	2.1	1.3	0.8
Rescheduled debt	0.5	0.1	0.1	0.3	0.3	0.1	0.1	0.1	0.0
Domestic budget sector debt	237.9	74.6	63.0	174.6	159.3	40.1	47.9	36.5	8.4
T-Bills and MOF notes	121.1	37.9	32.1	131.0	106.1	0.0	35.9	24.4	0.0
T-bonds, and Eurobonds held by residents	91.8	28.8	24.3	22.4	35.7	35.3	6.2	8.2	7.4
Nontradable domestic debt	25.1	7.9	6.6	8.1	4.4	4.8	2.2	1.0	1.0
Memo items:									
Nominal GDP	499.8	...	...	...	...	...	...	...	...

1/ Debt coverage in this table is for the budget sector, which differs from the debt definitions in the DSA and Table 1. The definition in this table does not include GCC deposits, while the DSA does, and it does not consolidate with the pension fund (SIF) and the National Investment Bank of Egypt (NIB), unlike the general government debt consept featured in Table 1. This table is based on the information provided by the authorities in Egyptian Pound, and IMF staff converted it to the US dollar.

2/ Debt service on existing debt at end-FY23/24.

3/ Multilateral creditors are simply institutions with more than one official shareholder and may not necessarily align with creditor classification under other IMF policies (e.g. Lending Into Arrears).

Annex I. Risk Assessment Matrix[1]

Sources of Risks	Relative Likelihood	Impact if Realized	Recommended Policy Response
Global Risks			
Geopolitical Tensions and Intensification of Conflicts	High	High Intensification of conflicts leads to higher trade barriers or sanctions, reduce external trade, increase energy prices, disrupt FDI and supply chains. Higher interest rates amplified by sovereign-bank feedback result in capital outflows, rising risk premia, loss of market access, expenditure cuts, and lower growth.	Allow the exchange rate to act as a shock absorber. Proceed with structural reforms to diversify economy and increase exports to add sources of FX revenue. Improve inclusiveness of government policies, via well-targeted measures and strengthened social safety net.
Fiscal Vulnerabilities and Higher Interest Rates.	Medium	High Higher interest rates, stronger U.S. dollar, and shrinking development aid amplified by sovereign-bank feedback result in capital outflows, rising risk premia, loss of market access, abrupt expenditure cuts, and lower growth.	Implement the MTDS and MTRS to reduce GFN and debt vulnerabilities and build fiscal buffers. Reprioritize spending to reduce financing pressure. Allow exchange rate flexibility to be the first line of defense against capital outflows.
Policy Uncertainty	High	High Elevated policy uncertainty could weigh on investor sentiment in Egypt, dampening FDI and portfolio inflows, and constraining private investment. Reduced confidence may also increase market volatility and complicate external financing conditions.	Allow the exchange rate to act as a shock absorber. Proceed with structural reforms to diversify economy and increase exports to add sources of FX revenue. Improve inclusiveness of government policies, via well-targeted measures and strengthened social safety net.
Trade-related Risks Protectionism and Trade Disruptions	High	Medium Higher trade barriers or sanctions reduce external trade, disrupt FDI and supply chains, and trigger further U.S. dollar appreciation, tighter financial conditions, and higher inflation.	Allow the exchange rate to act as a shock absorber. Implement structural reforms to diversify economy and increase exports to add sources of FX revenue. Improve transparency, governance, and financial reporting of EAs and SOEs, level the playing field.
Commodity price volatility	Medium	High Supply and demand volatility (due to conflicts, trade restrictions, OPEC+ decisions, AE energy policies, or green transition) increases commodity price volatility, external and fiscal pressures, social discontent, and economic instability causes recurrent commodity price volatility.	Allow the exchange rate to act as a shock absorber. Allow energy prices pass-through, improve inclusiveness of government policies via well-targeted measures and strengthened social safety net.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood of risks is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly.

Sources of Risks	Relative Likelihood	Impact if Realized	Recommended Policy Response
		Global Risks (continued)	
Social discontent	Medium	High Real income loss, spillovers from conflicts, dissatisfaction with migration, and worsening inequality ignite social unrest, populism, polarization, and resistance to reforms or suboptimal policies weakens growth and leads to policy uncertainty and market repricing.	Improve inclusiveness of government policies, via well-targeted measures and strengthened social safety net. Allow the exchange rate to act as a shock absorber. Implement structural reforms to diversify economy and increase exports to add sources of FX revenue.
		Domestic Risks	
Failure to allow for exchange rate flexibility	Medium	High A build-up of external imbalances eventually leads to a sudden and large exchange rate adjustment, with implications on sovereign borrowing and debt service costs and inflation.	Implement package of consistent reforms including allowing the exchange rate to find its market-clearing equilibrium so it can act as a shock absorber, with two-way movements that reflect foreign exchange demand and supply conditions.
Inflation risks	Medium	Medium/High Volatile global commodity prices, greater pass-through from administrative price adjustments, and/or unanchored expectations could add upward pressure to inflation and complicate the disinflation path.	Continue to anchor inflation expectations through timely interest rate adjustments, clear communication, and a credible commitment to its inflation-targeting framework and exchange rate flexibility. Improve fiscal-monetary coordination and strengthen social safety nets, continue with structural reforms to diversify the economy.
Slower-than-expected structural reform implementation, including divestment	Medium	Medium/High Lack of reform leads to re-accumulation of imbalances, lowering growth potential and leaving country more vulnerable to shocks.	Re-invigorate the structural reform agenda focusing on priority areas such as SOE reform, competition and the investment climate, trade facilitation, and health and education reform to address constraints to growth.
Materialization of fiscal contingent liabilities	Medium	Medium/High Economic Authorities (EAs), SOEs, and central bank require government's recapitalization or repayment of government-guaranteed debt, putting pressure on public expenditure while increasing public debt.	Improve transparency, governance, and financial reporting of EAs and SOEs. Implement SOP. Clearly define and separate commercial and non-commercial activities of EAs and SOEs. Prohibit CBE lending to public sector agencies excluding the MoF.

Annex II. Sovereign Risk and Debt Sustainability Framework

Figure 1. Egypt: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	**High**	The overall risks of sovereign stress are assessed as high, based on the medium term and long term risk assessments below.
Near term 1/	n.a.	n.a.	Not applicable
Medium term	**High**	**High**	Medium-term risks are assessed as high, given the risk signals from the debt fanchart module and the GFN module. The high risk signal from the GFN module reflects high average gross financing needs over the forecast horizon related to large issuances of short-term bills and the large claims of domestic banks on the government. Contingent liability related to publicly-guaranteed debt (EGP5,379 billion as of June 2025) poses significant medium-term risks.
Fanchart	**Moderate**	...	
GFN	**High**	...	
Stress test	Cont. Liab.	...	
Long term	...	**Moderate**	Long-term risks are assessed as moderate, as the debt ratio and gross financing needs are projected to trend downwards with sustained primary surpluses and favorable interest-growth differentials, while there are risks to public debt related to pension and health cost as well as to adaptation and mitigation costs.
Sustainability assessment 2/		Sustainable but not with high probability	Public debt is assessed as sustainable but not with high probability. This is based on high risks related to gross financing needs, while considering the mitigating impact from the country's track record of sustaining high gross financing needs, supported by stable financing by domestic banks, as well as the mitigating impact from ad-hoc asset sales (e.g. Ras-El-Hekma, Qatari land sale).
Debt stabilization in the baseline			Yes

DSA Summary Assessment

Commentary: Public debt is assessed as sustainable but not with high probability, and overall risks of sovereign stress are assessed as high. Over the medium term, risks are assessed as high, given the risk signals from the GFN module and the debt fanchart modules. The GFN module signals high risk, reflecting persistently elevated gross financing needs and concentration of government financing in the domestic banking system, which strengthens the sovereign–bank nexus. At the same time, the authorities' track record of meeting large financing needs has been supported by a relatively stable domestic investor base, which mitigates near-term rollover risk but does not eliminate underlying vulnerabilities. Contingent liability related to publicly-guaranteed debt poses significant medium-term risks. Over the long term, risks are assessed as moderate, as the debt ratio and gross financing needs are projected to trend downwards. The sustainability assessment considers the risk mitigating impact from ad-hoc land sales to GCC investors and the effort by the authorities to reduce GFN by 10 percent of GDP by end FY26/27.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high

Figure 2. Egypt: Debt Coverage and Disclosures

						Comments
1. Debt coverage in the DSA: 1/	CG	GG	NFPS	CPS	Other	
1a. If central government, are non-central government entities insignificant?					n.a.	

2. Subsectors included in the chosen coverage in (1) above:

		Subsectors captured in the baseline	Inclusion	Comments
CPS / NFPS / GG: expected / CG	1	Budgetary central government	Yes	
CPS / NFPS / GG: expected / CG	2	Extra budgetary funds (EBFs)	Yes	
CPS / NFPS / GG: expected / CG	3	Social security funds (SSFs)	Yes	
CPS / NFPS / GG: expected	4	State governments	Yes	
CPS / NFPS / GG: expected	5	Local governments	Yes	
CPS / NFPS	6	Public nonfinancial corporations	No	
CPS	7	Central bank	Yes	Includes GCC deposits at CBE
CPS	8	Other public financial corporations	No	

3. Instrument coverage:

Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/

4. Accounting principles:

Basis of recording		Valuation of debt stock		
Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/

5. Debt consolidation across sectors:

Consolidated	Non-consolidated

Color code: chosen coverage | Missing from recommended coverage | Not applicable

(Chosen coverage: GG; Currency & deposits, Loans, Debt securities; Cash basis; Face value; Consolidated. Missing from recommended coverage: Oth acct. payable 2/, IPSGSs 3/. Not applicable: Public nonfinancial corporations, Other public financial corporations.)

Reporting on Intra-government Debt Holdings

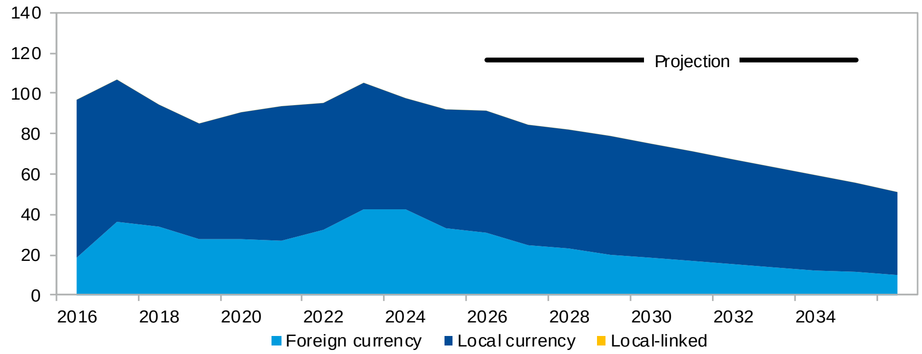
Issuer \ Holder		Budget. central govt	Extra-budget. funds (EBFs)	Social security funds (SSFs)	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
1	Budget. central govt		0.5	8.2	0	0	0	0	0	8.7
2	Extra-budget. funds	0		0	0	0	0	0	0	0
3	Social security funds	0	0		0	0	0	0	0	0
4	State govt.	0	0	0		0	0	0	0	0
5	Local govt.	0	0	0	0		0	0	0	0
6	Nonfin pub. corp.	0	0	0	0	0		0	0	0
7	Central bank	0	0	0	0	0	0		0	0
8	Oth. pub. fin. corp	0	0	0	0	0	0	0		0
	Total	0	0.5	8.2	0	0	0	0	0	8.7

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

Commentary: The coverage in this analysis is for the general government, which is comprised of the budget sector, National Investment Bank, and Social Insurance Funds. Official creditor deposits at the central bank are included in the public debt stock for the purposes of this analysis.

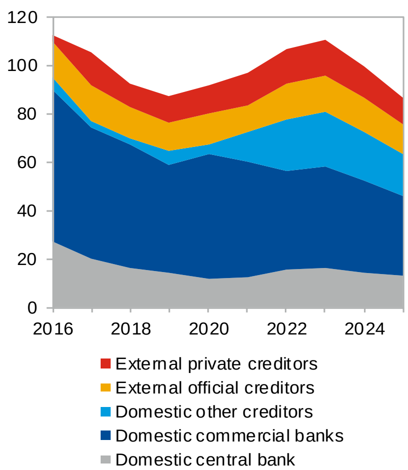
Figure 3. Egypt: Public Debt Structure Indicators

Debt by currency (percent of GDP)



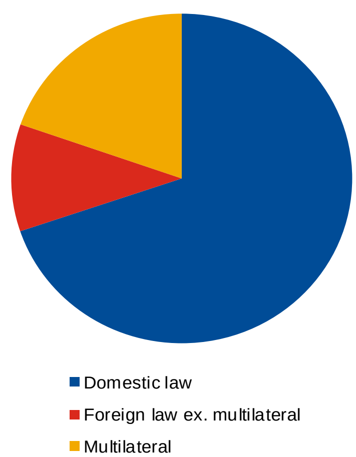
Note: The perimeter shown is general government.

Public Debt by Holder (percent of GDP)



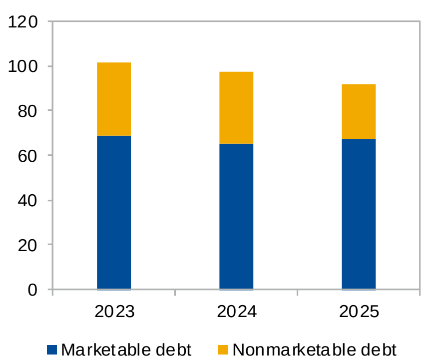
Note: The perimeter shown is public debt.

Public Debt by Governing Law, 2025 (percent)



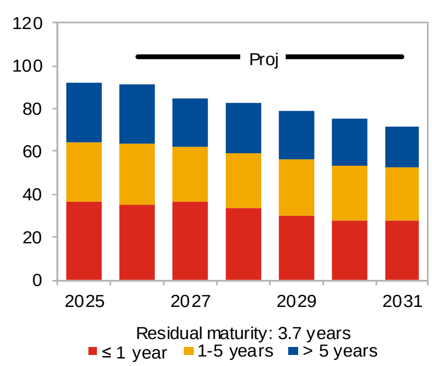
Note: Multilateral includes official creditor deposits at CBE.

Debt by Instruments (percent of GDP)



Note: The perimeter shown is general government.

Public Debt by Maturity (percent of GDP)



Note: The perimeter shown is general government.

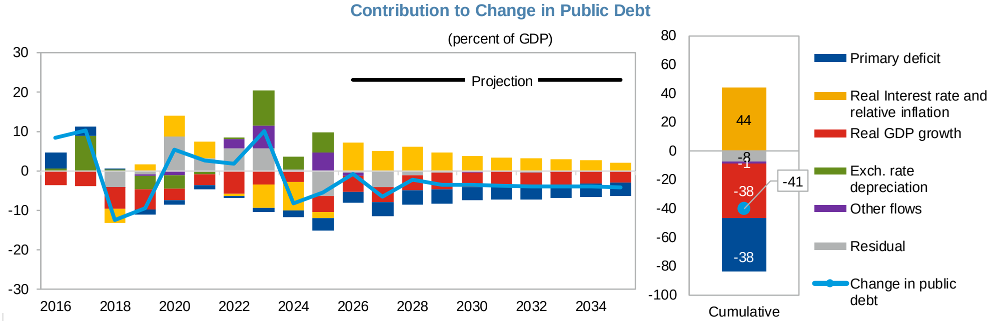
Commentary: Public debt is mainly domestic, held by domestic banks, and in local currency, and it is subject to local law. Debt is primarily in marketable instruments, including a large share of T-bills. This results in a relatively short maturity of public debt.

Figure 4. Egypt: Baseline Scenario

(percent of GDP unless indicated otherwise)

	Actual	Medium-term projection						Extended projection				
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Public debt 1/	91.8	91.1	84.6	82.4	78.9	75.3	71.6	67.6	63.6	59.7	55.5	51.3
Change in public debt	-5.4	-0.8	-6.4	-2.3	-3.5	-3.5	-3.7	-4.0	-4.0	-4.0	-4.2	-4.1
Contribution of identified flows	1.0	-0.3	-2.4	-1.3	-3.1	-3.2	-3.5	-3.7	-3.7	-3.7	-4.0	-3.9
Primary deficit (general government) 2/	-3.3	-2.7	-3.6	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5	-3.5
Noninterest revenues	15.8	16.3	17.6	17.6	17.3	17.2	17.2	17.2	17.2	17.2	17.2	17.2
Noninterest expenditures	12.6	13.6	13.9	14.1	13.8	13.7	13.7	13.7	13.7	13.7	13.7	13.7
Automatic debt dynamics	-0.4	3.2	1.2	2.1	0.4	0.3	0.0	-0.1	-0.2	-0.2	-0.5	-0.5
Real interest rate and relative inflation	-1.4	7.3	5.0	6.1	4.7	3.9	3.5	3.1	2.9	2.7	2.2	2.1
Real interest rate	-8.5	4.3	1.9	4.7	4.0	3.4	3.0	2.7	2.5	2.3	1.9	1.7
Relative inflation	7.1	3.0	3.0	1.4	0.7	0.5	0.5	0.5	0.4	0.4	0.4	0.3
Real growth rate	-4.1	-4.1	-3.8	-4.0	-4.3	-3.6	-3.4 .	-3.3	-3.1	-2.9	-2.7	-2.5
Real exchange rate	5.1	…	…	…	…	…	… .	…	…	…	…	…
Other identified flows	4.7	-0.9	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other transactions	4.7	-0.9	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution of residual	-6.4	-0.4	-4.0	-1.0	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2	-0.2
Gross financing needs	35.3	42.0	36.2	37.9	33.3	29.0	27.2	27.0	24.6	22.8	21.1	19.8
of which: debt service	38.9	45.0	40.1	41.7	37.0	32.7	30.9	30.7	28.3	26.5	24.8	23.4
Local currency	28.7	38.2	34.2	35.6	31.7	28.5	26.9	26.9	24.9	23.2	21.8	20.5
Foreign currency	10.2	6.8	5.9	6.0	5.3	4.2	4.0	3.8	3.5	3.3	3.0	2.9
Memo:												
Real GDP growth (percent)	4.4	4.6	4.4	5.0	5.5	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Inflation (GDP deflator; percent)	25.0	12.8	13.6	8.3	5.5	5.0	5.0	5.1	5.2	5.2	5.2	5.2
Nominal GDP growth (percent)	30.5	18.0	18.5	13.7	11.3	10.1	10.0	10.2	10.2	10.2	10.2	10.2
Effective interest rate (percent)	13.5	18.3	16.1	14.7	10.9	9.7	9.4	9.2	9.2	9.1	8.6	8.6

Contribution to Change in Public Debt



Commentary: After declining in FY2024/25 (2025 in the chart), public debt is projected to decrease modestly in FY2025/26, as robust nominal GDP growth more than offsets the higher domestic borrowing costs arising from tighter market conditions at the onset of the war and delays in the divestment program. Debt is expected to remain on a downward trajectory over the medium term, supported by sustained primary surpluses, an improving interest rate–growth differential, the eventual realization of delayed divestment proceeds, and the waning impact of past below-the-line operations. The baseline assumes that all proceeds from the Qatari investment deal and the US$100 million divestment in FY2025/26, as well as two-thirds of the US$1.4 billion in divestments in FY2026/27, are used for debt reduction. It also incorporates the authorities' planned GFN reduction measures of 10 percent of GDP to a varying degree (see footnote /3 and /4 below). Risks to the outlook stem from further delays in divestments and potential shortfalls in sustaining primary surpluses or implementing the GFN reduction plan, which could result in higher debt and financing needs. Conversely, a faster-than-expected decline in the interest-growth differential could reduce domestic borrowing costs and ease near-term GFN pressures.

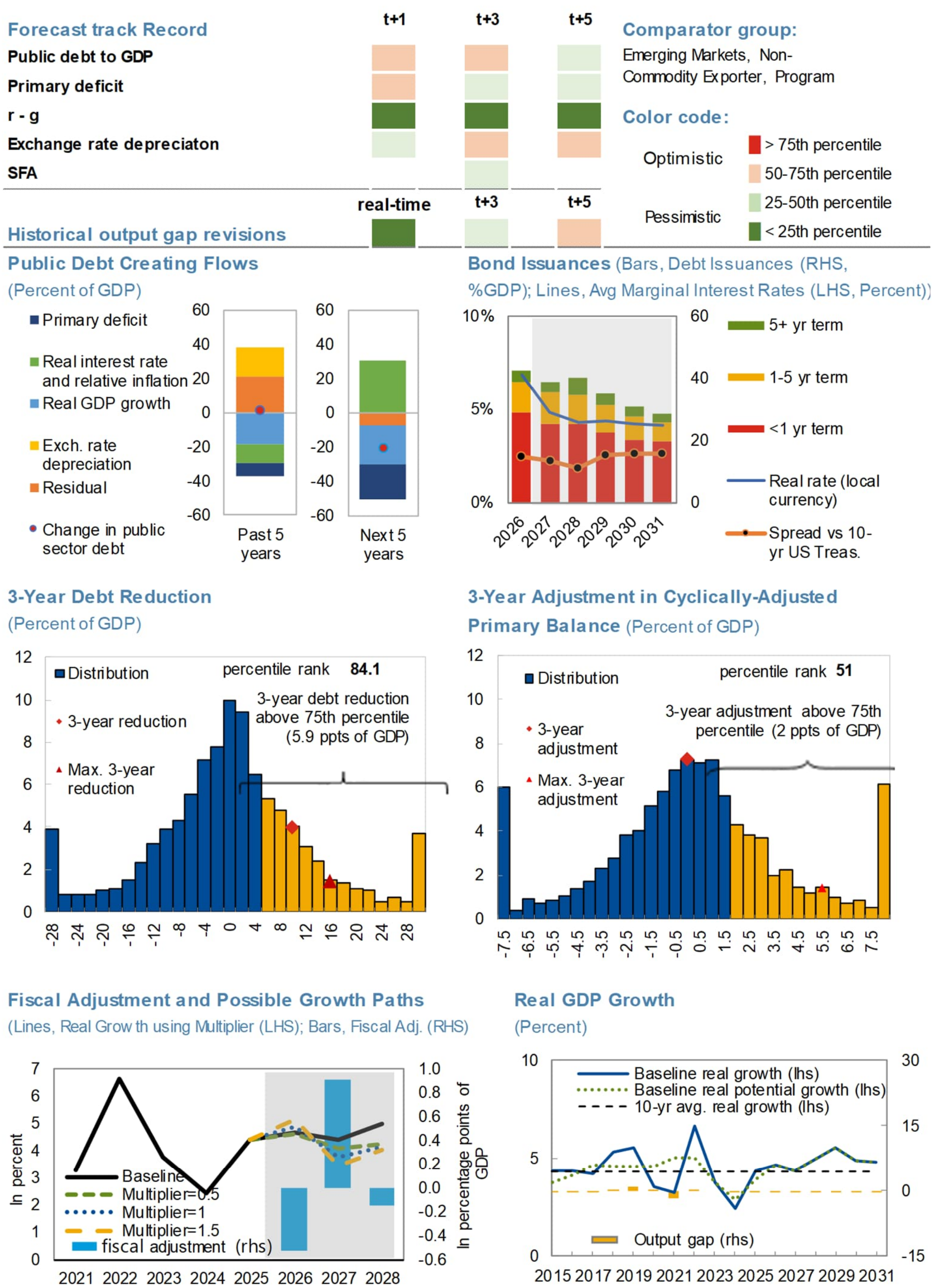
1/ Official creditor deposits at the central bank are included in the public debt stock for the purposes of this analysis.

2/ The primary balance of the general government in this table excludes interest revenues, and it differs from the definition in macroframework tables.

3/ The authorities' GFN reduction measures in FY2025/26 and FY2026/27 are reflected in the DSA projections to varying degrees. In FY2025/26, the targeted 5 percent reduction in the GFN-to-GDP ratio was achieved primarily through maturity-lengthening operations that converted very short-term instruments (one and two-week MoF notes and 3-month T-bills) into longer tenors within one year, thereby reducing rollover risks. Similar measures are expected to contribute to the cumulative 10 percent GFN reduction target in FY2026/27, albeit to a lesser extent. Because the DSA is an annual framework that aggregates all instruments with maturities below one year into a single short-term category, the authorities' maturity-lengthening operations within the one-year horizon (amounting to 4.5 percent of GDP over FY25/26 and FY26/27) are not reflected in the DSA's annual GFN projections. Moreover, the Qatari land sales (0.9 percent of GDP) have been already incorporated in our projections at the time of the combined 5th and 6th reviews, while the liability management operatins are assumed to have only a one-off effect on GFNs. The impact of the GFN reduction effort can be traced through the decline in the GFN-to-GDP path relative to the Fifth and Sixt Reviews baseline, after controlling fot changes in nominal GDP and real interest rates.

4/ The GFN reduction measures identified in Text Table 5 of the Staff Report were incorporated to the DSA by quantifying their impact on financing needs across fiscal years taking into account the different nature of the measures: (i) debt reduction measures were treated as having a permanent effect on financing needs; (ii) liability management operations were treated as having a one-off effect; and (iii) maturity extension measures were incorporated only to the extent that they shifted debt service obligtions beyond the one-year horizon.

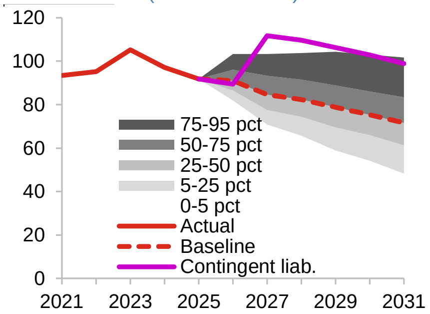
Figure 5. Egypt: Realism of Baseline Assumptions



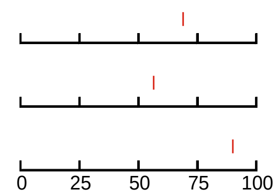
Commentary: Analysis from the realism tools does not signal major concerns. The forecast error track record does not signal a pattern of optimistic forecast errors. Debt drivers are projected to largely follow the past experience. While 3-year debt reduction is above 75th percentile, the 3-year cyclically adjusted primary balance adjustment is close to the median of the distribution. The baseline growth projection is higher than that suggested by the multiplier tool, as productivity gains from the implementation of the National Narrative are expected to offset demand-effects from fiscal tightening and drive growth over the medium term above its historical average.

Figure 6. Egypt: Medium-Term Risk Assessment

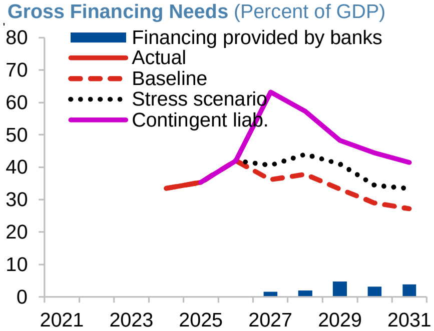
Final Fanchart (Percent of GDP)



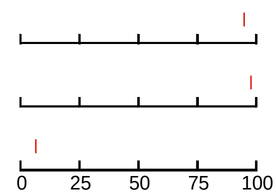
Debt fanchart module	Value	Contrib [1/]	Percentile in peer group [2/]
Fanchart width *(percent of GDP)*	53.4	0.8	
Probability of debt non-stabilizaiton *(percent)*	3.8	0.0	
Terminal debt-to-GDP x institutions index	51.2	1.1	
Debt fanchart index (DFI)		1.9	
Risk signal: [3/]		Moderate	



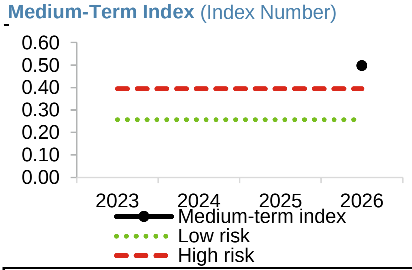
Gross Financing Needs (Percent of GDP)



Gross financing needs (GFN) module	Value	Contrib	
Average baseline GFN *(percent of GDP)*	34.2	11.7	
Banks' claims on the gen. govt *(pct bank assets)*	50.8	16.5	
Chg. In banks' claims in stress *(pct banks' assets)*	4.5	1.5	
GFN financeability index (GFI)		29.7	
Risk signal: [4/]		High	



Medium-Term Index (Index Number)



Medium-term risk analysis

	Value	Weight	Contribution
Debt fanchart index (normalized)	0.4	0.5	0.2
GFN finaceability index (normalized)	0.6	0.5	0.3
Medium-term index	0.5		
Risk signal: 5/	High		
Final assessment:	High		

Prob. of missed crisis, 2026-2031, if stress not predicted: 72.7 pct.
Prob. of false alarms, 2026-2031, if stress predicted: 3.4 pct.

Commentary: Medium-term risks are assessed as high, given the risk signals from the debt fanchart and GFN modules. The high risk signal from the GFN module reflects high average gross financing needs and the large claims of the domestic banking sector on the government. Contingent liability related to publicly-guaranteed debt (EGP 5,635.5 billion as of December 2025) adds to medium-term risks.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is emerging market, non-commodity exporting countries, with Fund-supported programs.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Figure 7. Egypt: Long-Term Risk Analysis

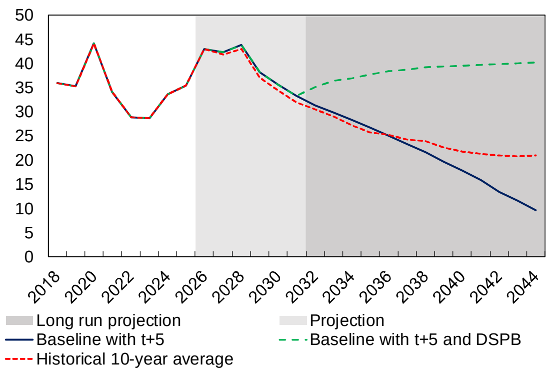
Large Amortization

Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Medium-term extrapolation with debt stabilizing	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Historical average assumptions	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	

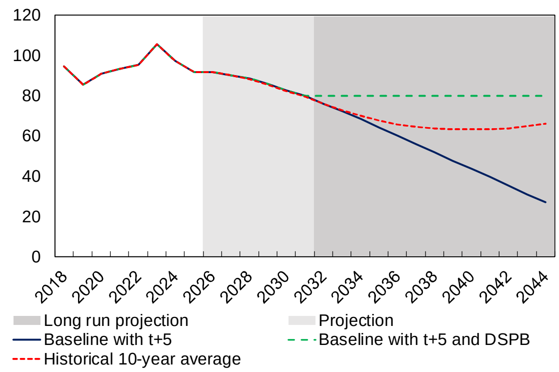
Overall Risk Indication	

Large Amortization

GFN-to-GDP Ratio



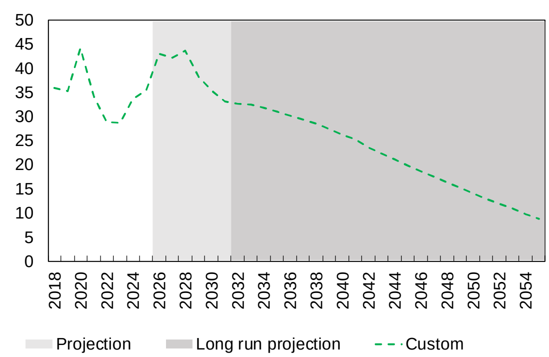
Total Public Debt-to-GDP Ratio



Custom

	Baseline extension of fifth projection year	Custom baseline
Real GDP growth	4.8%	5.0%
Primary Balance-to-GDP	3.4%	2.0%
Real depreciation	-3.6%	0.0%
Inflation (GDP deflator)	5.2%	5.0%

GFN-to-GDP ratio



Total Public Debt-to-GDP Ratio

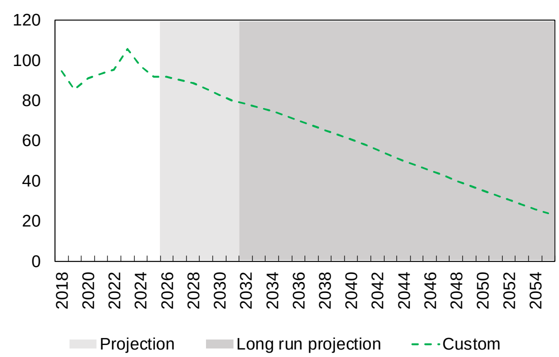
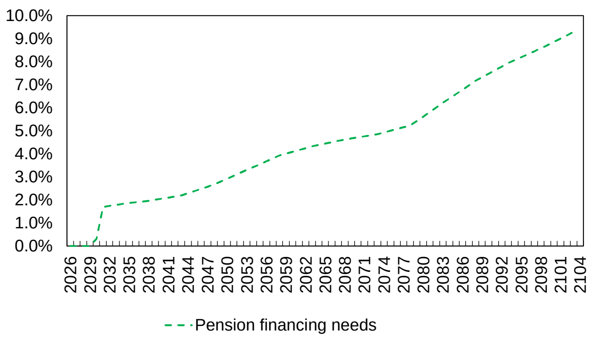


Figure 7. Egypt: Long-Term Risk Analysis (continued)

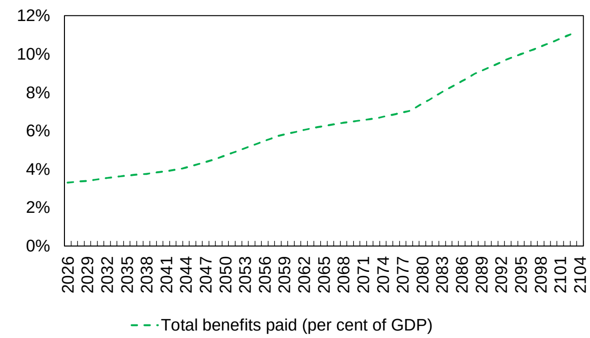
Demographics: Pension

Permanent adjustment needed in the pension system (pp of GDP per year)	To keep pension assets positive for:		
	30 years	50 years	Until 2100
	2.0%	2.9%	4.4%

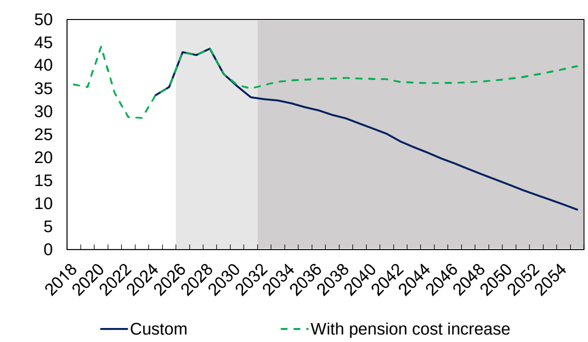
Pension Financing Needs



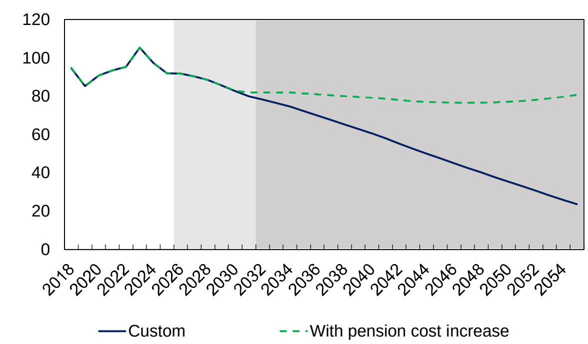
Total Benefits Paid



GFN-to-GDP Ratio

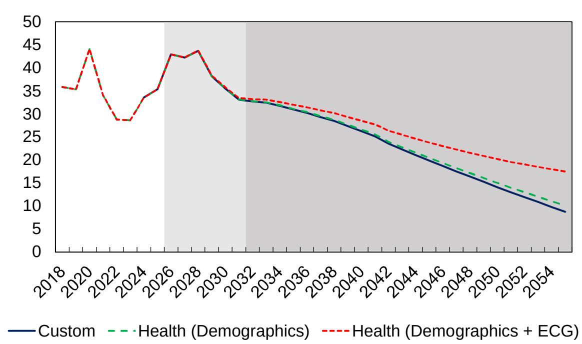


Total Public Debt-to-GDP Ratio



Demographics: Health

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

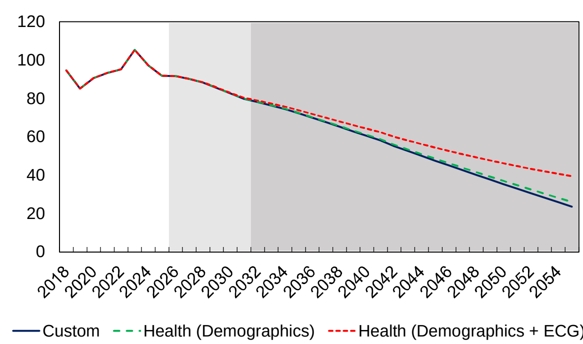
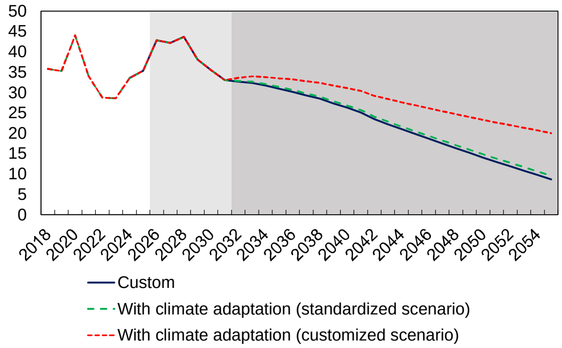


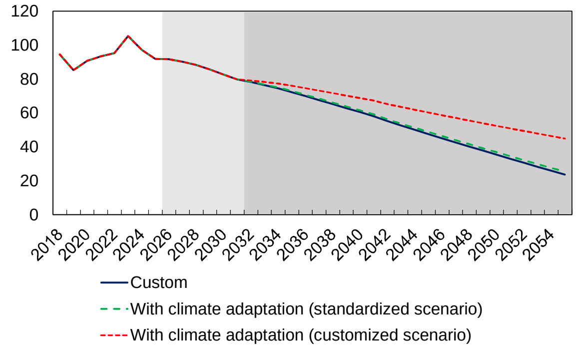
Figure 7. Egypt: Long-Term Risk Analysis (concluded)

Climate Change: Adaptation

GFN-to-GDP Ratio

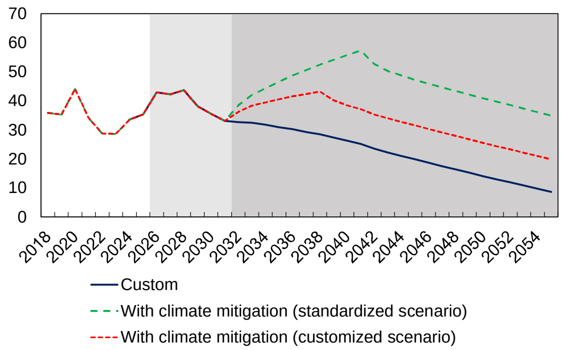


Total Public Debt-to-GDP Ratio

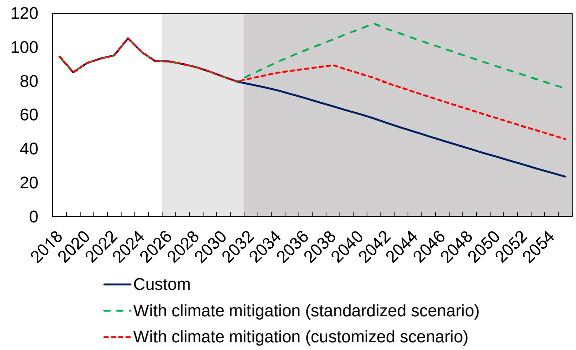


Climate Change: Mitigation

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



Commentary for Long-term risk analysis: Long-term risks are assessed as moderate, as the debt ratio and gross financing needs are projected to trend downwards with sustained primary surpluses and favorable interest-growth differentials, while there are risks to public debt related to pension and health cost as well as climate adaptation and mitigation cost.

Notes for long-term risk analysis: The customized scenario for climate adaptation assumes adaptation cost of around 0.9% of GDP in each year until 2050, based on the authorities' estimate indicated in Egypt Climate Change Strategy 2050, which covers adaptation cost estimates for five sectors during this period (agriculture, transport, civil aviation, irrigation and water resources, and biodiversity). The customized scenario for climate mitigation assumes mitigation cost of around 3.5% of GDP in each year until 2035, based on the authorities' estimate indicated in Egypt Climate Change Strategy 2050, which covers mitigation cost estimates for seven sectors during this period (industry, electricity, petroleum, transport, civil aviation, housing and utilities, and waste). Egypt has also made good progress on fuel-subsidy reform and on scaling up renewable-energy investments. In June 2025, as part of the RSF, the Cabinet adopted a plan to implement renewable-energy projects to reach the 30 percent renewable-energy target by 2030. Most projects are either fully privately financed or structured as public–private partnerships, with the government providing guarantees or other forms of support.

Annex III. The Passthrough of Exchange Rate Depreciation in Egypt

Staff's estimates suggest that an exchange rate depreciation shock would increase headline and core inflation, while its impact on real activity, financial variables, and the external balance is more modest if at all. Trade volumes (except imports), the current account, and fiscal aggregates remain broadly unaffected in the short run.

A. Context

1. Egypt's repeated large exchange rate adjustments since 2016 provide a natural setting to assess macroeconomic transmission. Since 2016, the Egyptian pound has depreciated by more than 80 percent against the U.S. dollar across five major episodes, including regime shifts and managed step adjustments. Since 2023, the exchange rate flexibility entailed two-side movements. This pattern was also seen during the recent war in the Middle East, when the exchange rate depreciated by about 13 percent in the weeks succeeding February 2026, and then appreciating subsequently when the external conditions improved.

2. This annex examines how unexpected exchange rate depreciation affects inflation, economic activity, and broader macroeconomic outcomes in Egypt. The analysis focuses on identifying the dominant transmission channels and drawing implications for policy calibration amid renewed exchange rate pressures.

B. Empirical Approach

3. The analysis uses monthly data from 2010–26 and local projections to estimate dynamic responses to depreciation shocks. The empirical framework follows Jordà (2005) and covers inflation, GDP, the policy rate, reserves, trade volumes, fiscal aggregates, and selected financial indicators, while controlling for global conditions including oil prices, risk premia, and U.S. monetary policy.

4. Two complementary identification strategies are used to isolate unexpected depreciation shocks. First, an "unexpected" depreciation shock is constructed as the residual from a forecasting regression for monthly exchange rate changes. Second, a narrative shock assigns observed depreciations to months associated with explicit exchange rate decisions between 2016 and 2024. Results are robust across the two approaches and to alternative exchange rate measures (bilateral and effective). Impulse responses are scaled to a 1 percent depreciation and interpreted cautiously when mapped to recent developments.

C. Key Findings

Inflation: The Dominant Transmission Channel

5. Exchange rate depreciation has a sizable and delayed pass-through to both headline and

core inflation. Inflation rises with a hump-shaped profile, peaking about 6–10 months after the shock at roughly 0.3–0.4 percentage points per 1 percent depreciation. Averaged over the first 12 months (red dashed lines in Annex Figure 1), pass-through amounts to about 0.23 percentage points per 1 percent depreciation for both headline and core inflation, broadly. The similarity between headline and core responses suggests that passthrough is broad-based rather than confined to volatile CPI components.

6. Illustrative scaling indicates that inflation effects dominate overall macroeconomic transmission. Results show that following a 10 percent depreciation, headline inflation would run about 2.3 percentage points above baseline over the first year and dissipate thereafter.

External Sector: Little Expenditure Switching

7. Depreciation is associated with a temporary compression of real imports, while real exports and the current account do not respond in a statistically significant manner. Export volumes remain broadly unchanged, reflecting Egypt's export structure, which is dominated by hydrocarbons, Suez Canal receipts, tourism, and remittances—foreign-currency-priced activities that are weakly linked to relative price competitiveness. Import volumes show a temporary compression—deepest about two quarters after the shock at roughly 0.4 percent per 1 percent depreciation and averaging about 0.2 percent over the first year (Annex Figure 1)—which dissipates quickly, consistent with an import basket concentrated in food, fuel, and intermediate inputs with low short-run substitutability. Muted external adjustment is also consistent with high FX invoicing of imports, which dampens relative-price effects. The resulting current account response is nonetheless minimal: averaged over the first year, just −0.02 percentage points of GDP, as the modest import compression is largely offset by broadly unchanged export volumes (first-year average of about −0.1 percent, statistically insignificant). Robustness checks using NEER and REER measures confirm the absence of a competitiveness-driven expenditure-switching channel over this period in Egypt.

Reserves and Fiscal Outcomes: Limited Near-Term Effects

8, International reserves show at most a small and statistically insignificant response to depreciation. Observed movements likely reflect the timing of exchange rate adjustment relative to external financing rather than market-driven reserve accumulation.

9. Fiscal revenues and expenditures do not respond significantly in the short run. Institutional rigidities and offsetting valuation effects limit near-term fiscal transmission, implying that depreciation affects public finances mainly indirectly through inflation and activity.

Banking Sector: Resilient Banks, Reallocated Credit

10. The banking sector shows limited vulnerability to depreciation. Empirically, bank balance-sheet indicators do not show statistically significant deterioration following depreciation shocks, consistent with the system's limited net open foreign exchange position. This partly reflects both prudential practices by Egyptian banks and the Central Bank of Egypt's requirement for full

(100 percent) coverage of foreign-currency positions. In practice, FX lending is largely extended to borrowers with natural FX earnings, alongside hedging of residual exposures. While financial conditions tighten at the margin—sovereign spreads widen and portfolio inflows weaken—there is little evidence of systemic balance-sheet stress. While corporate exposures would merit closer examination, the primary macro transmission does not appear to operate through the banking system.

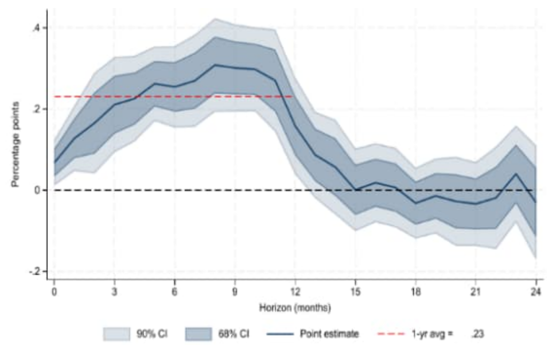
11. Bank-level evidence is broadly consistent with this resilience, though confidence intervals are wide. A complementary panel analysis of 23 Egyptian banks over 2013–25, using quarterly bank fundamentals and the same identified depreciation shocks, shows that bank balance sheets contract only modestly: averaged over the first year, gross loans and customer deposits decline by about 0.5 and 0.6 percent per 1 percent depreciation, respectively, with recovery within six quarters (Annex Figure 1). Net interest margins compress sharply on impact—about 8 basis points (annualized) per 1 percent depreciation— with some evidence of subsequent recovery, leaving full-year profitability minimally lower.

Real Activity: Modest Short-Run Contraction

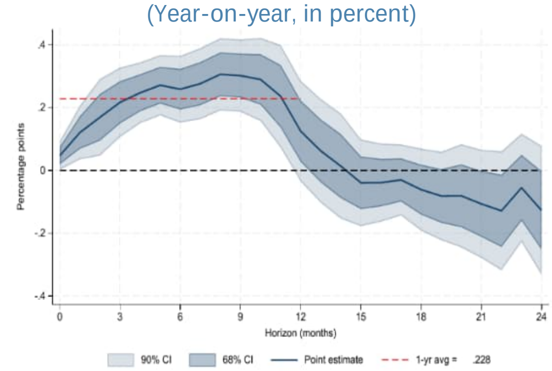
12. Depreciation does not give rise to a statistically significant decline in aggregate economic activity. Quarterly GDP growth responds only weakly and transiently following depreciation shocks, with estimated effects that are small and insignificant. These results should be interpreted as capturing partial first-round effects of exchange rate adjustment, abstracting from subsequent policy responses and broader second-round transmission. More pronounced activity effects may materialize over time as tighter macroeconomic policies and inflation pass-through weigh on real incomes, demand, and production.

Figure 1. Egypt: Macroeconomic Effects of Exchange Rate Depreciation

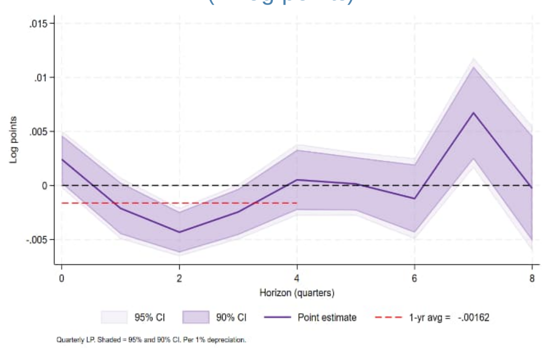
Head Inflation: Response to 1% Residual Shock
(Year-on-year, in percent)



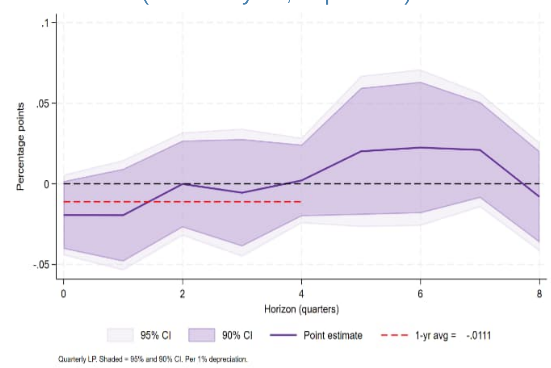
Core Inflation: Response to 1% Residual Shock
(Year-on-year, in percent)



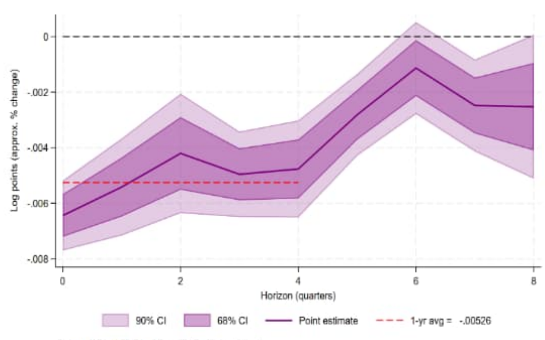
Log Real Imports: Response to 1% Residual Shock
(In log points)



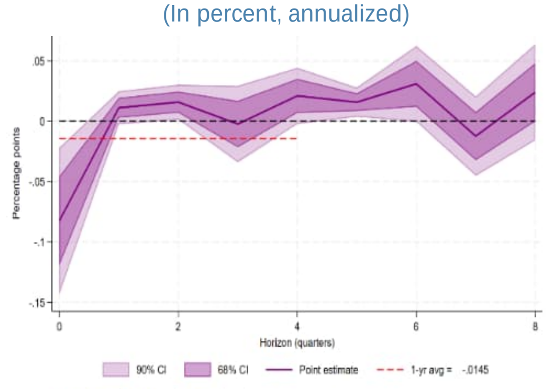
Real GDP Growth: Response to 1% Residual Shock
(Year-on-year, in percent)



Log Gross EGP Loans: Response to 1% Residual Shock
(In log points)



Net Interest Margin: Response to 1% Residual Shock
(In percent, annualized)



Source: IMF staff calculations.

Note: Impulse responses are estimated via local projections (Jordà, 2005) at (i) monthly frequency (inflation, policy rate), (ii) quarterly frequency (imports), and on a (iii) quarterly panel of 23 banks with bank fixed effects and Driscoll–Kraay standard errors (gross loans, net interest margin). Shaded bands show 68 percent and 90 percent confidence intervals (90 percent and 95 percent for the imports) based on Newey–West standard errors (Driscoll–Kraay for the bank panels). The red dashed line marks the average response over the first year (12 months or 4 quarters), drawn through the one-year mark. Coefficients scaled to give the response per 1 percent depreciation.

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Annex IV. Monetary Policy Consultation Clause

Consultation on Breach of MPCC Target in March and June 2026.

Central Bank of Egypt

Annual urban headline inflation rate recorded 15.2 percent in March 2026 and 14.3 percent in June 2026, falling outside the outer bands of 3 to 13 percent and 3 to 12 percent set out in the fifth and sixth reviews of the IMF's Extended Fund Facility (EFF). This document explains the reasons why inflation has breached the upper outer band of the monetary policy consultation clause, and discusses policy responses and inflation outlook.

Inflation Deviation from the Consultation Band

1. Inflation dynamics in early 2026 were dominated by cost-push shocks and administered price adjustments, which generated volatility interrupting the previously projected gradual disinflation trajectory.

2. Annual urban headline inflation increased to 13.4 and 15.2 percent in February and March 2026, respectively, compared to 11.9 percent in January 2026. The upward trend came after months of a rather steady disinflation path, that was supported by the dissipation of earlier inflationary shocks, and tight monetary policy as well as favorable base effects. The broad disinflation path was interrupted by seasonal shocks, and supply shocks.

3. The deceleration path resumed throughout the second quarter of 2026, as inflation dropped to 14.3 percent in June 2026 from the 14.9 percent recorded in April 2026, suggesting the transitory nature of the main inflation drivers in Q1 2026.

4. Dynamics in early 2026 were mainly driven by seasonal food components and fiscal consolidation measures—impacting regulated items—among other drivers. The expected seasonal pressures from the Ramadan and Eid Al-Fitr season created a temporary shock to monthly food inflation in January, February and March 2026 (accounting for 16.0 percent, 14.0 percent and 11.0 percent of inflation in each month, respectively); an impact which was reversed after the end of the season, as the prices of the same group of food items declined in April 2026. With regards to non-food inflation, the collection of tuition fees (occurring every year in February) posed temporary upward pressures, accounting for 35.0 percent of inflation in February. Fiscal consolidation measures dominated non-food inflation (accounting for 45.0 percent) in March. Subsequently, these pressures have dissipated as non-food inflation continued to decline starting April 2026.

5. Consequently, the inflation dynamics in Q2 2026 eased in general. Pressures on food prices largely dissipated over the course of the quarter, although they temporarily increased in May 2026. This increase accounted for approximately 50.0 percent of the monthly increase in May's headline inflation, which was driven by Eid Al-Adha-related seasonal effects and volatile food price

movements, particularly the temporary increase in the prices of meat, poultry, and fresh fruits. However, monthly food inflation declined in June 2026, driven by lower prices of both volatile and core food items, reflecting the dissipation of the previous shocks.

6. Regarding non-food items, inflation gradually moderated during Q2 2026. Inflation in April 2026 continued to reflect the second-round effects of the fiscal adjustment measures implemented during the end of the previous quarter. However, non-food inflation eased in May 2026 and remained relatively stable in June 2026, reflecting the transitory nature of these pressures. Nonetheless, the moderation in non-food dynamics observed in June 2026 was primarily counteracted by seasonal increases in the services component, particularly, Hajj and Umrah-related services, as well as increases in rents, likely reflecting wider spillovers from the amendment to the old rent law.

7. Excluding this noise, underlying inflation has remained on a declining path trajectory since mid-2024. This trend persisted through May and June 2026, with underlying inflation gradually converging towards its historical average. The moderation is further reflected in the monthly dynamics of core inflation, which decelerated in March 2026 relative to the previous month and continued to ease in April, driven primarily by declining core food prices. This disinflationary trend culminated in June 2026, when month-on-month core inflation recorded its lowest reading since the beginning of 2026.

8. On an annual basis, unfavorable base effects (stemming from the sharp decline in annual core inflation rates in both Q1 and Q2 2025), have resulted in higher rates in Q1 and Q2 2026. Accordingly, annual core inflation increased from 12.7 percent in February 2026 to 14.0 percent in March 2026. Given the aforementioned unfavorable base effect, annual core inflation rose to 14.3 percent in June 2026. Moreover, the diffusion index indicates a marked easing in the breadth of inflationary pressures, with the index falling for the first time in May 2026 since the outbreak of the conflict, halving compared to its April 2026 level, before halving again in June 2026 relative to May 2026, and reaching its lowest level since January 2026. This was supported by the moderation in non-food inflation and therefore, provides further evidence of the unwinding of previous supply shocks and seasonal inflationary pressures.

9. Furthermore, Egypt was subject to external shocks, compounding the impact of aforementioned domestic shocks. On the external front, the escalation of the conflict in the Middle East, alongside tighter global financial conditions and global risk-off sentiment as a result of elevated uncertainty, triggering sizable capital outflows from emerging markets, including Egypt. These outflows exerted pressures on the currency to depreciate by 10.2 percent against the U.S. dollar in March 2026[1], following the period of gradual appreciation since H2 2025. The CBE's estimates of exchange rate pass-through (ERPT) to inflation suggest that a 1.0 percent depreciation of the exchange rate increases annual headline inflation by approximately 0.15–0.20 percentage points, on

[1] Calculated as average of period for March 2026 compared to February 2026.

average, over a one-year horizon.[2] These estimates, however, do not fully capture Egypt's recent exchange rate flexibility, which could reduce the magnitude of the pass-through. Supporting this view, an IMF working paper[3] further highlights that, over a two-year horizon, countries with a flexible exchange rate regime similar to the case of Egypt witness an exchange rate pass-through that is lower by around 17 percent relative to countries with a pegged exchange rate regime. This might suggest relatively more contained second-round effects, and lower effective exchange rate pass-through than would historically be expected. This appears particularly relevant given that recent inflation dynamics have increasingly reflected the dominance of non-FX factors (particularly fiscal, seasonal, and supply-side drivers).

10. The conflict in the Middle East resulted in a significant surge in international oil prices responding to closure of the Strait of Hormuz, affecting future contracts and resulting in uncertainty in international markets. In response, the Government adopted several measures to consolidate the state-budget and contain the fiscal deficit. These measures include the increase in: (i) electricity prices for both commercial and residential use, (ii) public transportation fares by 23.8 percent (i.e., railway and metro fares) announced in late March and materialized in April 2026, (iii) the prices of most domestic fuel products in March 2026 by 14.7 percent. Combined, these measures had an inflationary impact that accounted for 30 percent of monthly inflation in March 2026 while their second-round effects accounted for 17 percent of monthly inflation in April 2026.

11. Finally, market inflation expectations indicate that they remain broadly anchored around the CBE's intermediate target.[4] The CBE's latest round of professional forecasters' survey, covering Q2 2026, indicated that the market is projecting annual inflation on a decelerating path from 15 percent in Q2 2026 to 13 percent in Q1 2027; aligning with the CBE's projected disinflation path. Accordingly, there is no clear evidence of mounting inflationary pressures from the expectation channel.

Policy Responses

12. This section describes the monetary policy actions taken since April 2025 and their transmission to the economy. It also sheds light on the main indicators used to assess the developments in the Egyptian economy. Following two years of tightening, where key policy rates were raised by 1900 bps and maintained at 27.75 percent, the CBE initiated its monetary policy easing cycle in April 2025, proceeding cautiously after real interest rates[5] had moved significantly into positive territory, averaging 6.1 percent in FY 2024/25, up from negative 11.4 percent in FY 2023/24. Since then, key policy

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[2] The employed methodology applies a VAR model using quarterly data from 2005Q1 to 2026Q1, with robustness checks based on alternative VAR specifications as well as Campa-Goldberg style regressions.

[3] International Monetary Fund (IMF), Working Paper No. 2024/059, "Effect of Exchange Rate Movements on Inflation in Sub-Saharan Africa," March 2024.

[4] Inflation expectations remain well anchored around the CBE's forecasts.

[5] Real interest rate calculated as the average policy rate over the fiscal year deflated by average inflation over the same period.

rates were cut by a cumulative 825 bps (725 bps in 2025, and 100 bps in February 2026) despite inflation declining by around 14 percentage points during 2025, registering 14.1 percent against 28.3 percent in 2024. Thus, allowing greater room to ease policy rates than implemented, and preserving a highly positive real interest rate margin along the disinflation path towards its target. Despite that, the CBE has maintained a measured and gradual easing cycle, refraining from premature or excessive rate cuts.

13. Following the escalation of the conflict in the Middle East, the CBE's MPC immediately paused its easing cycle in its April 2026 meeting. The MPC deemed a 'wait and see approach' appropriate given the prevailing positive real interest margin, estimated at 4.6 percent[6] by the end of April 2026. As such, pausing the easing cycle availed room to maintain a tight monetary stance to assess the supply-side nature of the shock, its duration, and the magnitude of its spillovers to the domestic economy. Similarly, in its May 2026 meeting, the MPC judged that adopting a cautious approach is more consistent with the current supply shock, rather than tightening into what largely appears to be a supply-driven inflation impulse, especially as April's 2026 inflation figures came lower than expected. As such, a consistent acceleration pattern in inflation has not been observed. This was further supported by May and June 2026's inflation prints, where annual headline inflation decreased to 14.6 and 14.3 percent, respectively, and especially that June 2026's monthly dynamics for headline inflation were deflationary while core dynamics also decelerated compared to May 2026. In response, in its July 2026 meeting, the Committee decided to keep key policy rates unchanged in light of the reversal of seasonal food pressures, as well as the dissipation of previous supply shocks. The MPC's July 2026 decision allowed for the tightening of the prevailing monetary stance by further enhancing the already positive real interest rate margin to 5.2 percent by end of June 2026, up from 4.6 percent in April 2026.

14. Similarly, the estimated negative output gap at present continues to indicate limited demand-side pressures over the short-term given the lag with which monetary policy operates. Also conducive to the disinflationary trajectory, annual M2 growth has been on a broadly declining trend since February 2025, aside from the latest modest pick-up driven by the repercussions of the Middle East conflict, averaging 18.9 percent during Jan - May 2026, down from an average of 22.1 percent during H2 2025, primarily driven by the declining contribution of net claims on the public sector. This is coupled with relatively tighter liquidity conditions in the interbank market with OMOs volume recording an average of EGP 8 bn in May 2026, down from an average of EGP 454 bn in May 2025. This is resulting from the prevailing tight monetary stance, both in terms of the real interest rate margin and relative to advanced and emerging market economies. By the end of May 2026, Egypt ranks among the top 15 countries out of 89 studied countries, only trailing behind a few economies, such as Türkiye, Colombia, and Brazil. Furthermore, Egypt entered the current shock on a strong footing with sufficiently positive real interest rate margins around 6–8 percent in January and February 2026 prior to the outbreak of the conflict. These buffers have strengthened the CBE's ability to absorb the shock and support the current assessment that the monetary policy stance remains appropriately tight.

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[6] For simplicity and to avoid forecast-related uncertainty, we use the real policy rate, calculated by deflating the April 2026 policy rate using the realized April 2026 inflation rate.

15. The CBE continues to focus on ensuring inflation expectations remain anchored, and restoring the disinflation path, in the midst of elevated uncertainty surrounding the macroeconomic outlook. Nevertheless, temporary deviation of inflation from the target may likely occur due to first-round effects of exogenous shocks that are outside the scope of monetary policy. However, if these exogenous shocks lead to second-round effects that spillover to more generalized price increases and a persistent effect on medium-term inflation expectations, then the MPC stands ready to further tighten its stance.

16. As such, reasons behind the expected deviation from the inflation target in Q4 2026, as well as corrective actions to restore the disinflation path were transparently communicated in the CBE's Q1 2026 Monetary Policy Report, and its MPC statements in line with the CBE's commitment to transparency in its transition to an inflation targeting regime. These actions include ensuring a tighter monetary stance, supported by closely assessing underlying inflation dynamics and sources of price pressures, gauging inflation expectations, and continued commitment toward exchange rate flexibility. Additionally, it should be noted that the CBE's monetary policy decisions are data-driven through monitoring and incorporating all economic, monetary, and financial developments in its projections. This is done by tracking a wide range of domestic and global indicators to analyze the nature, persistence, and breadth of any shocks.

Inflation Outlook

17. In light of the developments above, inflation outturns in March 2026 came higher-than-anticipated and consequently Q1 2026 as a whole, recording 13.6 percent compared to an estimate of 12.7 percent. Conversely, Q2 2026 came lower-than expected mainly due to the reversal of the seasonal food shock, as well as the dissipation of the supply-side shock reflected in the June 2026 inflation reading, recording 14.3 percent compared to a previously estimated figure of 15.5 percent. Accordingly, the inflation outlook was revised downward supported by favorable domestic macroeconomic developments. In turn, the baseline scenario now assumes two fuel price increases over the remainder of the CY 2026 as opposed to the previous assumption incorporating three fuel increases throughout the remainder of CY 2026.

18. With regards to the baseline scenario, annual headline inflation is expected to accelerate through Q3 2026 on average, partially due to unfavorable base effects, albeit at a more moderate pace than previously projected. These developments are supported by favorable exchange rate dynamics, as well as a broad-based decline in inflationary pressures, which will help mitigate the impact of unfavorable base effects in Q3 2026. Starting Q4 2026, inflation is expected to gradually decline and reach single- digit territory thereafter, and thus, aligning with the targeted level of 7 percent (± 2 p.p.) in H2 2027. The projected disinflation path will be sustained by an adequately tight monetary stance, which will keep medium-term inflation expectations anchored and restore the disinflation path toward its announced targets. The disinflation path is supported by an estimated negative output gap projection, limiting demand side-inflationary pressures till H1 2027. Nevertheless, the inflation outlook remains subject to upside risks, notably the resurgence of conflict,

which could reverse recent improvements in macro-economic developments and intensify uncertainty.

19. At its meeting on July 9, 2026, the MPC has decided to keep key policy rates unchanged to maintain an adequately positive real interest margin on average over the forecast horizon, supported by better-than-previously expected macroeconomic developments. As such, the Committee will continue to evaluate its monetary stance based on a data dependent approach, reviewed on a meeting-by-meeting basis through assessing drivers of inflationary pressures, the forecasted inflation trajectory, and the prevailing balance of risks. Looking ahead, the MPC remains firmly committed to price stability and will not hesitate to tighten policy to ensure inflationary pressures are contained and inflation returns to target in the near term.

Appendix I. Letter of Intent

July 17, 2026

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
700 19th Street, NW
Washington, D.C. 20431

Dear Ms. Georgieva:

Our economic program, supported by the Extended Arrangement under the Extended Fund Facility (EFF) and reform agenda under the Resilience and Sustainability Facility (RSF), has enabled us to take decisive and timely actions to contain the adverse effects of the conflict in the Middle East, which constituted an unprecedented supply shock. To ensure program objectives are met, we have responded promptly to offset the impact of the conflict by allowing the exchange rate to act as a shock absorber, implementing early adjustments in fuel and electricity prices, and rationalizing and reprioritizing budget expenditure. We also continued our structural reform momentum despite the crisis. Since then, external conditions have improved markedly, with lower international oil prices and broader regional de-escalation contributing to a recovery in investor sentiment, reversal of earlier capital outflows and reduced exchange rate volatility compared to what was experienced at the onset of the conflict. We remain firmly committed to preserving macroeconomic stability, continuing to rebuild buffers, and reducing vulnerabilities, as well as advancing a competitive private sector-led growth model. We will also continue to take additional measures, as needed, to achieve these objectives.

Our performance under the EFF is on track despite the challenging external environment. At end-March 2026, all quantitative performance criteria were met, except for the ceiling on the outstanding stock of CBE lending to public entities, which was missed by a small margin but has since been corrected. Four out of seven indicative targets (ITs) were met for end-March. We missed the indicative targets on the maturity of new domestic debt issuances at both end-March and end-June 2026, although average maturities at issuance reached their highest level in three years. This shortfall reflected heightened market uncertainty and geopolitical tensions, which shifted investor demand toward shorter-term instruments. We are taking corrective actions to ensure compliance by end-September. The budget sector debt ceiling at end-December has also exceeded the target amid elevated gross financing needs. Under the Monetary Policy Consultation Clause (MPCC), inflation exceeded the upper outer band at end-March and end-June 2026, driven by conflict-induced increases in administered prices and services, and exchange rate depreciation.

Based on available information, the two end-June 2026 quantitative performance criteria on central bank lending to public entities and the stock of privately-placed Ministry of Finance notes were met, and the remaining criteria are expected to have been met. We met the structural benchmarks on the preparation of a corrective action plan to strengthen governance in state-owned banks as well as the publication of an action plan for streamlining business procedures. The structural benchmark on the provision of additional supervisory information related to the CBAM directive was completed with a one month delay, as additional time was required to complete the procedures for publication on the CBE website. Reforms that had faced earlier delays have now been completed, including the submission to Parliament of amendments to the Customs Law.

Of six recurring structural benchmarks, all have either been met or remain on track. The structural benchmark on the FY2026/27 tax package was not met, as the withholding tax on free zones was not approved. However, the tax package adopted by Parliament included alternative measures that are expected to allow the Ministry of Finance to achieve its FY2026/27 tax target. Moreover, the budget for FY2026/27, approved by Parliament in June 2026, remains fully aligned with the program's fiscal objectives and targets. We remain committed to advancing the measure through the legislative process while preserving the agreed fiscal targets. The updated State Ownership Policy (SOP) document, originally due at end-March 2026, was published in June (prior action). Reform Measure (RM 3) under this review was completed on time and we continue to make good progress in implementing the broader climate reform agenda under the RSF, including through the completion of Reform Measures due in June (e.g. RM4 and RM5).

Looking ahead, we will ensure that the policy mix safeguards macroeconomic stability while advancing our structural reform agenda. The CBE remains committed to an inflation-targeting regime. A tight monetary policy will be pursued to anchor inflation expectations and support a faster convergence to our inflation target. Exchange rate flexibility will remain a central pillar of our framework, and the CBE will continue to refrain from measures inconsistent with its obligations under the IMF Article VIII obligations. We will also continue to build reserve buffers in a transparent, market-based manner and will not accumulate external payment arrears. We remain committed to reducing the outstanding stock of CBE lending to public entities by EGP 100 billion annually.

Fiscal policy will remain appropriately tight to continue to place budget sector debt firmly on a downward path. The fiscal anchor will continue to center on a primary surplus target of 5 percent of GDP, supported by sustained efforts to raise the tax-to-GDP ratio. We will also step up efforts to contain fiscal risks, including those arising from the stock of guarantees to economic authorities, including the Egyptian General Petroleum Corporation (EGPC). We remain committed to the automatic fuel pricing mechanism and to prioritizing well-targeted social spending to protect vulnerable households while preserving fiscal sustainability. We have continued to adhere to the public investment ceiling, which helps support our transition towards a private-sector-led growth model.

Debt management will be strengthened to reduce gross financing needs by lengthening maturities and increasing reliance on market-based instruments. To accelerate progress to reduce gross financing needs and advance divestment, we are taking additional steps to advance reform efforts. In particular, we have adopted a detailed plan that enabled us to reduce gross financing needs by 5 percent of GDP by end-FY2025/26, and we are planning to have a cumulative reduction of around 10 percent of GDP by end-FY2026/27 (prior action).

In the financial sector, we will continue to remain vigilant to the potential impact of evolving growth prospects amid heightened geopolitical and trade uncertainty. In this context, we are further strengthening contingency planning and risk-based supervision as well as robust governance practices across all banks—while preserving a market-based monetary policy transmission mechanism and avoiding quasi-fiscal operations.

We remain committed to reducing the state's footprint in the economy and strengthening the governance of state assets. We have updated the State Ownership Policy, established supporting institutional arrangements, and are accelerating divestment to attract foreign direct investment and increase private sector opportunities. Furthermore, by July 2026, we expect to receive $500 million from a major divestment and the sale of selected Ministry of Finance shareholdings, while the divestment of another large state stake is well advanced (prior action). All proceeds will be dedicated to debt reduction.

In parallel, we will continue reforms to improve the business environment, streamline licensing and customs procedures, strengthen competition policy, enhance transparency in procurement and debt reporting, and level the playing field between public and private firms.

We request Executive Board approval of waivers of applicability of the end-June 2026 PCs on NIR, tax revenue, primary balance, and overdraft. We also request setting new quantitative performance criteria for end-September 2026 for the eighth review. In view of our policy commitments, continued reform efforts, and corrective actions, we request completion of the seventh review under the Extended Fund Facility arrangement and the associated purchase of SDR 1,113.01 million. The program remains fully financed. With the completion of RM3 and RM4, we request the conclusion of the second review under the RSF arrangement. We request the rephasing of RM4 and associated disbursement of SDR 100 million from the third review to the second review. We also request the modification of RM9 to strengthen the monitoring and transparency of PPPs, while preserving the overall ambition and objectives of the RSF reform agenda. We request the completion of the second review under the RSF arrangement.

While we are confident that the policies underpinning our program will safeguard macroeconomic stability and support the achievement of our program objectives, we stand ready to take additional measures, as needed. In accordance with Fund policies, we will consult with the IMF on the adoption of such measures and in advance of any revisions to the policies contained in the MEFP, and we will maintain a close and regular dialogue with Fund staff to ensure timely implementation of our economic program. We will refrain from any policies that would be inconsistent with program objectives and commitments.

We will continue our efforts to provide timely and accurate data needed for program monitoring, including any information that may have a material bearing on economic conditions and program objectives. In line with our commitment to transparency, we consent to the IMF's publication of this letter, the MEFP, the TMU, and the accompanying Executive Board documents.

/s/	/s/
Hassan Abdalla	Ahmed Kouchouk
Governor of the Central Bank of Egypt	Minister of Finance
Arab Republic of Egypt	Arab Republic of Egypt

Attachment I. Memorandum of Economic and Financial Policies

This memorandum supplements our Memorandum of Economic and Financial Policies dated February 2026. It provides an update on recent developments, reviews progress-to-date and sets out the policy measures and reforms needed to achieve our objectives under the IMF-supported program.

Recent Developments and Outlook

1. The impact of the war in the Middle East on Egypt's economy has so far been contained, helped by decisive and timely actions by the Government and Central bank of Egypt. Real GDP grew by an estimated 5 percent during the third quarter of the year, bringing growth over the first three quarters of the year to 5.2 percent, supported by transportation, tourism and a recovery in Suez Canal activity. Labor market conditions continued to improve, with the unemployment rate falling to a historic low of Q1 2026. Headline urban inflation reached 14.6 percent in May 2026, with a month-on-month increase of 1.6 percent, driven partly by food inflation reflecting seasonal Eid El Adha effects and volatility in fruits and vegetables, while non-food inflation eased modestly despite increases in electricity, housing, and telecommunication costs. The current account recorded an estimated deficit of about 4.3 percent of GDP during June 2025–March 2026 as strong remittances and tourism receipts helped offset a higher oil and gas import bill. With the exchange rate acting as a shock absorber to large portfolio outflows in March 2026, gross international reserves remained broadly stable at 114 percent of the IMF's reserve adequacy metric.

2. The war in the Middle East has clouded the outlook, increased uncertainty, and pushed up commodity prices, which will weigh on growth and the current account, and put upward pressure on inflation. Our macroeconomic baseline scenario is predicated on:

- **Real GDP growth** exceeding last year's outturn and remaining at about 4.5-5.0 percent in FY2025/26, as the strong performance recorded during the first nine months of the year offsets some weakening in consumption and investment sentiment during Q4 of FY2025/26 amid the war, higher uncertainty and energy prices, and exchange rate depreciation. The impact of the war is expected to weigh on economic activity in the first few months of FY2026/27, before growth accelerates to 5.5 percent by FY2028/29, supported by the implementation of our reform agenda, which will help entrench macroeconomic stability and boost private investment and the tradeable sectors.
- **Headline inflation** is expected to rise to 16 percent by December 2026, reflecting unfavorable base effects, as well as supply-side pressures from the conflict and its impact on the exchange rate and energy prices. Inflation is expected to gradually converge to the CBE's target range in H2 2027 as the supply shock eases and second-round effects dissipate on the back of a tight monetary policy stance over the medium term.
- The **current account deficit** is projected to widen slightly to 4.5 percent of GDP, as strong remittance inflows and tourism receipts partly offset a higher oil and gas import bill, the impact of which is mitigated by long-term contracts that limit pass-through. Over the medium term, the current account deficit is expected to narrow as energy imports decline—reflecting easing global

energy prices, increased domestic production and expanded renewable energy—while reform efforts help expand exports.

- Risks to the outlook persist. On the downside, renewed regional tensions could weaken remittances and FDI, disrupt trade and supply chains, trigger capital outflows, and increase borrowing costs. Elevated domestic financing needs represent the main domestic risks. On the upside, significant de-escalation of regional geopolitical conflicts, together with accelerated implementation of structural economic reforms (particularly those that enhance the level playing field) and improved sentiment could boost growth, attract greater investment, induce additional capital inflows, and foster private sector development.

Economic Program

The program aims to safeguard macroeconomic stability and foster private sector–led growth through tight, inflation-anchored monetary policy, exchange rate flexibility, and strengthened financial sector oversight. Fiscal consolidation will remain revenue-based and pro-growth, and supplemented by active debt management, EGPC reforms, and structural measures to advance divestment, level the playing field, and improve the business environment.

Monetary and Exchange Rate Policies

3. The monetary stance remained sufficiently restrictive prior to the conflict and contributed to the continued decline in inflation, despite cumulative reductions in the key policy rate of 825 basis points between April 2025 and February 2026. Inflation expectations also remained anchored, with the second round of the CBE's survey, conducted before the conflict, showing short-term expectations at around 11–12 percent, broadly in line with CBE inflation projections at the time. Following the onset of the war, latest survey results continue to indicate expectations below the CBE forecast. More recently, inflationary pressures arising from second round-effects of increases in domestic energy prices and exchange rate depreciation prompted the CBE to adopt a wait-and-see approach in April, May, and July 2026, leaving policy rates unchanged.

4. Looking ahead, the CBE remains committed to a tight monetary stance consistent with bringing inflation back to its target. Accordingly, the CBE will conduct monetary policy based on inflation projections, nonetheless, remaining vigilant to incoming data and inflation dynamics, particularly given that inflation moved outside the outer band in March and June 2026, and recognizing that, while uncertainty stemming from the War in the Middle East has recently subsided, it has not fully dissipated. The CBE stands ready to adjust its policy instruments to ensure that real interest rates remain sufficiently positive, firmly anchoring inflation expectations and bringing inflation to the CBE's target of 7 percent (±2 percentage points) by H2 2027. The CBE will continue to strengthen its communication, including by reaffirming its commitment to the inflation target, restoring the disinflation path, and through the continued commitment to a flexible exchange rate regime, enhanced monitoring of inflation expectations, and regular publication of its quarterly Monetary Policy Report.

5. We remain firmly committed to maintaining exchange rate flexibility as a key pillar of our macro-policy framework and the first line of defense against external shocks and volatile capital flows. The exchange rate appreciated by about 10 percent preceding the Middle East war and subsequently depreciated by close to 17 percent at the peak of the crisis—one of the largest adjustments among emerging markets—reflecting capital outflows. These movements have been consistent with a market-determined exchange rate, with two-way volatility largely reflecting short-term capital flows. The spread between the official rate and market-clearing measures has remained closed, with no reported foreign exchange demand backlogs at banks and no CBE interventions in the foreign exchange market. The CBE did not intervene and will continue to limit FX interventions to smoothing excessive volatility, in line with its framework and Integrated Policy Framework considerations, ensuring coordination across monetary, exchange rate, FX intervention, capital flow, and macroprudential policies while not substituting for warranted macroeconomic adjustment. To further enhance interbank market monitoring, we will continue to report on daily bank-by-bank FX transaction level data.

6. We have not introduced nor intensified exchange restrictions, multiple currency practices inconsistent with the IMF Article VIII (*continuous performance criterion*), or capital flow management measures since program inception. The CBE also reaffirms its commitment to not provide direct or indirect oral or written instructions or guidance to commercial banks related to the level of the exchange rate or the prioritization and allocation of foreign exchange.

7. We will continue building adequate foreign reserve buffers to support a strong and sustainable external position. Notwithstanding the adverse effects of the war, the CBE managed to meet its end-March target by proactively purchasing from the market during the first quarter, supported by improved market conditions and positive net foreign exchange inflows during January 2026. As strong inflows resumed, following the U.S.-Iran agreement, the CBE purchased in June, placing reserves in a strong position to meet end-June targets. Consistent with program commitments under the 5th and 6th reviews and subject to favorable market conditions, the CBE will continue accumulating official reserves in line with the definition agreed in the TMU (*performance criterion*). The reserve accumulation program will remain market-based and will be implemented through regular auctions with preannounced targets and a published calendar, and/or through direct market purchases or other market instruments, with timing and volumes calibrated to prevailing market conditions. This framework will remain the primary mechanism for building high-quality reserves. To limit foreign currency mismatches on banks' balance sheets when external pressures emerge, the CBE will not grant exemptions to commercial banks that breach net foreign exchange open position limits and will apply sanctions in accordance with regulations. We will also continue to consult on commercial banks' NFA balances in line with our program commitments (*consultation clause*). Finally, we will not accumulate any general government external debt payment arrears (*continuous performance criterion*).

Fiscal Policy

8. We exceeded our end-March 2026 fiscal targets despite heightened global uncertainty. Notwithstanding the adverse effects of the war, both the end-March primary balance and tax revenue

targets were met by a comfortable margin. Tax revenues overperformed by more than 1 percentage point of GDP, driven by strong direct tax receipts, supported by recently implemented tax policies and revenue administration measures, including (i) higher yields from the removal of certain tax privileges for state-owned enterprises, underpinned by improved compliance and strengthened collection mechanisms; (ii) VAT reforms, including excise on crude oil; and (iii) continued administrative reforms, including digitalization and measures to widen the tax base and encourage voluntary compliance. These reform efforts are reflected in improved VAT yields that grew by around 20 percent (0.2 percent of GDP) over the period. Expenditure remained contained: higher investment spending and marginal increase in cash transfers associated with the Eid holidays and the crisis remain in line with budget allocations. As a result, the primary balance outperformed the program target for end March, reaching a primary surplus of 3.52 percent of GDP—about 0.5 percent of GDP higher than programmed.

9. We remain firmly committed and on track to meeting the end-June FY2025/26 fiscal targets. Revenue collection during July-April this fiscal year reached 79 percent of the full-year projections, and momentum is expected to continue over the coming months, supported by the recently enacted amendments to the property tax law (Law No. 3 of 2026). Proactive domestic fuel price adjustments (see EGPC discussion below), together with energy conservation measures in response to higher international oil prices, are expected to mitigate the impact on the energy subsidy bill, to ensure overall spending remains broadly in line with the budget. We have also taken steps to contain non-priority spending, including through expenditure caps, with the budget committee meeting twice weekly to monitor execution and ensure alignment with commitments. The use of the Government Integrated Financial Management Information System (GFSMIS) continues to prevent the accumulation of arrears. In the event of unexpected revenue shortfalls, including from lower divestment proceeds, or higher spending arising from regional developments, available general contingency reserves (about 0.6 percent of GDP) have helped support the achievement of the fiscal targets.

10. To ensure our debt sustainability objectives are met, we will continue maintaining a tight fiscal stance. Our FY2026/27 budget—which prioritizes social protection, health and education—was submitted to Parliament in March (well ahead of the *end-June structural benchmark*). The FY2026/27 budget—which is expected to be adopted by Parliament by end-June—targets a primary surplus of 5 percent of GDP. Achieving the budget target will require:

- Revenue mobilization through:

  - Tax policy. The tax package approved by Parliament as part of the FY2026/27 budget is expected to yield about 1.2 percent of GDP. The bulk of the gains will come from: (i) streamlining VAT exemptions, including the introduction of the VAT on nonresidential rentals; (ii) an excise on gas of 20 EGP per cubic feet; (iii) a 5 percent surcharge on net profits of all fully publicly owned SOEs and 4 percent on net profits of SOEs in which public ownership is above 30 percent; and (iv) strengthening the transfer pricing and taxation regimes. The approved budget incorporates the amendments to the relevant laws to enable effective implementation, particularly those related to the VAT and income tax laws, such as

VAT Law 67 of 2016 and Law No. 91 of 2005. Relevant guidelines, such as those pertaining to transfer pricing have also been adopted. The withholding tax on free zones (with an estimated yield of 0.1 percent of GDP), which was submitted to Parliament as part of the FY2025/26 package, was not adopted. As such, we have introduced the following interim offsetting measures to compensate for the foregone revenue: (i) the introduction of an intraday stock exchange transaction tax; (ii) unifying duties on departure travel to EGP 100 per person, (iii) increasing duties/excises on all levels of cement sales to EGP 35; and (iv) transfers by GAFI on turnover collected from companies in free-zones to the budget, if needed. We will continue to pursue the withholding tax measure as part of the legislative process, with its publication in the official gazette expected by end-November (*structural benchmark*).

- Revenue administration. The tax policy measures are complemented by a tax facilitation package aimed at improving taxpayer services and strengthening compliance. Efforts to improve relationship with taxpayers and broaden the tax base are also advancing, including through expanded registered taxpayers (e.g., around 196,324 taxpayers registered under the simplified tax regime Law 6 of 2025 with filings amounting to EGP 11.2 billion from February 2025 to May 2026, compared to 8623 taxpayers registered under the previous project development law 152 of 2020 with filings amounting to EGP 205.8 million for the year ending in December 2024). The operationalization of the SME Center, which now covers 194,000 taxpayers, and the creation of the advance ruling unit are also expected to help. The new tax dispute resolution mechanism, recently operationalized, is expected to help clear the existing backlog and reduce litigation risks (cleared/completed dispute cases have increased to 162,000). Ongoing priorities also focus on digitalization (including launching the real-estate tax mobile application, e-invoicing and e-receipts), stronger compliance risk management, and enhanced coordination across tax and government entities to support sustained revenue mobilization.

- Spending. The FY2026/27 budget provides for an increase in the minimum wage, with a limited impact on the public wage bill (around 0.1 percent of GDP), alongside continued targeted support programs, including cash (Takaful and Karama) and in-kind transfers (about 0.24 percent of GDP). The suggested increase in the minimum wage aims to mitigate the impact of elevated inflation on real incomes, support vulnerable households, and sustain domestic demand, while remaining consistent with maintaining fiscal discipline. Priority investments in health, education, energy and water and sanitation are set to increase by 31 percent y-o-y, on average remaining within our FY2026/27 public investment ceiling of EGP 1,500 billion (or 6 percent of GDP).

- Shortfalls and contingency reserves. To mitigate potential shortfalls that may arise from the war and increased geopolitical tensions, contingency reserves equivalent to 5 percent of spending ceilings (about 1.1 percent of GDP) have been identified, providing flexibility to reprioritize spending within the overall expenditure envelope. This will also help offset the oil price assumption in the draft FY2026/27 budget (around $75 a barrel), if fuel price adjustments prove insufficient, and any shortfall in divestment and asset sale proceeds, which are to be fully transferred to the budget. To offset possible revenue underperformance, we will continue to prioritize revenue-based options, while safeguarding spending on essential goods and services and preventing arrear accumulation.

11. We are safeguarding social spending to protect the most vulnerable. To mitigate the impact of higher energy prices on vulnerable households, we announced in February 2026 a comprehensive EGP 40.3 billion support package, including temporary cash transfers during Ramadan and Eid al-Fitr, accelerated implementation of "Hayah Karima" rural development projects, expanded access to healthcare services and state-funded treatment, and measures to strengthen local wheat procurement. We will continue to protect such spending and stand ready to scale up targeted support within the overall budget envelope, should conditions deteriorate.

12. Ensuring EGPC's financial sustainability while containing associated fiscal risks remains a priority. We have taken measures to strengthen EGPC's profitability and support our objective of achieving a positive cash flow balance by FY2025/26. Measures to clear EGPC's arrears to international oil production companies have strengthened incentives to restore production and step up exploration, thereby supporting higher domestic output. Key measures include:

- Energy price adjustments. In line with the Cabinet-approved financial stability restoration plan for EGPC and our program commitments, we reached cost recovery for products covered under the retail fuel indexation mechanism (gasoline 95, 92, and 80; diesel; and mazut) in December 2025. Following the recent rise in global oil prices, we increased gasoline prices, diesel and mazut (15-20 percent), natural gas (22-30 percent), and electricity tariffs (16 to 91 percent, depending on user category). These adjustments—together with energy conservation measures (including remote work arrangements, closure administrative capital buildings at 6pm, and cabinet directives to public agencies to reduce energy consumption by 30 percent in Q4 of FY2025/26—are helping contain deviations from cost-recovery levels. As a result, the increase in energy subsidies in the government budget was contained to EGP 15 billion 0.07 percent of GDP in FY 2025/26. For FY2026/27, the July resumption of the automatic fuel indexation mechanism as committed under the 5th and 6th reviews will help ensure a return to cost recovery and prevent overruns of the budgeted subsidy amount. If international oil prices increase again, we stand ready to implement earlier-than-planned adjustments in energy prices—as demonstrated in March—while ensuring that targeted social safety nets are strengthened to protect the most vulnerable.

- Clearance of Arrears. By June 2026, EGPC cleared all outstanding arrears to international oil companies. The clearance of arrears (which stood at US$6.2 billion in October 2024) was supported by EGPC's external borrowing backed by government guarantee (see below) and budgetary transfers (EGP 167 billion through March 2026) both to EGPC and EEHC. The latter helped EEHC reduce its outstanding obligations to EGPC, thereby strengthening the financial position of the energy sector. We will continue to closely monitor and manage risks arising from EEHC operations to prevent the re-accumulation of arrears.

- Other measures. We are advancing diversification of the energy mix to reduce reliance on fuel products. By end-2026, installed renewable capacity is projected to reach 9.6 GW, comprising about 3.0 GW of wind, 3.6 GW of solar, and 3.0 GW of hydro power, driven primarily by private sector investments. Following the May 2026 update of the renewable energy strategy, agreements signed or under preparation with the private sector will add 17.4 GW in 2027 and 2028, together with 13.8 GWh of battery storage. By end-2028, renewables are projected to account for about 45 percent of electricity generation capacity. These efforts will be supported by investments to strengthen the national grid.

13. A progress report on the EGPC viability plan will be provided to the Ministry of Finance by end-September 2026 (*new structural benchmark*). EGPC remains highly leveraged, with large interest expenses weighing on its profitability. Under the viability plan approved by Cabinet in March 2025, we committed to restoring EGPC to a cash flow surplus in FY2025/26, reducing government guarantees by 25 percent by FY2026/27, and accelerating the collection of receivables. The end-September report will assess progress toward these objectives and provide a comprehensive update on EGPC's financial position, including (i) cash flows, (ii) breakdown of operating revenues and costs (volumes and prices by product type, domestic purchase versus imports), (iii) debt, new borrowing, borrowing costs and guarantees, (iv) overall arrears, payables to international suppliers, and cross-arrears among EGPC, EEHC, and the budget sector, and (v) standard liquidity, solvency and profitability indicators. The report will also help identify remaining challenges and any additional measures needed to strengthen EGPC's financial viability and reduce fiscal risks.

14. We continue to make progress in implementing program conditionality to better monitor and control public sector activity and fiscal risks. This includes:

- Public financial management and fiscal planning. As in the previous year, we submitted—together with the FY2026/27 budget statement—a medium-term budget that sets out the envisaged fiscal consolidation path. We also incorporated a fiscal risk statement incorporating quantitative analysis of macro-fiscal risks and disclosure of material contingent liability risks related to government guarantees, PPPs, and SOEs, in addition to the climate risk analysis. It assesses and quantifies the potential budgetary impact of the war in the Middle East, thereby strengthening fiscal transparency and risk management. We will continue to deepen the analysis of risks from SOEs to incorporate quantitative analysis on SOEs and expand discussion on PPP fiscal obligations. Progress also continues toward consolidating EAs into the general government fiscal reporting, in line with GFSM 2014 standards. In this regard, training has been expanded to 63 EAs and the compilation guide was published in December in line with recommendations on integration of mapped classifications into the GFMIS.

- Budget sector arrears reporting. In line with our recurrent structural benchmark, the next report will expand coverage to critical SOEs and EAs and will be produced by September-2026. We will also strengthen our efforts to move to semi-annual reporting, in line with the TMU, while improving the quality, timeliness and consistency of reported data.

- Public debt reporting. We began publishing quarterly debt statistical bulletins for the budget sector in April 2025 and released semi-annual consolidated general government debt statistics in November 2025 and April 2026, in line *with the recurring structural benchmark*. We remain committed to strengthening transparency and improving the reporting of government financing. With respect to domestic debt of the budget sector, we enhanced the existing reporting framework by incorporating information on key financing instruments, including auction results, private placements, and overdraft borrowing. Regarding consolidated general government debt, we will continue to deepen the scope and quality of reporting by providing additional details on the institutional perimeter, the list of included and excluded entities and instruments, and consolidation adjustments, including the treatment of intra-public sector holdings and valuation methodologies by November 2026 based on June 2026 data.

- Public investment. The end-December 2025 indicative ceiling on public investment was met, with total execution reaching EGP 440.9 billion, corresponding to an execution rate of 38.1 percent. Budget sector entities accounted for 44.9 percent of spending, Economic Authorities accounted for 33.8 percent, and public companies for 21.3 percent. For FY2026/27, we remain committed to containing public investment while ensuring that it remains broadly constant in real terms Priority will be given to projects financed on concessional terms. We will continue to further strengthen the evaluation, selection and prioritization of public investment projects—including those implemented through public-private partnerships—to ensure that projects deliver the most value for citizens. In this context, we plan to include an assessment of public investment management as part of the World Bank's Public Finance Review (PFR), which will help assess public investment practices and guide future reforms.

- Stock of Guarantees. It exceeded the programmed level at end-December 2025, reflecting the acceleration of EGPC borrowing to support the clearance of arrears. Since then, we have slowed the pace of new guarantees in the first quarter of 2026 and met the end-March target. We remain on track to meet the end-June target, consistent with a cumulative reduction of 5 percent of GDP since June-2024.

- SOE Annual Reporting. The coverage and analytical depth of the state-owned enterprise portfolio (not including Economic Authorities) will continue to be expanded in subsequent iterations of the annual report (*recurring structural benchmark* at end-October of each year). Responsibility for SOE reporting has been transferred from the Information and Decision Support Center (IDSC) to the SOE Unit. The SOE Unit has developed a new database with more detailed coverage of financial indicators. However, its current coverage is limited to public companies under Law 203 of 1991. The SOE Unit will continue expanding coverage and data quality, with the objective of achieving full reporting on 230 SOEs covered under the scope of the updated SOP including military owned companies and companies transferred to TSFE, by end-November 2026. The 2026 annual SOE report—to be published by end-October, will include—in consultation with IMF staff—comprehensive indicators for FY2024/25 of profitability, solvency, and liquidity, together with information on debt, arrears, and subsidies, at both the company and sectoral levels.

15. We continue to progress on budget transparency, achieving notable improvement in outcomes of the Open Budget Survey for 2025. Egypt's Open Budget Index Score increased to 59 in 2025 from 49 in 2023, narrowing the gap to the 61-point threshold for substantial budget information sharing. Furthermore, our proactive engagement with governorates across Egypt on budget processes, pillars and objectives of fiscal policy supported the improvement on budget public participation from 15 in 2019 to 35 in 2025. Egypt also witnessed a notable improvement in transparency ranking, placing 14th amidst a global landscape of 31 assessed countries as announced on April 15th 2026. This was the result of improved availability of budgetary information and documentation, in addition to core fiscal data in semi-annual report and revised debt and revenue estimates for the budget year underway.

16. We continue to take steps towards reducing CBE's claims on the government and strengthen the effectiveness of monetary policy and transparency. Treasury now has full and permanent legal control over Economic Authority (EA) legacy deposits under the Treasury Single Account (TSA) framework, following the transfer of the relevant EA deposits to the central government Treasury sub-account at the CBE. This is implemented and reflected in the CBE's end-December 2025 accounts. The CBE has not increased lending to public sector agencies excluding the Ministry of Finance and will continue to refrain from doing so (*performance criterion*). We remain committed to reducing such lending by EGP 100 billion annually to zero by end-June 2029. Following a temporary deviation, corrective actions—including a payment of about EGP 36 billion in June 2026—brought balances back in line with the March 2026 QPC and ensured compliance with the end-June target ahead of schedule. We also remain committed to maintaining the government's overdraft balance within the program ceiling. The end-March quantitative performance criterion was met, and weekly monitoring indicates that the overdraft balance remained within the ceiling through end-June 2026.

17. We are advancing the full digitalization of procurement across all budget entities. We have been publishing, on a monthly basis, the General Authority for Government Services (GAGS) on-site post-procurement audits of both the budget unit and top 50 SOEs procurement awards. We have consistently strengthened the scope and quality of coverage for both procurement reporting, bringing them in compliance with the SBs from November 2025. In July 2026, a pilot phase of the procurement digitalization reform will begin, covering five budget entities: the Ministries of Finance, Housing, and Health, as well as Cairo Governorate and Cairo University. By end-2026, the e-procurement platform will support the full process from tender planning and announcement through bid submission, with bidder selection to be integrated subsequently. By end-2027, all budget entities, including Economic Authorities, are expected to be integrated into the platform, marking a major milestone toward a fully digitalized public procurement system.

Debt Management

18. The medium-term debt management strategy (MTDS) published at end-January 2026 aims to place public debt on a firm downward trajectory, reduce GFNs, and contain interest costs through a prudent mix of domestic and external financing instruments. Consistent with this strategy, and despite challenging external conditions, we successfully raised $2.5 billion:

$1 billion through external private placements in late March and early April, as well as US$1 billion through an international public issuance that was oversubscribed by 5 times at peak orderbook, for an 8-year Social Eurobond issuance in mid-May. We also issued a US$500 million Samurai bond in late June with an average tenor of 6.7 years. Building on this progress, we will continue to optimize the financing mix under the MTDS and the Annual Borrowing Plan (ABP) for FY2026/27, which will be published by end-July 2026. The Plan will support a durable shift of issuances toward longer maturities and aim at maximizing concessional financing, which will involve continued engagement with development partners, notably through Development Policy Operations (DPOs) from the World Bank and prospective Macro-Financial Assistance (MFA) from the European Union.

19. We remain firmly committed to reducing gross financing needs (GFNs), lengthening debt maturities, and phasing out private placements, notwithstanding tight market conditions. In light of these constraints, the implementation of our GFN reduction plan under the 5th and 6th reviews has been modestly backloaded. Nevertheless, the cumulative reduction of 10 percent of GDP remains as programmed, although GFNs have declined by 5 percent of GDP in FY2025/26, compared to 6 percent of GDP envisaged at the time of the 5th and 6th reviews. To support this objective (*Prior Action*), we have adopted and are implementing the following quantified package of measures, which will be monitored on a quarterly basis:

- For FY2025/26, GFNs have been reduced by 5 percent of GDP through: (i) debt reduction financed by the US$3.5 billion Qatari land sales in December 2025 (0.9 percent of GDP); (ii) a reduction in the accepted share of 3-month T-bills in total issuance in Q1 2026, declining from an average of 20 percent as planned in the Annual Borrowing Plan to 12 percent (1.7 percent); (iii) the use of divestment proceeds of US$100 million to amortize debt (0.02 percent); (iv) issuance of longer-term instruments to finance the redemptions of May-June 2026 MoF Notes and T-bills, (2.5 percent of GDP). MoF Notes issued beyond the volumes expected in the baseline scenario to manage tighter financing conditions were redeemed by using the proceeds from other sources (including May Eurobond and T-bills and bond issuances, including introducing a 10-year floating rate bonds). In addition to other voluntary liability management operations aimed at lengthening maturities and reducing GFN, we have continued our efforts to widen the investor base and diversify instruments in the domestic market, including Sukuk and retail bonds, and floating rate bonds.

- For FY2026/27, a further reduction in GFN of 5 percent of GDP will be achieved through continued rebalancing of issuance toward longer-term instruments. This will include reducing the share of shorter-term T-bills relative to the baseline scenario, increasing bond tenor, and conducting voluntary and market-based liability management operations, including by introducing new products to increase average time to maturity. Divestment proceeds of US$920 million will be used for debt reduction. Should debt operations undertaken in FY2025/26 impact FY2026/27 gross financing needs, we will step up voluntary debt management operations as needed to ensure the cumulative GFN reduction target of 10 percent of GDP over FY2025/26–FY2026/27 is achieved. Our liability management operations will continue to be voluntary, based on market-consistent pricing, and open to a broad set of investors.

- Average Time to Maturity (ATM). We remain committed to lengthening debt maturities to reduce rollover risks, although unfavorable market conditions prevented us from meeting our end-March and end-June targets. While the ATM has been improving by end-February, the outbreak of the war weakened investor appetite for duration risk, shifting issuance toward shorter maturities and reducing the ATM to 1.04 years by end-March 2026. Improved market conditions in May and June helped to increase the ATM to 1.1 years by end-June—the highest level achieved in last three years —although still below the 1.18-year target. Subject to supportive market conditions, we expect to increase the ATM of new issuances to 1.25 years by end-September 2026.

- Private placements. We will continue to rely on market-based financing, including by gradually eliminating the privately placed MoF notes. The outstanding stock of privately placed MoF notes has been reduced from EGP 752 billion to 475 billion over the last twelve months, meeting the end-June QPC target. The deviation from the ATM target underscores the importance of accelerating the unwinding of short-term instruments, including one-week MOF notes, while continuing to shift issuance toward longer-term tradable securities. By end-September 2026, we will discontinue the issuance of one-week MoF notes and increase the average time to maturity of privately placed MoF notes to one month. As an interim step toward our objective of reducing the outstanding stock of privately placed MoF notes to zero by end-FY2026/27, we will reduce the outstanding stock to EGP 375 billion by end-September 2026. To support monitoring, we will provide Fund staff with issuance data for all domestic debt instruments—including issuance date, volume, price, and maturity—on a monthly basis with a maximum lag of one week.

20. We will continue strengthening public debt management through the creation of a fully-fledged debt management office (DMO), supported by a legal mandate and aligned with international best practices. To support this objective, we have strengthened the middle office by hiring four additional staff focused on debt strategy and reporting and are working closely with the World Bank to finalize the DMO's organizational structure and mandate. During FY2026/27, our priority is to strengthen further the front and middle office functions, expand staff capacity, enhance information systems, and establish a dedicated unit for reporting and new product development. Upgrading debt management information systems will improve the timely production and dissemination of comprehensive data on public debt, including both external and domestic liabilities, and in line with best international practices toward the eventual integration of a fully operational back office within the DMO. We are also strengthening investor engagement through a coordinated framework involving debt management, fiscal and macroeconomic teams, and a dedicated investor relations function. In parallel, we will continue engaging proactively in debt management within the coordination committee —–which includes the Ministry of Finance, the Central Bank of Egypt, and other key stakeholders—while also engaging with the external borrowing committee to comprehensive oversight and coordination of all public debt. We will also step up efforts to deepen domestic debt markets and diversify financing instruments

Financial Sector Policy

21. The banking system remains sound. It is well capitalized, with a system-wide capital adequacy ratio end of 2025 of about 19.3 percent, significantly above regulatory requirements. Liquidity buffers are ample, with LCR recording 640.9 percent for local currency and 219.2 percent for foreign currency, and total NSFR (for local and foreign currencies) reaching 169.9 percent, with strong positions in both domestic and foreign currency, well above the 100 percent requirement. Profitability remains robust, with return on assets above 2½ percent and elevated return on equity, supported by high net interest margins.

22. We remain vigilant to the potential impact of evolving growth prospects amid heightened geopolitical and trade uncertainty. In this context, we are strengthening risk reporting frameworks and data infrastructure to enhance the quality, integration, and analytical use of supervisory information, supported by improved reporting and advanced analytics. At the same time, we are reinforcing risk culture across the banking sector, with increased focus on emerging risks, including climate-related and cybersecurity risks. We continue to enhance our scenario-based stress testing framework grounded in a risk-based approach, incorporating adverse shocks such as exchange rate pressures, commodity price volatility, tighter external financing conditions, and spillovers from sovereign-bank linkages, and interconnectedness between banking and non-banking sector. This will enhance our ability to assess systemic risks and better identify financial contagion channels.

23. We are further strengthening contingency planning to enhance preparedness for potential funding and liquidity pressures should they arise. Existing liquidity buffers—reflected in ample LCR and NSFR headroom—provide banks with significant capacity to absorb short-term shocks, while strong capital positions offer an additional cushion for loss absorption. Available liquidity serves as a first line of defense, allowing banks to manage temporary funding stress without immediate recourse to extraordinary measures, and strong capital adequacy supports resilience under adverse scenarios. In this context, capital flow management measures (CFMs) and others, including macroprudential tools that are also CFMs, should remain as a measure of last resort, reserved for imminent stress episodes, and should not substitute for warranted macroeconomic policy adjustments We stand ready to take additional measures as needed and will continue to strengthen coordination across supervisory and policy authorities to ensure timely and effective responses under severe stress scenarios.

24. We are continuing our efforts to ensure robust governance practices across all banks, including state-owned banks, to promote a level playing field and support fair competition. To this end, governance diagnostic studies for NBE and Bank Misr have been completed and gaps regarding risk policies and procedures were identified. Addressing the remaining gaps requires further strengthening risk appetite frameworks, as well as governance structures. Building on the findings of these studies, a corrective time-bound action plan (*end-March structural benchmark*) to address the identified gaps has been finalized. We will update IMF staff regularly on measures implemented or underway and will send an interim report by August 5. A comprehensive final status report will be delivered by end-September 2026 (*structural benchmark*). In parallel, CBE supervision

will continue to ensure that state-owned banks operate on commercial basis and at arm's-length from the government.

25. We are advancing a comprehensive agenda to promote digital financial development and strengthen oversight of fintech and payment systems. Following the issuance of the digital bank licensing framework in July 2023, we have maintained close engagement with applicants, with the launch of Egypt's first fully licensed digital bank expected before end-2026 and additional applications under review. In parallel, we are finalizing e-KYC regulations in 2026 and assessing banks' readiness to support secure digital onboarding. The fintech regulatory sandbox continues to enable controlled innovation, supported by a strengthened licensing framework for payment service providers. On the supervisory side, we are enhancing oversight through dedicated IT inspections, risk-based supervision, and strengthened cyber resilience frameworks, including EG FinCIRT for threat monitoring and response. Looking ahead, we will continue to strengthen supervisory tools, data analytics, and coordination frameworks to support digital innovation while safeguarding financial stability and operational resilience.

Structural Reforms

26. Divestment remains a key pillar of the state ownership policy and the economic program supported under the EFF, underpinning efforts to mobilize financing, reduce public debt, and rebalance the economy toward greater private sector participation. While implementation had faced delays even prior to the recent intensification of regional tensions—and has been further affected by the challenging external environment—we have taken steps to accelerate progress. By July 2026, we expect to secure at least US$500 million in proceeds from key divestment transactions, including the sale of 100 percent stake in Gabal El Zeit and small Ministry of Finance shareholdings, while also ensuring the irreversibility of the sale of a 20 percent stake in Misr Life Insurance (*Prior Action*). Proceeds from the Misr Life transaction are expected by end-August. All proceeds will be fully allocated to debt reduction.

27. Looking ahead, we will continue to advance the divestment program to ensure the timely execution of remaining transactions. The divestment strategy is increasingly shifting toward initial public offerings (IPOs) to deepen capital markets and broaden investor participation. To achieve total proceeds of about US$7.2 billion over the lifetime of the program, we have identified priority transactions. We will allocate at least 50 percent of the remaining divestment proceeds to debt reduction. As of May 2026, the pipeline includes around 20 additional transactions across priority sectors, alongside a greater use of IPOs to support private sector participation. We are also preparing management concessions for 11 airports, with initial progress underway on one transaction with IFC support. Going forward, our divestment strategy will continue to prioritize attracting foreign direct investment, ensuring meaningful private sector participation by selling majority stakes and avoiding reliance on land sales as a financing source.

28. We are advancing the reform of the 59 economic authorities. The reform agenda includes reviewing (i) their legal classification, including possible conversion into holding companies governed by corporate law; (ii) their operational and financial models to improve efficiency; (iii) the separation of commercial and non-commercial activities; and (iv) the mechanisms to transparently finance public service obligation (PSO) activities through the budget. Over the next months, we plan to convert 7 entities into public service authorities, merge 7 with other entities, and dissolve 2. The remaining entities will require deeper structural reforms, including legal and organizational changes, which are expected to be completed by end-2026. Priority sectors include mass media, tunnels and railways, new urban communities, supply chains, and agricultural projects.

29. We published an updated SOP to guide the implementation of the new SOE law (*Prior Action*). The revised SOP strengthens the state ownership framework by emphasizing private sector–led growth, ensuring competitive neutrality, and enhancing governance standards. To operationalize the updated policy and support its monitoring and evaluation, by end-September 2026 we will prepare and secure the Cabinet approval of an executive plan specifying clear actions and timelines (*new structural benchmark*). An outline of the executive plan has been shared with staff at end-June 2026. The executive plan will set timelines for: (i) divestment from non-strategic sectors in line with the SOP's sectoral priority matrix; (ii) completion of the triage exercise by the SOE Unit; (iii) legislative actions required for implementation of the SOP, including measures to strengthen corporate governance; (iv) implementation of the dividend policy; and (v) steps to improve the availability of audited SOE financial information. Moreover, we will continue publishing the semi-annual SOP indicator, which will be updated in line with the revised policy and the executive plan.

30. We will accelerate reforms to improve the business environment and facilitate trade, recognizing their importance amid elevated geopolitical uncertainty. Despite recent regional shocks, the reform momentum continued as we are advancing key measures, including the submission to Parliament in March 2026 of amendments to Article 39 of the Customs Law to make advance customs clearance mandatory (*end-February structural benchmark*), which was adopted in June. In parallel, we are advancing the fully digitalized Integrated Economic Entities Platform to streamline business registration and licensing by simplifying procedures, eliminating duplication, and providing a unified, predictable interface for investors. To support this effort, we have engaged a competitively selected top-tier consultant to lead the comprehensive reengineering of establishment and licensing procedures across 400 economic activities (up from 275 previously planned) and ensure their effective integration into the new platform. To ensure swift rollout, we have secured Cabinet approval and published in June 2026 an action plan—based on the consultant's inception report setting time-bound and measurable targets for implementation (*structural benchmark*), and will thereafter provide quarterly progress updates, including on the number of activities reengineered.

31. We remain committed to advancing a level playing field and strengthening economic competition. Following the enactment of the law removing tax exemptions and privileges previously granted to SOEs, we collected EGP 67 billion in tax revenues from SOEs last year. This amount is expected to increase further this year, reinforcing competitive neutrality. Moreover, in April 2026

Parliament has approved amendments to the Competition Law (to align the institutional independence of the Egyptian Competition Authority (ECA) with that of other regulators with comparable mandates, including the Central Bank of Egypt (CBE) and the Financial Regulatory Authority (FRA). These amendments also empower the ECA to impose direct administrative sanctions, bringing its enforcement toolkit in line with that of the CBE.

Financing and Program Monitoring Under the EFF

32. We have secured adequate financing from our international partners to support our economic reform program and continue rebuilding our external buffers. Based on existing financing commitments from bilateral and multilateral partners, our program is fully financed for the next 12 months. Firm assurances remain that US$18.3 billion in GCC official deposits at the CBE will not be withdrawn before the EFF ends in December 2026, except for equity purchases, with FX proceeds staying in CBE's foreign reserves. We will also adjust policies if needed to ensure the program remains fully financed.

33. The program will be monitored through prior actions, quantitative performance criteria, indicative targets, and structural benchmarks. All quantitative performance criteria and indicative targets are listed in Table 1. Prior action and structural benchmarks are listed in Table 2. The Technical Memorandum of Understanding (TMU) indicates definitions of quantitative performance criteria, indicative targets, structural benchmarks, consultation clauses, and data provision requirements. While we currently commit to report the CBE's net international reserves and their components with a submission lag of no more than 15 calendar days after the end of each month, we will work to shorten the submission lag in order to allow for timely monitoring of CBE's net international reserves.

34. To keep momentum and strengthen monitoring toward program completion, new quantitative performance criteria for end-September 2026 are proposed to be set. In line with the revised program timeline, it is proposed by the authorities and IMF staff agreed set new quantitative performance criteria for end-September 2026, as reported in Table 1, consistent with the definitions set out in the TMU.

Program Monitoring Under the RSF

35. We remain fully committed to the RSF reform agenda, which will help us advance towards our climate adaptation and mitigation objectives, consistent with the priorities set in the NDC. Our reform priorities aim at: (i) accelerating decarbonization through scaling up renewable energy and strengthening emissions reduction frameworks; (ii) enhancing climate adaptation and resilience to shocks; (iii) increasing the resilience of the financial sector to climate shocks, and (iv) mainstreaming climate considerations into public financial management and investment planning. We will continue to work closely with Fund staff to ensure timely and effective implementation of the reform agenda supported by the RSF.

36. RM3, due under the Second RSF Review, is met. We have updated and published new procedures for the preparation of the national investment plan, ensuring that climate considerations are integrated into the design and selection of new project.[1] The new framework ensures that transparent climate-related criteria are used for selecting projects for inclusion in the budget and includes updated project appraisal requirements and guidance for assessing the greenhouse gas emission impacts and climate vulnerabilities of new projects. The updated selection criteria were applied to all new major projects above the EGP 500 million threshold in FY2025/26, including two new projects focused on mitigation and adaptation. A sample of relevant project documentation demonstrating the application of environmental and climate impact assessments to new projects were shared with Fund staff. This reform embeds climate considerations into Egypt's public investment management processes and strengthens alignment with the National Climate Change Strategy 2050.

37. RM4, which was originally planned for the Third RSF Review, has been completed ahead of schedule. MPED has expanded the pilot asset registry for large fixed public assets to key Ministries—including Transportation, Housing, Utilities and Urban Communities—covering large new assets from 2025. The registry has also been strengthened by integrating geographic location and climate risk information into the investment planning and monitoring system. Building on this, MPED conducted climate-related risk assessments for large fixed assets, included detailed analysis of six major projects (with a total cost of EGP 27 billion). A summary of the findings is included in the fiscal risk chapter of the draft FY2026/27 Budget Statement, with a more comprehensive report on climate risk published[2] including assessment of the projects' exposure to climate change and summary of mitigation measures.[3] (**RM4**, end-June 2026).

38. It is proposed to modify the formulation of RM9. Consistent with Egypt's Country Platform for the Nexus of Water, Food and Energy (NWFE) and the National Climate Change Strategy 2050, we have already incorporated two sub projects—one on adaptation and one on mitigation—and developed pre-feasibility studies to facilitate private sector participation and financing. In addition, given the significant role of PPPs in supporting climate mitigation and adaptation investments in Egypt, particularly in the energy, water, and waste management sectors, we will take additional steps to enhance transparency of PPP procurement practices. Transparent reporting on procurement methods and performance can help underpin private sector confidence and, over time, support broader participation, stronger competition, and better value for money. It is proposed to modify the target completion date for this measure from end-June 2026 to end-August 2026 to allow for the implementation of the following steps:

- The Ministry of Finance will undertake a stock-take of PPP procurement practices covering fiscal years 2020/21 to 2024/25 and publish a summary of the results. The stock-take will assess trends

[1] The published Manual for the Preparation of the Annual General Economic and Social Development Plan.

[2] See published report here: Red Modern Marketing Proposal Cover Page.

[3] It was also published on the MPED's official website on the 30th of June 2026.

in procurement methods and initially cover PPP projects tendered or contracted by ministries, agencies, and economic authorities under the PPP Law. The summary report will include aggregate and sector-level data on the share of PPP projects tendered or awarded by procurement method (open competitive tender, limited tender, direct agreement) measured by both the number and value of projects; the average number of bidders per tender; as well as key project-level information, such as basic project description, sector, value, duration, and contracting authority.

- To ensure comprehensive reporting, the government will introduce either a Prime Ministerial Decree or Circular to require timely reporting of PPP projects tendered and contracted under sector and other applicable laws—including those by public entities and state-owned enterprises—to the Ministry of Finance. This will ensure annual reports, going forward, cover all PPP projects, regardless of the legal basis under which they were contracted, particularly PPPs in key climate-relevant sectors such as energy, where state-owned enterprises often act as the public counterpart.

- The Ministry of Finance will begin publishing annual summary reports on PPP procurement practices on its website, including project-, sector-, and aggregate level information, starting with information from fiscal year 2025/26. The annual reports will cover project details (name, location, sector, value, duration, and contracting department or authority), procurement information (method, justification, status, including whether the project was solicited or unsolicited) as well as any government financial commitments and support.[4]

39. Progress towards future RMs is also advancing:

- Analysis of long-term climate-related fiscal risks and climate-sensitive contingent liabilities was undertaken and published in the fiscal risk chapter of the draft 2026/27 Budget and in the Report on Fiscal Risks Related to Climate Change Annex to the 2026/27 Budget[5]. The impacts of three different climate pathways on long-term fiscal projections were assessed, along with the vulnerability of SOEs and PPPs in the main climate exposed sectors. The authority's analysis illustrates that under the severe climate scenario modelled, the primary balance is projected to be around 0.4 percentage points of GDP lower than the baseline scenario by 2075. A climate fiscal risk registry is also being developed and includes in-depth analysis of a targeted number of large SOEs and PPPs (**RM5,** end-June 2026).

[4] See, for instance, Table 15 (Part I - Basic Project Information, Part II - Procurement Information, and Part VI - Government Support) in the World Bank's Framework for Disclosure in Public Private Partnerships which provides a reference guidance for good practices (https://ppp.worldbank.org/sites/default/files/2022-03/FrameworkPPPDisclosure_101917__FINALFULL.pdf).

[5] See published statement here.

- The CBE issued on June 30th a binding regulatory framework on environmental and social risk management with climate related financial risk pillar along with implementation guidelines, which is currently being assessed by IMF staff (RM6, end-June 2026).

- Preparation of national disaster risk financing strategy (RM7, end-August 2026) is ongoing, following technical assistance from the Fund already delivered and World Bank TA.

- Technical work is in progress on the measurement, reporting and verification system and the accompanying decree to reduce greenhouse gas emissions from hydrocarbon production (RM 8, end-August 2026).

- The National Water Council has been established and has begun its work, with progress underway on the supporting circular clarifying data-sharing roles and responsibilities and on the National Water Allocation Framework (RM10, end-August 2026).

Table 1. Egypt: Quantitative Performance Criteria and Indicative Targets

(In billions of Egyptian pounds, unless otherwise indicated, end of period)

	End June 2025				End September 2025				End December 2025				End March 2026				End June 2026				End September 2026
					Indicative																Proposed
	4th review	Adj.	Act.	Status	4th review	Adj.	Act.	Status	4th review	Adj.	Act.	Status	5th & 6th review	Adj.	Act.	Status	5th & 6th review	Adj.	Act.	Status	Prog.
I. Quantitative Performance Criteria 1/																					
Net international reserves ($ million at program exchange rates; floor) 2/	39,275	35,569	38,294	Met	38,715	38,025	35,640	Not met	39,838	39,784	37,166	Not met	37,600	37,164	38,860	Met	42,100	[37,507]		[Met]	43,100
Primary balance, including net acquisition of financial assets (cumulative, floor) 3/ 6/	782		689	Not met	148		179	Met	381		383	Met	631		749	Met	1,022				152
Balance of the government's overdraft account at the CBE (weekly ceiling on the balance) 7/	165		135	Met	238		174	Met	238		203	Met	228		201	Met	228				289
Balance of central bank lending to public agencies excluding the Ministry of Finance (continuous ceiling on the balance)	408		454	Not met	383		436	Not met	358		352	Met	333		344	Not met	308		308	Met	283
Tax revenues (cumulative floor) 3/ 9/	2,184		2,204	Met	566		566	Met	1,132		1,204	Met	1,589		1,854	Met	2,788				610
Outstanding stock of the privately-placed MoF Notes (quarterly ceiling on the balance)	…		…		…		…		…				575			Met	500		475	Met	375
Accumulation of external debt payment arrears by the general government ($ million; continuous ceiling)	0		0		0		0	Met	0		0	Met	0		0	Met	0				0
II. Indicative Targets																					
Tax revenues (cumulative floor) 3/ 9/	n.a.		n.a.		n.a.		n.a.		n.a.				n.a.		n.a.		n.a.				n.a.
Social spending of the budget sector (floor) 3/	235		271	Met	79		79	Met	158				222		239	Met	316				92
Public investment (semi-annual ceiling) 3/ 4/	1,000		924.1	Met	n.a.		n.a.		611		441	Met	n.a.		n.a.		1,158				n.a
Net change in the stock of government guarantees 3/ 5/	650		644	Met	200		185	Met	400		n.a.		555		547	Met	740				150
Average maturity of gross local currency debt issuance (years; floor)	0.94		0.94	Met	0.94		0.96	Met	0.94		0.84	Not met	1.10		1.04	Not met	1.18		1.1	Not Met	1.25
Gross debt of the budget sector (at program exchange rates; ceiling)	15,023		15,252	Not Met	15,023		16,200	Not met	15,023		16,809	Not met	16,858				17,161				17,831
III. Monetary Policy Consultation																					
(12-month change in consumer prices)																					
Upper outer band	17		14.9		17		11.7		16		12.3		13		15.2		12		14.3		17
Upper inner band	9		9		9		9		9		9		9		9		9		9		9
Actual/Center target	7		7.0	Exceeds upper inner band	7		7	Exceeds upper inner band	7		7	Exceeds upper inner band	7		7	Exceeds upper outer band	7		7	Exceeds upper outer band	7
Lower inner band	5		5		5		5		5		5		5		5		5		5		5
Lower outer band	3		3		3		3		3		3		3		3		3		3		3
Memorandum items:																					
Program disbursements at completion of review (cumulative change, $ million) 3/	14,650		7,516		800		0		5,273				3,993		3,267		7,890		[3,267]		3,952
External program financing assumed under the program excluding IMF (cumulative change, $ million) 3/	11,382		5,462		800		0		4,051				1,993		1,257		4,387		[1,257]		2,446
Of which:																					
Sales of state-owned assets 10/	3,600		0		750		0		1,500		3,500		n.a.		n.a.		n.a.		n.a.		n.a.
Net issuance of FX T-Bills	-90		-90		0		0		0				0		0		0		0		0
Foreign Currency Deposits at CBE	0		0		0		0		0				0		-203		0		0		0
IMF financing assumed under the program (cumulative, $ million) 3/	3,268		2,054		0		0		1,222				2,000		2,010		3,503		2,010		1,506
Net external loans from private creditors in FX assumed in BOP baseline (cumulative change, $ million) 3/	1,062		-1,470		1,000		0		2,000				-235		-962		292		[-125]		1,000
Net nonresidents' holdings of local-currency T-bills and T-bonds ($ million) 3/ 8/	-905		184		500		1,200		1,000				5,458		7,260		5,708		[719]		0
Divestment proceeds flowing to the budget (EGP billion, cumulative) 3/ 6/	165		0		21		0		0				173		167		211		172		36

N/A = not applicable

Note: For definitions of the aggregates shown and details of the adjustment clauses, see the Technical Memorandum of Understanding (TMU).

1/ The targets for September 2025 are indicative.
2/ Reserves include the CBE's official reserves and the CBE's foreign currency deposits with local banks. Starting in March 2026, liabilities associated with swaps with foreign central banks are classified as reserve-related liabilities and deducted from both the actual NIR figures and the corresponding targets.
3/ Quarterly from the beginning of each fiscal year.
4/ IT is assessed semi-annually on the end-June and end-December dates.
5/ Change in stocks from the beginning of the fiscal year.
6/ For FY2025/26, it also includes $3.5 bn proceeds from sale of land development rights.
7/ Observing this periodic quantitative performance criterion for each semi-annual period would require that each end-week balance does not exceed the respective ceiling for each week during this semi-annual period.
8/ As of February 28, 2024, as per TMU definition (with one month lag relative to the test date).
9/ IT elevated to QPC starting with end-June 2025.
10/ Sales of state-owned assets are included as part of external program financing for June 2025 to December 2026.

Table 2. Egypt: Structural Benchmarks		
Policy Measure	Timing	Status
Publication of the updated State Ownership Policy document reflecting the IFC's strategy recommendations.	*Prior Action*	Met
Secure divestment proceeds of at least US$500 million, which would include evidence of proceeds transfers of least one large transaction and the proof of irreversible process for another one	*Prior Action*	
Implement the agreed action plan to deliver a 5 percent of GDP reduction in GFN for FY2025/26 and develop a detailed action plan to ensure the agreed cumulative reduction of 10 percent of GDP by end-FY2026/27	*Prior Action*	Met
Approval by Cabinet of an executive plan specifying clear actions and timelines for the implementation of the updated State-Ownership Policy.	End-September 2026	New
A progress report on the EGPC viability plan will be provided to the Ministry of Finance by end-August 2026, which will provide an update on the progress in achieving the EGPC viability plan's targets based on detailed financial information.	End-September 2026	New
Publication in the official gazette of the law on the 4 percent withholding tax on free zones' exports to the local market.	End-November 2026	New
Publication monthly of all public procurement contracts that exceed EGP 20 million on the E-tenders government procurement portal website (See TMU). Ensure that everyone can access this information without the need to set up an electronic account.	Recurring SB 30 days after month end	Met
CBE will formulate an appropriate supervisory response to address the gaps identified in NBE's and Bank Misr's risk management practices by end-September. This response will take the form of a corrective action plan, prepared based on terms of reference agreed in consultation with IMF staff, and will cover both common and institution specific findings from the external assessments. CBE will share the details of the corrective action plan with IMF staff.	End-March 2026	Met
The CBE will deliver a final status report detailing the specific actions undertaken to close the gaps in NBE and Bank Misr risk management practices and their status.	End-September 2026	Not applicable for 7th review
CBE will prepare additional supervisory background information regarding the CBAM directive, along with the amended reporting template that will be shared with IMF staff, and upload them on CBE website – Sustainability tab	End-March 2026	Not Met, upload done in April

Table 2. Egypt: Structural Benchmarks (concluded)		
Policy Measure	Timing	Status
Cabinet to submit to Parliament the amendment of Article 39 of the Customs Law (Law No. 207 of 2020) to make advanced customs clearance mandatory.	End-February 2026	Not Met; Submission done in March with adoption in June
Include in the FY26/27 budget package the full tax package for FY26/27 and the remaining measures (withholding tax on Free Zones) that were intended to underpin the increase in tax revenue for FY25/26 and secure their Parliamentary approval.	End-June 2026	Not met as the withholding tax on free zones was not adopted.
Publish an action plan for reviewing and reengineering procedures for establishing a business across 275 economic activities, based on an inception report prepared by a competitively selected consultant (structural benchmark). This action plan will set out time-bound and measurable targets for reengineering processes across all economic activities, enabling quarterly monitoring of implementation progress.	End-June 2026	Met
The Ministry of Finance will monitor and report payment arrears, including to critical SOEs and EAs, 90 days after fiscal year end as defined in the TMU.	Recurring SB 90 days after each fiscal year end	In progress
Re-instate regular publication of annual aggregate reports on Egypt's SOE portfolio, initially instituted under the 2016 EFF supported program, with broader coverage to all companies covered by our state-ownership policy.	Recurring SB End-September 2024 and 2025 then end-November each subsequent year	In progress
Publish monthly on the general government's e-tenders site of all material procurement contracts and awards made by the largest 50 state-owned enterprises	Recurring SB End-September 2024	Met
Sustain the flexible exchange rate regime. This structural benchmark is assessed in a comprehensive manner, based on monitoring of FX system functioning, using the information and indicators including FX demand backlogs at banks, the spread between the official exchange rate and measures of market-clearing rate, and interbank FX turnover.	To be assessed once for each program review, based on the information over a period of time between program reviews	Met
Prepare and publish general government debt statistical bulletins and/or reports in a recurring (quarterly), timely, comprehensive basis covering all aspects of debt and borrowing starting with a first publication focused on central government debt in April 2025, with expanded scope in November 2025 onwards.	Recurring	In progress

Table 3. Egypt: Status Update of Egypt's RSF Matrix of Reform Measures			
Key Challenge(s)	Reform Measure	Targeted Date	Status as of April 2026
Reform Area 1. Need to scale up mitigation efforts.	RM1. Consistent with the 30 percent target for wind, solar, and hydropower generation capacity by 2030, the Cabinet to adopt and publish a schedule for the implementation of renewable energy until 2030.	end-June 2025	Completed.
	RM8 To reduce GHG emissions from hydrocarbons production, the Ministry of Petroleum will (i) implement an MRV system to track flaring, fugitive methane, and vented methane emissions at the operator or project level on a quarterly or annual level basis, and (ii) issue a decree mandating operating companies to submit and approve targets for reduction of oil and gas sector emissions in line with Egypt's NDCs and with fines for noncompliance after a grace period of 2 years.	end-August 2026	Follow-up ongoing with the authorities, in coordination with the World Bank Environment team, with support from FADCP.
Reform Area 2. (i) No disaster risk financing plan, and (ii) fiscal risk statement does not include climate impacts on infrastructure, but budget contingency can be used for natural disasters.	RM5. MoF to publish a quantitative analysis of long-term climate-related fiscal risks and climate-sensitive contingent liabilities and describe how the government will manage these risks in the Fiscal Risk Statement starting with the 2026/27 Budget.	end-June 2026	Authorities published the analysis in June 2026.
	RM7. MoF to strengthen disaster risk management capacity through adopting a national disaster risk financing strategy while integrating social assistance measures in collaboration with the Ministry of Social Solidarity.	end-August 2026	In progress. Authorities are receiving ongoing technical assistance from FAD.
	RM10. Authorities to establish the National Water Council (NWC) through a Prime Ministerial decree, chaired by the Prime Minister and including key ministers and stakeholders from MALR, MWRI, MHUUC, MoE, MPEDoIC and the NWC to: (1) endorse and issue a circular letter clarifying the roles and responsibilities of its members in generating and sharing of data on water		

Table 3. Egypt: Status Update of Egypt's RSF Matrix of Reform Measures (continued)

Key Challenge(s)	Reform Measure	Targeted Date	Status as of April 2026
	demand and supply by sector/subsector/region and publishing analyses to support informed decisions on water allocation by June 2026; (2) develop and publish the National Water Allocation Framework, clarifying prioritization criteria, general processes and rules for relevant licensing, allocative decisions and monitoring among sectors/regions to manage conflicting demands on water resources under normal and drought conditions, guided by best international practices and tailored to national circumstances, by August 2026.	end-August 2026	The council was established and a circular was endorsed. Follow-up ongoing with the authorities, in coordination with the World Bank Water team, with support from FADCP.
Reform Area 3. Increasing the resilience of the financial sector to climate shocks.	RM2. CBE to issue a directive mandating the banking sector to monitor and report data on their exposures to firms that may have material transition risks related to CBAM adoption.	end-June 2025	Completed.
	RM6. CBE to issue a binding regulatory framework to mandate Banks to adopt environmental and social risk management system (ESRMS) which include climate pillar along with timeline for implementation. The binding regulations will include guidelines to the banks on the implementation of ESRMS.	end-June 2026	Authorities published in June 2026 a binding regulatory framework on environmental and social risk management. It is under assessment by IMF Staff.
	RM9. In accordance with Egypt's Country Platform for the Nexus of Water, Food, and Energy (NWFE), which is aligned with the National Climate Change Strategy 2050, authorities will add two new sub-projects, one on adaptation and one on mitigation. For each of the projects, pre-feasibility studies will be developed to attract private sector interest and funding. The authorities will also undertake a stock-take of procurement methods for PPP projects tendered or contracted during fiscal years 2020/21 to 2024/25	Needs to be delayed to end-August 2026	In progress. RM was changed to reflect the stock-take of procurement methods for PPP projects.

Table 3. Egypt: Status Update of Egypt's RSF Matrix of Reform Measures (concluded)			
Key Challenge(s)	Reform Measure	Targeted Date	Status as of April 2026
	under the PPP Law and publish a summary of the results; introduce through a PM Decree or Circular requirements enabling the Ministry of Finance to collect the necessary PPP and procurement information and extend reporting coverage to all PPPs regardless of their legal basis under which projects are contracted; and publish annual reports on PPP procurement indicators starting from FY2025/26.		
Reform Area 4. Addressing gaps in the framework for climate-sensitive public investment described in the PIMA and C-PIMA diagnostic reports, including gaps in appraisal and selection processes and in asset management.	RM3. MoPEDIC to publish climate-change related criteria and processes for project selection and update and publish the project appraisal procedures with standardized climate mitigation and adaptation assumptions, and demonstrate that these criteria and processes have been applied to all new projects exceeding 500 million EGP.	end-December 2025	Assessed by staff as met.
	RM4. MoPEDIC to expand the existing asset registry pilot to include the Ministries of Transportation, Housing, Utilities and Urban Communities, focusing on large, fixed government assets; conduct internal analyses of location-specific climate risks on these assets within the registry; and prepare and publish a consolidated overview of climate risks across the asset portfolio, including a summary of the government's mitigation measures.	end-June 2026	Assessed by staff as met.

Attachment II. Technical Memorandum of Understanding

July 2026

1. This technical memorandum of understanding (TMU) sets out the understandings regarding the definitions of quantitative performance criteria (PC), indicative targets (IT), and consultation clauses, as well as the data reporting requirements under the IMF's extended arrangement under the Extended Fund Facility (EFF). It also sets out the definition of key terms related to the structural benchmarks (SB) under the EFF.

2. Program exchange rates for the assessment of quantitative targets in FY2022/23 are those prevailing on September 30, 2022.

	Currency Unit per U.S. dollar
SDR	0.781323
Euro	1.0293
U.K. Pound	0.9213
Japanese Yen	144.7094
Saudi Arabian Riyal	3.7576
Chinese Yuan	7.1305

The program exchange rate of the Egyptian pound against the U.S. dollar for FY2022/23 is 19.4970 (the CBE's official buy rate on September 30, 2022). Monetary gold is valued at US$1,654.80 per troy ounce (the rate on September 30, 2022). For other foreign currencies, the current exchange rates to the U.S. dollar will be used.

3. Program exchange rates for the assessment of quantitative targets for end-March 2024 test date are those prevailing on January 31, 2024, as indicated in the IMF's Representative Exchange Rates for Selected Currencies published on IMF website.

	Currency Unit per U.S. dollar
SDR	0.751945
Euro	0.9228
U.K. Pound	0.7883
Japanese Yen	147.5000
Saudi Arabian Riyal	3.7500
Chinese Yuan	7.1807
U.A.E. Dirham	3.6725

The program exchange rate of the Egyptian pound against the U.S. dollar for end-March 2024 test date is 30.8272 (the CBE's official buy rate on January 31, 2024). Monetary gold is valued at US$2,053.25 per troy ounce (the rate on January 31, 2024). For other foreign currencies, the current exchange rates to the U.S. dollar will be used.

4. Program exchange rates for the assessment of quantitative targets for end-June 2024, end-Sept 2024 and end-Dec 2024 test dates are those prevailing at end-April 2024 as indicated in the IMF's Representative Exchange Rates for Selected Currencies published on IMF website.

	Currency Unit per U.S. dollar
SDR	0.7588
Euro	0.9330
U.K. Pound	0.7974
Japanese Yen	156.8200
Saudi Arabian Riyal	3.7500
Chinese Yuan	7.2420
U.A.E. Dirham	3.6725

The program exchange rate of the Egyptian pound against the U.S. dollar for end-June 2024 test date and test dates in FY2024/25 is 47.7860 (the CBE's official buy rate on April 30, 2024). Monetary gold is valued at US$2,307 per troy ounce (the rate at end-April 2024). For other foreign currencies, the current exchange rates to the U.S. dollar will be used.

5. Program exchange rates for the assessment of quantitative targets for test dates in calendar year 2025 are those prevailing at end-October 2024 as indicated in the IMF's Representative Exchange Rates for Selected Currencies published on IMF website.

	Currency Unit per U.S. dollar
SDR	0.7510
Euro	1.0882
U.K. Pound	1.2978
Japanese Yen	153.50
Saudi Arabian Riyal	3.7500
Chinese Yuan	7.1196
U.A.E. Dirham	3.6725

The program exchange rate of the Egyptian pound against the U.S. dollar for test dates in calendar 2025 is 48.8908 (the CBE's official buy rate on October 31, 2024). Monetary gold is valued at US$2,756.77 per troy ounce (the rate at end-October 2024). For other foreign currencies, the current exchange rates to the U.S. dollar will be used.

6. Program exchange rates for the assessment of quantitative targets for test dates in calendar year 2026 are those prevailing at on September 30, 2025 as indicated in the IMF's Representative Exchange Rates for Selected Currencies published on IMF website.

	Currency Unit per U.S. dollar
SDR	0.7294
Euro	0.8517
U.K. Pound	0.7442
Japanese Yen	148.83
Saudi Arabian Riyal	3.7500
Chinese Yuan	7.1214
U.A.E. Dirham	3.6725

The program exchange rate of the Egyptian pound against the U.S. dollar for test dates in calendar 2026 is 47.8077 (the CBE's official buy rate on September 30, 2025). Monetary gold is valued at US$ 3,825.3 per troy ounce (the rate at end-September 2025). For other foreign currencies, the current exchange rates to the U.S. dollar will be used.

A. Floor on Net International Reserves (PC)

7. Net international reserves (NIR) of the Central Bank of Egypt (CBE) under the program are defined as the difference between foreign reserve assets and foreign reserve-related liabilities. For the program monitoring purposes, assets and liabilities in currencies other than the U.S. dollar are converted into U.S. dollar equivalents using the program exchange rates indicated in this TMU.

8. Foreign reserve assets are defined as readily available claims on nonresidents denominated in convertible foreign currencies, including the Chinese Yuan and U.A.E. Dirham. They include the CBE's holdings of monetary gold, SDRs, foreign currency cash, and foreign currency securities, the CBE's deposits abroad (irrespective of maturity), the country's reserve position at the Fund, the CBE's foreign currency deposits at local banks, and the CBE's other foreign currency assets that could be used for reserve management purposes. Excluded from foreign reserve assets are any assets that are frozen, pledged, used as collateral, or otherwise encumbered, including but not limited to assets acquired through short-term currency swaps with original maturity of less than 360 days, claims on residents other than the CBE's foreign currency deposits at local banks, precious metals other than gold, assets in nonconvertible currencies, and illiquid assets. As of end-May 2026, foreign reserve assets thus defined amounted to US$61,477 million.

9. Foreign reserve-related liabilities are defined as comprising all short-term foreign exchange liabilities of the CBE to residents and nonresidents with original maturity of less than 360 days, except for deposits at the CBE with original maturity of less than 360 days that are owed to official GCC member creditors. They include government foreign currency deposits with an original maturity of less than 360 days. They include banks' required reserves in foreign currency, and all credit outstanding from the Fund that is on the balance sheet of the CBE. As of end-May 2026, foreign reserve-related liabilities thus defined amounted to US$20,303 million.

10. Adjustors. The floor on the NIR will be adjusted for: (i) deviation in program disbursements (defined below) relative to projections; (ii) deviation in external commercial borrowings (including Eurobonds and syndicated loans) relative to baseline assumptions; (iii) deviation in the stock of government T-bills and T-bonds denominated in local currency and held by nonresidents relative to program assumptions; (iv) repo margin calls; (v) use of reserves according to a FX intervention

framework. These adjustors are clarified below. Related information is reported in Table 13 of the staff report.

11. Program disbursements are defined as disbursements of (i) loans denominated in foreign currency (excluding external borrowings from private creditors such as Eurobonds, Sukuk, Panda bond, and Samurai bond that are part of baseline BOP projections, but including T-bonds and other government securities denominated in foreign currency), grants, and deposits for budget support purposes denominated in foreign currency. Loans denominated in foreign currency that qualify as program disbursements are those that constitute new financing; thus they do not include conversions of deposit liabilities that existed at end-September 2022 at the CBE or conversions of official bilateral loans to the government; (ii) net issuance of T-bills in foreign currency; (iii) purchases under the IMF's Extended Fund Facility; (iv) official creditor foreign reserve-related loans to the CBE with original maturity of more than 360 days and official creditor deposits at the CBE regardless of maturity; and (v) rollovers by more than 360 days of existing foreign loans and foreign reserve-related liabilities, from official multilateral creditors, official bilateral creditors, and private creditors, including external bond placements denominated in foreign currency; Program disbursements do not include project loans and project grants.

12. The adjustors for NIR will be applied in the following way:

- *Adjustor for deviations in program disbursements relative to projections.* The NIR floor will be adjusted up by the full *amount* of any excess in cumulative program disbursements relative to the projections of cumulative program disbursements, net of any shortfall in external commercial borrowings relative to baseline assumptions set out in the following paragraph. The NIR floor will be adjusted down by the full amount of the shortfall in cumulative program disbursements relative to the projections of cumulative program disbursements. The projections for cumulative program disbursements (excluding the IMF) 2,446 as of end-September 2026 for FY2026/27.

- *Adjustor for deviations in external commercial borrowings relative to baseline assumptions.* The NIR floor will be adjusted up by the full amount of any excess in net external commercial borrowings from private creditors in foreign currency (including Eurobonds, Sukuk, Panda bond, Samurai bond, and syndicated loans) relative to the baseline projections in the BOP. The projections for cumulative net external commercial borrowing from private creditors (from the beginning of the fiscal year) are 1,000 as of end-September 2026.

- *Adjustor for deviations in the flow of government T-bills and T-bonds denominated in local currency and held by nonresidents relative to program assumptions*. The floor on the NIR will be adjusted up by 50 percent of any excess in this flow of local currency government T-bills and T-bonds held by nonresidents relative to program assumptions.[1] This adjustor will use the information on T-bill and T-bond holdings one month before the test date; thus, for the end-December 2022 test date, actual T-bill and T-bond flow holdings by nonresidents for end-November 2022 will be used to calculate the size of adjustor. The program assumptions for the cumulative flows (from the

[1] For zero-coupon treasury bills/bonds, disbursements refer to the purchase price (issuance proceeds) of those instruments.

beginning of each fiscal year) of local currency T-bills and T-bonds held by nonresidents, used for the purposes of this adjustor, are nil as of end-September 2026.

- *Adjustor for repo margin calls*. The NIR floor will be adjusted down (up) by any margin call payments (receipts) associated with the CBE's repo facilities.
- *Adjustor for FX intervention.* The NIR floor will be adjusted down by the amount of FX intervention (sales) undertaken by the CBE, provided the intervention is consistent with the intervention framework.

B. Floor on Primary Fiscal Balance of the Budget Sector (PC)

13. The budget sector comprises 184 central government (administration) units, including the executive powers (presidency, parliament, senate, and ministers), the legislative powers (judiciary and prosecution), 323 local government units, and 156 entities in the public service authorities, which include universities and hospitals.

14. The primary fiscal balance of the budget sector under the program is defined as the overall balance measured on a cash basis plus total cash interest payments of the budget sector. The overall balance under the program is defined as total revenue and grants minus total expenditure plus net acquisition of financial assets. These are measured on a cumulative basis from the beginning of the fiscal year. The primary balance of the budget sector thus defined was EGP 897 billion as of April 2026.

15. Off-budget funds. The authorities will immediately inform IMF staff of the creation of any new off-budgetary funds or programs. This includes any new funds and special budgetary and extra-budgetary programs that may be created during the program to carry out operations of fiscal nature as defined in the IMF's Government Finance Statistics Manual 2014.

16. Divestment proceeds flowing to the budget. Divestment proceeds flowing to the budget are part of divestment proceeds raised from the sale of state-owned assets in both FX and Egyptian pounds, including the sale of equity stakes in SOEs as defined below, and the sale of stakes in other assets such as land. Divestment proceeds flowing to the budget are recorded in the net acquisition of financial assets for program purposes. The program assumptions for divestment proceeds flowing to the budget are listed in the QPC table.

17. Adjustor. The floor on the primary balance of the budget sector will be adjusted up by the full amount of the excess of divestment proceeds, including the sale of equity stakes in SOEs as defined below, and the sale of stakes in other assets such as land, relative to the program assumptions for divestment proceeds flowing to the budget as indicated in the QPC table.

C. Floor on Tax Revenues (PC)

18. Tax revenues include personal income tax, corporate income tax, capital gain tax, property tax, tax on T-bills/T-bonds, value-added tax, excises, tax on specific services, stamp tax, international trade taxes, tax on use of goods and on permission to use on goods and perform activities and

other taxes and development fees. Tax revenues totaled EGP 2,209 billion as of April 2026 since the start of FY2025/26.

D. Floor on Health and Social Spending of the Budget Sector (IT)

19. Health and social spending of the budget sector includes spending related to the budget of the Ministry of Health and the Ministry of Social Solidarity, excluding interest payments.

E. Ceiling on the Public Investment (IT)

20. The program target is defined as cumulative capital investment spending undertaken by all public agencies and entities controlled or owned directly or indirectly by public entities (with a state stake of 50 percent or more). The ceiling is calculated as cumulative investment spending since the beginning of the relevant fiscal year.

F. Ceiling on Balance of Government's Overdraft Account at the CBE (PC)

21. The program target is defined as the balance on the government's overdraft account at the CBE. The ceiling on the balance is shown in Table 1 of the MEFP. This is a periodic QPC that will be assessed semi-annually (on the relevant test date), based on weekly performance data. If any weekly ceiling is missed during the relevant semi-annual period, then this QPC will be assessed as not met.

G. Ceiling on CBE lending to Public Agencies Excluding the Ministry of Finance (PC)

22. The program target is defined as the balance on lending by the CBE to public agencies excluding the Ministry of Finance. The ceiling on the balance was EGP 661.172 billion, reflecting the stock of outstanding lending as of January 2024 to six entities. In line with the agreed conditionality under the current program and following approval by the CBE Board on February 20, 2025, the government committed to a repayment plan to reduce existing claims on public sector agencies excluding the Ministry of Finance to EGP 308 billion by end-June 2026, with intermediate targets at end-December 2025 and end-March 2026, as part of a broader schedule to eliminate these claims from the CBE's balance sheet by FY2028/29.The balance will be reported transparently in the weekly analytical balance sheet of the CBE, with and "Other Items, net" split into a component relating to CBE lending to public agencies excluding the Ministry of Finance and a component reflecting all other items. Loan-by-loan information will also be reported separately (Table 1b).

H. Floor on Average Original Maturity of Newly Issued Local Currency Tradable Debt of the Budget Sector (IT)

23. The program target is defined as the weighted average original maturity of local currency tradable debt of the budget sector that is issued through public placements. The weights used for the calculation are the volumes of issuance under each maturity. The weighted average original maturity is calculated quarterly for each quarter. Local currency tradable debt of the budget sector is

defined as local currency tradable securities (tradable T-bills and T-bonds) denominated in Egyptian Pounds, including those issued by the budget sector to the Pension Fund and other public entities.

I. Ceiling for Gross Debt of the Budget Sector (IT)

24. Gross debt of the budget sector is defined as the outstanding stock of debt issued by the budget sector, as defined in the IMF's Government Finance Statistics Manual 2014. It includes debt issued to the pension fund and other public entities. Sukuk issued by the budget sector will be treated as debt of the budget sector. For the program monitoring purposes, the U.S. dollar amounts of foreign currency debt will be converted to Egyptian pound equivalents using the program exchange rates indicated in this TMU.

25. Adjustor. The ceiling for gross debt of the budget sector will be adjusted down by the full amount of the excess of divestment proceeds, including resources raised through the sale of equity stakes in SOEs and the sale of stakes in other assets such as land, relative to program assumptions. For calculating this adjustor, the program assumptions for divestment proceeds flowing to the budget are listed in the QPC table.

J. Ceiling on Government Guarantees (IT)

26. The program target is defined as cumulative change in stock of guarantees issued by the Ministry of Finance with guarantees on foreign currency denominated borrowing converted to Egyptian pound equivalents using the program exchange rates indicated in this TMU. A guarantee is defined as an arrangement whereby the Ministry of Finance has an obligation to pay a third-party beneficiary when another institutional unit fails to perform certain contractual obligations. The Ministry of Finance will report to the IMF the stock of guarantees in billions of Egyptian pounds at both program and actual exchange rates 90 days after the relevant test date. The data will show guarantees on domestic currency and foreign currency borrowing by Economic Authorities (EGPC, GASC, Transport, NUCA, other) and state-owned enterprises (NIB, Electricity, other). The stock of guarantees will also be broken down into domestic and external guarantees by currency denomination of the guaranteed borrowing with the U.S. dollar value of guarantees of foreign currency denominated borrowing reported at actual and program exchange rates. The ceiling on government guarantees is calculated as cumulative change in the nominal value of the stock of guarantees since the beginning of the relevant fiscal year

K. Maintain a Flexible Exchange Rate Regime and a Liberalized Foreign Exchange System (SB)

27. The structural benchmark will assess whether a shift to a flexible exchange rate regime and a liberalized FX system is sustained. This SB is assessed in a comprehensive manner, based on monitoring of FX system, using the information and indicators that include FX demand backlogs at banks, the spread between the official rate and measures of market clearing rate, and interbank FX turnover. For FX demand backlogs at banks, the CBE will provide data on FX demand backlogs at banks that cover eight banks identified by the CBE. The sample of banks is fixed throughout the program. For the spread between the official rate and measures of market-clearing rate, measures of

market-clearing exchange rate, including the local parallel market rate, and exchange rates implied by transactions in gold, GDR, and ADR markets will be monitored on a daily basis.[2] For interbank FX turnover, the CBE will provide daily data. The SB will be assessed once for each program review, based on the information over a period between program reviews.

L. CBE Instructed NBE and Bank Misr to Close the Gaps Identified in Risk Management Practices Based on Terms of Reference Prepared in Consultation with IMF staff (SB)

28. The structural benchmark will assess CBE's action plan to address findings in governance studies undertaken for state-owned banks. CBE commits through an end-September 2026 SB to instruct NBE and bank Misr as their supervisory authority to close the identified gaps in risk management practices based on terms of reference prepared in consultation with IMF staff. The CBE has delivered findings to IMF staff by February 15, 2026. The CBE has evaluated the main findings of the NBE and Misr studies with a view to continue following up on the appropriate supervisory response within a corrective action plan covering common and specific findings from both studies. The CBE will regularly update Fund staff on steps taken and will send an interim report by August 5. A final status report will be delivered by the CBE to Fund staff by end-September 2026 detailing progress on the status of the corrective action plan, including confirmation of no regulatory breaches.

M. Commercial Banks' Net Foreign Assets Consultation Clause

29. Net foreign assets (NFA) of commercial banks are defined as the difference between the claims on nonresidents (including foreign currency holdings) and the liabilities to nonresidents of other depository corporations. For monitoring this clause, NFA will be measured in U.S. dollars using the monetary data reported in the standardized report form. The NFA at end-May 2026 was US$7.7 billion.

30. Consultation with IMF staff will be triggered if banks' NFA at the aggregate level decline by cumulative $2 billion over any past three-month period. The cumulative change in banks' NFA will be assessed at the end of every month. This consultation will be on the reasons for the decline in banks' NFA and to ascertain whether: (i) there were imbalances in the FX market; and (ii) any corrective actions by the CBE are necessary.

[2] The data sources for the local parallel market rate are https://www.parallelrate.org/ (the data from this source is also available in Haver) and https://sarf-today.com/en/currency/us_dollar/market. The data source for the exchange rate implied by gold transactions in Egypt and internationally is https://egypt.gold-price-today.com/ and Bloomberg. The data source for the exchange rate implied by stock transactions in Egypt and internationally (GDR and ADR markets) is Bloomberg. For GDR and ADR, monitoring will focus on the stock for Commercial International Bank (CIB), given that CIB stock has the largest trading volume in GDR and ADR among Egyptian companies.

N. Monetary Policy Consultation Clause

31. Inflation is defined as the year-on-year change in the end-of-period headline urban consumer price index (average FY2018/19 = 100), as measured and published by the Central Agency for Public Mobilization and Statistics (CAPMAS).

32. Consultation with IMF Board will be triggered if inflation falls outside of the upper outer band or the lower outer band. The upper outer band and the lower outer band are indicated in Table 1 of the MEFP. The consultation with IMF Board will be on the reasons for inflation deviations from the outer band, the stance of monetary policy and the inflation outlook, whether the Fund-supported program remains on track, and the CBE's remedial actions that are deemed necessary before further purchases under the EFF could be requested.

33. Consultation with IMF staff will be triggered if inflation falls outside of the upper inner band or the lower inner band. The upper inner band and the lower inner band are indicated in Table 1 of the MEFP. The consultation with IMF staff will be on the reasons for inflation deviations from the inner band, the stance of monetary policy and the inflation outlook, and the CBE's remedial actions.

O. Other Continuous Performance Criteria

34. Non-accumulation of external debt payments arrears by the general government. The general government comprises the budget sector, the Social Insurance Funds (SIFs), and the National Investment Bank (NIB). External debt payments include principal and interest payments, including payments on long-term leases. New external debt payments arrears cannot be accumulated during the program period. For this performance criterion, an external debt payments arrear is defined as the amount of payment obligation (principal and interest) due to nonresidents by the general government and the CBE, which has not been made when due under the contract, including any applicable grace period. This performance criterion will apply continuously throughout the arrangement.

35. Standard continuous performance criteria include: (i) prohibition on the imposition or intensification of restrictions on making of payments and transfers for current international transactions; (ii) prohibition on the introduction or modification of multiple currency practices; (iii) prohibition on the conclusion of bilateral payments agreements that is inconsistent with Article VIII; and (iv) prohibition on the imposition or intensification of import restrictions for balance of payments reasons.

P. Ceiling on outstanding stock of MoF Notes (PC)

36. MoF Notes for the purpose of this QPC are non-tradeable, privately placed local currency Treasury securities issued by the MoF. The ceiling will be assessed in relation to the total amount outstanding of MoF Notes (stock) at the end of each quarter. The ceiling at end-June 2026 is EGP 500 billion. At end-September 2026 the ceiling for the outstanding stock of privately placed MoF notes is targeted at EGP 375, with the stock of one-week MoF notes at zero, bringing the average

time to maturity of the outstanding stock to one month. The outstanding stock will be provided to Fund staff transparently on a monthly basis, with a maximum of a one-week lag.

Q. Reduction in Gross Financing Needs of the Public Sector (SB)

37. The structural benchmark will assess MOF's commitment to reducing the gross financing needs of the budget sector. MOF commits to reduce gross financing needs by 5 percent in FY2025/26 and a further 5 percent in FY2026/27, with a minimum cumulative reduction of 10 percent in these two fiscal years. This will be assessed by calculating the reduction in gross financing needs compared to the baseline scenario without any measures taken (those will include, among possible others, divestment proceeds, liability management operations, and an issuance strategy targeted at lengthening the maturity of the debt).

R. Other Structural Benchmarks

38. State-owned companies (SOEs) for the purpose of the structural benchmarks related to their management and governance, as well as the leveling of the playing field, are defined as all public corporations, regardless of their legal framework and the specific agency in charge of their oversight. They cover public sector companies, public business sector companies, military-owned companies, economic authorities (EAs), and joint ventures and partnerships.

39. Reoccurring (annual) publication of domestic payment arrears for the purpose of the structural benchmark is defined as publishing within 90 days after fiscal year end the stocks of commitments, overdue payments, and overdue transactions as well as the stock of gross liabilities and due payments to and from MOF with EGPC, GASC, NUCA, National Postal Authority, National Authority for Egyptian Railways, National Investment Bank, Central Bank of Egypt, Egyptian Electricity Holding Company, Holding Company for Drinking Water and Sanitation, and EgyptAir.

40. Reoccurring (quarterly) implementation of the retail fuel indexation mechanism for the purpose of the structural benchmark is defined as enacting increases in retail fuel prices in each quarter in line with the indexation mechanism formula. The fuel price indexation mechanism will be considered fully implemented in quarter t if the retail price of all fuels, including gasoline, diesel, fuel oils (excluding fuel oil for bakeries and electricity) is changed by the following computation within a month of the end of the quarter:

$$max\{min\{Percentage\ change\ in\ retail\ fuel\ price_t, 10\ percent\}, -10\ percent\}$$

where:

$$\begin{aligned} &Percentage\ change\ in\ retail\ fuel\ price_t \\ &= 0.8 \times Percentage\ change\ in\ (Brent_{t-1} \times FX_{t-1}) \\ &+ 0.2 \times Annual\ adjustment\ due\ to\ other\ costs_t + Catchup\ adjustment_{t-1} \end{aligned}$$

- The retail fuel price in quarter t is the price in end-quarter in domestic currency.

- $Brent_{t-1}$ is the average Brent crude oil price in the U.S. dollar in the previous quarter, FX_{t-1} is the average exchange rate of the Egyptian pound against the U.S. dollar in the previous quarter, and 0.8 is the share of oil in the production cost of fuel products. For gasoline and diesel, the change is rounded to multiples of 25 piasters. The Ministry of Petroleum will provide the relevant data.

- *Annual adjustment due to other costs.* Adjustments to other direct and indirect costs, as identified from the fuel subsidy table (percent change in per unit costs), are included on an annual basis in the second quarter of the fiscal year. Adjustments due to other direct and indirect costs are zero in the remaining quarters of the fiscal year. The Ministry of Petroleum will provide the relevant data.

- *Catchup adjustment.* Because the changes in retail fuel price are capped at 10 percent in absolute value, any adjustments not fully implemented in one quarter will result in additional adjustment in the following quarter, giving rise to the term $Catchup\ Adjustment_{t-1}$. The catchup adjustment is taken to be zero for the adjustment in the third quarter of FY2022/23. Given that the full impact of higher global oil prices and exchange rate depreciation was not fully passed through in FY2021/22, retail fuel prices will not be reduced during a transition period and the catchup adjustment and the pass-through from changes in crude oil prices in domestic currency will not be negative. This transition period will conclude once the level of fuel subsidies for products covered by the mechanism (that is, the above-mentioned fuel products) in the previous fiscal year has been eliminated.

- Monitoring of the implementation of the fuel price mechanism has been temporary suspended given the authorities commitment to reach fuel price cost parity by end December 2025.

41. CBE subsidized lending initiatives for the purpose of the structural benchmark is defined as schemes, both existing and new, where the CBE provides subsidies to financial institutions based on loans those institutions extend to predefined sectors or households at predefined interest rates. Existing schemes include, but are not limited to, the mortgage finance initiative for middle-income class, the industrial, agricultural, and construction private sectors initiative, and the tourism sector initiative and that aimed at substituting cars to work with dual fuel. As of June 30, 2026, the total amount of loans utilized under the subsidized lending schemes was EGP 96.9 billion.

42. CBE lending to public agencies excluding the Ministry of Finance. For the purpose of the structural benchmark, the CBE would issue a strategy, approved by the CBE Board, that details how its claims on public agencies excluding the Ministry of Finance will be reduced to zero. For each outstanding claim, the strategy would detail either i) the timing and entities involved in repaying the claim to the CBE; or ii) transferring the claim off the balance sheet of the CBE.

43. Reoccurring (monthly) publication of public procurement awards. For the purpose of the structural benchmark post within 30-day of the previous month's end reports that comprise procurement awards greater than EGP 20 million made by budget sector units during the previous month and the previous month's findings from General Authority for Government Services (GAGS) on-site post-procurement audits of budget unit procurement awards, which will be selected at

random. The monthly reports will be posted on the GAGS website, accessible in Egypt, and the Ministry of Finance website, accessible internationally.

44. Reoccurring (monthly) publication of procurement awards by the largest economic authorities and state-owned enterprises. For the purpose of the structural benchmark post within 30-day of the previous month's end reports that comprise procurement awards made by the largest economic authorities and state-owned enterprises during the previous month and the previous month's findings from General Authority for Government Services (GAGS) on-site post-procurement audits of budget unit procurement awards, which will be selected at random. The monthly reports will be posted on the GAGS website, accessible in Egypt, and the Ministry of Finance website, accessible internationally.

45. Quarterly publication of general government debt bulletins. For the purpose of the structural benchmark post within 30-days of the previous quarter's end summary general government debt statistical bulletins (and an annual report) covering all aspects of domestic and external debt and borrowing, including borrowing and market issuances (loans, private placements, public auctions, overdraft use), and including information on outstanding stock, instruments used, and terms (tenors, currency, interest rate level and type), and amortization and interest payments, starting with a first publication in April 2025 (*new recurring structural benchmark*).

S. Monitoring and Reporting Requirements

46. Performance under the program will be monitored using the data reported by the Ministry of Finance and the CBE to the IMF, with frequency and submission lag indicated in Table 1A and Table 1B. Data are defined consistently with the program definitions above. In addition to the items listed in Table 1A and Table 1B, the CAPMAS will report data on inflation to the IMF, with submission lag of no more than 10 business/working days after each test date. In case of any data revisions, the authorities will transmit to the IMF immediately.

Table 1a. Egypt: Reporting Requirements for Ministry of Finance		
Item	Frequency	Submission Lag
Overall deficit of the budget sector	M	30 calendar days
Overall deficit of the general government, the NIB, and the SIF before July 2025, afterwards the consolidated general government and 59 EAs	Q	60 calendar days
Summary of budget sector accounts, including revenues, expenditures, and net acquisition of financial assets on a cash basis, consistent with the IMF's Government Financial Statistics Manual 2001	M	30 calendar days
Budget sector expenditures by the ministries of health and social solidarity	M	30 calendar days
Summary accounts of the NIB and the SIF before July 2025 and 59 EAs afterwards, consistent with presentation of general government accounts	Q	60 calendar days
Total divestment proceeds and divestment proceeds flowing into the budget, including sales of equities and land	M	30 calendar days
Domestic debt stock and debt service costs of the general government and the budget sector, including interest payments and amortization. Information on the below the line transactions (non-deficit debt creating flows) of the budget sector and the composition, including interest expense and issuance of T-bonds for recapitalization of the CBE	Q	30 calendar days for the budget sector debt and the below the line transactions (60 days for the general government debt)
Debt of the budget sector by maturity of issuance and by debt holder, including debt to the NIB, the SIFs, and other public entities, at actual and program exchange rates	M	30 calendar days
End-week balance of government overdraft at the CBE, as defined in this TMU. Separately, interest payments including penalty	W	5 working days
Gross and net stock of bonds issued by the budget sector to the NIB and the SIFs	Q	30 calendar days
Gross and net domestic borrowing of the budget sector, including gross and net T-bill and T-bond issuance in local and foreign currency, separately for domestic and foreign investors, and issuance of other government debt instruments	M	30 calendar days
Auctions of T-bills and T-bonds via primary dealers, including: the number and value of submitted and accepted bids; minimum, maximum, and weighted average interest rates; and maturity dates.	W	5 working days

Table 1a. Egypt: Reporting Requirements for Ministry of Finance (continued)		
Item	Frequency	Submission Lag
Private placements of domestic and external debt (issuance amount, maturity date, currency of issuance, and interest rate). The information on each issuance should be reported	M	5 working days
Recapitalization of the CBE by the government (date of recapitalization, amount, information on instruments used to recapitalize the CBE including maturity and interest rate)	When recapitalization takes place	5 working days
Average original maturity of newly issued local currency tradable debt of the budget sector, issued through public placements, as defined in this TMU in relation to the indicative target on the floor on average original maturity of newly issued local currency tradable debt of the budget sector. Underlying data to calculate the average maturity, including the issuance amount and the maturity date of individual issuances	Q	30 calendar days
MoF notes issued, by issuance date, maturity date, volume and price, and whether it is publicly or privately placed, and whether it is tradable or not	M	5 working days
Redemption profile of all domestic debt, by instrument	Q	5 working days
Gross issuance of guarantees in billions of Egyptian pounds at program and actual exchange rates broken down into guarantees on domestic currency and foreign currency borrowing by Economic Authorities (EGPC, GASC, Transport, NUCA, other) and state-owned enterprises (NIB, Electricity, other).	Q	60 calendar days
Stock of outstanding domestic arrears by creditor. Stocks of commitments, orders to pay, and overdue payments of the budget sector in aggregate and by following entities (EGPC, GASC, NUCA, National Postal Authority, National Authority for Egyptian Railways, Egyptian Electricity Holding Company, Egyptian Natural Gas Holding Co., Holding Company for Drinking Water and Sanitation, and EgyptAir)	Q	30 calendar days
Financial information of the NIB: (i) detailed balance sheet, including interest on assets and liabilities across maturities; (ii) income statement; (iii) cash flow projections for the next 12 months; (iv) list of non-performing loans (overdue for more than 90 days), including loan amounts	Q	60 calendar days

Table 1a. Egypt: Reporting Requirements for Ministry of Finance (concluded)		
Item	Frequency	Submission Lag
Breakdown of fuel subsidies by product, including volumes, prices, and costs and revenue of EGPC	Q	45 calendar days
Breakdown of food subsidies by ration card spending and wheat purchase price and quantity	Q	45 calendar days
Submit each October and April all investment spending executed over the periods January – June and July – December, respectively, undertaken by all public agencies and entities controlled or owned directly or indirectly by a public entity. The submission will break out investment spending by the budget sector, Economic Authorities, state-owned enterprises, and other	S	End April and end of October each year.
EGPC financial information, including data on (i) cash flows, (ii) breakdown of operating revenues and costs (volumes and prices by product type, domestic purchase versus imports), (iii) debt, new borrowing, borrowing costs and guarantees, (iv) overall arrears, payables to international suppliers, and cross-arrears among EGPC, EEHC, and the budget sector, and (v) standard liquidity, solvency and profitability indicators.	Q	
Note: S= Semi-annual Q= quarterly; M = Monthly; W = Weekly		

Table 1b. Egypt: Reporting Requirements for Central Bank of Egypt		
Item	Frequency	Submission Lag
Gross international reserves at the CBE, at market and program exchange rates	M	7 working days
Program net international reserves at the CBE and its components (foreign reserve assets and foreign reserve-related liabilities), at market and program exchange rates	M	15 calendar days
Breakdown of gross foreign assets and liabilities (including foreign currency liabilities to residents) of the CBE by currency, at actual and program exchange rates	M	15 calendar days
Breakdown of foreign reserve-related liabilities (including foreign currency liabilities to residents) of the CBE by original maturity, at market and program exchange rates	M	15 calendar days
Program disbursements as defined in this TMU, including purchases of state-owned assets (including sales of equities and land) in foreign currencies by official bilateral partners including sovereign wealth funds and the private sector. Breakdown of program disbursements described in this TMU	M	7 working days
Stock of government T-bills and T-bonds denominated in local currency and held by nonresidents	W	7 working days
Stock of outstanding external debt payment arrears of the general government and the CBE (if any), by creditor	M	30 calendar days
Debt service schedule for external debt payments, with breakdown of interest and amortization. Breakdown by type of creditor and type of debt: bilateral creditors, multilateral institutions (distinguish between public and private), deposits, bonds and notes, and short-term deposits (include GCC deposits in this category)	Q	90 calendar days
Monthly cash flow table based on the agreed template (both past outcomes and projections for 12 months)	M	15 calendar days
Balance of payments, international investment position, and external debt data in electronic format and same presentation format as the CBE's SDDS tables. Values of export and imports of goods, with a breakdown by main categories, including exports of natural resources oil, natural gas, and gold. All items in BOP financing (below-the-line) that reconcile changes in reserves implied by the BOP and changes in the program gross international reserves	Q	90 calendar days
CBE foreign exchange deposits held at commercial banks headquartered in Egypt	W	5 working days
Commercial bank deposits (Egyptian pound and foreign currency) by sector (household, corporate, and public)	M	30 calendar days

Table 1b. Egypt: Reporting Requirements for Central Bank of Egypt (continued)		
Item	Frequency	Submission Lag
End-week stock of bank-by-bank FX demand backlogs in U.S. dollar, for the eight banks identified by the CBE (the sample of banks is fixed throughout the program). For each bank, report the total stock and breakdown by type of backlogs, including: (i) backlogs related to pending LCs, (ii) backlogs related to unavailed IDCs (sight), (iii) backlogs related to unavailed IDCs (deferred), (iv) backlogs related to non-trade items (repatriation, dividend, and service invoice), and (v) backlogs related to foreign investors	W	5 working days
End-month bank-by-bank foreign exchange net open position (NOP) as a ratio of bank capital. The underlying components of NOP ratio, including NOP (the numerator of the ratio) and capital (the denominator of the ratio). In addition, information on any breaches by commercial banks of NOP limits and the sanctions applied by the CBE in such cases	M	30 calendar days
Bank-by-bank net foreign assets, as defined in this TMU	M	30 calendar days
Daily interbank turnover in the FX spot market	W	5 working days
Daily central bank purchases and sales of foreign exchange by counterparts (commercial banks, EGPC, GASC, government) Data on purchases related to the reserve accumulation program will include, for individual transactions, the date, amount, settlement exchange rate, and modalities (e.g., preannounced FX auctions, direct market purchases or any other instruments used)	W	2 working days
Information on the FX intervention, including volumes, execution prices, chosen modality of intervention as well as any other relevant information.	When intervention takes place	End of the day of intervention
Daily official exchange rates (EGP per USD)	W	5 working days
Daily average buy and sell exchange rates (EGP per USD) as quoted by foreign exchange bureaus and banks	W	5 working days
Bank-by-bank data: (i) balance sheets by currency (Egyptian pound and foreign currency); (ii) income statements; (iii) breakdown of loan classification, deposits, due from/to, securities holdings, repos, fixed and repossessed assets, net open positions; and (iv) FSI indicators (capital, asset quality, earnings, and liquidity)	Q	75 calendar days
Other depository corporations (commercial banks) balance sheet information in SRF (preliminary)	M	30 calendar days
Central bank balance sheet in SRF (preliminary)	M	15 calendar days
Central bank's weekly analytical balance sheet. Reporting on "Other Items, net" will be split into a component relating to the stock of outstanding CBE lending to public agencies excluding the Ministry of Finance and a component reflecting all other items	W	7 working days
Monthly CBE financial statements (unaudited)	M	20 calendar days

Table 1b. Egypt: Reporting Requirements for Central Bank of Egypt (concluded)		
Item	Frequency	Submission Lag
Quarterly and annual CBE financial statements (audited)	Q	60 calendar days
Recapitalization of the CBE by the government (date of recapitalization, amount, information on instruments used to recapitalize the CBE including maturity and interest rate)	When recapitalization takes place	5 working days
End-week balance of government overdraft at the CBE, as defined in this TMU. Separately, interest payments including penalty	W	5 working days
New CBE lending to public agencies excluding the Ministry of Finance (amount, terms of lending)	When lending takes place	5 working days
Stock of outstanding CBE lending to public agencies excluding the Ministry of Finance, by individual loan (amount, date contracted, terms of lending)	M	5 working days
Daily overnight interbank rate (CONIA) and the daily mid-corridor rate	W	2 working days
Stock of loans under CBE subsidized lending initiative, both utilized and allocated / committed amounts, with the decomposition by initiative	M	30 working days
Bank-by-bank holdings of government securities, with for each security information on: (i) the total issuance amount; (ii) name of issuer; (iii) type of instrument (bills, bonds, other); (iv) accounting treatment (AFS, HTM, HFT); (v) maturity date; (vi) coupon rate and interest payment frequency; (vii) current market price; (viii) yield to maturity. Data for bank-by-bank holdings of government securities at end-March 2024 will be provided by end-June 2024.	Q	60 calendar days
Note: Q= quarterly; M = Monthly; W = Weekly		

ARAB REPUBLIC OF EGYPT

July 17, 2026

SEVENTH REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR WAIVERS OF APPLICABILITY OF PERFORMANCE CRITERIA AND MODIFICATION OF PERFORMANCE CRITERIA, AND MONETARY POLICY CONSULTATION, AND SECOND REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT—WORLD BANK ASSESSMENT LETTER FOR THE RESILIENCE AND SUSTAINABILITY FACILITY

WORLD BANK ASSESSMENT LETTER FOR THE RESILIENCE AND SUSTAINABILITY FACILITY

This update to the RSF Assessment Letter—Egypt highlights relevant changes taking place since the issuance of the First Assessment Letter and the February 2026 update.

July 10, 2026

A. Country Vulnerability to Climate Change, Including Human, Social and Economic Costs

1. No material changes since the last assessment letter.

B. Government Policies and Commitments in Terms of Climate Change Adaptation and Priority Areas to Strengthen Resilience

2. In recent months, the Government of Egypt has continued advancing national efforts for climate change adaptation. At the strategic level, Egypt's adaptation priorities remain anchored in the National Climate Change Strategy 2050 (NCCS 2050) and Sustainable Development Strategy: Vision 2030 Egypt. In parallel, Egypt has continued to strengthen its engagement with UNFCCC-aligned adaptation processes. Work on the National Adaptation Plan (NAP) continues to advance under the leadership of the Adaptation Taskforce of the National Council for Climate Change.

3. Egypt has strengthened the legal framework for improved water management and resilience. Egypt enacted a new Water and Sanitation Services Law (Law No. 172 of 2025). The law strengthens the regulatory framework for water and

and wastewater services, including the role of the Egyptian Water Regulatory Agency, and introduces principles to improve efficiency, cost recovery, and service sustainability. The Government is preparing the Executive Regulations, which are expected to be issued within six months of enactment. These regulations will operationalize tariff structures, service standards, and regulatory oversight, and are expected to help attract private capital.

4. The Central Bank of Egypt (CBE) has established the binding regulatory framework mandating banks to screen climate-related financial risks. Following an earlier gap analysis, regulations have been issued in July 2026 to move beyond voluntary guidelines and require financial institutions to adopt Environmental and Social Risk Management Systems (ESRMS). The authorities have requested support to develop regulation on climate-related financial risks, as well as to provide implementation support.

5. Institutional coordination mechanisms are in place but not yet fully embedded in core public financial management and planning processes. Climate governance has been strengthened through the National Council for Climate Change, the Adaptation Taskforce, and the establishment of climate focal points across line ministries. During 2025, the Ministry of Finance advanced analytical work to identify and assess long-term climate-related fiscal risks, including climate-sensitive contingent liabilities, as part of broader efforts to integrate climate considerations into macro-fiscal planning. However, climate priorities are not yet systematically integrated into medium-term expenditure frameworks, budget circulars, or performance-based budgeting systems,[1] and there is no consolidated climate budget tagging or reporting mechanism. This limits the translation of strategic objectives into prioritized, costed, and monitored expenditures and constrains the alignment of sector investment plans with national climate targets.

6. Public financial management reforms are central to translating Egypt's climate ambitions into concrete, financed action. Continued progress in integrating climate considerations into public financial management systems—addressing the remaining gaps identified in climate budget integration and climate budget tagging—would help operationalize Egypt's climate objectives through more strategic allocation of resources, stronger expenditure tracking, and improved investment planning. Advancing these reforms would help translate Egypt's climate commitments into a prioritized and monitorable pipeline of investments, thereby strengthening the link between planning and financing of the country's adaptation and mitigation priorities.

[1] The Egyptian constitution requires the budget to be put to vote on a chapter-by-chapter basis, with "chapters" referring to the economic classification of public expenditure (wages, goods and services, subsidies, investment, etc.), the same line-item structure that program budgeting is meant to move away from. Program budgeting can be layered on top as a parallel classification, but the legally decisive appropriation—the what Parliament actually votes on and that constrains in-year reallocation—is still chapter-based. This is not to say that there are legal prohibitions on program-based budgeting—but program-budgeting will eventually have to work around or reconcile with the above constitutional design.

C. Government Policies and Commitments in Terms of Climate Change Mitigation and Priority Areas to Reduce Greenhouse Gas Emissions

7. Egypt advanced its clean energy transition through several actions. These include issuing a regulation defining the Egyptian Electric Utility & Consumer Protection Regulatory Agency as the issuer of green certificates for renewable energy and amending the executive regulations of the Financial Regulatory Authority to recognize such certificates as a tradable financial tool. Together these measures could strengthen corporate clean energy procurement, ensure the credibility of renewable energy claims, support CBAM readiness, and enable carbon trading. The sector is receiving major investments in solar and wind as well as battery storage systems to enable a higher share of renewables in the energy mix. The target for the renewable energy share to reach 42 percent has been advanced to 2028 instead of 2030. On March 11, the authorities adopted a financial viability plan for the electricity sector that envisages tariff adjustments and optimization of operating costs, including by reducing distribution losses and by reducing the fuel consumption and emissions in generation by shifting towards more efficient power plants and gas instead of liquid fuel. IBRD is also supporting the Ministry of Petroleum in developing prefeasibility studies for selected methane abatement and emission reduction projects (flare and fugitive emissions). To enhance sector governance and comply with the electricity law, the electricity transmission company (EETC) is being unbundled from the holding company. The aim is for EETC to become an independent transmission system operator (TSO), a needed step towards opening the electricity market.

8. Egypt has continued to strengthen its national GHG MRV framework, building on commitments under the RSF and the Growth DPO series. During 2025, the Government, supported by the World Bank and development partners, advanced the design of a digitalized national MRV system covering priority sectors, including electricity, oil and gas, transport, waste, and agriculture, with a focus on improving data standards and inter-ministerial coordination. Publication of Egypt's First Biennial Transparency Report (BTR1) in late 2025 further reinforced the institutional basis for emissions tracking. These steps support NDC implementation, improve readiness for CBAM-related reporting, and lay the groundwork for future engagement in carbon markets. Egypt was selected as one of the countries to receive Climate Investment Fund financing for industrial decarbonization and is developing an investment plan to mobilize financing and leverage other IFI resources (IBRD, IFC, EBRD, and AfDB) to implement the plan.

9. Progress could be further supported by articulating a national net-zero pathway underpinned by sectoral transition plans. While Egypt has articulated a long-term climate vision through its National Climate Change Strategy 2050 (NCCS 2050), it has not adopted a Long-Term Low-Emissions Development Strategy (LTS) or an explicit economy-wide net-zero emissions target, in contrast to several regional peers. Mitigation policy continues to be anchored in sector-specific targets under the updated Nationally Determined Contribution (June 2023), which sets 2030 mitigation objectives of 37 percent emissions reduction in electricity, 65 percent in oil and gas, and 7 percent in transport relative to a 2015 baseline and a 2030 business-as-usual scenario. The absence of an economy-wide long-term emissions pathway reflects a gap between the overarching strategy and an operational mitigation commitment across sectors. Looking forward,

the articulation of a national long-term net-zero pathway—supported by clear, sequenced, and practical sectoral transition plans—would help provide stronger policy signals, improve investment predictability, and facilitate the scaling-up of public and private financing for Egypt's low-carbon transition. It is worth mentioning the World Bank Group has started to support to the Government of Egypt in establishing an Article 6 framework, working with the Ministry of Environment & Local Development's EEAA, and Ministry of Investment. This is intended to help Egypt develop the institutional and regulatory framework needed to participate in international carbon market transactions under Article 6 of the Paris Agreement.

D. Other Challenges and Opportunities

10. The response to recent developments in the Middle East has included tariff adjustments to mitigate macro-fiscal impacts. Electricity tariffs for industrial and commercial users were increased by 17–31 percent across all voltage levels. The exception was the lowest commercial consumption bracket (less than 100 kWh per month), which had been highly subsidized and saw an increase of 91 percent. By contrast, tariff adjustments for residential consumers were limited to the highest consumption bracket only (those exceeding 1,000 kWh per month). Gas and fuel prices were also raised for most users, including industry (16–35 percent), gasoline and diesel for transport (15–17 percent), compressed natural gas for vehicles (30 percent), and LPG and household gas for residential and commercial use (22 percent and 60 percent, respectively). Gas and fuel prices for electricity generation were left unchanged. To help absorb the shock, the authorities also approved some temporary measures to boost energy savings. Overall, the crisis is expected to further accelerate the shift towards renewables in the medium term.

11. The green transition is also likely to have important labor market, productivity, and competitiveness implications. As Egypt accelerates renewable energy investments, industrial decarbonization efforts, CBAM readiness, and the development of carbon market and MRV systems, there is likely to be job reallocation away from more emissions- or climate-exposed activities and increased demand for new skills and capabilities. Aligning workforce development, technical and vocational education, employment services, and social protection systems with these evolving needs will be critical to facilitate labor mobility and support workers affected by structural change. Over time, these measures can help strengthen productivity, improve the competitiveness of Egyptian firms in global markets, and enable the private sector to capitalize on emerging opportunities associated with the low-carbon transition.

E. World Bank Engagement in the Area of Climate Change

12. Since the issuance of the previous assessment letter, the World Bank has continued to deepen its engagement in support of Egypt's climate and resilience agenda. Most notably, the Second Generating Resilience, Opportunities, and Welfare for a Thriving Egypt (GROWTH II) Development Policy Financing (P514501), approved on May 8, 2026, provides US$1 billion in financing and builds directly on the reforms supported under GROWTH I (approved June 24, 2024). Under its green transition pillar, GROWTH II supports prior actions to: establish a cross-government

management and reporting system for climate change mitigation and adaptation; enable the development of Egypt's carbon credit market; increase the share of renewable energy in the generation mix and private sector participation; and improve the financial viability of the electricity and water and sanitation sectors.

INTERNATIONAL MONETARY FUND

ARAB REPUBLIC OF EGYPT

July 27, 2026

SEVENTH REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUESTS FOR WAIVERS OF APPLICABILITY OF PERFORMANCE CRITERIA AND MODIFICATION OF PERFORMANCE CRITERIA, AND MONETARY POLICY CONSULTATION, AND SECOND REVIEW UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT—SUPPLEMENTARY INFORMATION

Approved By
Taline Koranchelian and Rishi Goyal

Prepared by the Middle East and Central Asia Department.

This Supplement provides an update on program performance since the preparation of the staff report. This does not alter the thrust of the staff appraisal nor the baseline projections.

1. The authorities successfully met the prior action on divestment. By July 26, 2026, divestment proceeds totaling US$526.3 million had been transferred to the budget. Of this amount, US$420 million was generated from the sale of a 100 percent stake in the Gabal El-Zeit wind farm to Alcazar Energy. The transaction has closed, ownership has been transferred to the investor, and the remaining post-closing formalities (e.g., land-related procedures) are expected to be completed by mid-September 2026. The remaining US$106.3 million was raised through the Ministry of Finance's sale of portions of its holdings in several listed SOEs' companies. Another major transaction, the IPO of Misr Life Insurance, Egypt's leading life insurer, is progressing as: (i) listing approval in the stock exchange has been obtained and all key regulatory requirements necessary to launch the IPO process have been completed; (ii) the company has finalized its 2025 IFRS financial statements, a significant IPO-readiness milestone; (iii) a transaction adviser has been selected through a competitive RFP process; and (iv) investment discussions with the EBRD have advanced, with a non-disclosure agreement signed in connection with a potential pre-IPO acquisition of a 5 percent stake. All divestment proceeds will be fully allocated to debt reduction.

2. New data show that the end-June QPCs on the NIR and the overdraft were met while preliminary fiscal outturn through May continues to show that QPCs on the primary fiscal balance of the budget sector and the floor on tax revenues are expected to have been met:

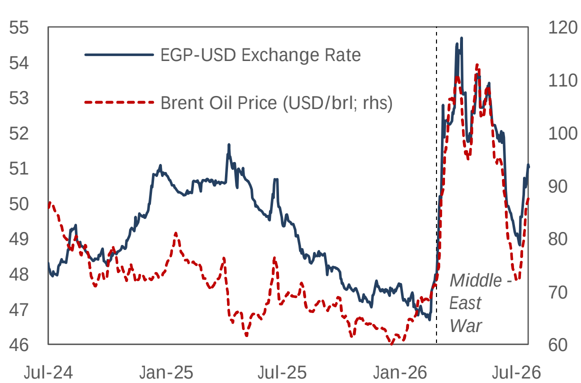
- *NIR:* The end-June NIR preliminary outturn reached US$41.6 billion (at program exchange rate), exceeding the adjusted target of around US$37.3 billion after accounting for lower-than-programmed official external disbursements, relative to the assumptions underlying the Fifth and Sixth Reviews. Gross reserves stood at US$63 billion, equivalent to about 119 percent of the IMF's reserve adequacy metric.

- *Overdraft:* The end-June QPC on the net CBE overdraft to the government was met, with the overdraft standing at EGP 170.9 billion at end-June.

- *Fiscal:* Preliminary tax revenue and primary balance data, including net acquisition of financial assets, reached around 89 and 96 percent of the full year targets, respectively, which remain consistent with achieving the end-June targets. Staff requests waivers of applicability for the end-June 2026 QPCs on the primary fiscal balance of the budget sector and the floor on tax revenues.

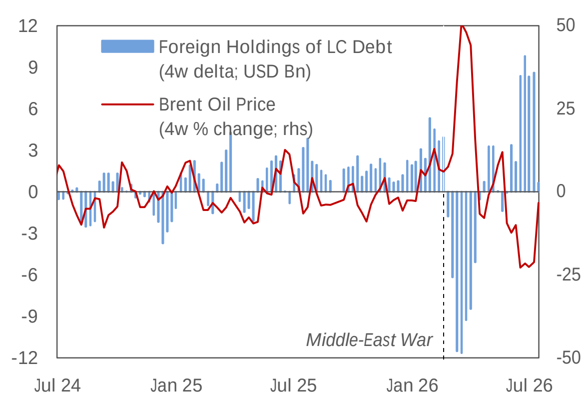
3. Financial market conditions remained resilient despite renewed regional tensions. After appreciating to a post-conflict high of EGP 48.81 per dollar in early July, the exchange rate depreciated to around EGP 50.7 per dollar by July 27 amid renewed regional tensions and rising oil prices, adding to near-term inflationary pressures. Egypt's sovereign bond spread, as measured by the J.P. Morgan EMBIG Diversified spread, remained contained, widening by about 20 basis points (bps) following renewed tensions to about 350 bps. Latest data show that non-resident holdings of domestic government securities had almost fully recovered by end-June, reaching US$37.2 billion, compared with a recent peak of US$39.1 billion on February 18, with the CBE continuing to accumulate reserves by purchasing in the first week of July. Some modest outflows were reported following the renewed tensions, which continue to be absorbed through exchange rate adjustments.

Figure 1. Egypt: Oil Price and Exchange Rate (EGP/USD and USD per barrel)



Sources: Haver Analytics; and IMF staff calculations.

Figure 2. Egypt: Nonresident Holdings of Local-Currency Debt and Oil Price (USD Bn and percent change)



Sources: Haver Analytics; and IMF staff calculations.

Statement by Mohamed Maait, Executive Director for the Arab Republic of Egypt, Maya Choueiri, Senior Advisor to Executive Director, and Habiba ElKharbotly, Advisor to Executive Director
July 31, 2026

Introduction

1. **On behalf of the Egyptian authorities, we thank the Board, Management, and staff for their continued support to Egypt**. The authorities particularly appreciate the mission chief and his team for the constructive and candid engagement. They also value the Fund's continued extensive and high-quality capacity development support. Despite a difficult and highly uncertain external environment notably marked by the war in the Middle East, the Egyptian economy remains resilient, and the authorities firmly committed to the objectives of the IMF-supported program. These consist in advancing the reform agenda needed to preserve macroeconomic stability and support strong, sustainable, and private sector-led growth, while protecting the most vulnerable groups of the population.

Recent Economic Developments, Programs' Performance, and Outlook

2. **Despite significant regional shocks and heightened global uncertainty, Egypt's economy has continued to demonstrate resilience, owing to a much stronger macroeconomic position and strong, timely, and well-coordinated policy actions by the government and the Central Bank of Egypt (CBE)**. The authorities share staff's views that Egypt entered the period of the war in the Middle East from a much stronger macroeconomic position than in previous periods of external stress. Real GDP grew by an estimated 5.2 percent over the first three quarters of the year, its highest level since FY2021/22, supported by non-petroleum manufacturing, wholesale and retail trade, the information and communication technology, tourism, and a recovery in Suez Canal activity, among other economic activities that drove growth during the first three quarters of the fiscal year. Labor market conditions continued to improve, with the unemployment rate falling to a historic low of 6.0 percent in Q1 2026. Annual headline urban inflation continued its decline to 14.3 percent in June 2026, from 24 percent in January 2025. The CBE foreign exchange buffers increased, reaching US$ 63.7 billion at end-January 2026— about 119 percent of the ARA metric—and remaining strong despite the war. The primary fiscal balance remained positive for the eighth consecutive year and continued to strengthen to 3.52 percent of GDP at end-March 2026 compared to 2.4 percent of GDP at end-March 2025 (growing nominally by around 72 percent y-o-y to reach EGP 749 billion compared to EGP 435 billion). End-March saw a slight increase in the overall deficit, increasing by around 2 percent y-o-y (a nominal increase of EGP 21 billion only) to record around 5.2 percent of GDP by end-March 2026 compared to 6.0 percent during the same period last fiscal year, mainly driven by a wider tax base and higher tax collection (increasing by 29 percent y-o-y, with a 1.4 percent of GDP increase in the tax-to-GDP ratio). At the same time, remittances witnessed record high levels in March and April 2026. Financial conditions improved markedly, with the average time to maturity of new domestic issuances rising

to 1.1 years by end-June 2026, the highest level in three years. This reflects the authorities' improved debt management efforts, with central government debt-to-GDP reaching 83 percent of GDP by end-June 2025, a decrease of 13 percent of GDP from over three years ago, representing a significant improvement relative to peer emerging and developing economies. This is complemented by a sustained reduction in the external debt of budget entities by around U.S.$1-2 billion annually. Moreover, narrowing sovereign spreads supported successful access to international capital markets, including a US$1 billion eight-year Social Eurobond that was five times oversubscribed and a US$500 million Samurai bond.

3. To mitigate the impact of the war on the economy, especially on the most vulnerable, the government and Central Bank of Egypt adopted a rapid and coordinated six-pillar strategy response. The authorities appreciate staff's acknowledgment that their swift orthodox policy response helped to preserve policy discipline and ease pressures on the external and fiscal positions. The authorities' responses consisted specifically in the following:

a. The government moved quickly to **activate the Central Crisis Management Committee headed by the Prime Minister**, ensuring close coordination across fiscal, monetary, and energy policies, and enabling rapid adjustments as risks evolved. The authorities also strengthened disclosure and transparency with the business community and investors, providing regular updates on macroeconomic developments and the measures implemented to address the crisis.

b. **To safeguard energy supplies amid surging global prices**, Egypt secured alternative fuel imports, strengthened strategic reserves, and reallocated gas toward domestic needs, while introducing temporary electricity-saving measures to curb demand.

c. **Reflecting the commitment to expenditure discipline, the government implemented** immediate well-**targeted fuel price adjustments and rationalized non-priority public spending** to contain budgetary pressures while continuing to absorb part of the increase in energy costs to limit the pass-through to households. Measures included (i) raising domestic fuel prices, (ii) increasing natural gas tariffs for vehicles and households, (iii) increasing electricity tariffs by 25 percent for commercial and industrial users and by 16 percent for high-consumption residential users, raising train and metro fares, and (iv) applying a pricing formula to fertilizer companies from April 2026 to reflect higher gas and global commodity prices, while at the same time (v) completing the electricity interconnection with Saudi Arabia to facilitate power exchanges during peak demand periods. In parallel, the authorities executed oil hedging contracts covering around 50 percent of import needs for FY2025/26, rationalized non-priority expenditures through end-June 2026, and increased contingency reserves in the FY2026/27 budget to 1.1 percent of GDP.

d. **The flexible exchange rate regime continued to act as an effective shock absorber** during periods of capital flow volatility triggered by regional tensions, mitigating reserve losses and further adverse impacts on the economy. The Egyptian pound depreciated by about 17 percent at the height of the Middle East war. The spread between the official and market-clearing exchange rate remains closed, with no FX intervention by the CBE, while the interbank foreign exchange market continues to function in an orderly manner.

e. **Recognizing rising cost-of-living pressures, the government expanded targeted social protection measures to support the most vulnerable groups**, particularly through food subsidies and cash transfer programs. Support to beneficiaries of the Takaful and Karama program and low-income households holding ration cards was extended for an additional two months through May 2026, including an increase of EGP 400 in cash transfers benefiting 15 million families, of which 5 million are covered under Takaful and Karama. In addition, the authorities targeted an increase of 10 percent in total wages and salaries for government employees in FY2026/27, as well as a 15 percent increase for pensioners, helping to mitigate the impact of higher living costs while preserving social cohesion.

4. Despite the regional war, Egypt's economic program under the EFF arrangement has strengthened, reflecting the authorities' strong policy implementation and commitment to reform. All end-March 2026 quantitative performance criteria were met, except for a temporary breach of the ceiling on central bank lending to public entities, which was corrected. The end-June 2026 quantitative performance criteria on central bank lending to public entities and the stock of privately placed Ministry of Finance notes were met. Structural reform implementation continued, with most benchmarks met, including all recurring ones, with progress underway on the publication of comprehensive SOE portfolio information.

5. Performance under the RSF arrangement also remained strong. Implementation of the RSF-supported agenda remains on track. The climate reform measure for this review, RM3, was successfully completed. It introduced climate considerations for national investment planning, now applied to major projects, strengthening alignment with the National Climate Change Strategy 2050—including by demonstrating the emission impact assessment at the project appraisal stage. Moreover, work is completed ahead of time on RM4, consisting in expanding the asset registry and integrating climate risk analysis, with assessments of major new completed projects informing the draft FY2026/27 fiscal risk statement already published. Further progress is being made toward the next milestones.

6. Outlook. On the downside, external risks stemming from renewed regional tensions could weaken remittances and FDI, disrupt trade and supply chains, trigger capital outflows, put pressure on prices, and increase borrowing costs. Elevated domestic financing needs represent the main domestic risks, and the authorities are working diligently to reduce them. On the upside, de-escalation of the Middle East war could support a recovery in Suez Canal activity, and together with accelerated implementation of structural economic reforms and improved sentiment, it could boost growth, attract greater investment, induce additional capital inflows, and foster private sector development. With demonstrated policy commitment and a strong track record of implementation, the authorities are confident that the economy will remain resilient in the face of external shocks and uncertainty.

Fiscal Policy and Reforms

7. Fiscal policy continues to play a central role in safeguarding debt sustainability while creating space for priority social and development spending. The authorities remain committed to maintaining sizable primary surpluses, reducing gross financing needs, broadening the tax base, and placing public debt firmly on a downward trajectory.

8. The end-March 2026 fiscal targets were exceeded despite heightened global uncertainty. Notwithstanding the adverse effects of the war, both the end-March primary balance and tax revenue targets were surpassed by a comfortable margin. Tax revenues overperformed by more than 1 percent of GDP, driven by strong direct tax receipts and supported by recently implemented tax policy and revenue administration measures, including: (i) higher yields from removing certain tax privileges for state-owned enterprises, underpinned by stronger compliance and collection; (ii) VAT reforms, including excises on crude oil; and (iii) continued administrative reforms, including digitalization, tax-base expansion, and following a partnership based approach with taxpayers and the business community to encourage voluntary compliance. These reforms contributed to VAT revenue growth of around 20 percent (0.2 percent of GDP) over the period. Expenditure also remained contained. As a result, the primary balance outperformed the end-March program target, reaching a surplus of 3.52 percent of GDP—about 0.5 percent of GDP above target.

9. The government remains firmly committed and on track to meet the end-June FY2025/26 fiscal targets. Revenue collection during July–April reached 79 percent of full-year projections, with momentum expected to continue, supported by amendments to the property tax law (Law No. 3 of 2026). Proactive fuel price adjustments, together with energy conservation measures in response to higher oil prices, are expected to contain pressures on the energy subsidy bill and keep spending broadly in line with the budget. As mentioned above, the government has also taken steps to contain non-priority spending, including through expenditure caps, with the Ministry of Finance and Cabinet meeting regularly to monitor execution and ensure alignment with commitments. In the event of unexpected revenue shortfalls, including from lower-than-expected divestment proceeds, or higher spending related to regional developments, available contingency reserves (about 0.6 percent of GDP) provide additional support to achieving fiscal targets.

10. To support debt sustainability, the authorities maintain a tight fiscal stance. The FY2026/27 budget, submitted ahead of schedule, targets a primary surplus of 5 percent of GDP while prioritizing social protection, health, and education. This objective will be supported by a comprehensive revenue package expected to yield about 1.2 percent of GDP through VAT reforms, new excises, a surcharge on SOE profits, and strengthened transfer-pricing rules. Additional temporary measures will offset the delayed adoption of the free-zone withholding tax, although the authorities will continue to pursue the adoption of the withholding tax through the legislative process, with its publication expected by end-November (structural benchmark). At the same time, continued tax administration reforms—including broader taxpayer registration, improved taxpayer services, dispute resolution, digitalization, and stronger compliance management—are expected to sustain revenue mobilization. On the expenditure side, the budget accommodates a minimum wage increase and continued targeted support through Takaful and Karama cash transfer programs and other in-kind programs, while preserving fiscal discipline. Priority investment in health, education, energy, water, and sanitation will increase by 31 percent on average while remaining within the agreed public investment ceiling. To safeguard budget execution amid geopolitical uncertainty, contingency reserves equivalent to 1.1 percent of GDP have been identified to absorb oil-price shocks and shortfalls in divestment proceeds, while any revenue underperformance will be addressed primarily through additional revenue measures and expenditure reprioritization.

11. The authorities are taking additional steps to protect vulnerable groups from the high cost of living and its adverse impact on poverty, which has intensified in recent years. In February 2026, they announced a comprehensive EGP 40.3 billion support package, including temporary cash transfers during the month of Ramadan and Eid al-Fitr celebrations, accelerated implementation of Hayah Karima rural development projects, and expanded access to healthcare and state-funded treatment for those without health insurance coverage. The authorities stand ready to scale up targeted support within the overall budget envelope should conditions deteriorate.

12. Ensuring EGPC's financial sustainability while containing associated fiscal risks remains a priority. The authorities have taken significant steps to strengthen EGPC's profitability and support the objective of achieving a positive cash-flow balance by FY2025/26. Cost recovery for fuel products covered by the indexation mechanism was achieved in December 2025 and, following the rise in global oil prices, fuel, gas, and electricity tariffs were adjusted. Together with energy conservation measures, these actions helped contain subsidy overruns, limiting the increase in energy subsidies to EGP 15 billion (0.07 percent of GDP) in FY2025/26. The Prime Minister announced the resumption of automatic fuel indexation in July 2026, which will help preserve cost recovery and prevent future overruns. By June 2026, EGPC had fully cleared its arrears to international oil companies, supported by government-guaranteed external borrowing and budgetary transfers to EGPC and EEHC, while efforts continue to prevent the re-accumulation of any new arrears. In parallel, the authorities are advancing energy diversification, with installed renewable capacity projected to reach 9.6 GW by end-2026 and about 45 percent of total generation capacity by end-2028, supported by private investment and grid upgrades. A progress report on the EGPC viability plan will be submitted to the Ministry of Finance by end-September 2026 (new structural benchmark). The report will assess progress toward restoring a cash-flow surplus, reducing government guarantees, and improving collections, while providing a comprehensive update on EGPC's financial position, and identifying any additional measures needed to strengthen its viability and reduce fiscal risks.

13. **The authorities are advancing an ambitious debt management agenda aimed at placing public debt on a firm downward trajectory, reducing gross financing needs (GFNs), lowering interest costs, and lengthening maturities**. Under the Medium-Term Debt Management Strategy (MTDS), they successfully raised US$2.5 billion despite challenging market conditions through private placements, an oversubscribed 8-year Social Eurobond, and a Samurai bond, while continuing to optimize the financing mix toward longer maturities and concessional financing from development partners. Notwithstanding a modest backloading of implementation, the authorities have made substantial progress in reducing GFNs, which declined by 5 percent of GDP in FY2025/26 —close to the 6 percent of GDP originally envisaged. They remain committed to achieving a cumulative reduction in GFNs of 10 percent of GDP over FY2025/26–FY2026/27. This will be supported by debt reduction using proceeds from the U.S. dollar 3.5 billion Qatari investment deal, and over U.S. dollar 500 million divestment from Gabal El Zeit and other transactions, a reduced reliance on short-term Treasury bills, increased issuance of longer-term instruments, and voluntary liability-management operations. Although market volatility following the outbreak of the Middle East war slowed progress in extending maturities, the average time to maturity of new issuances improved to 1.1 years by end-June 2026—the highest level in three years—and is expected to rise further as market conditions permit. At the same time, the authorities continue to phase out privately placed Ministry of Finance notes, reducing the outstanding stock from EGP 752 billion to EGP 475 billion over the past year, with further reductions planned alongside the discontinuation of one-week notes. To reinforce these efforts, the authorities are strengthening public debt management institutions through (i) the establishment of a fully-fledged Debt Management Office, (ii) enhanced staffing and analytical capacity, (iii) upgraded debt-management systems, (iv) stronger coordination between the investor relations unit and the macro-fiscal policy unit in relation to investors' interactions, (v) closer coordination among key public-sector stakeholders, and (vi) continued efforts to deepen domestic debt markets and diversify financing instruments. Reflecting the authorities' sustained fiscal and debt management efforts, general government debt is projected to decline from about 96% of GDP in FY2022/23 to an estimated 85.6 percent of GDP in FY2025/26, 84.4 percent in FY2026/27, and 80.9 percent in FY2027/28.

14. **In support of its fiscal efforts, the MOF continues to carry out wide-ranging fiscal reforms, notably aimed at strengthening the monitoring and control of public sector activity and fiscal risks**. Key reforms include (i) enhanced **public financial management** through the publication of a fiscal strategy paper, a medium-term budget and a comprehensive fiscal risk statement covering macro-fiscal, climate, SOE, PPP, and contingent liability risks, including the budgetary impact of the Middle East war; (ii) continued integration of Economic Authorities into general government reporting in line with GFSM 2014 standards; (iii) expanded arrears reporting

to cover critical SOEs and Economic Authorities; and (iv) strengthened debt transparency through quarterly budget-sector debt bulletins and semi-annual consolidated general government debt statistics. The authorities remain committed to **containing public investment** while improving project selection and prioritization, including through a forthcoming World Bank Public Finance Review assessment. Following a temporary breach related to EGPC borrowing, **the stock of government guarantees** returned within program limits, and the authorities remain on track to meet end-June targets. In parallel, **SOE reporting** is being significantly expanded through a new SOE database, with the objective of achieving comprehensive coverage of all 230 SOEs under the updated State Ownership Policy by end-November 2026. These efforts have contributed to notable gains in **fiscal transparency and budget openness**, reflected in Egypt's Open Budget Index score rising from 49 in 2023 to 59 in 2025, just two points short of the 61-point threshold for substantial budget information sharing, improved public participation, and a higher international transparency ranking.

Monetary and Exchange Rate Policies

15. The monetary stance remained sufficiently restrictive before the war and helped sustain the disinflation process, despite cumulative policy rate cuts of 825 basis points between April 2025 and February 2026. Inflation expectations remained anchored, with CBE surveys indicating expectations below or in line with projected inflation. Following the onset of the war, rising inflationary pressures from higher domestic energy prices and exchange rate depreciation led the CBE to adopt a wait-and-see approach and maintain policy rates unchanged in April, May, and July 2026. At the same time, the CBE assessed that the prevailing monetary stance remained sufficiently restrictive to support the ongoing disinflation process and preserve well-anchored inflation expectations. Encouragingly, annual headline inflation declined to 14.3 percent in June 2026, supported by favorable monthly inflation dynamics and limited demand-side pressures.

16. Looking ahead, the CBE remains committed to a tight, data-dependent monetary policy stance consistent with returning inflation to its target. Accordingly, the CBE will continue to conduct monetary policy based on inflation projections while remaining vigilant to incoming data and inflation dynamics, particularly as inflation moved outside the outer band in March and June 2026 and uncertainty related to the Middle East war has not dissipated. The Monetary Policy Committee remains firmly committed to price stability and will not hesitate to tighten policy to ensure inflationary pressures are contained and inflation returns to its target of 7 percent (±2 percentage points) in the near term. It will also continue to strengthen its monetary policy framework through enhanced communication by reaffirming its commitment to the inflation target and disinflation path, while supporting these efforts through enhanced monitoring of inflation expectations, the regular publication of its quarterly Monetary Policy Report, and continued progress toward the adoption of a fully-fledged inflation-targeting framework.

17. The CBE remains firmly committed to exchange rate flexibility as a key pillar of the macroeconomic policy framework and the first line of defense against external shocks and

volatile capital flows. The exchange rate appreciated by about 10 percent prior to the Middle East war and subsequently depreciated by nearly 17 percent at the height of the crisis—one of the largest adjustments among emerging markets—reflecting capital outflows. These movements were consistent with a market-determined exchange rate, with two-way volatility largely driven by short-term capital flows and helping absorb external shocks. The spread between the official and market-clearing rates remained closed, with no foreign exchange demand backlogs at banks and no CBE intervention in the FX market. The authorities appreciate staff's recognition that their policy framework remains consistent with the principles of the Integrated Policy Framework (IPF), which emphasizes coordination across monetary, exchange rate, FX intervention, capital flow, and macroprudential policies, while preserving the primacy of warranted macroeconomic adjustment. The CBE will continue to limit FX interventions to address excessive volatility, consistent with its policy framework and IPF considerations. To further strengthen interbank market monitoring, the CBE will continue reporting daily bank-by-bank FX transaction-level data.

18. The CBE will continue building adequate reserve buffers to support a strong and sustainable external position. Despite the adverse effects of the war, the end-March target was met, supported by improved market conditions and positive net foreign exchange inflows. As inflows strengthened following the ceasefire agreement, the CBE made further purchases, placing reserves in a strong position to meet end-June targets. Consistent with program commitments and subject to favorable market conditions, the CBE will continue accumulating official reserves to further strengthen its external position. Reserve accumulation will remain market-based, implemented through pre-announced auctions, direct market purchases, and other market instruments, with timing and volumes calibrated to prevailing conditions. This framework will remain the primary mechanism for building high-quality reserves. To limit foreign currency mismatches, the CBE will not grant exemptions to banks breaching net open position limits and will apply sanctions in accordance with regulations. It will also continue consultations on commercial banks' NFA balances in line with program commitments and will maintain the continuous performance criterion on the non-accumulation of external debt arrears.

Financial Sector Policies

19. Strengthening financial sector resilience continues to be a key priority. Egypt's banking sector remains resilient, profitable, liquid, and well capitalized, with capital adequacy ratios comfortably above regulatory requirements, exceptionally strong liquidity buffers, and profitability indicators that compare favorably with international benchmarks. The authorities remain vigilant to risks stemming from heightened geopolitical uncertainty and evolving global conditions, and are strengthening supervisory frameworks through enhanced risk reporting, improved data infrastructure, expanded scenario-based stress testing, and closer monitoring of sovereign-bank linkages, climate, cybersecurity, and other emerging vulnerabilities.

20. Progress is also being made to strengthen governance within state-owned banks. Independent diagnostic assessments of the National Bank of Egypt and Banque Misr identified areas for improvement in governance and risk-management practices, and corrective action plans have been finalized, with continued reporting to IMF staff and a final status report due by end-September 2026. In parallel, the authorities remain committed to ensuring that all banks operate on a fully commercial basis and at arm's length from the government. Egypt is also advancing digital financial development through reforms in digital banking, e-KYC frameworks, fintech regulation, payment systems, cybersecurity, and supervisory technology. The authorities expect the launch of the first fully licensed digital bank before end-2026 and will continue strengthening oversight, cyber resilience, data analytics, and supervisory tools to support innovation while safeguarding financial stability and operational resilience.

Structural Reforms

21. Divestment remains a key pillar of the reform agenda. Despite a challenging external environment, the authorities have accelerated the divestment program and expect to secure significant proceeds from transactions already underway, including key asset sales and the completion of the U.S. $420 million Gabal el Zeit transaction, with all proceeds directed toward debt reduction. Looking ahead, a pipeline of additional transactions and IPOs is expected to deepen capital markets, mobilize private investment, and support debt reduction, with at least 50 percent of future proceeds allocated to lowering public debt.

22. The authorities are also advancing a comprehensive reform of the 59 Economic Authorities through restructuring, mergers, reclassification, and the clearer separation of commercial and public service functions. The reform focuses on (i) reviewing the Economic Authorities' legal status—including conversion into holding companies governed by corporate law (ii) strengthening their operational and financial models, (iii) separating commercial from non-commercial activities, and (iv) establishing transparent budget financing for public service obligations. In the near term, the authorities plan to convert seven of the economic authorities into public service economic organizations to be included in the government budget, merge seven, and dissolve two, while undertaking deeper legal and organizational reforms for the remaining economic authorities by end-2026. Priority sectors include mass media, railways and tunnels, new urban communities, supply chains, and agricultural projects.

23. In parallel, the authorities have published an updated State Ownership Policy (SOP) document. The updated SOP strengthens the state ownership framework by promoting private sector-led growth, competitive neutrality, and stronger governance. To support implementation, the authorities will adopt a Cabinet-approved executive plan by end-September 2026, setting clear timelines for divestment from non-strategic sectors, completion of the SOE triage exercise, legislative reforms and governance enhancements, implementation of the dividend policy, and improved availability of audited SOE financial information. Progress will continue to be monitored through the publication of updated semi-annual SOP indicators.

24. Efforts to improve the business environment continue through customs reforms, mandatory advance customs clearance, and the rollout of a fully digital platform for business registration and licensing covering 400 economic activities. The authorities also remain committed to strengthening **competitive neutrality and economic competition**, building on the removal of SOE and other public entities' tax privileges and recent amendments to the Competition Law that enhance the independence and enforcement powers of the Egyptian Competition Authority.

Conclusion

25. The Egyptian authorities have continued to deliver strong policy implementation despite an exceptionally challenging regional environment. Decisive actions have preserved macroeconomic stability, strengthened resilience, protected the most vulnerable, and maintained momentum on a broad structural reform agenda. The authorities remain firmly committed to the objectives of the EFF and RSF and will continue implementing prudent macroeconomic policies and ambitious reforms to support sustainable, private-sector-led growth. In light of the authorities' strong policy commitment and continued progress under the program, we respectfully request Executive Directors' support for the completion of the Seventh Review under the EFF and the Second Review under the RSF, and related decisions.