

The most notable structural reforms implemented under the first phase and the second phase (first tranche) of the Macro-Financial Assistance and Budget Support Mechanism with the European Union (MFA)

First Phase: (December 2024)	Relevant entity
Pillar One: Macroeconomic Stability and Resilience	
<ul style="list-style-type: none"> Monitoring the continued flexibility of the exchange rate and the effective performance of the foreign exchange market, and reporting to the European Commission (Directorate-General for Economic and Financial Affairs) on the relevant indicators agreed with the International Monetary Fund (including the accumulation of foreign currency demand in banks and the interbank foreign exchange turnover rate) by September 2024, and thereafter on a quarterly basis. 	 <p>البنك المركزي المصري CENTRAL BANK OF EGYPT</p>
<ul style="list-style-type: none"> Implementing the electronic payroll tax calculation system, applying it to all public sector wages, and gradually to private sector wages, so as to cover 15% of private sector companies by September 2024. Activating the amendment to the Public Finance Law to set an annual ceiling for general government debt, including the 	 <p>وزارة المالية MINISTRY OF FINANCE</p>

<p>59 economic authorities, through the establishment of a dedicated unit within the Ministry of Finance and the issuance of Prime Ministerial directives to establish dedicated units within all 59 economic authorities to undertake accounting, consolidation, and reporting functions related to general government operations by September 2024, and publishing the relevant consolidated general government statistics on a semi-annual basis.</p> <ul style="list-style-type: none"> • Issuing top-down budget guidelines and associated ceilings related to the Medium-Term Budget Framework to be circulated to line ministries by September 2024. • Preparing a draft procedural manual for Program and Performance Budgeting by September 2024. 	
<ul style="list-style-type: none"> • Preparing a guidance document for circulation to executive ministries to define the new criteria for the appraisal of public investment projects by September 2024. 	 <p>وزارة التخطيط والتنمية الاقتصادية والتعاون الدولي Ministry of Planning, Economic Development & International Cooperation</p>
<ul style="list-style-type: none"> • Strengthening sustainable transition and continuing to reinforce the social safety net, among other things, through: (1) increasing the number of households benefiting from the Takaful 	 <p>وزارة الضمان الاجتماعي Ministry of Social Solidarity</p>



<p>and Karama cash transfer programs by 100 (from 4.6 million to 4.7 million); (2) increasing the number of microfinance projects by 20,000 projects (from 561,000 to 581,000 projects), by September 2024.</p> <ul style="list-style-type: none">• Launching and publishing the Social Protection Observatory Report by September 2024	
<ul style="list-style-type: none">• Launching the “Mahany 2030” electronic platform and develop a communication and awareness strategy for users by September 2024, to develop youth skills in accordance with international standards, facilitate the transition from the informal sector to the formal sector, and reduce corruption risks.	
<p>Pillar Two: Competitiveness and Business Environment</p>	
<ul style="list-style-type: none">• Establishing a unified database (managed by the State-Owned Enterprises Inventory and Monitoring Unit) with financial indicators and ownership details for all state-owned enterprises.• Enhancing transparency regarding progress achieved in the State	



<p>Ownership Policy through publications, before the end of September 2024, including:</p> <p>a) progress achieved during fiscal year 2023/2024 with regard to the adoption of reforms and measures related to the State Ownership Policy;</p> <p>b) details of all divestment/IPO transactions implemented during fiscal year 2023/2024, including information on transaction size, details of each transaction, the parties involved, the process and the approved steps, including procedures and legal frameworks.</p>	
<ul style="list-style-type: none">• Providing, by September 2024, an overview of all sectors and areas in which Egypt requires licenses, prior registration, or import approval, with the aim of ensuring predictability.• Publishing a “Unified Negative List” of restrictions applied to foreign investment in covered sectors by September 2024, including foreign equity caps in the sectors of construction, distribution (retail), maritime and air transport, media, and professional services (legal services and auditing/accounting).• By September 2024, working on centralizing information in an easily	



<p>accessible format (online, in English, and free of charge) for both domestic and foreign investors on a single investment website, including the provision of information on tax incentives, relevant legislation, application procedures, required documentation, and the institutional setup for foreign direct investment incentives, through a centralized, searchable, and regularly updated database.</p> <ul style="list-style-type: none">• Improving the investment environment through the implementation of an automated investment licensing system, enabling investors to submit and track their applications for approvals, permits, and licenses electronically, as well as to submit inquiries and complaints electronically, by September 2024.	
<ul style="list-style-type: none">• Preparing a plan by the end of September 2024 to introduce a public e-procurement system in line with the current Public Procurement Law (Law No. 182 of 2018 regulating contracts concluded by budgetary entities), and allowing for the publication of final contract awards, with the objective of fully operationalizing the new system by September 2025.• Publishing a Medium-Term Tax Strategy up to 2030 by September 2024,	

<p>including clear guidelines on tax policy pillars and administrative reforms, including tax incentives for investment, and conducting consultations with private sector representatives thereon prior to its adoption.</p>	
<ul style="list-style-type: none"> Improving the implementation of competitive neutrality through the issuance by the Egyptian Competition Authority and Anti-Monopoly Practices of three guidelines on competitive neutrality (definition of relevant markets, assessment of dominance, and vertical restraints). 	 <p>جهاز حماية المنافسة EGYPTIAN COMPETITION AUTHORITY</p>
<p>Pillar Three: Green Transition</p>	
<ul style="list-style-type: none"> Adopting the revised Sustainable Energy Strategy by September 2024. Issuing the regulations governing the issuance of Energy Attribute Certificates to support the private sector framework. 	 <p>وزارة الكهرباء والطاقة المتجددة Ministry of Electricity and Renewable</p>

Second Phase – First Tranche: (December 2025)	Relevant entity
Pillar One: Macroeconomic Stability and Resilience	
1.1 Sharing current and future relevant indicators agreed with the International Monetary Fund (including arrears in meeting foreign currency demand at banks and interbank trading volumes in the foreign exchange market) with the European Commission (Directorate-General for Economic and Financial Affairs) on a quarterly basis.	 <p>البنك المركزي المصري CENTRAL BANK OF EGYPT</p>
1.2 Strengthening domestic revenue mobilization and eliminating basic tax declarations.	
1.3 Enhancing the activation of amendments to the Public Financial Management Law, whereby the General Accounting Unit at the Ministry of Finance will prepare a manual on the methodology and procedures for compiling and consolidating general government data, including monitoring the transfer of financial information between economic authorities and the Ministry of Finance unit.	
1.4 Further strengthening the Medium-Term Budget Framework (MTBF), through: <ul style="list-style-type: none"> a. Preparing an evaluation report on the initial phase of MTBF implementation; b. Publishing a Fiscal Strategy Paper in line with international best practices, including key macro-fiscal projections over a multi-year horizon. 	 <p>وزارة المالية MINISTRY OF FINANCE</p>
1.5 Strengthening the implementation of Program and Performance Budgeting through the preparation of a detailed plan for the implementation of the Public-Private Partnership Action Plan.	



<p>1.6 Strengthening financial risk management through the issuance of a ministerial decision regulating financial risk management, including the definition of financial risk management responsibilities.</p>	
<p>1.7 Further strengthening the Medium-Term Budget Framework (MTBF) to ensure consistency in the preparation and use of a shared macroeconomic framework, through the full activation of the established Technical Working Group comprising the Ministry of Planning, Economic Development and International Cooperation, the Ministry of Finance, the Ministry of Investment and Foreign Trade, and the Central Bank of Egypt, by adopting a formal coordination protocol. This includes unifying data exchange mechanisms, setting a clear timetable for economic forecasting, and adopting a unified set of macroeconomic assumptions and shared economic forecasts among the relevant ministries.</p>	<p>وزير التخطيط والتنمية الاقتصادية والتعاون الدولي Ministry of Planning, Economic Development & International Cooperation</p>
<p>1.8 Strengthening public investment management through conducting a comprehensive review of the recommendations of the Organization for Economic Co-operation and Development (OECD) and the Public Governance Review (PGR) roadmap, in addition to the Public Investment Management Assessment (PIMA), with a aim to identifying and prioritizing subsequent actions.</p>	
<p>Pillar Two: Competitiveness and Business Environment</p>	

<p>2.1 Reducing opportunities for violations and increasing public revenues from land sales through the application of a competitive bidding system in the pricing of the allocation and sale of industrial land.</p>	
<p>2.2 Launching an electronic platform for granting investment licenses, and developing a plan for the gradual expansion of this platform to include obtaining and paying for most licenses, permits, and related services, in order to facilitate investment in Egypt and attract additional demand-driven foreign direct investment.</p>	
<p>Pillar Three: Green Transition</p>	
<p>Water Resources Management to Improve the Management of Scarce Water Resources, Particularly Groundwater:</p> <p>a. Issuing a Prime Ministerial decision setting a fee per cubic meter of water extracted from wells for non-agricultural purposes, in line with Article (72) of the Egyptian Water Resources and Irrigation Law No. 147 of 2021.</p> <p>b. Adopting clear ministerial-level guidelines and procedures for licensing the drilling and operation of groundwater wells, including technical standards, permitted extraction quantities, and monitoring and oversight requirements, in line with Chapter Seven of Law No. 147 of 2021.</p>	
<p>3.2 Feed-in Tariff for Waste-to-Energy:</p>	



Obtaining Cabinet approval for a revised feed-in tariff for waste-to-energy projects, with the possibility of including an adjustment mechanism within the decision to allow for future tariff revisions, and enhancing waste management practices.

3.3 Protection of the Red Sea's Natural Capital for the Achievement of Sustainable Economic Development: Cabinet approval to declare the entire marine ecosystem of the Red Sea a protected area, given its importance in ensuring the sustainability of the tourism industry.



3.4 National Energy Efficiency Plan:

In order to ensure more effective implementation of the National Energy Efficiency Action Plan, the Egyptian government will strengthen the role of the Energy Planning Unit affiliated with the Cabinet by formally expanding its mandates to include strategic planning for energy efficiency.

