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Ministry of Planning, Economic
Development & International
Cooperation

EGYPT'S NARRATIVE FOR ECONOMIC DEVELOPMENT

REFORMS FOR GROWTH, JOBS & RESILIENCE

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Foreword

Based on the directives of **H.E. President Abdel Fattah El-Sisi**, President of the Arab Republic of Egypt, and the mandates of **H.E. Dr. Mostafa Madbouly**, Prime Minister, and in accordance with the provisions of the Unified Public Finance Law No. 6 of 2022 and the State's General Planning Law No. 18 of 2022; which serve as the reference framework for the preparation of *Egypt's Narrative for Economic Development*, the Ministry of Planning, Economic Development and International Cooperation is mandated to define the State's strategic objectives across all sectors for the budget year and the medium-term fiscal framework. This includes determining the priorities for implementing those objectives, designing the integrated development planning system, setting out the vision and strategies, and monitoring their implementation at national, regional, and sectoral levels. It also requires linking them to macroeconomic policies, with each ministry or entity obliged to coordinate with the planning ministry in preparing and defining performance indicators for outputs and the results of implementing main and sub-programs, activities, and projects.

On this basis, the Ministry of Planning, Economic Development and International Cooperation, under the leadership of **H.E. Dr. Rania Al-Mashat**, undertook the preparation and formulation of *Egypt's Narrative for Economic Development: Reforms for Growth, Jobs & Resilience*, in coordination with all ministries, authorities, and concerned entities. The core team included Nada Tawfik, Nadine Bakr, Dr. Shaimaa Mahgoub, and Nevert Haroun, with contributions from working groups comprising Farida Farghal, Omar Nabil, Nour Hussein, Mohamed Magid, Dr. Mona Essam, Dr. Gamal Helmy, Prof. Fathi Saqr, Prof. Hoda El-Nemr, Ghadeer Hegazy, Heba Abdel Moneim, Tamer Taha, Dr. Ahmed Ashour, Sayed Badr, Dr. Eman Fakhr, Dr. Samar El-Ahdal, Shady Rashed, among others.

We also express our deep appreciation for the valuable contributions of national ministries and entities to the preparation of the Narrative.

The Ministry of Industry, led by **H.E. Eng. Kamel El-Wazir**, Deputy Prime Minister for Industrial Development and Minister of Industry and Transport, contributed through the *National Industrial Development Strategy*, which aims to build a competitive and sustainable industrial economy that strengthens Egypt's position as a regional manufacturing hub, deepens local production, and increases the added value of exports. This work was supported by Dr. Doaa Salima, Executive Director of the Industrial Modernization Center, and the ministry's technical team.

The Ministry of Finance, under **H.E. Ahmed Kouchouk**, Minister of Finance, provided strategic insights on fiscal policies aimed at balancing financial discipline with economic growth. It also highlighted major tax and customs reforms within the pillar of macroeconomic stability, with contributions from Deputy Minister Yasser Sobhy, Shereen Sharqawi, Dr. Mohamed Ibrahim Abdo, and Alaa Abdelrahman.

The Ministry of Investment and Foreign Trade, under **H.E. Eng. Hassan El-Khatib**, Minister of Investment and Foreign Trade, developed the *Foreign Direct Investment Promotion Strategy*, which set out sectoral priorities and incentives for attracting foreign capital, alongside measures to enhance the business environment and investment climate. It also produced Egypt's trade policy document and analytical papers on trade agreements with international partners, including data on Egypt's trade structure by products and markets. Key contributions were made by Dr. Dalia El-Hawary, Deputy CEO of the General

Authority for Investment and Free Zones, along with Ghada Nour, Gomaa Madani, and Ahmed Salah.

The Ministry of Labor, under **H.E. Mohamed Gebran**, prepared the *National Employment Strategy*, through a skills-based approach aligned with labor market needs.

The Ministry of Education and Technical Education, under H.E. Mohamed Abdel Latif, provided essential inputs on expanding international and local partnerships for developing applied technology schools and modernizing technical education to align with labor market requirements domestically and globally.

Acknowledgment is also due to the Central Bank of Egypt, led by **H.E. Hassan Abdalla**, Governor, for presenting the monetary policy framework within the macroeconomic stability pillar, and to **H.E. Dr. Amr Talaat**, Minister of Communications and Information Technology; **H.E. Dr. Mahmoud Essmat**, Minister of Electricity and Renewable Energy; **H.E. Sherif Fathy**, Minister of Tourism and Antiquities; **H.E. Dr. Alaa Farouk**, Minister of Agriculture and Land Reclamation; and **H.E. Eng. Karim Badawi**, Minister of Petroleum and Mineral Resources. These sectors; tourism, communications and information technology, and agriculture, are critical in transforming the structure of Egypt's economy toward tradable and export-oriented activities. At the same time, reforms in electricity, renewable energy, petroleum, and mining will further consolidate Egypt's role as a regional energy hub.

We also commend the contributions of the Macroeconomic Advisory Committee, the Export Development Advisory Committee, the Industrial Development Advisory Committee, the Technical Secretariat of the Coordinating Council for Fiscal and Monetary Policies, the Government IPOs Committee, and the outcomes of the National Dialogue, all of which provided valuable recommendations and insights.

We extend our gratitude to the World Bank, as a knowledge partner, for its comparative analyses that helped align Egypt's national priorities with leading global experiences, in addition to the outputs from its various diagnostic reports. Special thanks go to **Mr. Stephane Guimbert**, Country Director for Egypt, Yemen and Djibouti; Mr. Marc Ahern, Lead Economist for Egypt, Yemen, and Djibouti; Ms. Sarah El-Nashar; and Dr. Nadir Mohamed, for their important technical inputs.

We equally recognize the contribution of the International Labour Organization and its experts, led by **Dr. Ragui Assaad,** for their analyses based on the 2023 Egypt Labour Market Panel Survey (ELMPS) and the labor market diagnostic study, as well as their role in presenting the main features of the *National Employment Strategy* as a key partner in its development.

Egypt's Narrative for Economic Development sets ambitious targets for the Egyptian economy in areas including economic growth, employment, foreign direct investment, and industrial localization, based on the data available during its preparation. Acknowledging the dynamic nature of the current phase, the Egyptian government continues to monitor regional and international developments closely, assessing their impact on the country's economic trajectory. Importantly, the *Narrative* has been designed as a flexible document, subject to updates in response to emerging challenges and opportunities, ensuring that public policies remain directed toward sustainable and inclusive economic development.

Finally, these efforts have been undertaken under the guidance of **H.E. President Abdel Fattah El-Sisi** and with the continuous support of **H.E. Dr. Mostafa Madbouly**, Prime Minister, reflecting the political leadership's commitment to advancing comprehensive and sustainable development, and consolidating a more resilient economic model, capable of confronting challenges and seizing opportunities.

Executive Summary

Contents

An Overview of Egypt's Narrative for Economic Development

The Ministry of Planning, Economic Development and International Cooperation, in coordination with all relevant Ministries and government entities, has developed "Egypt's Narrative for Economic Development: Reforms for Growth, Jobs & Resilience" as a comprehensive framework that weaves together ambition, policy and action.

Building on ongoing reform efforts, Egypt's Narrative for Economic Development presents the country's economic model, with macroeconomic stability as a cornerstone, while steering the economy toward higher productivity, greater economic complexity, and stronger value chains. It pivots the focus toward tradable and export-oriented sectors that capitalize on Egypt's robust infrastructure and strategic location. It also empowers the private sector as the key driver of growth and jobs, while enhancing competitiveness and innovation to ensure that economic development is both sustainable and inclusive, through redefining the role of the state.

In addition, Egypt's Narrative for Economic Development introduces the National Structural Reform Program, anchored around three pillars: strengthening macroeconomic stability, boosting competitiveness and improving the business climate, and advancing the green transition. It outlines strategies for foreign direct investment, industrial development, foreign trade, and the labor market, whilst prioritizing key sectors such as manufacturing, tourism, agriculture, energy, communications, and information technology, underpinned by sound macro-fiscal policies and prudent governance of public investments. It also places renewed emphasis on spatial equity, making planning a catalyst for localized economic development across Egypt's governorates.

Egypt's Narrative for Economic Development sets out a coherent set of quantitative targets within a simplified macroeconomic framework, including measurable indicators for 2030 and a long-term outlook for Egypt's strategic economic trajectory for 2050.

Against this backdrop, the essence of Egypt's Narrative for Economic Development rests on a complementary relationship between stability and reform: macroeconomic stability enables structural reforms, while reforms reinforce stability. Together, they lay the groundwork for sustainable growth, unlock Egypt's potential output, and create a virtuous cycle that accelerates development, enhances productivity, attracts investment, boosts exports, and generates quality jobs.

In summary, Egypt's Narrative for Economic Development serves as an economic reform program and a communication and promotional tool that captures the momentum of structural reforms, empowers the private sector, opens new financing pathways, and sheds light on the dynamic sectors shaping Egypt's next growth frontier.

Guided by the directives of H.E. the President of the Arab Republic of Egypt and under the auspices of the Prime Minister, Egypt's Narrative for Economic Development operationalizes Planning Law No. 18 of 2022 and ensures its alignment with unified Finance Law No. 6 of 2022, advancing the shift toward medium-term planning and budget frameworks, supported by program and performance-based budgeting. It further aligns the Government's Action Program with Egypt's Vision 2030 and sectoral strategies, while ensuring consistency with macroeconomic policies. In this context, Egypt's Narrative accounts for the rapidly evolving global landscape, charting a clear path toward a more competitive, resilient, and inclusive economy, where strategies are not only consistent but also streamlined and agile.

The Narrative emerges amid heightened global instability, marked by escalating geopolitical tensions, intensifying regional conflicts, and growing maritime security risks in the Red Sea. On the economic front, successive global shocks—most notably the resurgence of protectionist policies and their disruptive impact on international financial markets—have heightened international concerns over the implications of these strains for the stability of the global economic system. These dynamics further obscure the outlook for growth and inflation, reinforcing uncertain global environment.

In light of these developments, the Egyptian government is pursuing a balanced and moderate policy approach that reinforces the resilience of the national economy, enhances its capacity to absorb global shocks, and capitalizes on emerging opportunities to mitigate adverse impacts. At the same time, it is addressing domestic challenges through targeted policies and programs, while accelerating the momentum of inclusive growth and advancing sustainable development across its three dimensions—economic, social, and environmental.

The implications of global developments necessitate a flexible planning approach that involves continuous monitoring and adjustment of national plans and strategic targets in line with evolving conditions. Such adaptability has become indispensable in today's rapidly changing environment and is aligned with ongoing efforts to design and update priority strategies, including the Foreign Direct Investment (FDI) Strategy, the Industrial Development Strategy, the Export Promotion Strategy, and the National Employment Strategy. In parallel, the government is advancing a shift toward medium-term development and budget planning, integrating the annual budget with three forward-looking fiscal years.

Based on the foregoing, the Ministry—in close coordination with relevant ministries, agencies, and stakeholders—has developed a comprehensive framework through which the State aims to advance sustainable growth and enhance economic competitiveness. The framework is anchored in a unified development model that combines a coherent set of policies with structural reforms, supported by clearly articulated quantitative targets across the short, medium, and long term. Egypt's Narrative for Economic Development responds to the critical need for a unified national economic development narrative that strengthens inter-institutional policy coherence, aligns national efforts around common strategic priorities, and promotes the efficient allocation and utilization of resources.

Accordingly, the Narrative aims to reinforce the alignment and integration of policies, strategies, and quantitative targets within a coherent framework spanning both macroeconomic and sectoral dimensions. This will enhance policy consistency and reinforce the coherence of current strategies. Designed within the framework of the National Structural Reform Program, which aims to maximize Egypt's economic potential, the Narrative is primarily directed towards domestic and international investors, international financial institutions, development partners, economic policy experts, and the specialized committees of Parliament and Shura Council. Moreover, it provides a structured articulation of the State's reform priorities and strategic areas of intervention with the highest potential to generate impactful development outcomes.

It is based on outputs, recommendations, and mandates generated through established institutional mechanisms. Foremost among these are the National Dialogue, the Specialized Council for Economic Development under the Presidency of the Republic, the Supreme Council for Investment, and the Prime Minister's advisory committees, including the Macroeconomic Committee and the Export Development Committee. Its development has been further strengthened by ongoing coordination with national entities, notably the Economic and Industrial Development Ministerial Groups, entrepreneurship-focused committees, other specialized committees, and the Coordinating Council for Fiscal and Monetary Policies.

1. General Framework and Core Pillars of "Egypt's Narrative for Economic Development"

Amid rapid shifts in the global economic system and persistent structural challenges, Egypt is pursuing a growth strategy anchored in an economic model that positions the private sector as the main driver of growth and job creation. The strategy prioritizes reallocation of resources towards tradable sectors to enhance competitiveness of the Egyptian economy.

This new approach marks a significant milestone in the development journey that began over a decade ago. During this time, the State has invested heavily in infrastructure, including road networks, energy, ports, and smart transportation systems. These efforts aim to create an environment that enables economic activity, enhances productivity, and attracts investment. Such investments have created the conditions necessary for a more dynamic economy that can withstand external shocks and generate genuine added value. The new economic model seeks to strengthen the economy's capacity to mobilize domestic resources, improve the efficiency of resource allocation, and reduce the enduring financing gap, by promoting competitive productive activities, expanding the export base, increasing economic complexity, and fostering domestic knowledge production and technological innovation. Together, these measures enhance international competitiveness and support sustainable growth.

In this context, Egypt's new economic model is based on three interconnected pillars: I. macroeconomic stability as the pillar of sustainable growth; II. structural transformation focusing on tradable sectors; and III. redefining the role of the state in the economy, empowering the private sector.

I. Macroeconomic Stability

Macroeconomic stability is a prerequisite for fostering an environment conducive to growth and investment. This requires disciplined fiscal and monetary policies that reinforce confidence and stability. On the fiscal side, this requires consolidation through expenditure rationalization, broadening the tax base, and improving the efficiency of resource allocation. This ensures that fiscal policy actively supports growth and aligns with effective private sector partnerships. Fiscal stability is considered essential for achieving high and sustainable economic growth while safeguarding fiscal solvency and sustainability in the medium and long term.

In this context, fiscal policy aims to strike a balance between maintaining fiscal discipline and stimulating economic activity through targeted, high-impact initiatives. These measures are intended to boost confidence in the economy, support productive sectors, and create jobs. Key fiscal objectives include placing public debt on a sustainable downward path, protecting and increasing funding for social protection and human development programs, and supporting most vulnerable population. Fiscal policy also involves implementing tax incentive packages to strengthen trust with taxpayers and the business community, broaden the tax base, and create additional fiscal space to increase spending on health, education, and broader economic and social development.

The overarching objective of monetary policy is to strike a sustainable balance between price stability and supporting economic activity. This is achieved by taking measures to curb inflation, maintain exchange rate flexibility, and strengthen monetary policy instruments to manage liquidity in line with macroeconomic objectives. The approach also aims to rebuild international reserves and enhance the economy's resilience to external shocks, thereby reinforcing confidence in macroeconomic stability. Monetary policy is currently undergoing a comprehensive reform trajectory, including a gradual transition to full inflation targeting and the adoption of a more flexible exchange rate regime from March 2024. This will entail the elimination of parallel currency markets. These reforms have improved the availability of foreign exchange, corrected market imbalances, and replenished official reserves, thereby supporting macroeconomic stability and establishing the basis for balanced and sustainable economic growth.

Coordination between monetary and fiscal policies is fundamental to ensuring macroeconomic stability and supporting sustainable growth. Institutional integration—linking fiscal consolidation measures such as expenditure rationalization, tax base expansion, and improved resource allocation efficiency with monetary tools for liquidity management, inflation containment, and exchange rate flexibility—creates a stable economic environment that promotes investment and production. Effective coordination aligns the two policy instruments, minimizing policy conflicts, reinforcing fiscal discipline, safeguarding public debt sustainability, and maintaining monetary policy coherence to support price stability. This integrated framework safeguards the national economy against domestic and external shocks, thereby enhancing confidence and strengthening its attractiveness to domestic and international investors.

Furthermore, effective governance of public investments is crucial for aligning capital expenditure with national development priorities, encouraging private sector participation, and maximizing the economic and social returns of public spending. This governance framework demonstrates a commitment to improving resource allocation efficiency by evaluating projects based on expected returns and prioritizing financing according to their developmental impact.

Central Bank of Egypt's Monetary Policy Framework

The Central Bank of Egypt (CBE) aims to promote a sound monetary and banking system and to ensure price stability. These goals are pursued in alignment with the general economic policy of the State, as outlined in the Central Bank and Banking System Law No. 194 of 2020. As part of its price stability mandate, the CBE is committed to achieving and maintaining low and stable inflation over the medium term.

Since 2017, the CBE has been gradually transitioning towards implementing an inflation-targeting (IT) regime. This framework utilizes policy tools to anchor inflation expectations, contain demand-side pressures, and second-round effects of supply shocks, aiming to achieve the set inflation targets.

To achieve its mandate whilst transitioning to an inflation-targeting framework, the CBE sets several inflation targets in a way that transitions Egypt's economy gradually to an inflation rate that is consistent with price stability. In December 2024, the CBE announced its inflation targets for Q4 2026 and Q4 2028 at 7 percent (±2 percentage points) and 5 percent (±2 percentage points) on average, respectively.

The Monetary Policy Committee (MPC) meets eight times a year to discuss macroeconomic developments and decide on the level of key policy rates (overnight deposit and lending rates and the rate of the main operation) consistent with achieving the set inflation targets and maintaining price stability over the medium term. The overnight deposit and lending rates serve as the floor and ceiling of the CBE's corridor system within which the overnight interbank rate (CBE's operational target) fluctuates. A press release is published on the CBE website following every meeting, outlining the rationale behind the decisions made.

Monetary Policy Tools and Instruments

To achieve its price stability mandate, the CBE employs a range of instruments: the overnight deposit and lending facilities, the minimum reserve requirement for commercial banks, and deposit auctions. The CBE utilizes its monetary policy tools to steer the overnight interbank rate towards the level deemed consistent with: (1) minimizing deviations of inflation from the level considered consistent with price stability (inflation gap), and (2) minimizing volatility of real economic activity with respect to its full capacity utilization (output gap).

Source: CBE.

II. Strategic Shift towards Tradable Sectors

The state's new economic model leverages the latent potential of high value, tradable sectors, with a particular focus on manufacturing, tourism, agriculture, ICT, and energy as primary drivers of development. This strategic shift recognizes that these sectors are best placed to drive structural transformation in the Egyptian economy, deepen productive links, expand the export base, boost foreign currency inflows, and create a more dynamic and resilient economy that can withstand external shocks. To that end, Egypt's Narrative for Economic Development includes various national sectoral strategies, including the Industrial Development Strategy, which aims to promote local industrialization, the National FDI Strategy, which seeks to attract high-quality investment and facilitate technology transfer, and the National Employment Strategy, which aligns education and workforce skills with labor market requirements. The Narrative also encompasses the Integrated Sustainable Energy Strategy and the Integrated Low-Carbon Hydrogen Strategy, which aim to develop a secure and sustainable energy mix. It also includes the updated Strategy for Sustainable Agricultural Development, which aims to strengthen food security and stimulate rural economic growth; the Digital

Egypt Strategy, which aims to advance digital transformation and expand technology exports, the National Tourism Strategic Plan (NTSP) 2025–2031, which aims to double the sector's capacity and enhance its global competitiveness and increase tourism flows and foreign exchange revenues, and the National Strategy for Foreign Higher Education 2030.

This approach aligns with the forthcoming Trade Policy Framework being developed by Egypt's Ministry of Investment and Foreign Trade. The framework will serve as a reference for advancing Egypt's foreign trade at local and international levels. The framework aims to integrate trade policies with fiscal, monetary, investment, and industrial policies to ensure institutional coherence and support overarching development objectives. It emphasizes addressing challenges in export-oriented sectors, leveraging international and regional trade agreements to increase market access, diversifying exports of high-value goods and services, and improving the added value of products and services connected to foreign trade. By aligning trade policy with sectoral strategies, the framework establishes a coherent set of incentives and reforms designed to strengthen production and export performance in sectors where Egypt holds a comparative advantage.

The main objective of this approach is to generate productive, high-quality employment opportunities that contribute to higher incomes, reduced unemployment, and increased labor force participation, particularly among women. The employment multiplier concept is a key analytical tool that guides policy toward sectors with the greatest potential to achieve these outcomes. It quantifies the direct and indirect jobs created by stimulating demand across interlinked sectors within value chains. According to the 2016/17 Input-Output Tables, the manufacturing sector has the greatest employment multiplier in Egypt, followed by tourism, telecommunications, and information technology. These sectors have a greater capacity than others to create sustainable, high-productivity jobs, while simultaneously expanding export potential and increasing foreign exchange earnings.

The new economic model establishes the foundation for a coherent and integrated development path by promoting strong links between quality employment creation with high employment multipliers, added-value enhancement through export-oriented production, and foreign exchange earnings growth. This path aims to reinforce macroeconomic stability, attract and sustain private investment, increase productivity and encourage inclusive, sustainable growth. Ultimately, these improvements will lead to tangible benefits for the population in terms of well-being and living standards.

A Strategic Shift towards Tradable Sectors
Employment Multiplier

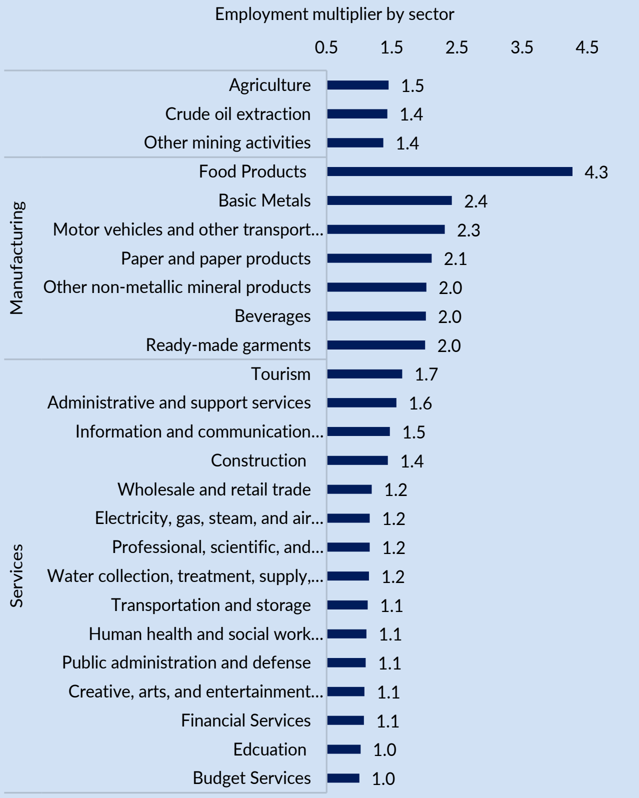
The state's new economic model is based on developing tradable sectors, with manufacturing forming the foundation for inclusive growth and sustainable job creation. According to estimates from the United Nations Industrial Development Organization (UNIDO), each job generated in manufacturing supports approximately 2.2 additional jobs in other sectors — substantially exceeding the employment multipliers observed in construction and mining, and nearly three times that of modern services, including transport, finance, and business services. These patterns are observed across both advanced and emerging economies, underscoring the industrial sector's high employment intensity and pronounced multiplier effects.

Based on the employment multiplier[1] concept, this indicator measures the direct and indirect expansion of employment across the economy resulting from a one-unit increase in final demand within a given sector. Estimates are derived from Input-Output Analysis, using Egypt's 2016/2017 Input-Output Tables—the most recent data available—to calculate the total number of jobs generated by an increase in sectoral demand.

These elements are derived from the Leontief Inverse Matrix, which quantifies the total output required from all sectors to satisfy an additional unit of final demand in a given sector, accounting for inter-sectoral linkages. By applying the sector-specific labor coefficients—representing the number of workers needed per unit of output—the employment multiplier is obtained, indicating the total number of jobs generated across the economy.

This methodology identifies sectors with the greatest potential for job creation, informing public policies and investment strategies that focus on activities with the highest employment impact. Estimates show that the manufacturing sector has the highest employment multiplier, ranging from 1.9 to 4.3. This is followed by selected service sectors, such as tourism 1.66 and telecommunications 1.47. In contrast, primary industries, including mining, have a lower multiplier of 1.37, as shown in the figure below.

Figure (1) Employment Multiplier by Sector



Source: Zaki (2022), Ayouty (2022) based on Egypt's 2016–2017 input-output tables.

1 The employment multiplier is calculated as follows:
Where: $$E_{MULT} = \frac{\sum_{i=1}^{n} w_i \; l_{ij}}{w_j}$$
wi: represents the ratio of compensation of employees in sector i to its total output Xi and serves as the sector-specific labor coefficient.
lij: denotes the element of the total requirements matrix, capturing the inputs from sector i required to produce one unit of output in sector j.

In this context, manufacturing, tourism and telecommunications are among the most promising sectors of the Egyptian economy, not only because of their ability to generate added value and export opportunities, but also because of their important role in strengthening productive links and creating jobs, particularly for women and young people. For instance, the food industry has the highest employment multiplier (4.27) of all economic sectors, followed by basic metals (2.42), motor vehicles and transport equipment (2.31), and paper production (2.11). These figures highlight the pivotal role of manufacturing in driving local value chains and creating indirect jobs across various sectors. Furthermore, the sector is a vital source of foreign currency, contributing directly to exports and affecting the balance of payments. This reinforces macroeconomic stability and reduces dependence on external financing.

Among the tradable service sectors, tourism has an employment multiplier of 1.66, which exceeds that of most other service sectors. This demonstrates the sector's direct and indirect employment effects. Similarly, the ICT sector has a multiplier of 1.47, indicating its capacity to create high-quality jobs and enhance the economy's overall production efficiency.

On the other hand, with an employment multiplier of 1.44, the construction sector performs moderately compared to other service sectors, ranking below tourism and ICT. Nevertheless, the sector has made a significant contribution to the labor market in recent years, particularly by providing employment opportunities for lower-skilled workers. Its countercyclical characteristics also help to maintain job stability during periods of economic slowdown.

In light of the above, while the construction sector is important for short-term employment, particularly during economic downturns, a more sustainable strategy for growth and job creation lies in maximizing investment in tradable sectors such as manufacturing, tourism and telecommunications. The challenge lies in designing policies that effectively balance support for sectors with immediate employment effects with support for sectors with long-term, structural multiplier impacts, thereby enhancing the economy's capacity to achieve inclusive, sustainable development and generate quality,

2 These results are based on the most recent data available: the 2016/17 input–output tables. While these tables may not fully capture developments in the Egyptian economy since then, they nevertheless provide a valuable insight into existing sectoral linkages. The forthcoming release of updated tables is expected to shed further light on how recent economic developments are reflected in employment multipliers.

III. Redefining the Role of the State and Strengthening the Private Sector

The third pillar focuses on redefining the State's role in the economy and strengthening the private sector. Rather than being the primary driver of economic activity, the state is transitioning towards acting as a regulator and facilitator. In this role, it will establish the overarching framework and foster a conducive business environment. Meanwhile, the private sector will assume primary responsibility for production and investment.

As part of its transition towards a more open and flexible economy, the Egyptian government is implementing a comprehensive strategic vision to redefine its role in economic activity. This approach seeks to reinforce the private sector as the primary driver of growth and job creation. The transition is guided by the principle of shifting gradually from a direct operational role to that of an enabling regulator and investment partner. This approach is expected to enhance resource allocation efficiency and optimize returns on public assets.

The State Ownership Policy (SOP) serves as the primary framework for defining the scope of state intervention across economic sectors. It differentiates between sectors that are retained under state management for strategic purposes and sectors that are opened to private sector participation through partnerships or full or partial divestment. The SOP emphasizes a strong commitment to embedding governance and transparency principles while enhancing the competitiveness of the Egyptian economy.

This vision is implemented by three key entities, each with specialized and complementary roles:

1. The State-Owned Enterprises (SOE) Unit, operating under the Cabinet, is responsible for the technical management of public company valuations, applying strategic criteria such as economic viability, market suitability, and potential for private sector participation. It also oversees the development of clear roadmaps for divestment or restructuring, identifies assets eligible for transfer to the sovereign wealth fund or inclusion in the SOE Asset Monetization program, and implements measures to strengthen governance, separate ownership from management, and develop a comprehensive database. The unit designs and implements an effective community outreach strategy to explain the objectives of the reforms and strengthen public support.

2. The Sovereign Fund of Egypt (SFE) manages public assets on behalf of the state, according to principles of efficiency and economic return. The SFE seeks to attract both local and foreign investment through long-term partnerships, revitalize national brands and expand the scope of managed assets, thereby maximizing economic value. The SFE also aims to establish an integrated national investment framework that includes the Future Generations Fund, thereby promoting the optimal utilization of national wealth and supporting financial sustainability.

3. The Asset Monetization Unit was established as a specialized executive body to oversee the implementation of the public asset divestment program, in coordination with key entities, notably the SFE and SOE. The unit is tasked with determining appropriate monetization methods, coordinating with relevant authorities to appoint advisors and investment banks, and developing marketing strategies, while leveraging international expertise through knowledge partners such as the International Finance Corporation such as the International Finance Corporation (IFC). Its efforts aim to transform monetization from isolated initiatives into a strategic program that enhances transparency and broadens the ownership base.

This integrated structure ensures the effective coordination of technical evaluations, financial execution, and public asset management, thereby advancing the objectives of SOP. It establishes a clear, evidence-based framework for reform, promotes partnerships with the private sector, and optimizes the efficient allocation of state resources.

This transformation is complemented by restructuring of economic entities, which involves reviewing 59 out of 63 entities to maximize economic returns, enhance operational efficiency, reduce overlapping functions and rationalize public expenditure. Four strategic pathways have been adopted: business continuity; conversion into public entities; merger and/or liquidation. These pathways reflect a strong political commitment to strengthening institutional efficiency and preparing these entities to become more attractive to investors.

Redefining the role of the state in economic activity

State Ownership Poilcy Document

The State Ownership Policy Document is the governing framework that defines the role of the state in economic activity

Each state-owned entity is assessed to determine the most suitable path for it, from among the following options:

The implementaion of these options is overseen by multiiple estites whose roles are integrated, most notably:

State Owned Enterprises Unit

Assessment of public companies according to strategic criteria, including economic feasibility, market suitability, opportunities for private sector participation, developing roadmaps for divestment or restructuring, and identifying assets eligible for transfer to the sovereign wealth fund or privatization program.

Sovereign Wealth Fund

The State's investment vehicle for managing public assets according to principles of efficiency and economic return.

IPO Unit

The coordinating and executive unit supporting divestment efforts of certain state owned assets and enterprises by enhancing governance and preparing them to attract foreign direct investment, and by accelerating the pace of privatization through an integrated institutional framework that connects the various relevant entities.

A Composite Index for Monitoring Progress in Implementing the State Ownership Policy

The Information and Decision Support Center (IDSC) is developing the SOP Index in coordination with relevant national bodies. The Index serves as a critical tool for monitoring the implementation of the SOP, a central pillar of the structural reform program aimed at strengthening the private sector's role in the national economy. It is particularly significant as it provides a quantitative and systematic means to assess progress, capturing both implementation milestones and tangible economic impacts. The Index establishes an objective and transparent monitoring mechanism that supports evidence-based decision-making and informs the design of future policies.

The index methodology is based on two main dimensions, under which the five sub-pillars are organized:

1. **Implementation Dimension:** This includes three pillars for assessing progress in:
    - Implementation of the government monetization program
    - Promoting diverse forms of public–private partnerships (PPP)
    - Ensuring competition protection and maintaining competitive neutrality

2. **Impact Dimension:** This encompasses two pillars for assessing changes in:
    - The Private sector's contribution to the economy that is measured by its share of total investment and overall employment
    - Enhancing the Business Environment

The SOP Index will be calculated annually to assess overall progress, complemented by a separate index, which will be developed either quarterly or semi-annually, to monitor changes related to private sector empowerment more frequently. Thus, the SOP Index functions both as a measurement tool and a strategic monitoring framework, linking the policy's stated objectives to tangible outcomes. This approach supports the sustainability of reforms and enhances the confidence of investors and international partners in Egypt's economic trajectory.

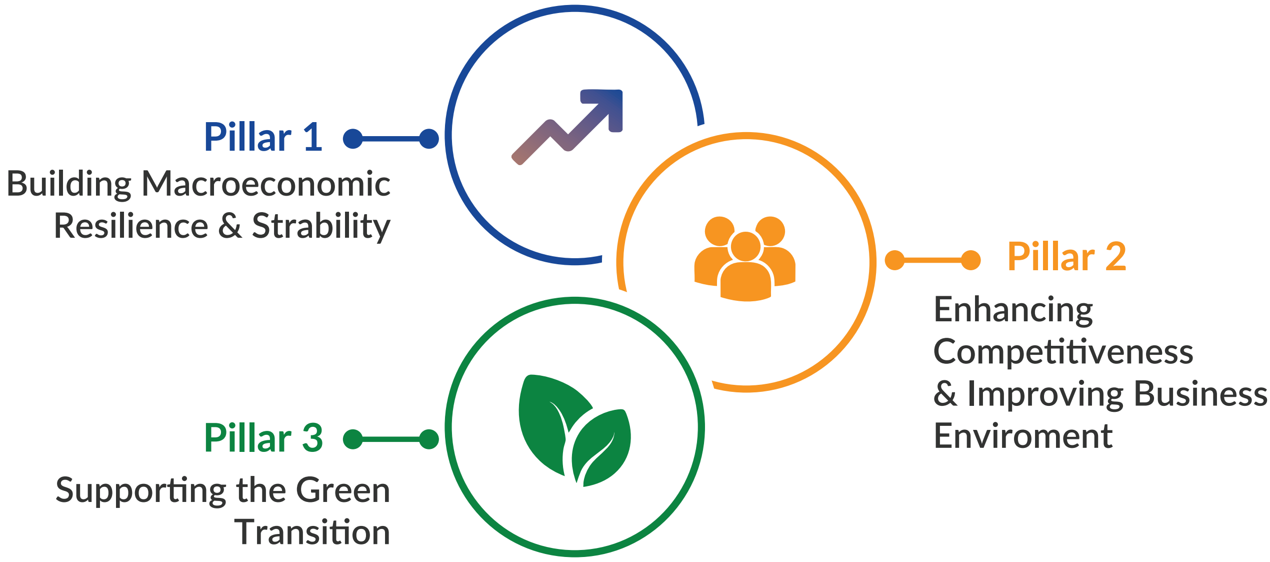
Source: Ministry of Finance and the IDSC, Cabinet of Ministers.

National Structural Reform Program (NSRP)

In this context, Egypt's National Structural Reform Program (NSRP) serves as the primary instrument through which the state translates strategic objectives into tangible outcomes. It provides an operational framework that converts the economic vision into actionable policies and measures that address institutional, regulatory, and structural imbalances, while laying the foundation for more sustainable and inclusive growth. The program is structured around three pillars: enhancing macroeconomic stability; strengthening economic competitiveness and improving the business environment; and supporting the green transition.

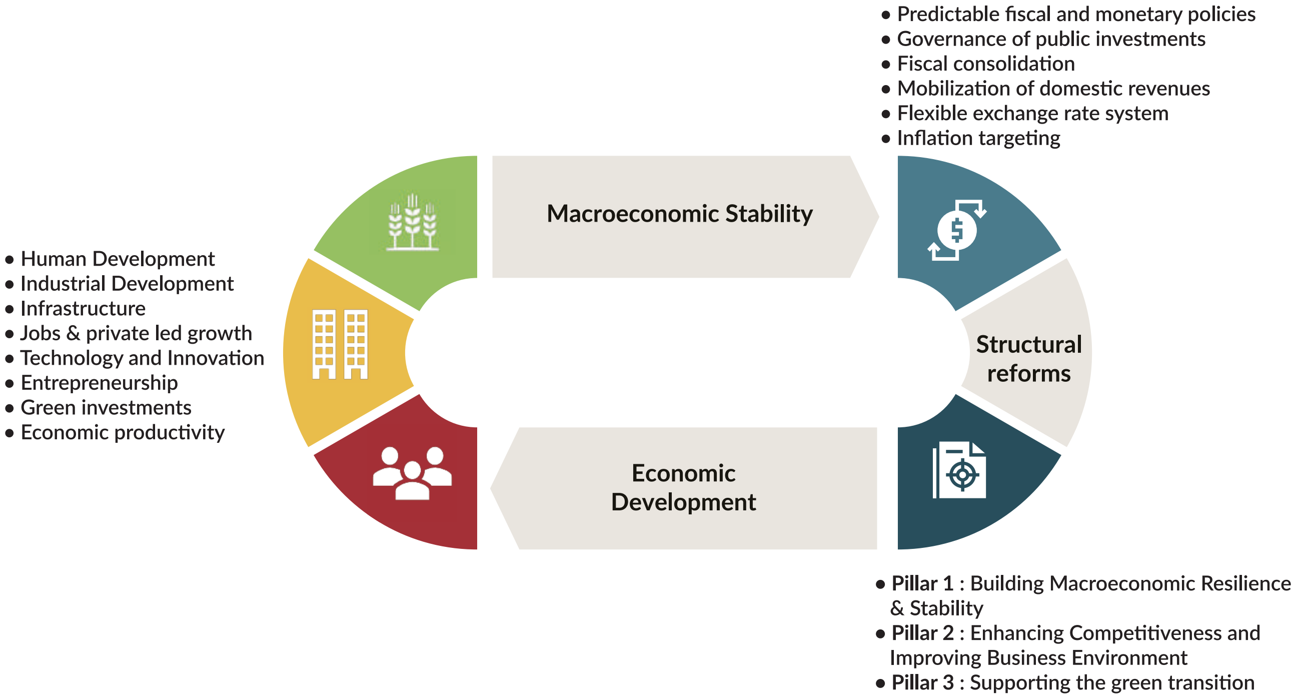
The core of structural reform lies in consolidating entities and fees, enhancing the efficiency of the state's administrative apparatus, and redefining the state's role by gradually withdrawing from competitive economic activities and assuming the functions of regulator, facilitator, and catalyst for investment, particularly FDI. This transformation encourages greater private sector participation, stimulates job creation, drives export growth, and raises living standards, thereby supporting economic and social development objectives over the medium and long term.

Key Pillars of the National Structural Reform Program



These efforts are based on the idea that stability enables reform, which in turn reinforces stability. This creates a foundation for sustainable economic development and unlocks the potential of the Egyptian economy. This dynamic interaction creates a virtuous cycle that accelerates economic development, enhances productivity and investment, stimulates private sector participation, expands the export base and drives economic growth and the creation of high-quality jobs.

Stability enables reforms, and reforms reinforce stability. Together, they foster sustained economic development.



The Narrative aims to highlight the reforms implemented by the state as part of its nation-building efforts, articulating its vision for the policies required to sustain and advance the process of national development and structural reform.

The success of this transformation depends on effective institutional coordination, unified and clearly defined quantitative targets, and sustained efforts to improve financial governance, transparency, and competition. With strong political commitment and international support, as well as recent momentum from reforms, Egypt is well-placed to enter a new growth cycle driven by productivity, exports and private investment. This cycle will be more resilient to shocks and capable of delivering long-term inclusive and sustainable growth.

Structure of Egypt's Narrative for Economic Development

In this context, the Narrative is divided into five main chapters, each addressing one of the high level objectives of Egypt's economic development pathway. Together, these chapters form an integrated analytical framework designed to strengthen policy coordination and advance structural reforms. It also provides an in-depth analysis of Egypt's growth and employment dynamics, identifies key growth drivers and sets out evidence-based recommendations for specific sectors. Particular focus is given to promoting gender equality and addressing climate change challenges.

The main outcome of the Narrative is a set of structural reforms to be implemented alongside a simplified macroeconomic framework with measurable quantitative targets for 2030 and long-term projections up to 2050. This framework has been developed based on three scenarios: a baseline, an accelerated reform path and a conservative scenario that takes into account adverse risks resulting from heightened global uncertainty and geopolitical tensions, as well as their potential impact on the domestic economy.

Each chapter concludes with a set of policies designed to enhance growth and jobs, alongside a matrix of corresponding structural reforms. Together, these elements provide a comprehensive vision for economic reform and sustainable development.

Recognizing the critical importance of macroeconomic stability as a foundation for inclusive and sustainable development, **Chapter 1** on Macroeconomic Stability, identifies the key structural challenges facing the Egyptian economy. These include the persistent savings–investment gap, the limited mobilization of domestic resources and the continuous need to enhance the efficiency of public investment management. The chapter reviews policies aimed at strengthening fiscal sustainability and economic resilience through improved resource allocation and prioritization of productive, export-oriented sectors. It also emphasizes the importance of integrating the General Planning Law (No. 18 of 2022) with the Unified Public Finance Law (No. 6 of 2022), as well as activating the executive regulations of the Planning Law. These measures aim to strengthen the identification of development gaps at both national and local levels, while ensuring that development financing and public debt are directed toward projects that are economically sound and socially impactful.

This chapter emphasizes the importance of aligning the national investment plan with the medium-term budget, and highlights the need for an institutional framework to identify the financing gap and its sources, thereby ensuring coherence across economic policies within Egypt's National Structural Reform Program (NSRP) framework. It also highlights efforts to implement the Integrated National Development Finance Strategy (INFS), which seeks to mobilize local and international resources and direct them effectively towards priority sectors, particularly to support the transition to a green economy. The strategy targets raising the share of green public investments to 70–75% by 2030, while embedding environmental considerations into development planning processes. The chapter concludes by setting out the overarching fiscal policy directions, which emphasize stimulating private-sector participation, balancing revenues and expenditures, and enhancing the efficiency of public investment and spending. Collectively, these measures are intended to create fiscal space for greater investment in national priorities, especially education, healthcare, and social protection.

In this context, the policy on FDI is being developed to not only bridge the financing gap, but also as a strategic driver to facilitate knowledge localization, technology transfer and deeper integration into global value chains. The policy is also intended to create high-productivity jobs and foster long-term growth. The vision is anchored in targeting sectors with high added value and comparative advantage, most notably manufacturing, technology, and tourism. **Chapter Two** on FDI, presents a set of high level objectives aimed at boosting investment and stimulating economic growth by identifying priority, investment-ready sectors within the framework of the National Strategy for Promoting Foreign Direct Investment. The chapter emphasizes the alignment between investment priorities and industrial development objectives, reflecting a strategic approach towards directing investments into high-value, productive activities. The chapter also assesses the consistency of this approach with the National Employment Strategy, emphasizing sectors with significant growth and employment creation potential. It highlights investment opportunities within the Suez Canal Economic Zone, as well as the growing role of entrepreneurship and start-ups in mobilizing private investment, and emphasizes the importance of Egypt's "Start-up Charter" as a regulatory instrument to foster and increase this contribution. Furthermore, the chapter discusses the structural reorientation of the state's role in economic activity towards enabling the private sector to drive growth and development. It also reviews recent policy measures and reforms designed to enhance the investment climate and strengthen Egypt's competitiveness, in line with the standards set out in the World Bank's "Business-Ready" report.

This approach is based on a new industrial framework that aims to deepen industrialization and enhance economic complexity by promoting high-technology, labor-intensive industries, aiming to strengthen Egypt's position in the Global Economic Complexity Index, increase wages, and boost the value added to GDP. Improving linkages across productive sectors and broadening the export base are central to this agenda. Against this backdrop, **Chapter 3** on Industrial Development and External Trade, provides an overview of the Industrial Development Strategy, the Urgent Industrial Promotion Plan and the Trade Policy Document. The chapter focuses particularly on identifying priority industries and presenting a forward-looking vision to enhance trade performance and stimulate export growth. It also examines the reforms needed to accelerate growth in the industrial and commercial sectors, emphasizing their relationship with FDI and employment strategies. Particular attention is given to government efforts to mitigate the potential impact of the Carbon Border Adjustment Mechanism (CBAM), in order to safeguard access to European markets and strengthen the competitiveness of Egyptian exports. Furthermore, the chapter emphasizes the importance of advancing economic cooperation with bilateral development partners by establishing joint committees under "South-South" cooperation frameworks. Additionally, it highlights the role of regional financial and development institutions in supporting industrial and trade activities. The chapter concludes by setting out policy priorities to reinforce industrial development and enhance foreign trade performance.

The new economic model prioritizes the development of human capital and the creation of an environment that fosters innovation and entrepreneurship, recognizing these as core pillars of sustainable growth and structural transformation. Within this framework, **Chapter 4** on Efficiency and Resilience of the Labor Market, presents the National Employment Strategy as a high level objective for promoting growth, improving productivity and creating decent job opportunities, particularly for young people and women. This approach emphasizes the commitment to allocating a growing proportion of public investment to education, health and technical education. The aim is to create an integrated skills ecosystem that fulfill the needs of a dynamic and productive economy. This approach emphasizes the importance of aligning educational outcomes with labor market requirements by upgrading technical and vocational skills and enhancing the quality of vocational training. This will help to reduce labor market mismatches, raise employment rates and increase participation in the formal economy. At the same time, the state is implementing reforms to strengthen the entrepreneurship and innovation ecosystem. This involves modernizing legislative and regulatory frameworks, broadening access to finance and introducing targeted incentives to support emerging sectors. These efforts are expected to generate new, flexible forms of employment and increase the contribution of the knowledge economy to growth. They will also enable small and medium-sized enterprises (SMEs) to perform a more prominent role in the growth cycle.

It also highlights the importance of promoting human development to encourage social equity and empower human capital, with particular emphasis on promoting gender equality and ensuring equal access to economic opportunities, based on the key insights of recent Human Development Reports.

Chapter 5 on Regional Planning for Localizing Economic Development, reviews efforts to implement the Public Planning Law at national, sectoral, regional and local levels to enhance the efficiency of the planning system and ensure greater coherence of development priorities. Within this framework, the chapter emphasizes the importance of the three-pillar approach to localization, built on integrated alignment of locally formulated programs, citizen-driven planning and community participation mechanisms. It also emphasizes the importance of localizing the Sustainable Development Goals (SDGs) at governorate level to advance spatial equity in investment and public service allocation. This chapter emphasizes the importance of data-driven policymaking in designing precise and effective development interventions. It uses statistical analysis and development indicators to identify priority areas and allocate resources to underserved regions. It also addresses ways to boost inter-governorate competitiveness, highlighting the Governorate Competitiveness Index. Furthermore, the chapter highlights the national rural development initiative Hayah Karima "Decent Life" as one of the most comprehensive spatial development programs, alongside the "Masdar" platform, which serves as a national mechanism for monitoring and tracking SDG indicators. By integrating the environmental dimension into local development, the chapter also emphasizes efforts to localize climate action through flagship initiatives such as the National Initiative for Smart Green Projects and the NWFE program "Nexus of Water, Food and Energy" Country Platform. These initiatives collectively contribute to advancing sustainable and climate-resilient development at the local level.

2. Strategic Framework for Economic Development

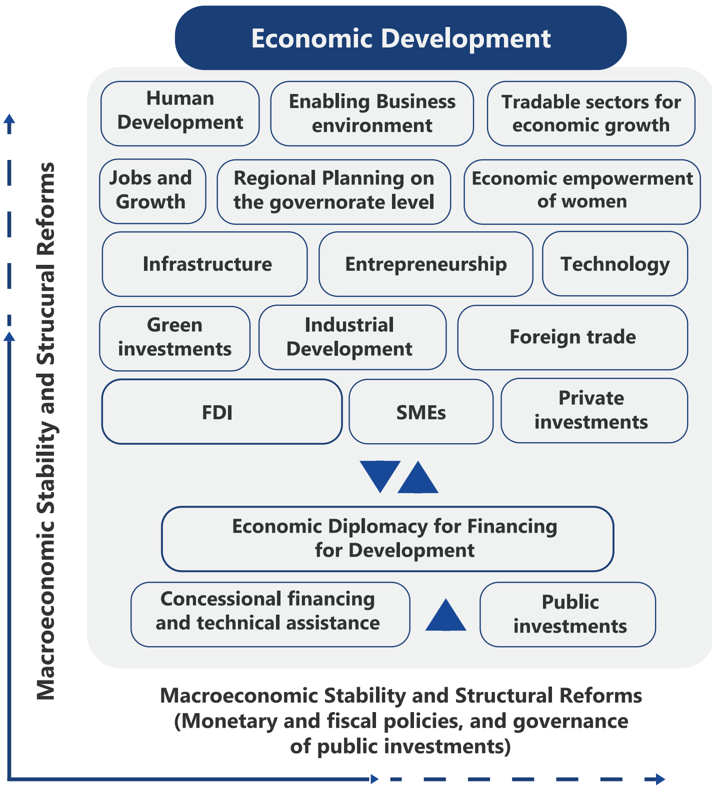
The government's vision for achieving comprehensive, inclusive, and sustainable economic development is anchored in a set of interrelated reference frameworks that collectively guide national policies and programs. These include: Egypt Vision 2030, which provides an overarching framework for the state's development objectives; the Government Action Program (2024/25–26/27), which translates this vision into actionable policy priorities; and a series of sectoral strategies and plans that chart growth paths across key industries. These are complemented by the NSRP, which targets long-standing structural challenges; the INFS, designed to mobilize and align financial resources with sustainable development priorities; and the SOP Document, which sets out the state's role in economic activity and establishes clear criteria for sectoral entry, retention, and exit.

Through this vision, the government aims to create a competitive, investment-friendly economy that can achieve inclusive and sustainable development. This will be achieved by advancing economic diversification, broadening income sources and expanding opportunities for the private sector to drive growth. In parallel, the government seeks to consolidate the progress achieved since the launch of the economic reform program in March 2024, with the objective of strengthening macroeconomic resilience, reinforcing stability, and enhancing the economy's capacity to absorb and withstand external shocks.

In the context of a highly uncertain regional and global environment, achieving inclusive and sustainable economic development requires integrating economic system components and adopting evidence-based policies. To this end, the Ministry of PEDIC has introduced the Sustainability and Financing Framework for Economic Development to promote quality growth.

As part of Egypt's commitment to strengthening its financial planning framework and reinforcing macroeconomic stability, the enactment of the General Planning Law No. 18 of 2022 and the Unified Public Finance Law No. 6 of 2022 is a significant milestone in the development of strategic planning, enhancing the efficiency of public expenditure and promoting greater transparency and alignment between development policies and public budgets. Together, these legislative frameworks constitute a cornerstone of Egypt Vision 2030, the National Agenda for Sustainable Development. They establish the institutional foundation for aligning the National Sustainable Development Plan with the medium-term budget, in line with sectoral government programs and national strategies, and within an integrated participatory vision.

The Framework for Sustainability and Financing for Economic Development



These efforts reflect the government's commitment to reinforcing confidence in economic and financial policies, both domestically and among international partners, by pursuing the following priority measures:

I. The state is implementing the structural reform program across within the relevant three pillars: 1. reinforcing macroeconomic stability, 2. enhancing competitiveness and the business climate to encourage private sector involvement; and 3. supporting the green transition. Together, these reforms are intended to sustain macroeconomic stability, encourage inclusive and sustainable growth, and increase productivity across the Egyptian economy.

II. Ensuring sustained coordination and integration between monetary and fiscal policies to safeguard financial and banking stability, while also promoting fiscal sustainability. This involves aligning policies to control inflation, rationalize public spending (both current and capital), support small and micro enterprises (MSEs), and prioritize protecting vulnerable and low-income groups.

III. Achieving a balance between fiscal discipline and economic stimulus by implementing fiscal policies that simultaneously prioritize both deficit and public debt containment, while also providing targeted incentives to support productive activities and strengthen competitiveness.

VI. Upholding the principle of prioritization to optimize public spending and enhance efficiency by directing resources towards sectors that drive economic growth. Key areas include agriculture, manufacturing, communications, and information technology, as well as sectors in which Egypt has a comparative advantage, such as tourism and logistics. Essential public services are also prioritized, including health, pre-university and university education, and scientific research. This strategy is reinforced by strengthened public expenditure governance and the implementation of program- and performance-based budgeting from both financial and planning perspectives. Cost-benefit analysis is also applied to maximize returns on implemented projects.

V. Rebuilding trust through comprehensive tax system reforms, including direct taxes, customs duties and property taxes. These reforms are necessary to promoting tax equity, enhancing transparency and broadening the tax base. This will strengthen the relationship between the state and its citizens, while supporting the long-term sustainability of public revenues.

VI. Implementing Intensive measures to address foreign exchange liquidity challenges. These include promoting exports, increasing remittances from Egyptians abroad, boosting foreign exchange earnings from tourism and the Suez Canal, and attracting FDI. These efforts are complemented by initiatives to maximize the use of concessional development finance, debt swaps, and extended debt maturities. This approach is integrated with a proactive public debt management strategy that aims to reduce the debt-to-GDP ratio, optimize debt maturity profile, diversify financing instruments and markets, and improve the efficiency of fiscal resource management. Together, these measures are expected to reduce debt servicing costs and strengthen debt sustainability.

VII. Adopting a development model that focuses on high-value, tradable sectors and activities. This will strengthen Egypt's productive capacities and generate higher-quality employment opportunities. This approach is embedded within the Narrative, which emphasizes growth-oriented reforms and the creation of a more resilient economy. Implementation is supported by strategies to attract FDI, an integrated industrial development and trade strategy, fiscal consolidation measures, and enhancement of planning instruments.

VIII. Adopting a comprehensive and integrated strategy for developing the foreign trade system and strengthening exports as a national priority. This approach is structured around a set of strategic pillars reflecting a structural shift in trade policy: 1) implementing the new export rebate program, designed with flexibility and targeted incentives for high–value productive sectors; 2) reinforcing the institutional and policy framework for trade to ensure coherence with monetary and fiscal policies; 3) pursuing procedural reforms to facilitate trade flows and modernize the customs clearance system; 4) adopting a detailed roadmap to expand Egyptian exports in African markets and secure sustainable market access; and 5) designing an ambitious plan to maximize the benefits of Egypt's current chairmanship of the African Continental Free Trade Area (AfCFTA) Ministerial Council.

IX. Promoting and developing industries aimed at localizing the domestic production of imported components. This will be achieved by fostering promising industries that are driven by innovation, technological advancement, and knowledge, with the objective of deepening domestic manufacturing and maximizing industrial value added.

X. Continuing to take all necessary measures to enhance the investment climate and encourage private sector activity by providing packages that facilitate business and reduce transaction costs. In this context, a "facilitation package" has been implemented, focusing on streamlined customs procedures for imported goods, modernization of the customs system, and strengthened oversight of exports and imports. This is supported by economic policies that promote investment, production, and exports. The package includes 29 targeted incentives designed to simplify procedures.

XI. Exerting efforts to promote innovation and entrepreneurship through the Ministerial Committee on Entrepreneurship. The objective is to strengthen start-up capacity and the broader entrepreneurship ecosystem. These initiatives aim to foster sustainable and accelerated economic growth, driven by competitiveness and knowledge, and to generate non-traditional employment opportunities.

XII. Promoting employment by supporting the growth of micro, small and medium-sized enterprises (MSMEs), and strengthening their connections with larger enterprises.

XIII. Expanding fiscal space for investment in human capital, with the government committed to direct savings generated from reforms into targeted social spending, particularly in education, health and social protection. This approach underpins inclusive and sustainable development and aligns with the priorities of the "Building the Egyptian Citizen" initiative.

XIV. Strengthening economic diplomacy to mobilize development financing, ensuring alignment between national and sectoral development plans and strategies, and maximizing the effective use of diverse funding sources, whether from the state budget or concessional development finance provided by multilateral and bilateral partners, to support national programs and development priorities. These efforts are implemented within the framework of the Integrated National Financing Strategy for Sustainable Development (INFS).

XV. Based on the state's commitment to sustainable development and the transition to a green economy, all of the above priorities will be implemented within a framework that ensures a just and inclusive green transition. This will be achieved by continuing to integrate environmental considerations into the planning system and applying the "Environmental Sustainability Standards Guide". The aim is to increase the proportion of green projects in the public investment plan to 70–75% of total public investments by 2030. Efforts will also continue to operationalize the country platform for "NWFE" - Nexus of Water, Food, and Energy program- as a strategic tool to mobilize public and private resources for climate action, thereby strengthening the state's capacity to meet its environmental commitments. Investment will be directed towards priority projects in renewable energy, sustainable transport, integrated water management and climate-smart agriculture, aligned with the state's priorities for a green economy and sustainable development.

This integrated reform vision highlights the state's commitment to building a strong and resilient economy that can withstand shocks, optimize the use of national resources and attract domestic and foreign investment. This will be achieved through the deployment of advanced planning instruments and prudent fiscal practices that put citizens at the forefront of the development process.

3. Core Enablers of Egypt's Sustainable Growth

The Egyptian economy has distinctive fundamentals that establish it as a cornerstone for achieving the objectives of the Narrative, as well as positioning it as a key driver of sustainable growth and transitioning to a development model that focuses on enhancing productivity and expanding high-value exports.

The Egyptian economy is one of the most diverse in the region. It is supported by a productive base including agriculture, industry and information technology, as well as a modern infrastructure network, a large domestic market and a young, skilled labor force. Over the past decade, the state has experienced substantial infrastructure expansion and robust growth in the digital economy, thereby enhancing its resilience to global economic fluctuations. Egypt has also strengthened its regional position through successful integration initiatives such as the East Mediterranean Gas Forum, and is seeking to further consolidate its role in strategic sectors including green energy, food security, trade and logistics services.

Egypt's strategic location is a significant competitive advantage, enhancing its appeal as a regional nearshoring hub thanks to its proximity to European and Asian markets, cost-efficiency and access to a skilled workforce. This advantage is reinforced by a comprehensive investment ecosystem encompassing domestic investment frameworks, free zones, economic zones and dedicated investment and technology zones. This ecosystem is underpinned by a robust system of investment guarantees and incentives, as well as fiscal and non-fiscal facilitation measures. Moreover, Egypt offers investors access to a substantial domestic consumer base of over 100 million people, as well as preferential access to almost 2 billion consumers through its extensive network of free trade agreements with over 70 countries. These agreements represent around 35% of the global GDP. This dual market access creates significant opportunities for export growth, industrial development and closer regional economic integration.

4. Egypt's Opportunity to Overcome the "Middle-Income Trap"

Over the past two decades, the Egyptian economy has grown steadily, achieving an average GDP growth rate of around 4.4% and per capita growth of approximately 2.2% between 2003 and 2022. This stable growth path provides a solid foundation for further development, driven by enhanced productivity and more efficient resource allocation. While labor productivity growth remained modest at an average of 2.5% over the same period, there is an opportunity to accelerate structural reforms and implement policies that encourage innovation and investment in human and technological capital. This would strengthen the prospects for sustainable, long-term growth.

Over the past decade, the Egyptian economy has gradually shifted towards sectors such as real estate, finance and transport. These sectors' contribution to GDP has increased by around 10 percentage points. Despite being largely non-tradable, these sectors have contributed meaningfully to the development of the export base.

As part of its ongoing economic reform and structural adjustment agenda, the state is prioritizing higher-productivity sectors with significant export potential, while leveraging existing advanced infrastructure to bolster manufacturing and investment. This approach is reflected in the following:

- Directing investments towards productive sectors such as manufacturing, technology, and tourism, given their role in job creation and enhancing competitiveness.
- Boosting productivity and improving cost efficiency by mainstreaming technology across economic activities.
- Promoting innovation, research and development as key drivers of long-term growth, and as a means of generating high-value, domestically produced solutions.

The World Bank adopts the "3i Strategy" for middle-income countries, which is structured around three interrelated pillars: Investment, Infusion and Innovation. The strategy is designed to help countries overcome the "middle-income trap" and advance towards high-income status by promoting sustainable economic growth. It outlines a gradual growth pathway, emphasizing capital development and productivity enhancement, and transitioning from a capital accumulation-dependent model to one driven by efficiency, technological advancement, and innovation. **The first phase "Investment"** emphasizes scaling up public and private investment in infrastructure, human capital and institutional capacity. This strengthens the export base, expands the productive potential of the economy and fosters an environment conducive to sustainable growth. **The subsequent "Infusion" phase** focuses on systematically transferring and localizing foreign technology and knowledge across sectors to enhance operational efficiency and raise total factor productivity. **The final phase, "Innovation",** focuses on increasing domestic knowledge creation and technological development to enhance the economy's international competitiveness.

The private sector is a key driver of productivity- and innovation-led economic growth and job creation, particularly as Egypt pursues inclusive growth and improvements in living standards. Over the past two decades, the private sector's role has grown significantly, accounting for the largest share of total employment. Its workforce participation has risen from 66.9% to 82.1% while public sector employment has gradually declined. This structural transformation highlights the growing dependence on the private sector as the main source of job creation.

Despite this structural shift, data indicate that a higher proportion of women are employed in the public sector, which offers greater job security. In 2024, women accounted for 35.6% of public sector employment, compared to just 14% for men.

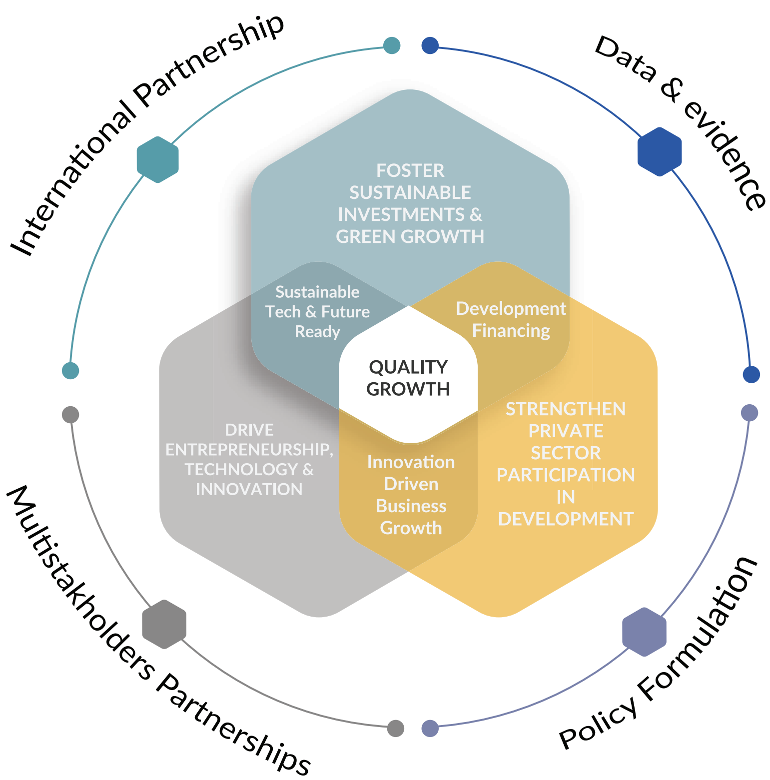
Although female labor force participation in Egypt remains relatively low at 18% in 2023 (down from 23% in 2012 and 27% in 2006), according to the Egypt Labor Market Panel Survey, this represents a significant opportunity to strengthen women's economic engagement, particularly given their comparatively high level of education. In contrast, the average female labor force participation rate is around 38% in middle-income countries and 61% in upper-middle-income countries, according to World Bank indicators. The persistent gap in Egypt highlights substantial untapped potential for inclusive growth and broader labor market participation. Furthermore, data from 2023 indicate that the unemployment rate among women with a tertiary or postgraduate education was 26.5%, compared with 17% among those with an intermediate or post-intermediate vocational qualification. This highlights the presence of a pool of highly qualified individuals that remains underutilized. Policies that promote quality employment and women's economic empowerment could leverage this talent more effectively, thereby supporting more inclusive and sustainable economic growth.

In this context, the World Bank highlights that raising Egypt's GDP by up to 34% could be achieved by increasing female labor force participation to levels comparable with men. Realizing this potential requires a comprehensive package of policies and structural reforms, including expanding women's financial inclusion, formalizing the informal sector, and developing education and vocational training programs that are aligned with labor market needs and gender-specific considerations, across wage employment, entrepreneurship, and self-employment.

These approaches highlight the importance of improving the business environment, encouraging competition and creating more economic opportunities for young people and women, as well as supporting SMEs as key drivers of local growth. Furthermore, acquiring and localizing technology is vital for improving private sector productivity and encouraging innovation, particularly given Egypt's status as a lower-middle-income country.

In this context, economic policies should take a gradual, phased approach, combining investment promotion with the systematic integration of technology across productive sectors. This will facilitate the transition to an innovation-driven economic model.

The Private Sector: Key Engine for Quality Growth



Entrepreneurship is a cornerstone of Egypt's strategy to overcome the middle-income trap. It fosters innovation, stimulates investment and generates sustainable employment in high-growth, future-oriented sectors. The start-up ecosystem has emerged as a key driver of FDI, with reports indicating that, on average, startups accounted for 7% of total annual FDI inflows into Egypt between 2021 and 2023, reflecting robust growth in investment in the sector. As of 2024 estimates, the number of startups has surpassed 2,000, with total investments exceeding USD 8 billion, supporting approximately 50,000 direct jobs and 250,000 indirect jobs. These developments highlight the crucial role of entrepreneurship in driving Egypt's economic dynamism.

The Ministerial Entrepreneurship Committee, which is chaired by the Ministry of Planning, Economic Development and International Cooperation is leading these efforts. Established by a prime ministerial decree, the committee coordinates policies and supports the development of the national entrepreneurship ecosystem. Notably, it has introduced an official, unified definition and classification of start-ups, which is a critical step in facilitating access to financial and procedural incentives, while also providing a clear framework for donors and investors.

The government is implementing a unified financing initiative designed to consolidate existing public resources and encourage private sector participation by using innovative financial instruments to mitigate risk and promote investment in venture capital funds. It is notable that international institutions constitute over 40% of shareholders in these funds in Egypt. This approach highlights the government's dedication to aligning policy and financing to accelerate the growth of high-potential start-ups.

The Ministerial Committee is developing "Egypt's Startup Charter", which is a comprehensive roadmap aimed at improving the legislative and regulatory framework, providing clear incentives and streamlining procedures. The aim is to enhance the confidence of both local and international investors. The charter includes a special chapter on priority sectors, which were identified through extensive consultations with relevant stakeholders. These sectors have been selected for their competitiveness and growth potential and include renewable energy, water management, electric mobility, smart tourism, health and education technologies, artificial intelligence, women's entrepreneurship and advanced manufacturing and agricultural technologies.

To achieve resilient and sustainable growth, it is recommended that Egypt continue to strengthen and improve the quality of education while promoting social mobility. This will bolster the economy's capacity to adapt to evolving challenges. It is especially critical to continuously refine policies and institutions during periods of crisis, while also reinforcing the institutional framework and expanding access to foreign investment.

The following sections outline the key features and high level objectives that will guide Egypt's development path in the next phase, based on the overarching framework of the Narrative and its strategic objectives. This will ensure a structured progression from reform to sustainable growth. Each chapter addresses a pivotal aspect of this process. First, it consolidates macroeconomic stability as a foundation for sustained reforms and enhanced economic confidence. Second, it seeks to maximize the role of FDI in stimulating productive activity and facilitate technology transfer. Third, it focuses on developing a diversified and competitive industrial sector to support exports and strengthen Egypt's position in global value chains. Fourth, it aims to enhance labor market efficiency and flexibility to increase productivity and meet the requirements of a modern economy. Finally, it promotes an integrated regional planning approach to advance inclusive economic development across the country.

5. Macroeconomic Stability

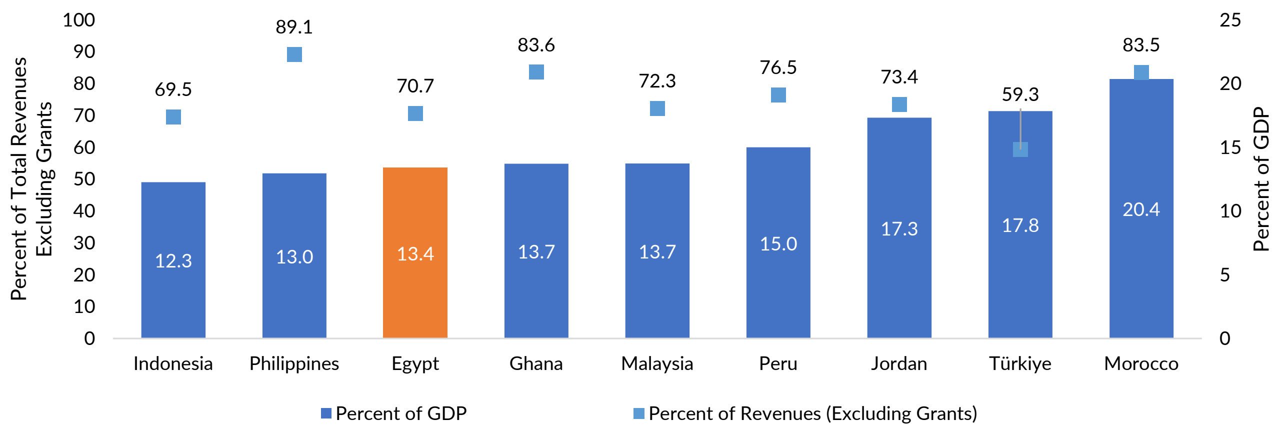
In recent years, the state has adopted a development strategy centered on building a robust infrastructure base, laying the foundations for enhanced export capacity. This strategy has been characterized by substantial investment in infrastructure and an enhancement of public services, as well as efforts to mobilize the necessary financial resources. This has been achieved by strengthening public financial management, broadening the revenue base and diversifying external financing sources. These measures are intended to support the growth path and reinforce the foundations for sustainable development.

Despite reforms and measures implemented over the past two decades to reinforce macroeconomic stability, the Egyptian economy continues to address significant fiscal and financing challenges. These pressures have been exacerbated by local and global shocks, placing additional strain on the State budget, which has recorded an average deficit of around 9% of GDP during this period.

The availability of domestic financial resources is fundamental to financing development plans and ensuring their sustainability. This is because it enables the state to reduce its reliance on external financing and mitigate the associated risks and vulnerabilities. However, persistently low domestic savings continue to constrain the state's ability to fund public investment from internal resources. Over the past two decades, the domestic savings rate has averaged 10.8% of GDP, creating a growing gap between savings and investment, and increasing reliance on external financing. This has consequently contributed to the accumulation of external debt, reaching to around 39.6%of GDP by the end of FY 2023/24.

Egypt is focusing on strengthening the mobilization of domestic financial resources, empowering the private sector and expanding the productive capacity of the economy. This productive base serves as a catalyst of growth and is essential for enhancing macroeconomic stability and ensuring long-term sustainability. Egypt is also placing increasing emphasis on boosting productivity, which is considered a pillar for achieving economic and fiscal sustainability. Experience has shown that a reliance on high-value, export-oriented sectors, coupled with private-sector empowerment, contributes to a broader tax base, improved economic efficiency, sustainable growth and reduced reliance on deficit financing.

Figure (1) Egypt's tax ratios to GDP and to total revenues are below peers (2003-2023 average)



Source: World Bank, based on data from the Ministry of Finance and the Ministry of Planning, Economic Development, and International Cooperation (Egypt's data).

In terms of overall revenues, the state has managed to reduce fiscal deficits through expenditure control and improved efficiency in financial management, despite structural constraints in resource mobilization. At the same time, efforts have been made to broaden the tax base and strengthen non-tax revenues. From 2003 to 2023, tax revenues averaged around 13.4% of GDP, providing a basis for gradual convergence towards international benchmarks, as seen in countries such as Morocco and Turkey. Strengthening tax mobilization in this way would bolster Egypt's fiscal capacity and support its path towards sustainable development.

Egypt is accelerating its efforts to strengthen fiscal sustainability through structural reforms aimed at improving the efficiency with which public resources are mobilized, including both tax and non-tax sources. Despite challenges arising from declining revenue sources, the improvement in the overall fiscal deficit demonstrates the effectiveness of expenditure control measures, providing an opportunity to enhance the efficiency of domestic resource mobilization.

In this context, the current fiscal policy aims to strike a balance between fiscal discipline and promoting robust and sustainable economic growth. It emphasizes the importance of providing investors with a stable and predictable business environment while offering adequate support to the productive and industrial sectors. A set of measures have been implemented within this framework to improve the investment climate. These measures are based on a genuine partnership between the MoF, revenue authorities and business community, which include:

- Establishment of a simplified, integrated, and incentivized tax system for taxpayers with an annual turnover of up to EGP 20 million. This system will encompass all tax bases, including income tax, value-added tax, stamp duty and the state resources development levy,
- A legislative amendment facilitating the swift, flexible, and streamlined resolution of all prior-year tax disputes,
- Introducing a maximum cap on tax penalties at 100% of the original tax liability, aimed at resolving the greatest possible number of disputes,
- Encouraging previously non-registered taxpayers—both natural and legal persons—to register with the Egyptian Tax Authority through a “fresh start” initiative, under which they are not held liable for tax obligations prior to registration, reinforcing principles of trust and partnership,
- Simplifying and improving the efficiency of the tax refund system, with the objective of quadrupling both the value and the number of beneficiaries, and
- Simplifying tax returns and shortening their length, while providing taxpayers with advance access to documents required for audits to facilitate compliance.

Despite structural challenges, the 2024/25 financial year witnessed a notable improvement in fiscal indicators, reflecting the reforms introduced by the MoF, particularly in tax administration. These reforms aimed to enhance services and promote transparency. The overall fiscal deficit fell to 7.4% of GDP, while a primary surplus of 3.6% of GDP (EGP 629 billion) was achieved — the highest in Egypt's history. Tax revenues as a percentage of GDP increased by 0.9 percentage points to 12.6%, supported by exceptional annual revenue growth of around 35.7%. This was achieved without raising tax rates or introducing new policies that would have placed an additional burden on Egyptian society.

These improvements have also been driven by a relative reduction in borrowing, with preliminary data indicating that the debt of budgetary agencies as a percentage of GDP fell from 89.4% at the end of June 2024 to 85.6% in June 2025. The medium-term goal is to reduce this figure to below 80%. Alongside enhanced financial management, this decline eases pressure on the banking sector and mobilizes resources for investment in the private sector and productive activities.

Figure (3) Primary surplus, tax revenues and fiscal deficit (LE billion)

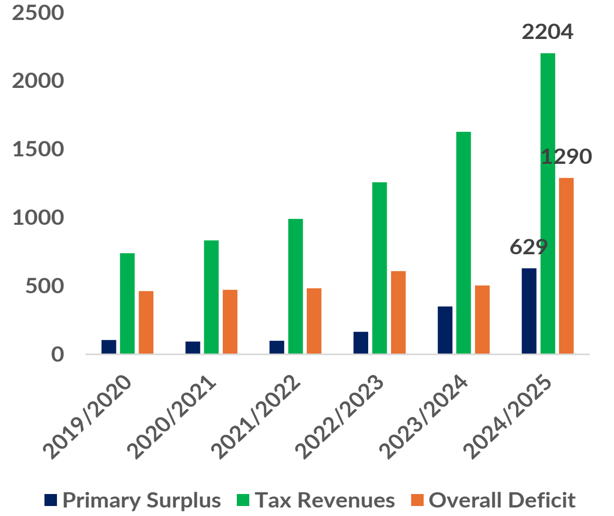
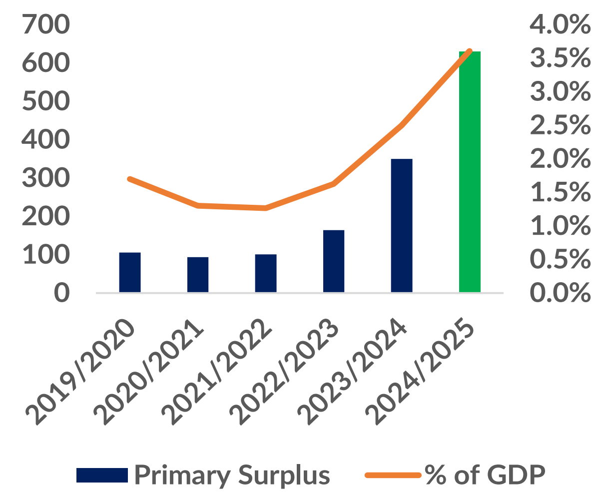


Figure (4) Primary surplus in LE billion and percent of GDP



Source: Ministry of Finance

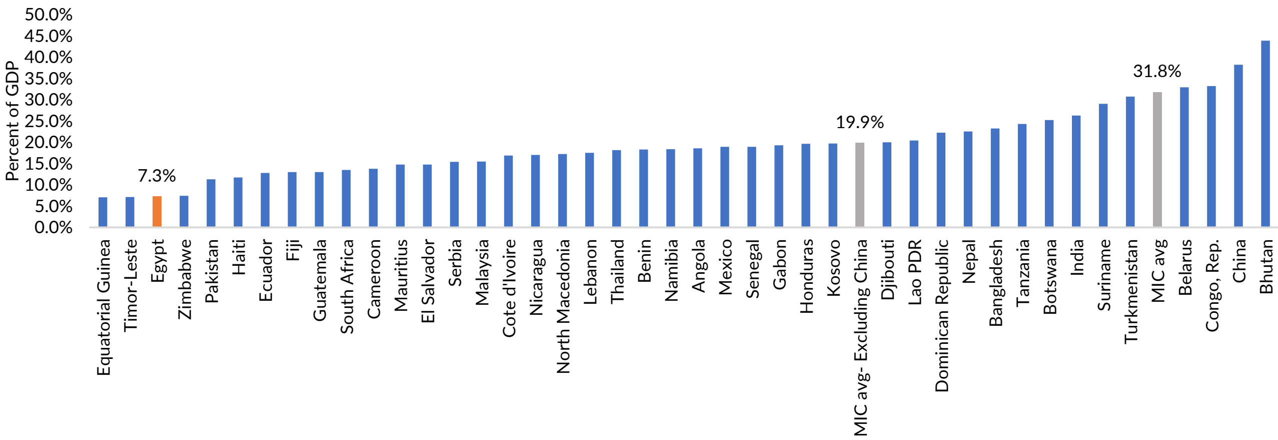
Regarding external debt, the government has sought to ease short-term financing pressures by diversifying debt maturities and issuing bonds in multiple currencies to reduce concentration risk. Simultaneously, efforts to broaden issuance markets and expand the investor base have helped bolster confidence in the Egyptian economy.

Real domestic credit to the private sector increased by an average of 7.3% in FY 2024/25, following a contraction of around 8.8% in the previous year, signaling the start of a recovery. This upward trend is expected to continue, supporting higher levels of economic investment and the financing of new projects. Notably, 43% of credit facilities extended to the private sector were directed to the industrial sector.

In FY 2023/24, the private sector contributed 77.1% to GDP, through investment, production, consumption, and commercial activities. Private sector investment in Egypt has gradually recovered over the past decade, supported by stronger governance of public investments and greater efficiency, and has followed an upward trajectory. Nevertheless, it remains below the average recorded in comparable middle-income countries. Over the past two decades, Egypt has experienced significant fluctuations in investment rates, with the investment-to-GDP ratio averaging approximately 19.2% between 2004 and 2010. This declined to 14.8% between 2011 and 2013, but has since recovered to approximately 16%. This reflects the economy's capacity to restore investment momentum. Recent data indicates a positive trend in private-sector investment, which increased by 24.2% in Q3 of FY 2024/25 compared to the same quarter the previous year. This accounted for around 62.8% of total gross investment during the quarter (excluding inventories). This highlights the important role of the private sector in driving investment activity and emphasizes the effectiveness of policies designed to increase participation in the development process and boost the contribution of local and foreign investment to the Egyptian economy.

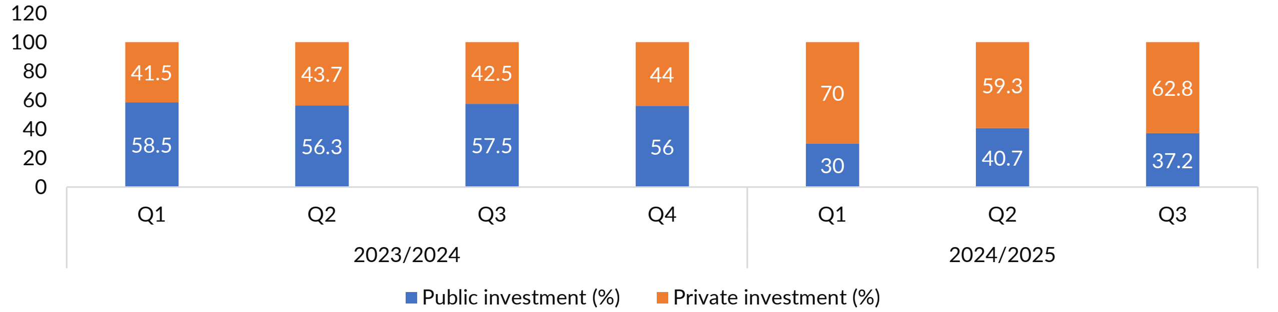
This positive trend emphasizes the importance of ongoing fiscal and tax reforms as a strategic means of increasing revenue, reducing the savings-investment gap, encouraging investment-driven growth and promoting macroeconomic stability in a more balanced and sustainable way. In this context, fiscal space is pivotal in enhancing public investment capacity to support private sector activities, directing additional resources to priority sectors such as education, health and social protection. This maximizes the developmental impact and efficiency of public spending. Furthermore, consolidating financial

Figure (5) Middle Income Gross fixed capital formation, private sector (% of GDP)- Average 2010-2022



Source: WDI data. Middle-Income Gross fixed capital formation, private sector (Percent of GDP)- Weighted Averages 2010-2022)

Figure (6) Implemented investments (without inventory) %



Source: Ministry of Planning, Economic Development and International Cooperation.

stability and reducing debt levels will ease financing pressures and create a more favorable environment for private sector expansion. This will facilitate additional productive investment and support sustainable growth. This emphasizes the complementary nature of public and private investment in advancing Egypt's broader and inclusive development agenda.

The state is continuing to implement a comprehensive package of structural and institutional reforms as part of the National Structural Reform Program; intended to consolidate public financial stability as a foundation for achieving high and sustainable economic growth while ensuring fiscal solvency in the medium and long term. This strategy emphasizes balancing fiscal discipline with promoting economic activity by supporting the business sector, boosting confidence in the economy, backing productive sectors, including tourism and technology, putting public debt on a downward trajectory and increasing funding for social protection and human development programs, particularly in health and education. The main priorities of fiscal policy are organized around four pillars. The first pillar involves developing the tax and customs system, as well as rebuilding trust between the business community, taxpayers and revenue authorities. The objective is to establish a modern, equitable, and investor-friendly tax and customs system that enhances competitiveness, simplifies compliance, and strengthens trust between the public and private sectors. The second pillar emphasizes maintaining fiscal discipline while ensuring that fiscal policies support private sector and export-led growth. This approach aims to strengthen macroeconomic stability and investor confidence by improving the efficiency and effectiveness of non-priority spending and coordinating financial planning with a private sector-driven growth model, while also ensuring efficient revenue mobilization. The third pillar involves implementing a comprehensive strategy to reduce public debt and the associated costs. This strategy aims to minimize debt-related risks and costs by taking a disciplined and transparent approach that emphasizes sustainability, diversification across markets and instruments, and cost- and risk-reduction measures. The fourth pillar involves expanding fiscal space to support essential services, such as healthcare, education and social protection programs.

This approach also involves broadening the tax base by integrating the informal sector and rationalizing tax exemptions, while ensuring that no additional burdens are placed on citizens and that economic activity remains unaffected. The principles of tax reform are based on cooperation with the business community and strengthening trust with revenue authorities to foster higher compliance, increased economic activity and positive impacts on tax revenues. Within this framework, a medium-term tax strategy is being developed up to 2030 to provide a clear and stable policy framework that enhances predictability for businesses.

At the same time, a medium-term debt strategy is being developed for budgetary agencies to analyze financing options, assess costs and risks, and ensure debt sustainability while gradually reducing the debt burden. The Medium-Term Budget Framework (MTBF) is being implemented to align fiscal policies with growth and development objectives, strengthen fiscal discipline, and enhance transparency in preparing and executing the general budget.

The general budget for FY 2025/26 incorporates a package of stimulus initiatives designed to support the productive and service sectors and boost employment. These include a reimbursement program for exporters, a hotel capacity expansion initiative to support the tourism sector, support for interest payments on loans to the industrial and agricultural sectors, exceptional incentives to localize electric vehicle manufacturing and increase the local components ratio, programs to enhance productive capacity in priority industrial sectors, and cash incentives for MSMEs. Other initiatives include converting vehicles to run on natural gas and providing natural gas-powered taxis and transport vehicles for youth.

Future Growth Accelerator: An Integrated Analytical Framework for Assessing Economic Path

Egypt's participation in the "Future Growth Accelerator" initiative, launched by the World Economic Forum, offers a valuable international opportunity to promote this approach. The initiative provides an integrated analytical framework for addressing structural challenges and growth drivers, identifying priority reforms and aligning national development objectives with international standards, particularly in the areas of innovation, governance, inclusiveness, sustainability and institutional resilience. This initiative is significant because it shifts the development model from a traditional quantitative focus to a qualitative one, fostering decent job creation, enhancing the efficiency of public spending and delivering tangible economic impact. It also provides an opportunity to share experiences with other countries and learn from international best practices when designing economic policies. The initiative introduces a four-dimensional analytical framework for evaluating growth quality, covering:

1. **Innovation**: a catalyst for productivity growth and enabling the effective utilization of human capital, particularly in technology-intensive sectors.
2. **Inclusiveness**: ensuring a fair distribution of growth benefits, reinforcing social stability, and easing the fiscal burden of social protection programs.
3. **Sustainability**: enhancing resource-use

efficiency and advancing the transition to a green economy, thereby mitigating long-term environmental and fiscal risks.

4. **Resilience**: strengthening institutional frameworks and adaptive capacity in the face of shocks, thereby reinforcing macroeconomic stability and the economy's ability to withstand crises.

Financing for Development

The state is implementing comprehensive reforms to establish a more sustainable macroeconomic framework, which is based on an integrated strategic vision that begins with identifying developmental and financing gaps. This forms the foundation for effective planning and resource mobilization. In this context, the public planning law plays a pivotal role in identifying sectoral and geographical development gaps, and ensuring the optimal allocation of resources. The law also systematically aligns development plans with financing needs and supports the preparation of medium-term investment plans that reflect national priorities

and actual needs, thus enabling the clear identification of the financing gap.

Once these gaps have been identified, the policy focus shifts towards mobilizing financing by strengthening domestic revenue collection, maximizing the use of concessional development finance, and fostering an environment conducive to private investment, thereby diversifying the financing base. In parallel, enhancing the efficiency of public asset management remains a critical objective. These measures are intended to reinforce long-term fiscal sustainability and reduce reliance on costly debt instruments.

In terms of fiscal allocation, the Unified Public Finance Law strengthens fiscal discipline while safeguarding growth prospects by improving the efficiency of public expenditure. The Public Planning Law complements this framework by ensuring the strategic allocation of resources towards priority sectors and projects offering the greatest economic and social returns. This reinforces the impact and effectiveness of public investment.

To consolidate these efforts, the state is advancing the implementation of a National Development Financing Strategy. This strategy aims to systematically integrate various financing sources, local and international, public and private, while strengthening coordination across stakeholders. The strategy's objectives include ensuring the efficient allocation of resources towards national development priorities, reduce dependence on non-concessional borrowing and improve debt management practices. These measures are expected to support macroeconomic stability and strengthen the resilience of the financial system amid heightened global uncertainty.

The Integrated National Financing Strategy for Development

Launching the Integrated National Financing Strategy (INFS) established a comprehensive framework for development financing. As the first national document to adopt a global approach to integrating the planning and financing of SDGs. It was officially presented at the international level during the 79th session of the United Nations General Assembly and the Summit of the Future in New York (2024). The strategy provides a practical roadmap for mobilizing and efficiently directing local and international public and private resources towards priority sectors, aiming to narrow the development financing gap and align national economic policy priorities with the SDGs. The framework includes three pillars:

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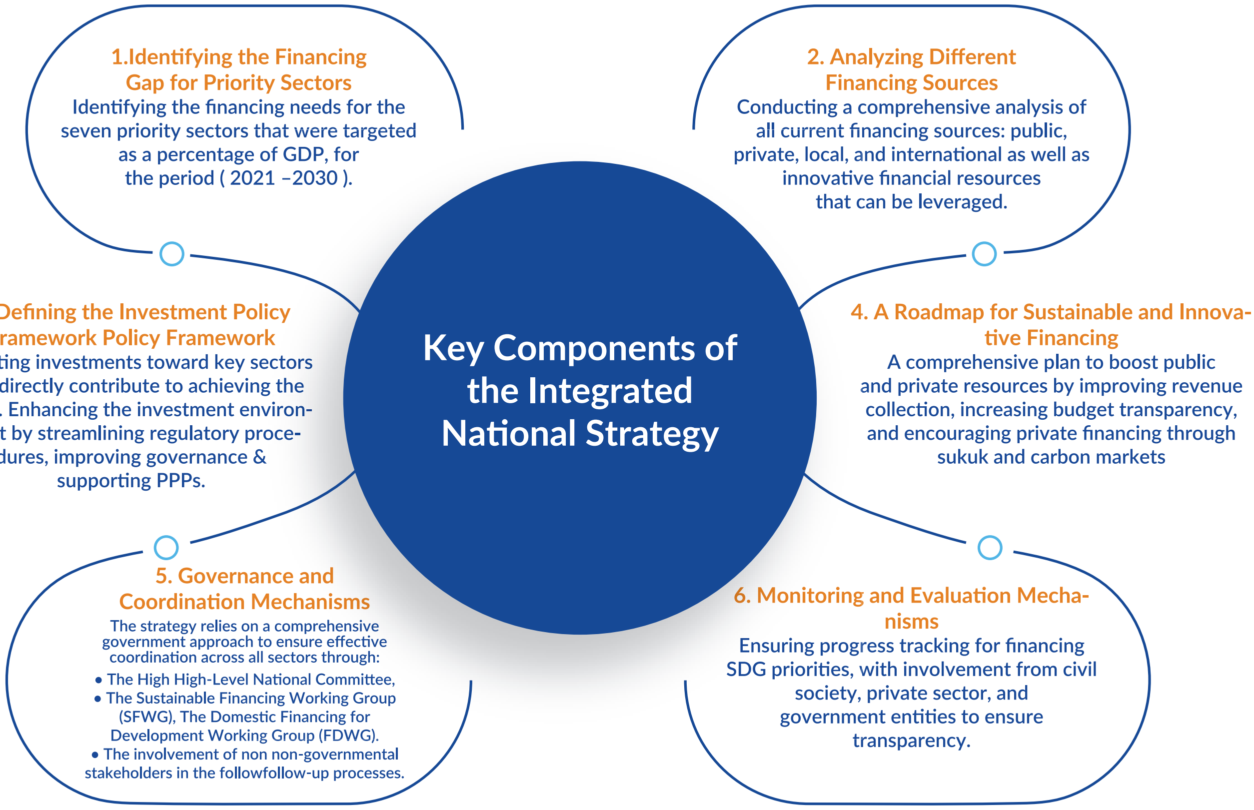


and private resources towards priority sectors, aiming to narrow the development financing gap and align national economic policy priorities with the SDGs. The framework includes three pillars:

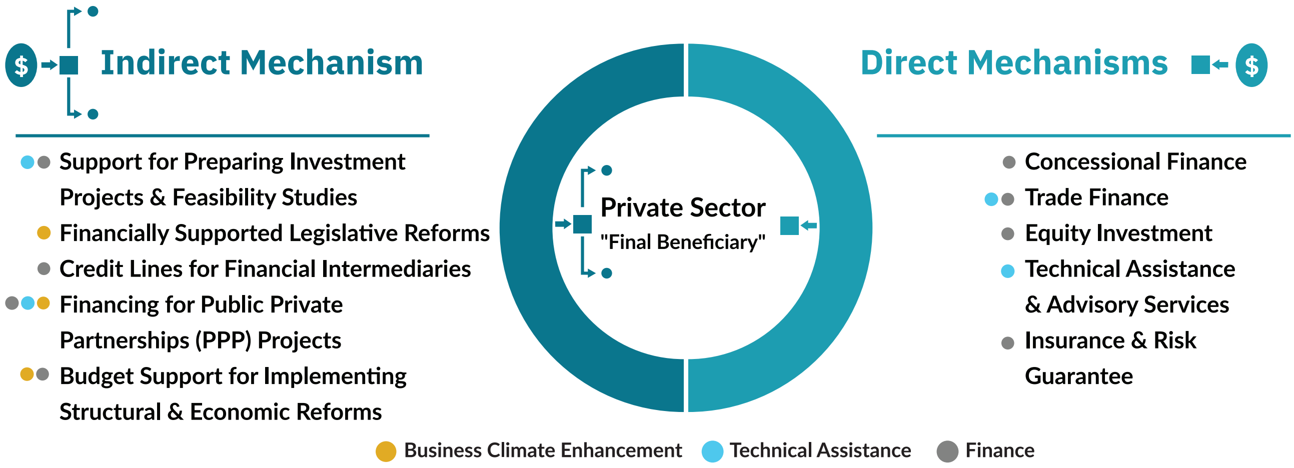
1. Enhancing domestic resource mobilization by improving expenditure efficiency and broadening the tax base, while avoiding additional burdens.
2. Catalyzing private financing by fostering a conducive investment climate and leveraging effective PPPs.
3. Promoting sustainability and strengthening financial resilience by diversifying development financing instruments and introducing innovative mechanisms, such as green finance and development-linked debt instruments.

This dynamic framework is fundamental to the state's efforts to strengthen fiscal discipline, improve the efficiency of resource allocation and reinforce macroeconomic stability, particularly in light of the growing demand for integrated financing sources that can respond effectively to heightened global volatility.

Leveraging Concessional Development Finance to Empower the Private Sector

Despite the wide range of financing mechanisms available to the private sector, concessional finance remains critical, given to its broad coverage of direct and indirect investments, risk mitigation tools, investment guarantees and technical assistance. This makes it a key catalyst for private sector investment. Combining traditional commercial finance with development finance enables more sustainable and effective financial flows to be directed towards national development priorities. This enhances the private sector's capacity to perform a stronger, more transformative role in achieving comprehensive development outcomes.

As illustrated in the chart below, private sector-enabling instruments within concessional development finance can be divided into three categories: financial mechanism; technical assistance; and business climate enhancement measures.



Investment guarantees mechanisms are instrumental for fostering private sector participation in development, reducing risks and mobilizing financing flows toward specific high-impact and strategic projects. In this context, Egypt is leveraging available tools, such as the World Bank's Unified Guarantee Platform to streamline procedures for accessing guarantees, thus enhancing private sector access to more flexible and effective financing.

The European Fund for Sustainable Development Plus (EFSD+) stands out as a prominent example of multilateral cooperation. It enables the integration of EU's efforts with international financial institutions, local banks, and the private sector to support innovative investments that contribute to sustainable economic growth and the green transition. The mechanism operates through two main tracks:

1. Supporting large companies and major strategic projects by providing guarantees to international finance institutions, which in turn finance mega projects in cooperation with major companies in areas such as green energy and advanced technologies.
2. Supporting SMEs through risk-sharing guarantees provided by international finance institutions to local banks, enabling the extension of soft loans to small enterprises, promoting financial inclusion and creating sustainable jobs.

These efforts include financing programs such as the EBRD's "HI-BAR" program to support green hydrogen, and the EIB's MSME PPG program to promote green growth and financial inclusion. These integrated mechanisms underscore the State's commitment to supporting the business environment and expanding financing opportunities through innovative tools that enhance competitiveness and sustainability.

It is noteworthy that since 2020, Egypt's private sector has witnessed a remarkable evolution in its relations with multilateral and bilateral development partners, in light of the State's commitment to empowering it as a key engine for inclusive growth, job creation, and SDG achievement. In this context, the contributions of international development partners have become central to supporting the economic environment, by channeling financing to financial institutions and productive sectors, alongside technical interventions to build capacity and improve institutional efficiency. This trend has been reflected in the notable growth of the concessional development financing portfolio directed to the private sector, which for the first time exceeded **$4.2 billion in 2024**, surpassing the development financing allocated to the government sector—a clear indication of the increasing shift in international partners' strategies towards supporting private investment as a driver of sustainable development.

6. Promoting Foreign Direct Investment, Industrial Development, and Foreign Trade: Drivers of Growth & Job Creation

The integration of industry, trade, and investment is fundamental to driving economic growth. Foreign trade serves as an extension of the industrial system by opening new markets and boosting the competitiveness of national products, while investment, particularly productive investment, contributes to developing industrial infrastructure, transferring technology, deepening local manufacturing, and enhancing the efficiency of supply and production chains.

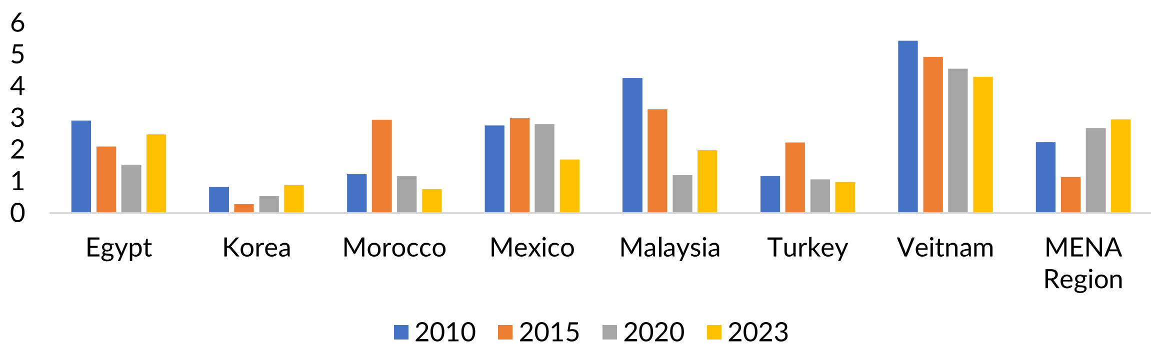
FDI inflows to Egypt exceed the regional average when measured as a percentage of GDP. Total net FDI inflows to Egypt during the period 2003-2024 was over US$184 billion, with an average global share of 0.58%. With the exception of the 2020–2021 period (following the COVID-19 pandemic) and the period following the 2011 revolution, FDI inflows to Egypt as a percentage of GDP have remained above the regional average.

Greenfield FDI project data indicate that around 79% of capital spending from 2017 to 2022 was concentrated in sectors such as coal, oil, gas, and electricity. Meanwhile, investment in other sectors, such as services and knowledge-intensive industries like information technology (IT), research and development (R&D), electronics, and medical equipment, declined.

This confirms the need to diversify investments to cover knowledge- and technology-based fields, which would enhance the competitiveness of the national economy, create high-quality jobs, and enhance the added value of Egyptian exports.

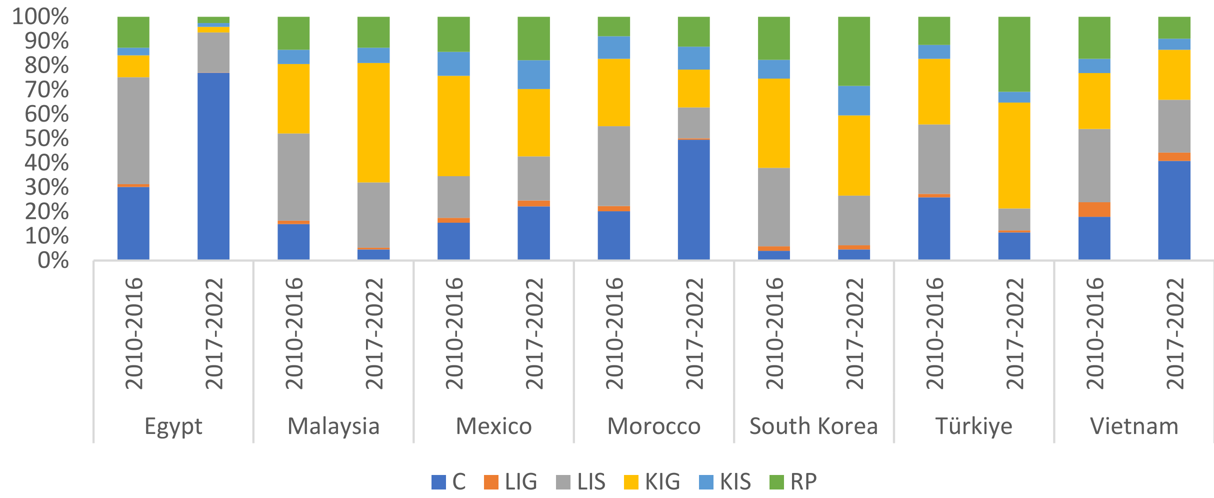
Notably, data for the first half of FY 2024/2025 indicates that the service sector topped the list of sectors attracting investments, accounting for about 40% of total inflows. These investments are mainly concentrated in oil and commercial services, and consulting. The industrial sector follows with 17.3%, driven by investments in engineering, chemical, food and pharmaceutical industries. The financial sector came in next with 16.7%, spearheaded by banks and financial services. This reflects a clear trend towards boosting investments in manufacturing and high-quality service sectors, in line with the State's strategy to expand the production base and improve export competitiveness.

Figure (7) Foreign Direct Investment (FDI) Inflows as a Percentage of GDP: Egypt vs. Peer Countries (2010–2023)



Source: World Development Indicators

Figure (8) Greenfield FDI data reveals Egypt attracts commodity-heavy investments[3]



Source: World Bank

These trends reflect the State's efforts to deepen structural reforms, enhance competitiveness, and expand the base of quality investments in sectors with high added value. Egypt's success in attracting major international companies in the automotive, pharmaceutical, and electronics industries stands out as a promising indicator that reflects the growing international confidence in the Egyptian economy and supports a broader and more comprehensive economic impact.

Against this backdrop, Egypt's investment systems are gaining increasing importance as a catalytic framework for accommodating these ambitions, given the diverse tools and tailored incentives they offer that enhance the attractiveness of the Egyptian economy and support its openness and integration with regional and global markets.

Investment Systems in Egypt

Egypt's investment ecosystem is composed of an integrated set of mechanisms and institutional frameworks designed to bolster the national economy's competitiveness and attract domestic and foreign investments. This ecosystem encompasses free zones, investment zones, technology zones, and special economic zones, with the Suez Canal Economic Zone (SCZone) at the forefront. These zones feature an attractive business environment thanks to investment incentives, advanced infrastructure, and a strategic geographical location. This allows Egypt to solidify its position as a regional hub for manufacturing, services, and logistics, and enhances its ability to access regional and global markets.

1. Suez Canal Economic Zone (SCZone)

SCZone is an integrated hub for industrial, service, and logistical investment, capitalizing on its strategic geographical location on the world's most important shipping lane. Over the past three years, SCZone has attracted approximately $8.5 billion in investments, as per data released by the General Authority for Suez Canal Economic Zone in July 2025. SCZone offers **attractive investment incentives and customs and tax facilities**, including a full exemption from VAT and customs duties on imports used in production or for export, and tax deductions of up to 50% on investment costs. SCZone also adopts a "single window" system, allowing for company registration and licensing within a few days via integrated digital platforms.

3 WB staff calculations based on The Financial Times' fDi Markets Database and GVC archetype categories adapted from World Bank and McKinsey Global Institute classifications. Announcements in Egypt and comparators by GVC Archetype, 2010-2022 (sum of estimated capex in USD mil). Note: C - Commodities including electricity, coal, oil and gas, LIG = labor-intensive goods, LIS = labor-intensive services, KIG - knowledge-intensive goods, KIS = knowledge-intensive services, RP = regional processing.

2. Public and Private Free Zones: These zones offer a full exemption from customs duties and income tax for export-oriented activities. They currently include more than 1,208 projects, with capital exceeding $14.1 billion, according to data issued by the Ministry of Investment and Foreign Trade in June 2025.

3. Investment Zones: There are now 18 investment zones across 7 governorates, hosting more than 10,000 projects in light industries, SMEs, and value-added services. The Ministry of Investment and Foreign Trade notes that these zones have attracted about 4 trillion EGP in investments.

4. Technology Zones: In these zones, equipment and machinery are exempt from customs duties. They support innovative, technology-based sectors, most notably ICT, through 6 specialized zones nationwide.

These diverse mechanisms represent a key pillar that reinforces the SCZone's position as a strategic hub in the State's plan to attract capital, especially private sector investments, transfer technology, and create jobs in priority sectors.

In parallel with ongoing reforms in land allocation, license simplification, and governance digitalization, SCZone supports a broader vision for comprehensive and sustainable industrialization. This approach reflects a paradigm shift from traditional, fragmented investment promotion models to a unified investor-centered model aimed at maximizing added value, boosting exports, and supporting innovation.

Maximizing the Role of Industry and Exports in Driving Growth and Enhancing Competitiveness

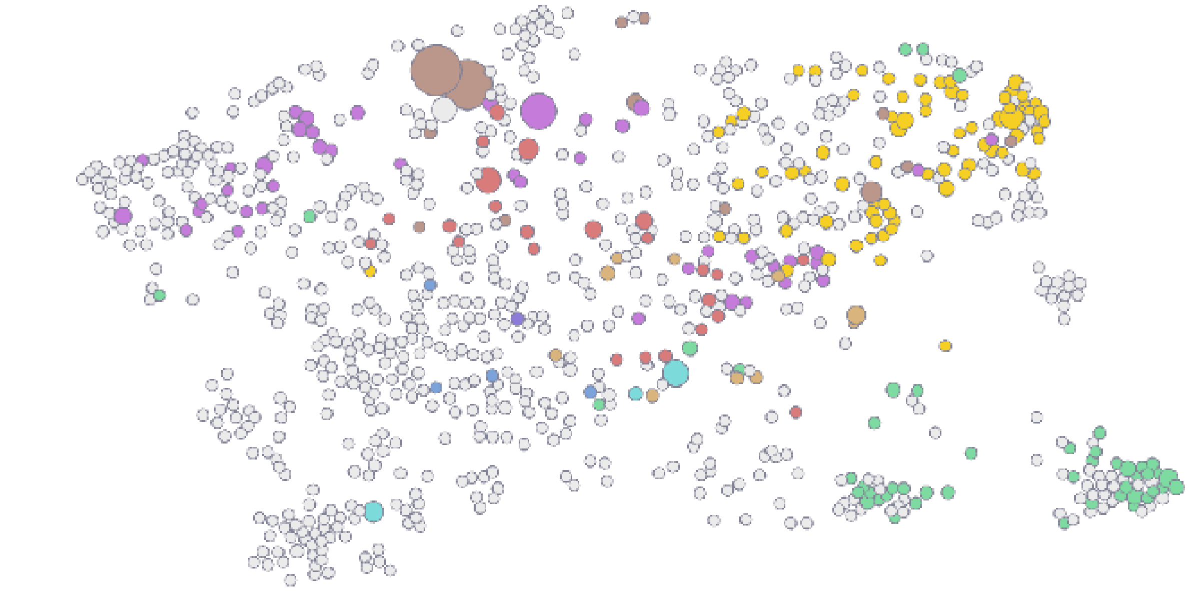
Egypt possesses promising assets that can be leveraged to expand the production base, increase the added value of national products, and boost export capacity. This requires accelerating the implementation of an industrial development strategy, which is focused on innovation, and aims to stimulate investment in priority sectors, thus strengthening the role of industry as a key driver of sustainable economic growth.

Egypt in the Product Space (2023)

The Product Space is an analytical tool that illustrates the links between different products, based on the knowledge and capabilities required to produce them. Findings from Harvard University's Growth Lab indicate that countries typically tend to diversify their production activities by shifting to related or similar products in terms of the required skills and knowledge, allowing them to build upon their existing capabilities. The Product Space connects more than 800 commodities using global trade data. For example, countries that produce one type of textile are often capable of producing other similar textiles.

Egypt's Product Space (Figure 8) illustrates the interconnectedness of its current exports with possible pathways for economic diversification. Ranking 5th among 145 countries on the Complexity Outlook Index, Egypt shows great potential for diversifying its exports towards more complex products. This index measures the proximity of complex products to a country's current productive capabilities. A high ranking indicates that the economy has an interconnected production base that allows it to expand into high value-added industries that require similar knowledge and skills. Egypt's position on this index shows that despite the challenges associated with the structural transformation process, its current production base provides a promising platform for moving to more advanced products. Through targeted investment in skills, technology and institutional capacity, Egypt can leverage this advantage to drive economic diversification and significantly improve its economic complexity.

Figure (9) Egypt in the Product Space, 2023

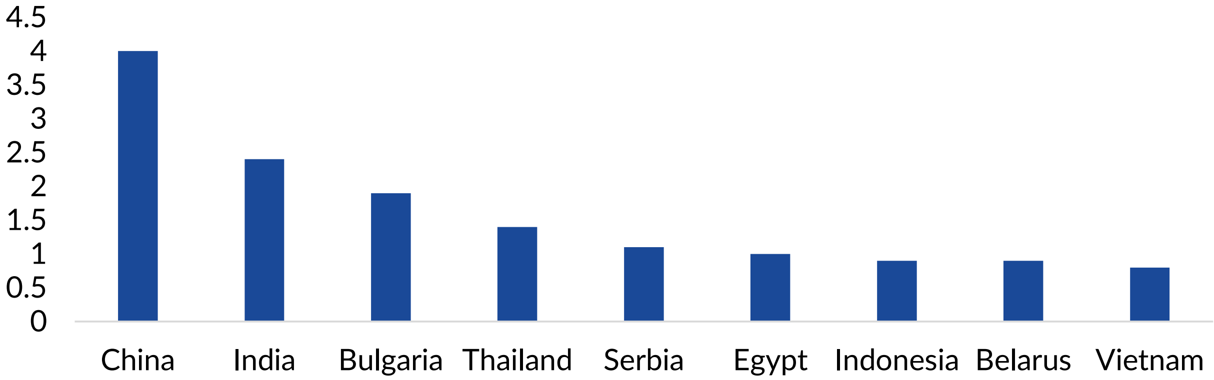


Source: Harvard Growth Lab.

In light of the above, the Economic Complexity Index shows that Egypt has a great opportunity to strengthen its position in global value chains (GVCs) by diversifying its production base and improving the added value of its exports. This trend also points to promising opportunities for Egypt to increase industrial productivity and expand private investments in advanced and technical sectors. This, in turn, paves the way for greater diversification of the production base and reduces dependence on imports, thus enhancing the national economy's capacity for integration.

With the accelerating global trend towards green transition and decarbonization, the World Bank's World Development Report 2024 indicates that Egypt is among the middle-income countries with the highest potential on the Green Complexity Potential Index. This reflects its ability to diversify its production base and develop more sustainable sectors and industries, offering ample opportunities to enhance competitiveness and attract green investments. This ranking is instrumental in bolstering Egypt's progression toward a green economy, capitalizing on its successes in renewable energy, which reinforces its position as a regional hub for sustainable transformation and as a key driver for creating quality jobs in the future.

Figure (10) Middle-income countries with the highest potential on the Green Complexity Potential Index

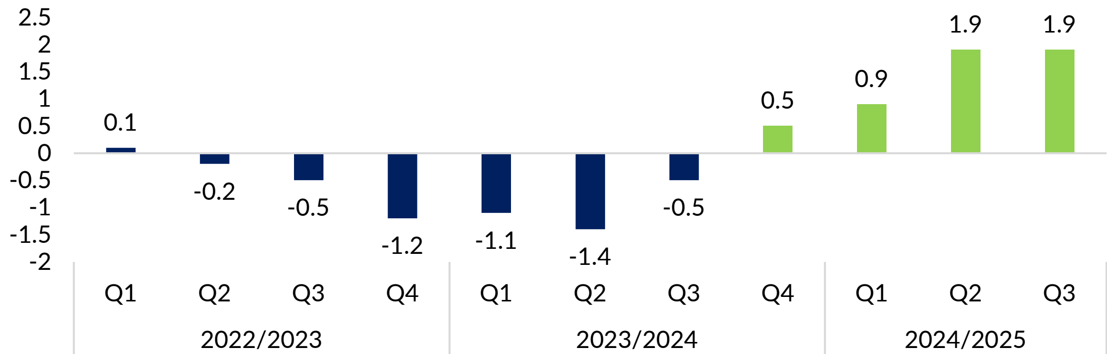


Source: World Development Report, World Bank

Growing Economic Role of Manufacturing Industry

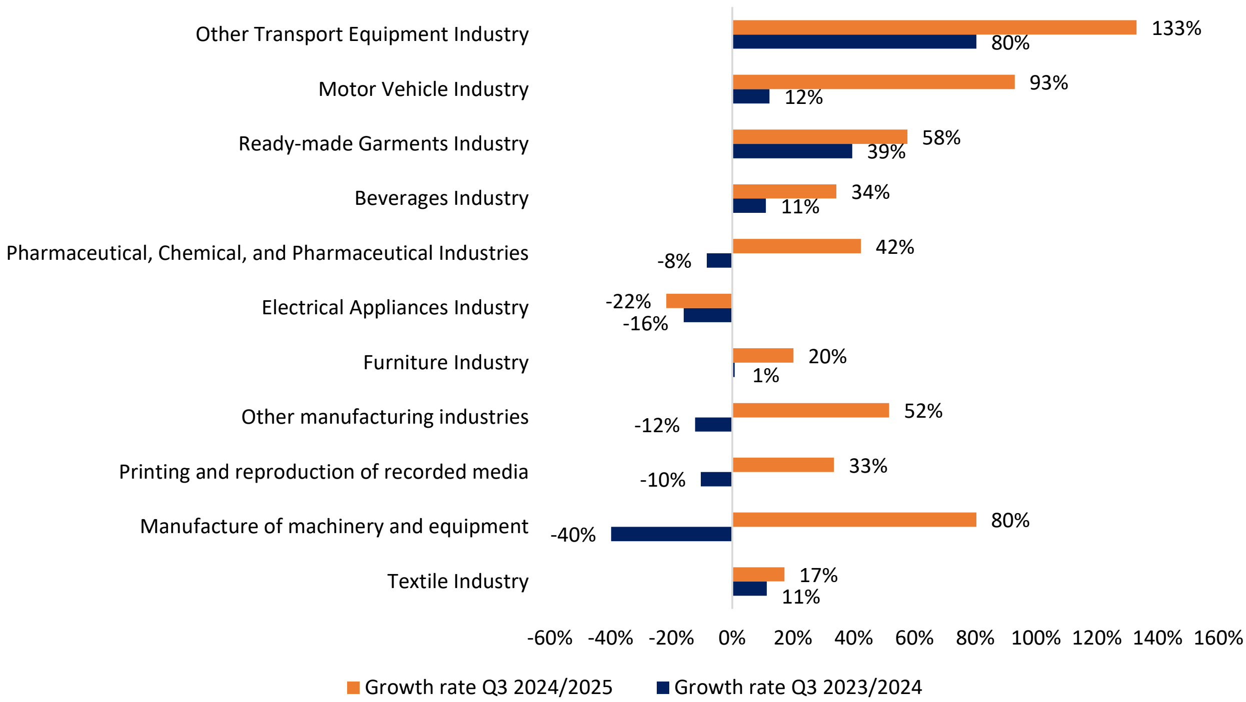
Non-petroleum Manufacturing has shown a gradual improvement in its contribution to GDP growth. This growth was driven by an increase in industrial production following the facilitation of customs clearance for raw materials and inputs used in the industrial sector. This trend has been particularly evident since Q4 of last FY, with the sector's contribution to GDP growth jumping by 1.9 percentage points in Q3 of FY 2024/2025, reflecting the growing economic role of this vital sector in promoting economic growth and production diversification.

Figure (11) Non-petroleum manufacturing industries contribution to GDP growth (percentage)



Source: Ministry of Planning, Economic Development and International Cooperation

Figure (12) Annual Growth Rate of Key Non-Petroleum Manufacturing Industries (%) - Q3 FY24/25



Source: CAPMAS

The main sectors driving this growth included the automotive industry (93%), garment (58%), beverages (34%), and textiles (17%). Other transport equipment **and ready-made garment** industries stood out as another driver of industrial growth, with an annual growth rate of 133% and 58%, respectively, during Q3-2024/2025 compared to the same quarter of the previous year. This performance is attributed to a significant increase in exports, with expectations of FDI inflows, particularly from Chinese companies, as well as expansions in industrial cities specializing in textile and garment production, which will boost the competitiveness of this industry in international markets.

This growth coincides with major shifts in the international trade landscape, especially amidst escalating protectionism and trade wars, which opens up promising opportunities for Egypt to strengthen its position as an alternative production and export hub in the ready-made garment sector.

The private sector is a key driver of economic growth and job creation in Egypt. It has significant potential to strengthen its role in advancing development and integrating effectively into the global economy. The performance of Egyptian companies in global markets shows significant promise, even though the percentage of direct exporters has remained between 7% and 8% since 2013. Data from the World Bank's Enterprise Survey shows that exports constituted about 44% of the total sales of exporting companies,[4] on par with Jordan and Turkey and ahead of countries like Morocco, Malaysia, and Poland, which underscores the solid competitive standing of Egyptian companies. These indicators highlight the importance of continuing policies that aim to improve the business climate, expand access to finance, and enhance the capabilities of SMEs to grow and integrate into GVCs.

A key constraint is limited innovation, as the percentage of companies introducing new products does not exceed 1.6%, compared to about 28% globally. According to estimates, every 1 percentage point improvement in innovation leads to an increase in companies' exports by about 1.46 percentage points. This highlights the need for incentives that promote research and development, foster partnerships between the private sector and academic institutions, and link technological modernization with market expansion.

In this context, efficient logistics and easier cross-border trade are key to enabling the private sector to expand beyond the local market. Egypt has made notable progress in the efficiency of cross-border goods movement, as reflected in its improved ranking in the Logistics Performance Index (LPI) 2023, advancing ten places to rank 57th out of 139 countries. Although a gap remains with the global average, indicators for the dwell time of imports in ports and ship turnaround times have improved.

The government is currently working to reduce customs clearance time from 14 days to just 2 days by the end of 2025. This will be achieved by decreasing the number of agencies involved in the joint inspection of goods and activating an integrated digital risk management system at the borders. The importance of these reforms extends beyond merely accelerating trade; they are part of a broader vision to transform Egypt into a regional and global logistics hub. Thanks to its strategic geographical location at the crossroads of three continents and the Suez Canal as a vital shipping lane, Egypt is fully equipped to serve as a key link in international supply chains. Ongoing investments in the development of ports, rail connectivity, industrial and logistics zones, and digital infrastructure contribute to reinforcing this position, fostering an enabling environment for the private sector to access new markets, and generating greater added value through transit trade and related manufacturing activities.

In light of accelerating global changes, industrial and commercial development and the attraction of sustainable investments have become more important than ever, especially given the need to diversify sources of income, develop value chains, and expand the national production base. It is from this standpoint that Egypt focuses on formulating and implementing a Foreign Direct Investment Strategy, a National Industrial Development Strategy, and a Foreign Trade Enhancement Strategy—all founded on the principles of sustainability, integration, and consistency with other national strategies.

4 According to the findings of the World Bank's 2020 Enterprise Survey.

Egypt's Foreign Direct Investment Strategy (2025-2030)

To improve the business environment and enhance the competitiveness of the Egyptian economy, the government is currently preparing a comprehensive strategy to promote foreign direct investment (FDI), with technical support from the World Bank Group. The strategy aims to diversify investment inflows and increase the share of knowledge- and technology-based sectors in total investments.

The strategy is based on a systematic classification to prioritize which sectors to promote, based on their readiness and expected developmental benefits. It focuses on 13 economic sectors, including 8 sectors that are ready for immediate promotion and 5 ambitious sectors that require further reforms. The goal is to direct promotional efforts toward the sectors with the highest potential returns and to effectively allocate resources in line with economic reform priorities.

Given the push to attract sustainable and diverse foreign investments and maximize their development returns, the new Foreign Direct Investment Strategy is built on five main pillars:

1. **Macroeconomic Stability and Policy Predictability**: The State seeks to create a stable economic environment that builds confidence and reduces investment risks by implementing structural fiscal and monetary reforms. These include reducing the debt-to-GDP ratio, maintaining a flexible exchange rate, and lowering inflation rates.
2. **Enabling Business Environment**: Work is underway to address challenges faced by domestic and foreign investors. This includes streamlining license issuance, improving export and import value chains, ensuring the availability of land and services, upgrading skills, and expanding long-term financing options.
3. **Investment Promotion**: The role of the General Authority for Investment (GAFI) is being restructured to become the leading national entity for attracting investment. This involves focusing on priority sectors, employing modern promotion tools such as AI, improving services provided to investors throughout the project lifecycle, and enhancing the effectiveness of monitoring and evaluation by collecting and analyzing accurate data on investment projects.
4. **Investment Regulatory Framework**: This involves reviewing the Investment Law and bilateral treaties to align them with global successful practices, simplifying the investor life cycle and improving the efficiency of the incentive system by preparing a clear list and analyzing their costs and returns. Additionally, it includes strengthening local linkages within value chains of priority sectors, and addressing the gaps that local suppliers face when contracting with international companies.
5. **Sectoral Policies and Programs:** This pillar involves making reforms to improve Egypt's competitiveness in attracting FDI, which is crucial for priority sectors. This means preparing and implementing comprehensive sectoral development plans, developing infrastructure and skills, and aligning local laws with international standards. Many of the reforms needed to boost sectoral competitiveness are, in fact, general horizontal reforms, such as enhancing competition, reducing the State's role, improving trade and logistics performance, and upgrading skills.

National Industrial Development Strategy and the Accelerated Industrial Development Plan

Alongside the FDI Strategy, and as part of the State's efforts to enhance the Egyptian economy's competitiveness and expand its production base, the Ministry of Industry is finalizing the **National Industrial Development Strategy**. This strategy aims to build a competitive and sustainable industrial economy based on innovation, technology and knowledge. It seeks to establish Egypt's position as a regional hub for flexible manufacturing by optimizing resource utilization and promoting industrial transformation and innovation.

The strategy focuses on strengthening local manufacturing, increasing the added value of exports and promoting Egypt's integration into GVCs. Moreover, it aims to address current challenges in industrial capabilities, such as low productivity, attract investments to the industrial sector, increase the percentage of local components in manufacturing processes, optimize the allocation and utilization of land, promote exports, streamline trade, and develop industrial facilities and infrastructure. These objectives will be pursued through a suite of integrated policies to improve the competitiveness and quality of Egyptian products in international markets.

Furthermore, the strategy took into consideration Egypt's industrial strengths, such as its advanced infrastructure, mining and agricultural resources, and qualified workforce, while drawing lessons from the successful international experiences of Turkey, Morocco, India and Vietnam. Based on these foundations and criteria, 28 promising industries and investment opportunities were identified. The selection criteria included the availability of raw materials and production technologies, the potential for high added value, low energy consumption, and high labor intensity.

As part of its vision to build a more integrated and open industrial economy, Egypt prioritizes the development of connectivity corridors with neighboring African countries. The goal is to strengthen economic and logistical connectivity with major regional blocs, such as ECOWAS, EAC, ECCAS, and SADC through strategic land and trade routes. These efforts aim to facilitate intra-African trade, reduce logistical costs, and connect Egyptian industries to new markets. Ultimately, this will enhance Egypt's export capacity and leverage its strategic location to drive industrial and trade growth, while also supporting economic integration efforts across the continent.

An accelerated plan for the advancement of industry was also launched to accelerate the implementation of priority programs, provide quick solutions to the challenges facing investors, and capitalize on existing opportunities. This is being carried out through **seven main pillars**: deepening local manufacturing by relying on available raw materials, expanding export-oriented factories, getting stalled factories back in operation, improving the quality of national products, keeping pace with digitalization and green industries, creating sustainable jobs, and promoting employment for production while training and upskilling technical workers.

To that end, the **Ministerial Group for Industrial Development** was established, with the Deputy Prime Minister as its chair, by Decree No. 227 of 2024. Its mandate is to coordinate efforts of relevant ministries, follow up the implementation of the National Strategy and Industrial Development Plan, and develop urgent solutions to the challenges facing industrial investors. The group has held more than 29 meetings to date, resulting in a series of measures and reforms that contribute to a more effective and resilient industrial business environment.

Egypt's Trade Policy Document

On the foreign trade front, the Ministry of Investment and Foreign Trade has finalized Egypt's Trade Policy Document. This is a strategic step that responds to the rapid shifts in the global trade system, including the rise of protectionism and disruptions in supply chains. The document serves as a guiding framework that identifies the major directions for foreign trade, by linking trade policies with financial, monetary, investment, and industrial policies. This ensures institutional integration that supports the goals of comprehensive development. The document also lays the groundwork for a subsequent phase during which a comprehensive national strategy will be formulated with implementation programs, sectoral directions and clear timeframes, taking into account the distinct nature of the Egyptian economy and its regional and international position.

The policy focuses on addressing the challenges facing export sectors, maximizing the benefits of international and regional trade agreements to boost market access, expanding high-value commodity and service exports, and increasing the added value of products and services related to foreign trade. By integrating trade policy with sectoral strategies, a comprehensive framework is established for incentives and reforms that will bolster production and export-related activities in sectors that hold a comparative advantage.

The new trade policy also focuses on linking investment and trade as a key approach to addressing trade deficit. This is done by directing economic activity toward exports, strengthening the production base, and increasing the added value of local products, all while striking a balance between opening up to markets and safeguarding national interests.

The linkage between domestic manufacturing and expansion into foreign markets is a key pillar for promoting sustainable growth and job creation. Domestic manufacturing cannot fully achieve its goals without being linked to foreign market expansion policies, and vice versa. The government, operating through the aforementioned national strategies, aims to align efforts across relevant ministries and executive agencies, ensuring consistency between production plans, export policies and market access initiatives, and maximizing the benefits of trade agreements. Export-oriented productive investment plays a pivotal role in this vision, given its role in raising the added value of Egyptian exports, accelerating the integration of national economy into GVCs, and increasing foreign exchange flows. This integration between manufacturing and exporting is a prerequisite for the transition to a competitive productive economy capable of keeping pace with and adapting to regional and international shifts and their challenges.

The alignment between the FDI Strategy and the Industrial Development Strategy is key to promoting the transition toward a productive, competitive, and sustainable economy. Attracting foreign investments to industrial sectors with high added value not only helps transfer technology and build production capabilities, but also creates strong links between local and global companies. This, in turn, strengthens value chain integration, spurs innovation, and boosts productivity.

On the other hand, the development of a strong industrial base contributes to attracting more foreign investments by creating a favorable environment for production and export. This integration between the two paths enables the economy to create productive job opportunities, improve income levels, and raise the quality of economic growth. This ensures long-term sustainability and enhances the State's competitiveness in regional and international markets.

Following a thorough study of relevant sectors, a number of target sectors common to both the FDI and industrial development strategies have been identified, as follows:

- **FDI Strategy:** Logistics and transportation, outsourcing and communication services, data centers, hotels and tourist resorts, hospitals and medical centers, pharmaceutical and medical industries, and green hydrogen.
- **Industrial Development Strategy:** Plastics and rubber, leather industries, and green industry.
- **Common sectors include:** Textiles and ready-made garment industry; electronics industries; chemical and semiconductor industries; agribusiness and food processing; automotive industry and feeding industries; and industries related to renewable energy (solar and wind energy).

Additionally, the sectors qualified for deepening local manufacturing have been identified and categorized divided into three groups:

- Strategic Industries Group: Food, pharmaceuticals, chemicals, and engineering.
- Important Industries Group: Medical equipment, textiles and weaving, construction materials, and wood.
- Future Industries Group: Software, electric vehicles, batteries, green fuel, and green industries.

These sectors and sub-activities fall within the previously identified tradable sectors, which include manufacturing, tourism, agriculture, and telecommunications and information technology. These sectors represent the core pillars for sustainable economic growth, increased exports, and enhanced competitiveness of the Egyptian economy.

The outcomes of the Advisory Committee for Export Development, formed by a decree of the Prime Minister, clearly align with the findings of the national strategies. The committee identified three specific sectors as having "quick wins": medical industries, ready-made garments and textiles, and agricultural products. These sectors are underpinned by clear competitive advantages, including availability of raw materials, integration of value chains, and growing global demand, along with their ability to generate direct and indirect employment opportunities and promote domestic added value.

Key Recommendations and Sector-Specific Solutions

As noted earlier, Egypt is gearing up to promote investment in eight promising sectors, which constitute the initial phase of its targeted promotion efforts. These sectors are selected for their strong potential to attract investments, achieve high added value, and create sustainable jobs. They include: **agribusiness and food processing, renewable energy, electronics, chemical industries, textiles, outsourcing and communication services, logistics and transport, and hotels and tourism resorts**. These sectors serve as cornerstones for the national strategy to maximize productivity, enhance competitiveness, and integrate investment and employment objectives. This is due to the fact that they focus on aligning investments with the green and digital transitions, and maximizing the private sector's role and modernizing the institutional and regulatory structures.

In light of the efforts to boost export capacity and achieve sectoral targets by 2030, the Advisory Committee for Export Development has presented a number of general recommendations and sectoral proposals. These aim to address key obstacles and create an enabling environment for export activity, especially in high value-added sectors such as pharmaceuticals, ready-made garments and textiles, and agricultural products.

First: Key Common Directions to Support Investment Promotion and Enhance Export Capacity

Several common themes are evident in the efforts to promote foreign direct investment and develop exports, particularly in high value-added sectors. This reflects an integrated approach towards reforming business environment and enhancing productivity and competitiveness. The key themes can be summarized as follows:

1. **Strengthening the Private Sector's Role and Reducing the State's Operational Role:** Emphasis has been placed on the gradual exit of the public sector, particularly in the chemical and agribusiness industries, in favor of creating an attractive and stimulating environment for the private sector.
2. **Improving the Regulatory and Governance Framework:** This involves simplifying procedures, speeding up licensing and certification, and aligning local standards with international ones, especially in industry, agriculture, tourism, and telecommunications. It was also recommended that a coordinating body be established to allocate industrial and agricultural land under a long-term usufruct system, to facilitate investors' access to productive land.
3. **Upgrading Infrastructure and Improving Logistical Connectivity and Access to Foreign Markets**: A consistent focus is placed on expanding the infrastructure for maritime and air freight chains and developing supportive infrastructure such as storage and refrigeration for agriculture, electricity grids for renewable energy, and multimodal transport and logistics infrastructure. Recommendations were also made to activate mutual recognition agreements, particularly in the pharmaceutical sector, to access foreign markets, as well as to establish a unified trade information platform that includes a database of high-demand markets and the required technical specifications. This is complemented by efforts to bolster trade promotion capabilities and facilitate SME participation in international exhibitions.
4. **Stimulating Investment and Production through More Flexible Financial and Tax Instruments:** This involves updating export rebate schemes to reflect changes in the production cost structure. Additionally, it was proposed to offer low-cost financing tools in local currency, including operational and investment financing for exporters, with a special focus on SMEs.
5. **Building Human Capacity, Developing Skills, and Fostering Technological Innovation:** Developing specialized skills is crucial for aligning workforce with the demands of target sectors. This involves launching advanced training programs in partnership with universities and training centers, bringing in international expertise for technology transfer, and promoting research and development, especially in sectors that require strict compliance with international technical and quality standards. Successful models include the Egyptian-German Academy and digital initiatives in tourism and outsourcing.
6. **Maximizing the Use of Underutilized Public Assets:** This involves offering inactive land and facilities on preferential terms, especially for priority export activities, and allocating new industrial areas to expand production lines and establish integrated industrial complexes.
7. **Advancing the Green and Digital Transition**: This is evident in the support for green technology in industry, adoption of sustainability solutions, and development of sectors reliant of AI, cloud computing, and innovation.

Second: Targeted Sectoral Interventions

There are also sector-specific reforms aimed at attracting investment and maximizing value added. For example, reforms in **agribusiness** include modernizing systems through technology and strengthening value chains, while facilitating land allocation under the usufruct system, supporting express shipping, constructing packaging and cooling stations, and extending tax exemptions on packaging materials. The **renewable energy** sector focuses on improving grid infrastructure and streamlining permits. In **electronics industries**, priority is given to waste management and monitoring the implementation of national initiatives. The **chemical industries** are experiencing government exit and greater empowerment of SMEs. The **ready-made garment and textile** sector is moving towards adopting green technology and improving compliance with environmental standards, with a focus on providing industrial land, preparing underutilized assets for investment, and updating the export rebate system to fit the needs of labor-intensive industries. Additionally, this sector is working to develop technical education and provide soft financing to support production and operational expansion. The **communications and outsourcing sector** focuses on innovation and intellectual property protection. Reforms in the **transport and logistics** sector include improving governance and infrastructure, while the **tourism sector** aims to enhance workforce efficiency, streamline procedures, and keep up with global trends in digital marketing and ecotourism.

In the **pharmaceutical sector**, the recommendations included: (i) establishing an independent unit within the Egyptian Drug Authority to expedite registration, analysis, and inspection procedures; (ii) implementing a flexible pricing policy that takes into account changes in exchange rates, inflation, and interest rates; (iii) offering incentives to local producers, including tax and customs exemptions; and (iv) signing mutual recognition agreements with key markets in the region.

National Employment Strategy

Concurrently with the efforts to attract more FDI and develop trade and industry sectors as key drivers of economic growth, the National Employment Strategy is being formulated in cooperation with the ILO, private sector stakeholders, civil society, and youth. This strategy aims to set out a clear national policy for employment in Egypt, focusing on increasing employment rates, reducing unemployment, aligning education and training outcomes with actual labor market needs, and developing skills that match current and future job requirements.

The strategy also seeks to develop specific programs to formalize the informal economy, thus maximizing opportunities for full, productive, and freely chosen decent work. This aligns with Egypt's Vision 2030 and the priorities outlined in the Government's Action Program (2024-2027), by adopting an integrated approach to balance supply and demand. This approach rests on a number of key pillars, notably: building the capacity and skills of the Egyptian workforce; enhancing the design and implementation of employment services and active labor market programs; improving labor market governance and decent work conditions for workers at home and abroad; and promoting women's inclusion in the labor market and removing barriers to the participation of the most vulnerable groups.

As part of the State's commitment to developing labor policies and redefining the employer-employee relationship, the government has developed a new labor law, which has already been passed by the House of Representatives, aligning with Egypt's vision for achieving economic development, increasing private sector's participation in building and development efforts, and attracting both domestic and foreign investments.

Integrating the Strategies for Foreign Investment, Industrial Development, and Foreign Trade with the National Employment Strategy to Promote Sustainable Economic Development

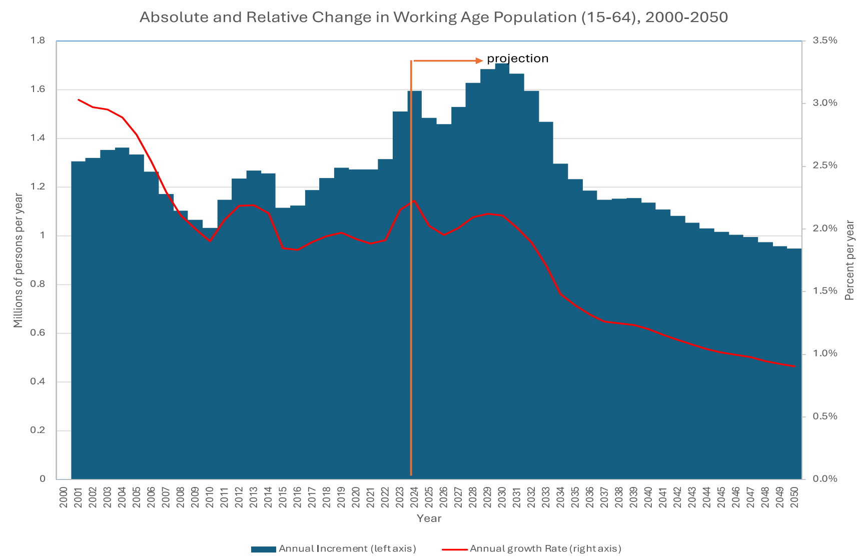
The Egyptian government is actively working to integrate its strategies for **FDI, Industrial Development, and Foreign Trade Policy with the National Employment Strategy**, with the aim of maximizing the developmental impact by creating productive and decent jobs and promoting sustainable growth.

These efforts come in response to the expected surge in labor market entrants over the next decade, as a result of the "Youth Bulge" phenomenon. This could place significant pressure on unemployment rates by 2033, if employment policies fail to keep pace with population growth, as the working-age population is expected to increase by more than 1.7 million annually until 2030. Complementarities across the different strategies are evident as follows:

First: Foreign Investment as an Entry Point for Production and Employment

The government is paying increasing attention to channeling **FDI to productive, employment-generating sectors**. The focus is on labor-intensive sectors, as well as sectors that blend labor and capital, such as manufacturing, tourism, agriculture, renewable energy, chemical industries, and outsourcing services. Investment in these sectors is intended to contribute to technology transfer, increased productivity, and positive impacts on employment and incomes.

Figure (13) Youth Bulge



Source: ILO experts' calculations based on Egypt's average population projections from the 2024 Revision of the World Population Prospects (United Nations Department of Economic and Social Affairs, 2024)

Second: Industry as an Engine for Growth and Employment

According to 2024 data, the **industrial sector alone accounted for 13.2% of total employment (around 3.95 million workers),** ranking fourth after agriculture, wholesale and retail trade, and construction. This sector has significant potential to increase employment rates, particularly in governorates with high unemployment and poverty rates. The focus is on **supporting labor-intensive** industries by: offering targeted investment incentives for less attractive governorates to ensure equitable opportunity distribution and balanced regional development; and supporting efforts to transfer ownership of unused industrial assets and use them as collateral for launching productive financing programs.

Experiences of East Asia (e.g. Indonesia, Taiwan, and Korea) set a good example in this regard. By implementing education and training policies linked to the promotion of the manufacturing sector, these countries were able to increase employment opportunities for marginalized and vulnerable groups.

Moreover, creating an enabling environment for small enterprises, especially innovative startups, would stimulate economic activity, generate more jobs, and improve incomes.

Third: Trade as a Demand Driver and Employment Multiplier

To ensure that the jobs created through manufacturing and investment are sustainable, the government is linking industrial production to export channels, by: enhancing access to regional and international markets, developing logistics and port infrastructure, and promoting compliance with global quality and safety standards. This linkage increases demand for the industrial output and generates direct and indirect jobs, which, in turn, improves income levels and competitiveness.

Fourth: Skill Development, Technological Innovation, and Linking Education and Training Programs to Labor Market Needs

To maximize returns on industrial and commercial investments, skills represent the core element for successful integration. An IMF study suggests that increasing the average years of education by one year has a positive long-term impact, contributing to a rise in GDP per capita by 3% to 6% and adding 0.4 to 1.4 percentage points to per capita GDP growth rate. Similarly, the World Bank indicates that an additional year of schooling can increase per capita income by up to 12%. Consequently, the following interventions should be prioritized:

- **Linking technical and vocational training programs to market needs to ensure alignment between labor supply and demand**. The State has paid special attention to strengthening public-private partnerships, engaging the private sector in curriculum development, providing practical training opportunities in production facilities, and supporting the establishment of specialized technical schools. Prominent examples of this collaboration include major companies like Schneider Electric, B.Tech, and Orascom working with the government to advance technical education and link it to vital economic sectors.

It is worth noting that labor-intensive industries, such as ready-made garments and agro-processing, provide a key channel for a large number of women to enter the labor market. This means that developing skills in these sectors is a powerful tool not only for promoting employment, but also for economically empowering women and achieving greater inclusion in the labor market.

Furthermore, investing in a better quality and wider reach for technical education is instrumental in narrowing the gap between labor supply and demand, enhancing the ability of youth to join the formal labor market, and providing skilled workers. This has led to the establishment of the National Authority for Quality Assurance and Accreditation (ETQAAN), the Center for Enhancement of Quality Assurance in Technical Education (CEQAT), and the Technical and Vocational Education Teachers Academy (TVETA).

- **Developing skills through institutional partnerships between the government, private sector and international institutions** to ensure workforce readiness. This includes collaborations with the private sector and the European Training Foundation (ETF) to develop green skills, as well as with ILO to incorporate employment considerations into the formulation and implementation of trade and investment policies.

On the other hand, the private sector contributes to supporting specialized technical schools by providing financial and technical resources, updating educational curricula, and modernizing equipment. For example, companies have provided financial and technical support to technical schools specializing in areas such as renewable energy and information technology. This has helped improve the quality of education and provide a modern and advanced learning environment, as such support enables schools to provide high-quality technical education that meets international standards.

- **Improving institutional coordination among investment, industrial and trade policies** and developing mechanisms to periodically measure impact on employment.

\- **Within this setting, the operationalization of sectoral skills councils (SSCs) in the target economic sectors** is a concrete manifestation of the interventions mentioned above. SSCs contribute to developing professional standards, accrediting competencies, and promoting continuous skill development, which improves employment prospects and boosts the competitiveness of the Egyptian economy, as is the case in the chemical industries. The council, already formed by the sector, has identified key professions and jobs, and their corresponding skills and competencies, both current and future. It has also identified the existing gaps in those skills and competencies and is working to fill them by preparing training and education frameworks specific to the sector. In cooperation with the Ministry of Planning, Economic Development, and

International Cooperation (MoPEDIC), it will be officially licensed to develop and implement these frameworks in line with European standards. This will make the sector's workforce an important competitive factor not only in supporting the sector locally, but also in attracting its own investments. Most importantly, it will ensure that local workers are not replaced by more skilled workers as one of the potential consequences of FDI in the absence of a skilled local workforce.

- It has been agreed to launch SSCs in the ICT sector, with its promising areas such as cybersecurity, AI, software development, and digital services, as it requires a workforce with advanced technical and digital skills.

- Regarding the green economy, SSCs focus on developing skills for the green transition to ensure alignment of training programs with the shift towards an environmentally sustainable economy. In this vein, SSCs for the renewable energy sector are currently being established in collaboration with ETF as part of broader efforts to develop the technical education and vocational training system and link it to the needs of the green economy transition and support sustainable growth in Egypt.

- On another front, MoPEDIC is collaborating with ILO on the implementation of the Green Jobs Assessment Model. As a tool for evidence-based policymaking, it is applied globally to measure how green and climate policies – both positive and negative – affect employment, **especially for women and youth**, income distribution, skills development, and economic growth. It also points to the measures and interventions needed to ensure a just transition for workers.

Given the dynamic changes in labor markets and the widening skills gap, the World Bank warns of a "human capital gap" that hinders workforce's readiness for future needs. Governments, especially in developing countries, need to play a critical role in building strong human capital. This involves making early investments in health and education, expanding vocational training opportunities, and creating an enabling environment for the most vulnerable groups.

This holistic view for human capital development necessitates a full journey across different stages of a person's life, including:

- **Comprehensive development throughout the first 1,000 days of life;**
- **Developing cognitive and social skills in childhood;**
- **Acquiring relevant skills and work behaviors in adolescence and youth;**
- **Continuously updating skills during the professional maturity stage; and**
- **Maintaining good health for a productive and active old age.**

This approach takes on a practical form through the Human Development Index (HDI), which measures development progress across three interconnected dimensions: Health (life expectancy at birth), Education (mean and expected years of schooling), and Standard of Living (GNI per capita). HDI is a mirror of the effectiveness of human capital development policies. The experiences of countries show that improvements in this index are closely linked to a reduction in poverty and unemployment, and higher levels of social justice. For Egypt, despite the gradual improvement in its ranking, there is still significant room to enhance the index's components, especially in education and health, to improve quality of life and achieve sustainable development breakthroughs. Therefore, Egypt's 2025 Human Development Report is considered a key national tool that provides an objective analysis to measure progress in education, health, and standard of living—all of which are interconnected elements that have a direct impact on improving labor market readiness and boosting productivity.

The World Bank's Human Capital Index (HCI) also stands out as a vital tool for both the government and citizens. It helps assess productivity-related aspects, such as child survival rates, early readiness for success, educational attainment, and adult health.

Role of International Partnerships in Promoting Investment, Industry, and Foreign Trade

Joint committees play an important role in strengthening economic ties between Egypt and other countries. They provide an opportunity to study further areas of joint cooperation between countries. The joint committee mechanism offers the proper setting for discussing and implementing cooperation frameworks. These committees are also regarded as a key vehicle for South-South cooperation by supporting the exchange of experiences and building partnerships based on shared priorities.

In light of the conclusions reached during the joint committee meetings between Egypt and Romania, Tajikistan, Poland, Uzbekistan, Hungary and Vietnam, the following matrix has been developed, outlining a non-exhaustive list of economic cooperation opportunities with these countries. The matrix covers five main themes: **trade, industry, investment, private sector participation, and capacity building/ technical cooperation.** These opportunities have been identified based on each country's competitive advantages and the priority areas agreed upon during the bilateral meetings, with the objective of maximizing the benefit from this mechanism and promoting sustainable economic partnerships.

Table 1: Economic Cooperation Opportunities with Non-Traditional Development Partners through Joint Committees

Country	Trade Opportunities	Cooperation in Various Activities (Industry - Agriculture - (Services	Areas of Investment	Private Sector Participation	Green Transition	Capacity Building / Technical Cooperation
Romania	Export of food products (e.g. frozen vegetables) and agricultural crops	Food processing, IT, medical touri sm	Renewable energy, digital services, Black Sea logistics	Romanian companies operating in Egypt, such as JP and Blaustern Food	Green hydrogen, CBAM	Training on medical tourism and exchange of technological expertise
Tajikistan	Export of leather goods, food products, and pharmaceuticals	Aluminum manufacturing, water desalination, food and pharmaceutical industries	Hydropower, food processing, infrastructure projects	Entry of Egyptian pharmaceutical and energy companies into the Tajik market	Hydropower, water desalination, solar and wind energy	Training health workers, tourism, collaboration on climate change
Poland	Exchange of agricultural products, hardware components, and raw materials	Smart agriculture, digitalization, AI	Solar and wind energy, higher education, scientific research	Trade exhibitions, partnerships in innovation and technology	Renewable energy projects, emission reduction	Academic exchanges, digitalization workshops, curriculum development
Uzbekistan	Export of vegetables, fruits, pharmaceuticals, oils, and textiles	Gold jewelry, textiles, railway carriages, chemicals	Green economy, solar energy, jewelry, pharmaceutical industries	Egyptian companies in Uzbekistan, digital trade platforms, joint industrial zones	Solar and wind energy, distribution and storage, green projects	Agricultural training, environmental cooperation, exchange of knowledge in cotton and pharmaceuticals
Hungary	Import of food products, fish, transport equipment, chemicals	Railways, electronics, defense industries, water desalination	Renewable energy, gas, Suez Canal Economic Zone	Telecommunications partnerships (e.g. 4iG), SME support	Water desalination, solar energy, gas, peaceful use of nuclear energy	Water management, food security, clean energy, higher education and space
Vietnam	Export: machinery, electrical appliances, cotton, textiles Import: fish, crustaceans, rubber	Plastics, chemicals	Logistics, energy, textiles	Joint investments in mining and food products	Renewable energy	Economic development strategies, transition to clean energy

At the financial institution level, and amid rapid geopolitical and economic shifts, Egypt recognizes the need to develop effective tools to finance "quality growth" and enhance its integration into GVCs. This is pursued through strategic partnerships with regional and international institutions that provide an integrated mix of financing, insurance, and institutional and technical support. Within this scope, partnerships with the Islamic Development Bank Group, along with the Arab Investment and Export Credit Guarantee Corporation (Daman), have formed an advanced model for directing international cooperation tools towards supporting the State's priorities in investment, industry, and foreign trade, and empowering the private sector, particularly in sectors with social and environmental dimensions.

Since Egypt became a member, the total support provided by these institutions has amounted to around **US$37 billion**, which reflects the depth and breadth of the partnership. The International Islamic Trade Finance Corporation (ITFC) has contributed more than **$20.5 billion** to meet strategic needs for basic commodities, support digitalization, empower women and local communities, and promote non-traditional trade. Meanwhile, Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) has provided an insurance umbrella that has helped reduce investment and commercial risks, and has opened the door for Egyptian projects to expand into African and European markets, including major projects such as Benban project in renewable energy.

The Islamic Corporation for the Development of the Private Sector (ICD) has also provided direct financing of **$346 million,** along with a new program worth **$100 million** to support local investment and create jobs, using innovative instruments such as blended finance and *sukuk*. On the other hand, Daman Corporation has contributed to securing operations exceeding **$2.7 billion**. This involved covering sovereign and commercial financing, stimulating investments in health and education, and supporting exporters in high-risk markets.

These partnerships feature a high degree of functional integration, supporting the State's efforts in implementing a comprehensive strategy based on:

- **Providing sustainable and competitive financing for strategic commodities**;
- **Expanding insurance instruments to facilitate exports and market access**;
- **Supporting small and medium-sized productive projects and empowering women and farmers**; and
- **Promoting digitalization and improving the institutional environment for trade**.

Egypt seeks to **expand the scope of these partnerships in the future** by enhancing insurance coverage for major productive sectors, integrating Islamic finance into industrial strategies, employing the technical and financial capabilities of these institutions to support the green transition, and promoting regional integration, in pursuit of the goals outlined in Egypt's Vision 2030.

7. Strategic Partnership with the African Continent

Acknowledging the importance of South-South cooperation as a strategic tool for promoting sustainable growth, building economic partnerships and fostering regional integration, the government, as part of its new economic model focused on tradable sectors, is laying out a roadmap to deepen economic partnerships with Africa, and promote trade, industrial and investment integration, drawing on the sectoral strategies mentioned earlier.

This roadmap focuses on developing advanced physical and digital infrastructure, expanding regional supply chains, and promoting market access through integrated transport and logistics networks, and effective port and air connectivity, supported by innovative financing mechanisms and accessible regional payment systems. It also attaches special importance to ensuring access to sustainable energy, building human capacity, and expanding the entrepreneurial base. These efforts aim to bolster the resilience of African economies against shocks and solidify the transition towards a competitive, productive economy, capable of creating quality jobs, increasing added value, and opening new horizons for intra-continental trade, as outlined below:

- **Infrastructure and Regional Connectivity:** Investing in land, sea, and air transport networks, along with ports and railways, while expanding digital infrastructure projects through public-private partnerships and triangular cooperation.
- **Promoting Intra-continental Trade:** Opening new shipping and air lines, organizing periodic exhibitions for African products, supporting Egyptian exporters through the Egyptian Export and Investment Guarantee Agency (EEIGA), and activating the Pan-African Payment and Settlement System **(PAPSS)** to reduce the cost and time of financial transfers.
- **Energy Security and Green Transition:** Implementing renewable energy projects, especially solar, and providing sustainable power sources to increase energy security and support economic growth across the continent.
- **Human Development:** Exchanging best educational practices, linking education to the labor market, and organizing joint workshops to develop skills and reduce unemployment.
- **Entrepreneurship and the Private Sector:** Supporting startups and innovative projects, leveraging the **"Hafiz"** platform as a tool to identify joint financing and investment opportunities, while strengthening South-South economic cooperation to transfer successful experiences.
- **Peace and Security:** Supporting efforts to resolve internal and border conflicts, as a prerequisite for creating an enabling environment for comprehensive development.
- **Digitalization and Smart Services:** Developing unified digital platforms to promote intra-African trade, and supporting digital governance projects and e-government services.
- **Public Health and Biotechnology:** Expanding initiatives to combat common diseases and epidemics, transferring Egypt's expertise in the pharmaceutical and vaccine industry, and establishing regional centers for medical and health research.
- **Food Security and Smart Agriculture:** Fostering partnerships in industries.

8. Regional Planning for Localizing Economic Development across Governorates

In the process of integrating macroeconomic policies with the spatial dimension of development, national efforts to localize economic development come as a natural extension of the strategies adopted for attracting foreign direct investment, developing the labor market, and promoting trade and industry. All these policies converge toward a common goal of achieving inclusive and equitable growth that is reflected across different regions. From this standpoint, Egypt places balanced regional development and the localization of SDGs at the forefront of its priorities, based on the conviction that spatial and social justice are the foundation of comprehensive development. The State's General Planning Law No. 18 of 2022 institutionalizes this approach by providing an integrated legislative framework for planning at the national, sectoral, regional, and local levels. This ensures the bridging of development gaps and the fair distribution of public investments according to scientific criteria, guided by a financing formula and the principles of decentralization and balanced, equitable development.

Data and evidence are central to formulating more targeted and effective development policies. Accurate data and systematic analyses provide the basis for understanding development realities at the governorate level and monitoring regional gaps and disparities. The 2024/2025 Household Income, Expenditure, and Consumption Survey is therefore pivotal for updating the poverty map and measuring the impact of economic and social policies. On the other hand, the upcoming Economic and Population censuses and the new 2025/2026 Survey will further enrich the national database and link it to economic development policymaking, thus helping to identify intervention priorities. Egypt's Human Development Report (2025) will also serve as an analytical tool, providing an objective assessment of progress in education, health, and standard of living, which are interconnected pillars that enhance labor market readiness and drive productivity.

In line with its Vision 2030, Egypt is fostering balanced local development by integrating developed local programs with citizen-centric plans and community participation mechanisms. Together, they form an integrated system for local-level planning, implementation and monitoring, based on decentralization and shared responsibility, placing citizen needs at the heart of the development process. Local programs translate strategic goals into practical, long-term interventions tailored to each governorate's priorities. Citizen plans provide transparent data on investments and projects and their impact, while community participation provides channels for consultation and proposing projects.

As part of the program and performance-based budgeting methodology, MoPEDIC prioritizes improving the efficiency and effectiveness of public investment by measuring geographical development gaps to channel public investments to priority governorates based on sectoral needs. This is based on a detailed analysis of multiple development indicators, including education, health, infrastructure, culture, environment, transport, and logistics. MoPEDIC also works to link investment spending to actual performance results through the "Performance Excellence Incentives" system. This system directs resources to the most efficient and effective entities, and grants financial incentives conditional on fulfilling 26 requirements within 8 basic criteria covering participatory planning, study preparation, implementation monitoring, transparency, capacity building, domestic resource mobilization and greening the investment plan.

The State Ownership Policy (SOP-2022) is also operationalized at the local level to promote good governance of public assets, empower the private sector, and raise the efficiency of domestic investments. Key actions include inventorying and classifying assets, re-evaluating projects, preparing local investment maps, and adopting flexible models for partnership with the private sector in priority sectors. These decisions are guided by six key criteria that determine the areas where the State will either exit or continue its economic involvement. The areas of partnership or exit cover several development programs, including:

- **Local Economic and Urban-Rural development:** Fostering agricultural and craft economic clusters, establishing business incubators, developing logistics centers, organizing exhibitions and festivals, and supporting eco- and rural tourism.
- **Local Transport and Connectivity:** Developing internal transport, parking facilities, sustainable transport options, river transport, and local roads.
- **Environmental Improvement:** Developing waste management solutions, constructing organic fertilizer plants, implementing urban forestation programs, and establishing waste-to-energy generation projects.

Moreover, MoPEDIC is concurrently developing the national and local planning system through institutional and technical reforms. These reforms link financing to performance, enable local units to design and implement integrated development plans, integrate information infrastructure into the planning system, and activate monitoring and evaluation to ensure the sustainability of public assets and raise spending efficiency. This holistic approach aims to seamlessly integrate financial planning with sustainable development, and channel resources to governorates with the greatest need, in a way that achieves a better quality of life and sustainable, equal opportunities for all citizens.

Policies to Promote Growth and Jobs

Egypt's National Structural Reform Program

The Three Pillars

9. Policies to Promote Growth and Jobs within the National Structural Reform Program

Drawing on the above, and as part of defining Egypt's macroeconomic targets for the coming years, the following section outlines the policies and measures that underpin these targets and the path to their realization. In this context, structural reforms serve as the cornerstone of the desired economic transformation. Not only do these reforms foster growth but they also aim to secure macroeconomic stability, enhance resilience, diversify the productive base, and boost competitiveness.

Following this direction, Egypt continues to implement its NSRP, which serves as the primary operational framework for steering sectoral policies and interventions. NSRP is structured around three interrelated strategic pillars:

1. **Enhance Macroeconomic Stability** through measures such as public debt management, fiscal reform and greater transparency, governance of public investments, and effective tax reforms to mobilize domestic resources and revenues, alongside the activation of social protection programs.
2. **Boost Competitiveness & Improve the Business Environment** by modernizing the legal and regulatory framework, streamlining procedures, promoting investment and digitalization, safeguarding competition, and facilitating trade.
3. **Support the Transition to a Green Economy** by expanding the use of clean energy and enabling private-sector partnerships in areas such as water resources, advancing carbon markets, and reducing emissions.

These pillars are implemented through a comprehensive package of measures and policies, coordinated by the Ministry of Planning, Economic Development, and International Cooperation (MoPEDIC) and a range of national institutions, including the Ministries of Finance (MOF), Industry, Investment and Foreign Trade, Labor, Electricity (MOEE), Agriculture (MOA), and Environment, as well as the Central Bank of Egypt (CBE) and other competent authorities for governance, competition, and industrial development.

These reforms constitute the operational framework and nucleus needed to ensure coherence across policies and enhance the effectiveness of measures undertaken to achieve Egypt's ambitious economic goals. These reforms seek to foster a diversified and competitive economy, strengthen development partnerships, and activate sustainable financing instruments, thereby creating decent job opportunities and promoting inclusive and equitable growth that considers environmental and social dimensions.

Structural Reforms to Maintain Macroeconomic Stability

As part of Egypt's efforts to achieve fiscal sustainability and private sector-led economic growth, seven core public policy priorities emerge as critical. These priorities warrant particular emphasis given their direct impact on promoting stability and fostering more inclusive and equitable growth.

First, **monetary policy reforms** have been among the most significant economic developments in Egypt over the past year. In March 2024, CBE unified the exchange rate and maintained a flexible Forex rate that reflects market forces, as part of its transition to reduce inflation. In addition, it raised key policy rates to counter inflationary pressures and anchor expectations. CBE continues to safeguard the integrity of the monetary and banking system and preserve price stability in line with Egypt's broader macroeconomic policy.

Second, **tax and customs policy reforms along with enhanced domestic revenue mobilization** remain among the Egyptian government's top priorities. MOF is working to establish a modern, fair, and investment-friendly tax system that enhances competitiveness and simplifies compliance. These reforms include launching a medium-term tax strategy, expanding digital transformation, and adopting a package of legislative and administrative reforms, with a particular focus on supporting small and medium-sized enterprises (SMEs) and fostering trust between the State and the private sector. These efforts are expected to raise tax revenues over the medium term to around 15% of GDP –the minimum threshold to support sustainable growth and development– thereby improving the efficiency of fiscal mobilization and ensuring a fairer distribution of the tax burden.

Third, **realigning fiscal policy priorities and the governance of public investment** are emerging as strategic tools to support sustainable growth. This entails curbing non-essential expenditures, maintaining a ceiling on public investment, reviewed annually to allow for greater private sector participation, and channeling resources toward fully funded stimulus initiatives aimed at revitalizing key sectors such as tourism, manufacturing, agriculture, exports, and entrepreneurship. These measures will enhance the economy's capacity to generate employment and boost productivity. However, the reduction in public investment necessitates a greater role for the private sector, underscoring the need to accelerate institutional reforms and improve the overall business environment.

Fourth, MOF implements measures to reduce **public debt**, including an annual reduction in external debt of around USD$1–2 billion, a target already achieved for the FY2024/25 and expected to continue going forward. A key priority of MOF is to reduce the burden of public debt service, thereby increasing the fiscal space available for development spending. The government aims to bring public debt down to below 80% of GDP over the medium term and diversify financing sources through concessional instruments, sovereign sukuk, and new local currency financial products. Furthermore, Egypt is committed to allocating 50% of proceeds from government asset monetization toward debt reduction. This strategy constitutes a critical pillar in strengthening market confidence and enhancing macroeconomic stability, although it requires careful expenditure prioritization and flexible liquidity management.

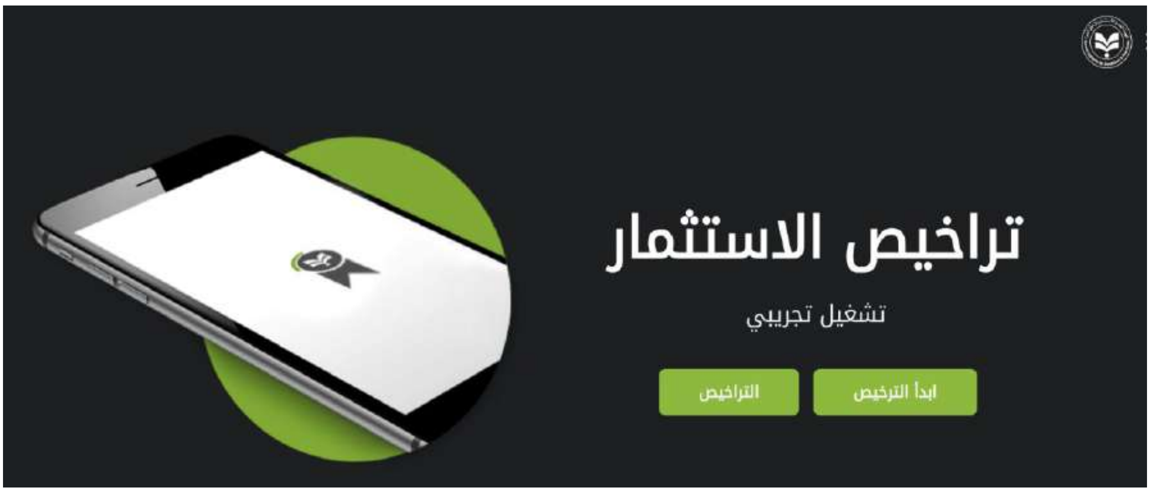
Fifth, the government places strong emphasis on **promoting social equity and protecting vulnerable groups** through a comprehensive social protection package aimed at mitigating the impact of certain economic reforms on low-income households. The package includes immediate increases in both cash and in-kind support, higher pensions and wages, and large-scale employment in the health and education sectors - measures that reinforce social stability and political acceptance of the reform agenda.

Finally, as part of Egypt's commitment to transitioning toward a green, more sustainable, and climate-resilient economy, the government is implementing a comprehensive package of institutional, legislative, and developmental reforms. Central to these efforts is IMF's Resilience and Sustainability Facility (RSF), which serves as a key instrument for supporting national efforts under the third pillar of Egypt's NSRP. The RSF focuses on accelerating decarbonization, strengthening economic resilience to climate shocks, developing green finance instruments, while also strengthening the financial sector capacity to assess and manage climate-related risks. These efforts are complemented by a broader set of reforms, including the modernization of the legislative framework, improved environmental governance, activation of voluntary carbon markets, development of the national Monitoring, Reporting, and Verification (MRV) system, and the integration of climate priorities into local planning, public investment, and medium-term budgeting. Reforms also aim to improve energy efficiency, expand renewable energy, ensure the financial sustainability of the electricity sector, and support green industrial and agricultural transitions. Water use regulation and resource management are also being strengthened through the implementation of the Water Law and the establishment of the National Water Council. These wide-ranging efforts also target enhanced financial sector resilience and private sector empowerment, reflecting Egypt's commitment to advancing its Vision 2030 and the Paris Agreement, and to making a concrete shift toward a low-carbon, climate-resilient development model.

Structural Reforms to Boost Competitiveness and Improve the Business Environment

Given the economic challenges facing Egypt both domestically and internationally, the government has adopted a comprehensive package of reform priorities centered on policies aimed at empowering the private sector, strengthening governance, and achieving sustainable economic stability. These priorities include improving the investment climate, fostering competition and competitive neutrality, facilitating trade and digital transformation, and enhancing the management of state-owned assets and enterprises. Each of these objectives encompasses reforms that have already been implemented, alongside others currently under preparation, to ensure lasting impact and stronger development outcomes.

First, improving the investment climate, streamlining procedures, and advancing full digitalization are the cornerstone of Egypt's new economic direction. To this end, the government has reactivated the Supreme Council for Investment (SCI), chaired by the President, to accelerate investment-related decision-making. In parallel, Investment Law No. 72 of 2017 has been amended to broaden the scope of incentives available to projects in priority sectors. The government has also launched a pilot Track License Portal, a unified investment licensing e-platform, which provides access to more than 380 e-services, alongside accelerating the issuance of permits through the Golden License platform. These efforts will be further advanced by expanding the digitalization of investor services, including the online issuance of importer/exporter cards, as well as the launch of 'Egypt's Integrated Trade Platform' to streamline supply chains. Work is also underway to establish the 'Economic Entities Platform', aimed at redesigning the Egyptian business environment through an integrated, fully digital workflow. The platform will serve as a one-stop shop for investor services, connecting all relevant government agencies to streamline processes. The platform is being designed with clear performance standards, aiming to minimize the time and cost required to access government services. It will feature robust mechanisms for lodging and tracking complaints and appeals, while also providing investors with timely access to the data and information needed to launch and manage their businesses effectively.



Second, efforts are underway to **promote competition, ensure competitive neutrality, and empower the private sector**. A new Competition Law has been enacted to safeguard market competition and prevent monopolistic practices, alongside updates to relevant regulations aimed at eliminating non-competitive privileges. Transparency around state-owned enterprises (SOEs) has been enhanced through broader data disclosure, and the State Ownership Policy has been activated to gradually reduce the State's footprint in competitive economic activities. Looking ahead, a specialized judicial committee is expected to be established to adjudicate violations under the Competition Law.

Third, adopt a modern, comprehensive vision to enhance foreign trade performance and stimulate export growth.

As part of a broader vision to stimulate foreign trade, the Egyptian government is advancing an integrated strategy to strengthen export performance and promote sustainable, outward-oriented growth. The approach emphasizes deeper integration into regional and global value chains, with a strategic focus on Africa. This vision is anchored in five HLOs seeking to restructure the foreign trade ecosystem through financial tools and regulatory reforms.

A key HLO of this vision is the **new Export Rebate Program** for the FY2025/26, designed to stimulate export growth by doubling allocated financial resources to EGP 45 billion. The program targets sectors based on value-added, production capacity, and employment levels. It offers a high degree of flexibility, allowing incentives to be tailored to the specific nature of each sector. It also features a clear disbursement mechanism, ensuring payments are made within 90 days without deducting outstanding liabilities. In addition, it includes a framework for settling arrears through cash payments and offsets. Developed through extensive consultations with 13 export councils, the program reflects Egypt's commitment to empowering the private sector.

The new policy goes beyond financial support, adopting **an integrated institutional approach that aligns export strategies with productivity and investment**. It places a strong emphasis on improving the business environment, enhancing product competitiveness, and ensuring greater coherence between monetary and fiscal policies. The Egyptian government, thus, recognizes that achieving a meaningful export boom requires a stable economic environment, one that fosters exchange rate flexibility, lower financing costs, and stronger incentives for long-term investment in export-oriented industries.

Procedural and customs reforms to facilitate trade are central to this ecosystem. Notable progress has been made through the implementation of a "one stop shop" system, improved inter-agency coordination, and the rollout of an electronic risk management system. These efforts are being reinforced by an ambitious target to reduce customs clearance time to two days by 2025. Complementary reforms include the streamlining of sample testing procedures and overlapping regulatory mandates, as well as new legislation to allow installment-based payment of customs duties on production inputs. Together, these measures are expected to enhance the efficiency of foreign trade flows.

At the regional level, the government has developed a **roadmap to expand Egyptian exports to African markets**, grounded in a systematic analysis of target countries using 14 objective criteria, including current export volumes and the presence of trade representation, with a particular focus on closing export gaps. In the first phase, seven priority countries will be selected to ensure coverage across all African subregions. Implementation is being coordinated with relevant ministries, the private sector, and export councils to ensure effective delivery. The roadmap also includes collaboration with the Ministry of Transport to address logistics challenges, strengthening the role of the Export Credit Guarantee of Egypt (EGE) in coordination with CBE, expansion of the banking footprint in target countries, and enhanced support for air freight in partnership with EGYPTAIR.

These efforts are aligned with Egypt's action plan developed under its current chairmanship of the Council of Ministers of the African Continental Free Trade Area (AfCFTA). The plan seeks to accelerate the conclusion of technical negotiations, broaden the scope of AfCFTA, and increase intra-African trade volumes. It also supports Egypt's hosting of key continental institutions, such as the Competition Authority, the Competition Court, and the Permanent Intra-African Trade Fair.

Overall, this ambitious vision aims to position foreign trade as a strategic driver of economic growth by deploying incentive instruments, streamlining procedures, and strengthening regional integration. It reflects the government's commitment to building a more productive economy capable of competing and innovating, supported by an active private sector, robust government institutions, and strong regional and international partnerships.

Fourth, support digital transformation and enhancing the national economy's readiness to seize opportunities presented by the digital economy.

A series of legislative and regulatory reforms has been enacted to strengthen data governance and privacy protection. These efforts include the issuance of the executive regulations of the Personal Data Protection Law, which establish clear rules for data collection, processing, and the protection of individual privacy rights. In parallel, a special law on data classification and governance has been introduced, along with its executive regulations, to establish a clear legal framework for data sharing across institutions based on defined levels of confidentiality and permitted use. These reforms aim to strike a balance between data openness and cybersecurity.

Structural Reforms to Stimulate the Industrial Sector

Egypt has adopted a comprehensive package of policies and reforms to revitalize the industrial sector and enhance its attractiveness to investment. These policies rest on several key HLOs. First, they seek to **streamline procedures and improve the overall investment climate**, leveraging digital transformation through the rollout of the 'Made in Egypt' platform. In parallel, the government is ensuring transparent allocation and pricing of industrial land.

Second, **institutional roles are being restructured** by centralizing the issuance of industrial permits through a single authority and clearly defining the mandates of government entities to reduce overlap and accelerate processes, particularly for the Golden Licenses and private free zones. This also involves standardizing procedures and ensuring effective institutional oversight.

The reform agenda has also prioritized targeted technical and financial interventions to support **under-performing and informal industrial enterprises**, with the aim of integrating them into the formal economy. In parallel, **policies governing industrial land have been updated**, and the role of industrial developers has been strengthened to catalyze investment in high-demand regions. Additionally, an **industrial control and inspection system** has been activated to ensure compliance with legal and operational requirements.

Egypt is also seeking to **maximize the value of industrial assets** by repurposing underutilized land and factories through partnerships with the private sector, while promoting sustainable industrial projects based on recycling and the full utilization of local resources. A tripartite coordination is also facilitated between the Ministries of Industry, Public Business Sector, and Investment to assess underutilized capacities and identify the most effective options for redeployment, in line with the broader policy direction of **transferring the ownership of selected assets to Egypt's Sovereign Fund** to optimize efficiency in asset management.

As part of its long-term industrial policy, Egypt has adopted an **industrial clusters model** to strengthen integration across value chains and promote economies of scale and specialization.

This model is being piloted in industrial hubs such as Robbiki, Marghem and Damietta, and is being expanded to include new specialized zones in the sectors of ready-made garments, automotive, and energy. These efforts are supported by concessional financing packages to ease access to working capital, and finance machinery and SMEs. Additionally, **a dedicated fund has been established to rescue and restructure ailing factories**, and boost exports.

Finally, **digital transformation serves as a critical enabler across all HLOs of the reform agenda**. A wide range of government services related to investment, trade, and taxation have already been digitized, with ongoing efforts to integrate government systems and ensure integration of databases. This shift is essential to reducing costs, minimizing bureaucratic overlap, and providing decision-makers with accurate, unified data to support more effective economic planning.

Notably, Egypt has been selected to participate in the third edition of the World Bank's *Business Ready* (B-READY) report, scheduled for release in October 2026. B-READY relies on firm surveys and expert consultations to assess the business environment based on three pillars: Regulatory Framework, Public Services, and Operational Efficiency. B-READY is also organized according to ten topics that correspond to various stages of the life cycle of a firm, including Business Entry, Taxation, Labor, Financial Services, and International Trade, among others.

Preparing for its participation in B-READY, the Egyptian government is identifying a new set of reforms across the ten topics, informed by consultations with the private sector, national stakeholders, and data analysis. These measures aim to enhance the competitiveness of the national economy and improve Egypt's standing in international indices. The effort is closely aligned with Egypt's Vision 2030 and the ongoing structural reform agenda, while further strengthening investment attractiveness and the active role of the private sector in driving development.

Structural Reforms to Enhance Labor Market Efficiency and Flexibility and Modernize Technical and Vocational Education and Training (TVET) System

Investing in human capital and developing future-ready skills that align with evolving market needs is a strategic tool for promoting inclusiveness in the labor market, particularly for young men and women, and thus advancing sustainable economic and social development. It is also one of the core pillars of Egypt's Narrative for Economic Development.

In Egypt's drive to enhance labor market development, improve efficiency, and increase its contribution to sustainable economic growth, the Egyptian government has identified a set of strategic priorities to guide structural reforms aimed at enhancing labor market efficiency and flexibility. These priorities include upgrading the TVET system, supporting the transition to the formal sector, promoting women's economic empowerment, fostering digital transformation, and aligning education outcomes with labor market needs, as outlined below. The forthcoming National Employment Strategy seeks to translate these priorities into an integrated package of policies and programs designed to expand job opportunities, reduce unemployment, and prepare the labor market to absorb future jobs, while placing particular emphasis on integrating the informal economy and keeping pace with the rapid technological change.

First, quality assurance and accreditation in TVET: A series of measures have been implemented to this end, most notably the establishment of the Egyptian TVET Quality Assurance and Accreditation Authority (ETQAAN). In parallel, national standards for vocational training have been developed in close collaboration with industry stakeholders (across the industrial, commercial, agricultural, and hospitality sectors) through the creation of Sector Skills Councils.

Egypt also recognizes the importance of upskilling its workforce across industries in enhancing international competitiveness, fostering job-rich economic growth, and enabling greater integration into global value chains. This requires establishing unified standards for the TVET system. Recent labor market legislations, including the new Labor Law and the establishment of ETQAAN, underscore the critical role of Sectoral Skills Councils

Therefore, efforts are underway to operationalize a national framework for Sector Skills Councils to tackle long-standing structural bottlenecks in the labor market, particularly skill gaps among technical workers and the mismatches with both current and future labor market needs. Aligned with European best practices, these Councils are expected to increase workforce productivity, improve job quality and earnings, and position Egypt to better tap into external demand—especially in European markets—for skilled technical and vocational workers.

To better align educational outcomes with evolving labor market demands, Egypt is scaling up the 'WE Applied Technology Schools' model, with the network expected to reach 27 schools nationwide. Developed in partnership with the private sector, these schools offer modern, industry-aligned curricula with both theoretical knowledge and practical training in advanced fields such as ICT and renewable energy. The aim is to cultivate a highly skilled, globally competitive technical workforce while supporting the digital transformation of the Egyptian economy.

As Egypt works to **develop academic curricula and specializations**, six new technological universities have been established with a focus on developing workforce-relevant skills tailored to the needs of the labor market. These institutions aim to provide high-performing TVET graduates with new applied learning pathways closely linked to key industrial and productive sectors. Academic programs are being updated and restructured around competency-based frameworks that reflect the evolving nature of jobs, in response to rapid technological advancement.

Recognizing the importance of boosting **women's participation and active role in the workforce**, the Egyptian government has taken significant steps. Notably, the cancellation of the Minister of Manpower Decree No. 155 of 2003, which restricts women from working in certain industries, was followed by Decree No. 43 of 2021. This new decree lifts the ban on women in 33 previously restricted professions. The 'Women on Boards Observatory' has also been activated to further support gender equality in the workplace. In parallel, 'Closing the Gender Gap Accelerator' has been launched in collaboration with the World Economic Forum (WEF) and the National Council for Women (NCW). It serves as a model for public-private partnership (PPP) aimed at promoting women's economic empowerment, increasing their representation in leadership roles, closing gender pay gaps, and expanding their participation in future job markets. More than 100 enterprises have committed to the principles of women's empowerment, and institutional units have been established to ensure sustainability and broader impact of the initiative.

To support the **transition to the formal economy**, the Egyptian Ministry of Social Solidarity (MOSS) has established a dedicated training and employment unit to expand access to career guidance and equip young people with skills aligned to the needs of the formal labor market, thereby facilitating their integration into the formal economy. In parallel, the Ministry of Labor is drafting a new law to regulate the employment of domestic workers in order to protect their rights and provide them with appropriate social protection, a key step toward bringing this segment into the formal labor system.

Set to be implemented in the upcoming period, Labor Law No. 14 of 2025 marks a major step toward improving working conditions and strengthening workers' rights. To support its rollout, a nationwide awareness campaign targeting private sector enterprises has been launched, aimed at informing both workers and employers of their rights and obligations under the new legal framework. These efforts are intended to promote compliance and facilitate a smoother transition to the formal economy.

As part of Egypt's **digital transformation and efforts to improve labor market efficiency**, the National Labor Market Information System (LMIS) has been established to provide accurate, up-to-date data on the labor market's structure, employment opportunities, required skills, wage levels, and existing gaps. This data will inform evidence-based policies to address structural challenges. The first phase was completed in partnership with ESCWA, and the second phase is currently in development. Additionally, the 'Mehany 2030' initiative was launched to equip young people with skills aligned to international standards for jobs in demand both domestically and abroad. Efforts are also underway to create a comprehensive labor market platform that will integrate with 'Digital Egypt.' This platform will offer a range of services, including local and international employment, professional training, foreign work permits, regulation of informal labor, and professional licensing, all while enhancing integration with the 'Mehany 2030' platform to better align supply and demand in the labor market and make its policies more effective.

The table below outlines structural reforms, both implemented and planned, organized by strategic pillars. It details the actions taken, implementing entities, and the timeline for planned actions. These reforms are also cross-referenced in the relevant chapters of Egypt's Narrative for Economic Development based on their alignment with each strategic pillar.

In this regard, the Ministry of Planning, Economic Development & International Cooperation will track progress on structural reforms and the quantitative targets outlined in the Narrative. Findings will be published in a quarterly report released alongside GDP data. This approach aims to enable a more accurate assessment of progress based on actual data.

Structural Reforms Matrix - Actions Implemented and Planned

- Implemented Actions

o Planned Actions

Pillar 1: Enhancing Macroeconomic Stability

Implementing Entity	Implemented and Planned Actions
	o **By December 2025**: Issue a decree to automatically enroll beneficiaries of the Takaful and Karama program in the Universal Health Insurance (UHI) system in the governorates where it already operates. o **By July 2026**: Amend UHI Law No. 2 of 2018 to improve institutional effectiveness and financial sustainability of the UHI system.
	Fiscal Reforms and Enhanced Transparency • Issue a decree for Primary Dealers in Egypt, including regulations and incentives, to improve competitiveness, transparency, and enhance secondary market trading. • Issue general guidelines on top-down budgeting and associated spending ceilings in relation to the medium-term budget framework. • Resume the regular publication of consolidated annual financial reports for SOEs, a practice initially introduced under the 2016 IMF-supported Economic Reform Program. Going forward, the scope of these reports will be broadened to cover all entities governed by the State Ownership Policy. **Economic Authorities** o **By November 2025**: Issue a prime ministerial decree to merge, dissolve, or change the legal form of certain economic authorities, including the restructuring of some of these institutions into service-oriented bodies. o **By July 2027**: Publish a consolidated final account for the general government sector, covering 59 economic authorities. **State Budget Sector** o **By December 2025**: Further operationalize the amendments to the Public Financial Management (PFM) Law, whereby the MOF's General Accounting Unit (GAU) develops a manual outlining the methodology for compiling and consolidating general government data. The manual will also establish procedures for monitoring the transfer of financial data between economic authorities and the MOF unit. o **During FY2025/26:** Prepare an analytical report on general government performance, to be published alongside the mid-year financial statement. The general government data will provide an overview of the aggregate resources and expenditures of the state budget and public economic authorities, adjusted to exclude intergovernmental transactions. **Reforms Designed to Improve Performance on Public Engagement Indicators** o **By December 2025**: Expand Egypt's National Participatory Budgeting model to three additional governorates (Beni Suef, Minya, and Damietta) following its success in Fayoum and Alexandria.

Implementing Entity	Implemented and Planned Actions
	Internal Audit o **By June 2027**: Draft, formalize, and roll out an internal audit plan to operationalize internal audit functions within MOF. The plan will address both administrative and technical dimensions in line with applicable regulatory requirements. o **By December 2026**: Implement priority actions from the detailed internal audit enhancement plan to strengthen the internal audit function within MOF. **Medium-Term Budget Framework (MTBF)** o **By December 2025**: Publish a fiscal strategy aligned with international best practices, incorporating key medium-term macro-fiscal projections. The strategy will support sustainable fiscal planning and provide a clear outlook on the direction of fiscal policy. o **By December 2025**: Prepare an evaluation report on the initial phase of MTBF implementation. o **By December 2025**: Issue a ministerial decree to regulate and strengthen financial risk management (FRM), with clear assignment of FRM responsibilities. o **December 2025 - June 2026**: Advance the implementation of the MTBF and apply the unified macro-framework in the preparation of the FY2026/27 state budget. **Program and Performance-Based Budgeting (PPBB)** • Draft the PPBB operational manual o **December 2025 - June 2026**: Advance the implementation of PPBB by carrying out the priority measures identified in the detailed rollout plan. o **By December 2025**: Advance the implementation of PPBB by developing a detailed PPP action plan. **Financial Risk Management (FRM)** o **By December 2025**: Issue a ministerial decree to regulate and strengthen financial risk management (FRM), with clear assignment of FRM responsibilities. o **By July 2027**: Develop a quantitative framework for analyzing the impact of key macroeconomic risks on fiscal indicators and prepare a report outlining major risks to state budget projections. o **By June 2026**: Enhance the financial risk statement included in the budget documentation and disclose quantitative information on contingent liabilities.

Implementing Entity	Implemented and Planned Actions
	o **By December 2026**: Ensure the quantification and prioritization of sovereign guarantees. A prime ministerial decree will be issued requiring economic authorities and SOEs to submit their projected guarantees in support of their investment plans as an input into the budgeting process and ahead of the preparation of the state budget. **Financial Transparency** o **By June 2026**: Upgrade MOF's official website in both its Arabic and English interfaces, to provide investors and citizens with timely and accessible information, including regular updates on public debt and a new online platform for budget statistics. o **By June 2026**: Further operationalize the amendments to the PFM Law and prepare an analytical report on general government performance, to be published alongside the FY2025/26 mid-year budget review. **Public Debt Management** • Activate the amendment of the PFM Law to establish an annual cap on general government debt, including the 59 economic authorities, through the creation of a dedicated unit at MOF. o **By June 2026**: Take the necessary steps to enable retail investment in government debt instruments. o **By November 2025**: Expand the scope of statistical reports on public debt and/or periodic (quarterly) reports covering the entire debt and borrowing portfolio, which was published in the Monthly Financial Bulletin of April 2024 on central government budget sector debt. o **By June 2026**: Update and publish the Medium-Term Debt Management Strategy (MTDS), which outlines a multi-year borrowing strategy, to be updated annually, and anchored in a framework for managing cost and risk across the debt portfolio. **Tax Reforms** • Promulgated Law 159/2023 that eliminates tax and fees exemptions to state entities in economic and investment activities. In addition, MOF issued Decrees No 137/2023 and No 175/2023 to gradually roll-out the system that standardizes the principles and criteria for the calculation of wages and salaries tax. o **By November 2025**: Take the necessary legal and regulatory measures to introduce a package of tax reforms as part of the FY2026/27 budget. The reforms are designed to raise the tax-to-GDP ratio by at least 2 percentage points over the program period.

Implementing Entity	Implemented and Planned Actions
وزارة المالية MINISTRY OF FINANCE	**Package I: Administrative and Digital Transformation** o Roll out a unified and simplified tax system for SMEs for the first time. o Deploy the E-Tax platform nationwide. o Fully apply the e-invoice and e-receipt systems. o Introduce a tiered service model tailored to the size of the taxpayer. o Simplify tax return filing procedures and forms. **Package II: Legal Framework and Dispute Resolution** • Extend the Tax Dispute Resolution Law until June 2025. • Amend the Value-Added Tax (VAT) Law to broaden the tax base. o Introduce a penalty cap set at 100% of the original tax due. o Enforce the principle of tax neutrality for SOEs. **Package III: Voluntary Compliance and Base Expansion** o Launch the “Fresh Start” initiative, allowing taxpayers to regularize their status without the fear of penalties for prior non-compliance. o Expand the tax net to include e-commerce activities and self-employed professionals. o Reform property tax and streamline payment procedures. o Double the number of beneficiaries under the VAT refund system. **Revenue Mobilization (Tax Reforms)** o **By June 2026**: Conduct public consultations on the proposed amendments to the revised Income Tax Law, following the publication of the MTRS. o **By December 2026**: Extend the E-Tax system to include payroll taxes. o **By June 2026**: Reform property tax regime by ensuring Cabinet approval of legislation to facilitate dispute resolution and a ministerial decree enabling electronic filing and payment. **Gender Equality and Equal Opportunity** o **By July 2027**: Develop a gender-responsive evaluation model to assess the extent to which ministerial programs contribute to advancing gender equality and equal opportunity. The model will include the classification of program beneficiaries by gender across all age groups. o **By July 2027**: Prepare a summary statement, annexed to the budget statement, synthesizing the findings of the evaluation model and highlighting the degree to which ministerial programs contribute to gender equality and equal opportunity.

Implementing Entity	Implemented and Planned Actions
وزارة التخطيط والتنمية الاقتصادية والتعاون الدولي Ministry of Planning, Economic Development & International Cooperation	**Medium-Term Planning** o **By June 2026**: Issue the Executive Regulations of Planning Law No. 18 of 2022. o **By July 2026**: Publish the medium- and long-term planning report. o **December 2025 - June 2026**: Implement priority actions based on a comprehensive review of OECD recommendations, the Public Governance Review (PGR) roadmap, and the Public Investment Management Assessment (PIMA), with the aim of identifying and sequencing future interventions related to PIM and governance based on their priority and importance. o **By December 2026**: Publish the procedural manual/operational toolkit for preparing the Medium-Term Public Investment Plan. This will include detailed implementation guidelines for ministries and relevant entities, in line with the Planning Law. Capacity-building workshops will be organized to strengthen the ability of sectoral ministries and agencies to prepare the Medium-Term Public Investment Plan. **Public Investment Governance** • Develop a guidance note for line ministries, setting out new criteria for evaluating public investment projects. o Prepare a semi-annual monitoring report on public investments implemented during **FY2025/26**, in line with the forthcoming Prime Ministerial decree establishing a ceiling for public investment in FY2025/26. **Social Justice and Inclusive Growth** o **By June 2026**: Launch preparatory work for the upcoming Household Income and Expenditure Survey (HIES), including updated poverty rate estimates. o **By December 2026**: Complete the implementation of the HIES and make the results available to relevant government entities and designated international partner institutions. **Manpower and the Labor Market** • Establish a national LMIS to serve as a comprehensive platform for data on labor market size, structure, challenges, and available employment opportunities.

Implementing Entity	Implemented and Planned Actions
وزارة العمل Ministry of Labour	**Manpower and the Labor Market** • Launched the 'Mehany 2030' platform, along with a targeted outreach and awareness strategy designed to engage platform users, equip youth with internationally benchmarked skills, and support their transition from informal to formal employment. **Promoting Women's Participation in the Labor Market** • Cancelled the Minister of Manpower Decree No. 155 of 2003, which had restricted women from working in certain industries and introduced Decree No. 43 of 2021 which lifted the ban on women in 33 previously restricted professions. **Promoting Employment and Supporting the Transition to the Formal Economy** o **By June 2026**: Finalize and publish the National Employment Strategy, aimed at developing the general policies for employment in Egypt. The strategy also aims to increase employment and reduce unemployment, particularly among women and youth, by aligning education outcomes with labor market needs, upgrading skills for current and future jobs, integrating the informal sector into the formal economy, and promoting the creation of future-oriented jobs. o **Phase II (by June 2026):** Take initial steps toward establishing a comprehensive platform to match labor market supply and demand. It will be linked to the 'Mehany 2030' platform and will include an assessment of existing related services (e.g., domestic and overseas employment, recruitment agencies, vocational training, and skill assessments). These services will also be developed and integrated within the Digital Egypt platform. o **Phase III (by December 2026):** Optimize employment opportunities by expanding the labor market platform to incorporate additional services (e.g., foreign work permits, labor relations, occupational safety and health (OSH), informal workers, and professional licensing). The platform will be linked to other websites including the 'Mehany 2030' vocational training platform.
جهاز تنمية المشروعات MSMEDA Micro, Small & Medium Enterprises Development Agency	o **By July 2027**: Finalize the Integrated National Strategy for the Formalization of the Informal Economy and include detailed data on informal employment into the Labor Force Survey, based on a unified national definition of the informal sector and informal work.

Implementing Entity	Implemented and Planned Actions
البنك المركزي المصري CENTRAL BANK OF EGYPT	**Enhancing Transparency and Regular Monitoring of the Foreign Exchange Market** o **December 2025 - December 2026**: Maintain a flexible exchange rate and ensure the effective functioning of the foreign exchange market, while continuing to publish agreed-upon economic and monetary indicators—both current and forward-looking—on a quarterly basis, in line with commitments made to the IMF and the European Commission's Directorate-General for Economic and Financial Affairs (DG ECFIN).
جمهورية مصر العربية وزارة التضامن الاجتماعي Ministry of Social Solidarity	**Strengthening Social Protection** • Continue to build a sustainable social safety net by (a) expanding the 'Takaful and Karama' cash transfer program by 100,000 households (from 4.6 million to 4.7 million), and (b) increasing the number of microfinance projects by 20,000 projects (from 561,000 to 581,000). • Publish the Social Protection Observatory Report. o **By June 2026**: Issue and adopt the executive regulations for the new Social Assistance Law. The regulations will define the principles and methodology governing tiering and graduation from social assistance, including eligibility criteria, disbursement of regular and exceptional cash benefits, support for access to economic empowerment programs, grievance mechanisms, and the framework regulating the Cash Assistance Fund. o **By December 2026**: update the currently adopted mechanism for monitoring and evaluating cash transfers to align with the new executive regulations. o **June 2026 - December 2026**: Add 150,000 new households to 'Takaful and Karama', the conditional cash transfers program. o **June 2026 - December 2026**: Implement 50,000 new microfinance projects.
الهيئة العامة للتامين الصحي الشامل UHIA	**Strengthening Social Protection and Advancing Gender Equality** o **By June 2026**: Strengthen the UHI system through the development of a strategy to expand access for underprivileged groups. This entails a comprehensive review of UHI coverage for informal workers, including those above the nationally defined poverty threshold, with a focus on their current enrollment levels and associated financing mechanisms. The strategy will also include a dedicated action plan to improve women's access to UHI services, covering an assessment of women's current enrollment in the UHI system, and the rollout of a public awareness and community outreach campaign.
ARAB REPUBLIC OF EGYPT الهيئة العامة للرقابة المالية FINANCIAL REGULATORY AUTHORITY	**Insurance and Pension Policies** • Issue a new insurance law that enables the development of a voluntary private pension fund. o **By July 2026**: Issue the new insurance law as the basis for the voluntary private pension fund. The law supports the creation of an enabling environment for the growth of fixed-income pension funds.

Pillar 2: Strengthening Economic Competitiveness and Improving Business Environment

<table>
<tr><th>Implementing Entity</th><th>Implemented and Planned Actions</th></tr>
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Public e-Procurement Structure
o By December 2025, all purchases made by the 50 largest SOEs will be published monthly on the General Authority for Government Services (GASA) and the Ministry of Finance (MoF) websites.
o By December 2025, all public procurement contracts exceeding EGP 20M will be published monthly on the Government e-Procurement Portal, ensuring that this information is publicly accessible without the need to create an online account.
o By December 2026, a Cabinet or Presidential decree will be issued to establish a revised organizational structure and updated mandates for GAGS, in line with its expanded role in supporting the launch of the e-procurement portal, among other responsibilities, notably ensuring the institution-wide adoption of the new organizational structure within GAGS to enable effective coordination, supervision, and technical support across government entities.
o By December 2026, GAGS will engage the Organization for Economic Co-operation and Development (OECD) in a participatory consultation to conduct a three-module MAPS assessment: e-procurement, procurement workforce professionalization, and sustainable public procurement. GAGS will initiate the administrative engagement processes and agree on an implementation timeline with OECD.
o By December 2026, following a review of the pilot entity results, the scope will be expanded to include additional publicly funded entities to promote the adoption of the e-procurement system.
o By December 2026, GAGS will launch a pilot joint procurement mechanism targeting selected goods commonly used across various government entities, and designed to build a more efficient, transparent, and collaborative procurement system, in order to promote long-term sustainability and achieve the best value for money. GAGS will target at least 5 to 10 commodities to meet the needs of the relevant ministries.

E-Procurement Governance and Technological Status Assessment
o By July 2027, a decree will be issued by the Prime Minister or the President regarding the establishment of updated organizational structure and mandate for GAGS, in line with its expanded role in supporting the implementation of the e-procurement portal, and other responsibilities. Ensuring the institution-wide adoption of the new organizational structure within GAGS to enable effective coordination, supervision, and technical support across government entities will also be required.
o By December 2026, based on the assessment of the e-procurement governance status and technological readiness and relevant findings, work with 5 selected government entities will be completed on piloting e-procurement functionalities developed and provided by the Korean consultation company to test the system functionality.
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Implementing Entity	Implemented and Planned Actions
	Partnering with the Private Sector o **By July 2027,** a list of targeted private sector investment projects will be prepared. o **By July 2027,** a clear plan will be developed for Public-Private Partnership (PPP) projects, that will include priority sectors with a view to mobilizing private investments, and contribute to the achievement of development objectives. o **By July 2027**, the required procedures to create a designated account for financing studies and consultants for PPP projects in Egypt will be completed.
	Digitalization and Trade Facilitation o **By June 2026,** Egypt will launch a new electronic trade information portal (developed in collaboration with the United Nations Conference on Trade and Development – UNCTAD) aimed at improving transparency and predictability of procedures related to export, import, and transit. Initially, the portal will cover four categories of products, providing clarity on the procedures required for exporting and importing these categories, including import licensing conditions, and technical standards and regulations applicable to imports. This will be facilitated through links to the websites of the relevant authorities, as well as the World Trade Organization (WTO e-Ping) platform for sanitary and phytosanitary measures and technical barriers to trade, which contains the relevant Egyptian notifications. o **By December 2026**, a plan will be prepared to develop the new trade information portal (developed in cooperation with UNCTAD) aimed at improving transparency and predictability of procedures related to export, import, and transit. The plan will broaden the range of products covered and add a dedicated news section featuring alerts on new technical legislation, or changes in sanitary, phytosanitary, or other measures. o **By July 2027**, coordination with the Central Bank of Egypt (CBE) will be made to direct banks operating in Egypt to provide the necessary foreign currency to pay delay fines to shipping agencies, provided that the amounts shall be settled with CBE in Egyptian Pound in accordance with the announced official exchange rates. o **By December 2026**, as part of efforts to empower exporters by providing access to information and services related to foreign trade, the Egypt Trade Portal project—a unified digital platform designed to offer integrated export support services—will be studied and developed. This project is one of the initiatives aimed at enhancing exporter competitiveness by offering market analysis tools, training programs, mechanisms for linking with international buyers, and systems for monitoring performance indicators and export policies that contribute to achieving the country's export targets. **Enhancing the General Organization for Export and Import Control system to boost foreign trade** • Launching the new electronic portal of the General Organization for Export and Import Control (GOEIC) in January 2024, in three languages (Arabic, English, and French), to be media and service interface for GOEIC, providing detailed information on its most prominent services across all areas of its work:

Implementing Entity	Implemented and Planned Actions
	• GOEIC-provided services – integrated services – online payments • Listing services – complaints and suggestions - inquiry services o **By July 2027,** an electronic system for issuing certificates of origin for free trade countries and authorized exporters will be operational. o **By July 2027,** the governance of commercial registration and licensing procedures will be established. o **By July 2027**, GOEIC units will be developed in accordance with ISO 17065 standard to enhance its capacity for issuing conformity certificates. o **By July 2027,** the Digital Border Risk Management System (e-RBI) will become operational to enhance trade flow. Full system implementation will require the development of risk assessment procedures for more than 8,000 non-food industrial goods in accordance with European standards (Regulation No. 2008/765), aimed at improving customs clearance efficiency, reducing costs, and enhancing mutual recognition with international markets. o **By July 2027,** the strategic trade control system for dual-use goods will be developed. **Regulatory reforms** o **By July 2027**, joint inspection committees will be activated, and the provisions of Article (3) of the Council of Ministers Resolution No. 3053 of 2019 will be implemented, ensuring that representatives from other entities will be authorized to complete the inspection, examination, and oversight procedures for imported and exported goods. o **By July 2027,** the release under custody of chemical consignments listed in Circular No. 26 of 2015 will be considered, with follow-up conducted after sample collection. **Reducing the number of entities performing joint customs items inspection** o **By July 2027**, the number of regulatory entities responsible for inspecting imported goods is expected to multiply, reaching 27. This necessitates studying the assignment of representatives of the Atomic Energy Authority, the Jewelry Stamping and Scales Authority (JSSA), the Central Authority for the Censorship of Works of Art (CACWA), and the Publications Censorship Department (PCD) to GOEIC branches, in accordance with Presidential Decree No. 106 of 2000. A total of 39,575 consignments were inspected in 2024. o **By July 2027**, a protocol will be signed between GOEIC and JSSA primarily agreed on in 2023, under which certain inspection tasks will be fully assigned to GOEIC by JSSA. o **By July 2027**, the joint items between the GOEIC and the National Media Authority (NMA) will be agreed upon, as a prelude to signing a protocol under which certain tasks will be fully assigned to GOEIC by NMA. o **By July 2027,** a decree concerning primary dealers will be issued, including rules and incentives to enhance competitiveness, transparency, and promote trade in secondary markets.

Implementing Entity	Implemented and Planned Actions
	o Issuing importer and exporter cards through the Digital Egypt Platform. o **By July 2027,** companies will establish logistics hubs and promote transit trade for handling and distribution of goods. o **By July 2027,** coordination will take place between the Ministries of Investment and Foreign Trade and the Ministry of Environment to amend ministerial decrees related to the import of scrap and waste from plastic, rubber, and glass, as these are production inputs for a large number of companies. This will eliminate the requirement to provide a pre-inspection certificate issued by an internationally accredited laboratory. o **By July 2027,** the requirements for transportation and storage under custody for factories will be streamlined, allowing consignments of production inputs to be transported and stored under custody upon apparent conformity, in accordance with Ministerial Decree No. 776 of 2019. **Enhancing investment climate through digitalization and incentives.** • Amending Investment Law No. 72 of 2017 to introduce new incentives and establish more flexible criteria for investment projects. • Centralizing information in an easy-to-access format (online, in English and free of charge) for both national and international investors on one investment-dedicated site (www.investinegypt.gov.eg). • Launching and electronic platform for investment licenses (www.tracklicence.gafi.gov.eg), and developing a plan for its gradual expansion to include paying fees for, and obtaining of, all relevant licenses, permits, and services, as well as submitting applications for the Golden License in both English and Arabic. o **By July 2027**, a suite of electronic services will be developed to facilitate completion of procedures efficiently and accurately for investors: – Developing an electronic platform for investment zones services – Automating the electronic filing of financial statements – Automating valuation of in-kind quotas – Automating residency visa and work permit services for foreign nationals – Automating services for approving import invoices and issuing export certificates. **Promoting competitiveness and ensuring a level playing field** o **By July 2027**, non-tax financial burdens on investors will be eased, starting with the key deductions and financial obligations that apply to all companies on a regular basis. o **By December 2026,** the governance of SOEs will be improved through the issuance of the executive regulations for the establishment of SOEs Governance Unit.

Implementing Entity	Implemented and Planned Actions
	o **By December 2026**, to reinforce the principle of competitive neutrality, the review of SOEs will be completed by identifying and announcing the most appropriate course of action for each, whether transferring to the Sovereign Fund of Egypt (TSFE), offering shares on the stock exchange, or initiating a phased and orderly monetization (exit) process for 60 major companies. **Regulatory reforms to promote investment** • Issuing the Prime Minister's Decree on the amendment of the executive regulations of Investment Law No. 17, to simplify procedures, and facilitate issuing and/or implementing the Golden License. **Making investment in Egypt much easier and attracting more Foreign Direct Investment (FDI)** o **By December 2025**, a Foreign Direct Investment strategy will be developed to support promising priority sectors and enhance and develop local and international value chains. o **By June 2026**, official translations of the applicable legislation related to the consolidated and continuously updated Negative List for FDI restrictions will be made available in English, alongside the original Arabic versions currently available. o **By December 2026**, to enhance transparency in the investment environment, the consolidated Negative List for FDI restrictions will be continuously updated, along with any new restrictions.
	Customs reforms o **By July 2027**, the working hours of all entities operating the customs clearance system will be extended, seven days a week, including weekends and official holidays, until 6:00 PM. o **By July 2027**, a margin of tolerance for quantity discrepancies will be established within productive projects in free zones: this will be done through a legislative amendment to Article 77 of the Customs Law, aimed at addressing minor differences in permitted production inputs and enhancing the investment environment in free zones. o **By July 2027**, customs clearance procedures will be standardized across all ports and customs zones: this will be done by mandating the use of the Reference Price Database through the Automated Valuation System, to ensure transparency, reduce non-standardized estimates, and minimize evasion of customs duties. o **By July 2027**, the option to pay customs duties on production inputs for productive projects in installments will be made available. o **By July 2027**, the percentage of tolerance for deficits in productive projects will be determined. o **By July 2027**, the advance clearance system will be streamlined, starting with goods intended for trade purposes. o **By July 2027,** liability for legal entity representatives will be limited to offenses arising from their actual management, to reassure foreign investors . o **By July 2027**, the advance inquiry service for certain elements of customs operations will be activated, a resolution that will remain binding on the Customs Authority until its validity period expires.

Implementing Entity	Implemented and Planned Actions
	Scaling up the implementation of the Unified Risk Management (URM) system to enhance the efficiency of customs inspections and accelerate the release of goods while maintaining effective control. o **By July 2027,** the eligibility criteria for joining the Authorized Economic Operator (AEO) program will be reviewed with the goal of doubling the number of companies joining the program to 500. o **By July 2027,** on-site customs clearance services will be made available to companies listed on the whitelist that have joined the AEO program. o **By June 2026**, to facilitate trade and reduce customs clearance time, the implementation of the Unified Risk Management (URM) system will be scaled up through: – the Supreme Committee, established by Prime Minister's Decree No. 1536 of 2025, and tasked with overseeing and directing the implementation of the URM system. The committee will prepare a progress report to the extent to which relevant authorities are mandated to use the system in customs clearance procedures. – Facilitating whitelist registration procedures in accordance with Article 94 of Executive Regulations No. 770 of 2005 and its amendments, allowing the registration of productive companies exporting to Egypt with no consignments rejected through laboratory testing over the course of one year, with a minimum of five consecutive consignments. – **By December 2026,** the list of trusted economic operators (whitelist)—whose goods are exempt from physical inspection (Green Track)—will be expanded by 20% of the current total amounting to 650 operators. – **By December 2026**, two new tracks will be introduced and implemented: Orange Track (documents inspection only), and Blue Track (post-clearance audit only). o **By July 2027**, a guide detailing customs procedures for imports and exports will be published for customs clients, in coordination with relevant authorities. Customs publications will be compiled and categorized by topic titles. o **By July 2027**, communication with customs clients will be enhanced through activating and upgrading the hotline service, in addition to identifying points of contact with the relevant authorities to facilitate client access to the required services. o **By July 2027**, electronic payments will be accepted, minimizing the stakeholder effort, time, and procedures. o **By July 2027**, licenses to establish public customs warehouses within dry ports to accommodate all goods will be expanded, while designating warehouses for abandoned items. o **By July 2027**, the customs tariff categories will be reviewed, particularly for targeted goods and industrial sectors. o Establishing customs dispute resolution committees to address all customs disputes, without limitation to temporary release violations. o **By July 2027**, a study will be undertaken to amend Prime Minister's Decree No. 1186 of 2003, which governs the standardization of procedures for visual inspection and sample collection by regulatory authorities involved in the customs clearance process.

Implementing Entity	Implemented and Planned Actions
	Capacity building and strengthening institutional efficiency o **By July 2027**, Customs Authority employees will receive training to enhance their technical capabilities, and employee rotations within customs ports will be implemented.
وزارة التخطيط والتنمية الاقتصادية والتعاون الدولي Ministry of Planning, Economic Development & International Cooperation	**Private sector access to finance** o **By July 2027**, access to finance will be facilitated to support the growth of high value-added manufacturing industries. This will be achieved by raising awareness of the *"Hafiz platform"*, which provides financial and technical support for the private sector, benefiting 5,000+ companies across various sectors. **Enhancing transparency and improving investment climate** o **By July 2027**, with the aim of improving investment climate in Egypt and increasing FDI inflows, the Prime Minister will issue a Decree stipulating that proposed laws and regulations of general application related to investment, along with documents outlining their context and justifications, shall be published on "Hiwar" platform for public consultations. These shall be made available in an accessible format at least 30 days prior to their approval by the competent authority, or at least 15 days in justifiable cases requiring expedited procedures. In cases where proposals contain sensitive and/or confidential information, only the relevant sections will be withheld. **Quality Assurance and Accreditation in Technical and Vocational Education and Training (TVET)** • Setting standards for the vocational training system in collaboration with beneficiary entities (industrial, commercial, agricultural, and hotel sectors) through the establishment of sectoral skills councils.
جمهورية مصر العربية رئاسة مجلس الوزراء	**Strengthening the Business Environment and Competitive Neutrality** • Cancelling tax and fee exemptions for SOEs engaged in investment-related activities. • Establishing the Egyptian Intellectual Property Authority. o **By July 2027**, work at the local level will be enhanced through the application of the competitiveness index, aiming to direct investments towards economic sectors with a competitive advantage. The governorates shall adopt the index in their investment strategies, increasing the proportion of investments in these sectors to 21%.
وزارة الصناعة Ministry of Industry	**Enhancing industrial sector competitiveness** o **By July 2027**, a comprehensive review of laws related to the industrial sector will be conducted to unify the regulations governing industrial activities. o **By July 2027,** a strategy/incentives/proposed legislation and policies will be issued to support exports and increase the share of local content in the industrial sector.2025/2026. o **By July 2027,** a fund will be established to support industries and finance under-performing factories. o **By July 2027**, the Ministry of Finance's initiative to finance the purchase of machinery and equipment for priority industrial sectors will be implemented.

Implementing Entity	Implemented and Planned Actions
	o **By July 2027,** industrial services on the Made In Egypt Platform will be fully completed. o **By July 2027,** a plan/system will be developed to offer closed factories for local and/or international investment, with the aim of re-operating them under a business partnership model. o **By July 2027**, a national plan to attract FDI will be developed and implemented in specific production sectors. o **By July 2027**, an energy registry will be created, containing detailed data on energy consumption in industrial facilities. o **By July 2027,** the processes of connecting and integrating technology incubators will be automated Egypt-wide. o **By June 2026**, the sectoral and geographical incentive system will be revised.
	Governance and development of industrial zones o **By July 2027**, a law will be drafted to regulate the management of industrial zones. o **By July 2027,** an interactive map of industrial zones will be developed. o **By July 2027**, informal industrial zones will be planned and organized. o **By July 2027**, regulations governing the establishment of industrial zones will be revised and unified. o **By July 2027**, industrial zones will be established in new cities to promote industrial investment. o **By July 2027**, an economic and technical feasibility study will be conducted for the establishment of the North Fayoum Industrial Zone, covering an area of 33m square meters. **Facilitating access to lands** o **By July 2027**, the likelihood of irregularities will be reduced, and public revenues from land sales will increase by implementing a competitive bidding system for pricing the allocation and sale of industrial lands. o **By December 2025**, access to land will be facilitated, industrial development will be promoted, and digitalization of industrial sector services will be completed on the Made In Egypt Platform (www.madein.eg). These services will include industrial land allocation and acquisition services, as well as issuing industrial licenses through the advance notification and prompt notification systems, in addition to other sub-services. **Integrating informal economy into industrial sector** o **By July 2027**, unlicensed industrial establishments will be formalized.
	Regulatory reforms and enhancing competition • Issuing a Decree by the Prime Minister to amend certain provisions of the executive regulations of the Competition Protection and Prohibition of Monopolistic Practices Law No. 175/2022. • Improving implementation of competitive neutrality by issuing three guidelines by the Egyptian Competition Authority (ECA) on competitive neutrality: relevant market definitions, assessment of dominance, and vertical restraints).

Implementing Entity	Implemented and Planned Actions
جهاز حماية المنافسة EGYPTIAN COMPETITION AUTHORITY	○ **By 2025,** a “whistleblowing system” will be launched to enable individuals to anonymously report practices that may constitute violations of Egypt’s competition law, thereby enhancing the freedom to report and ensuring the confidentiality of personal data. ○ **By December 2026**, the Executive Regulations of the amendments to the Competition Law will be issued to enhance ECA efficiency and support competition policies and neutrality, thereby promoting sustainable economic growth. The Executive Regulations Department aim to provide a comprehensive framework for implementing the amendments to the provisions of the Competition Law. The Executive Regulations set out procedural and substantive rules to strengthen enforcement and ensure compliance with the provisions of the Law. ○ **By June 2026**, ECA legal independence will be furthered in line with Articles (215) and (216) of the Egyptian Constitution. ECA will also be granted the authority to impose administrative penalties through the approval of relevant amendments to the Competition Law by the House of Representatives. ○ **By June 2026,** actions will be taken to enhance legal certainty and promote pro-competitive policies by ensuring that ECA issues essential guidelines related to trade consortiums, digital markets (including market definition and market power determination), associated restrictions, as well as guidelines on ECA’s mandate under the Ex-ante Control of Economic Concentrations Regime regarding mergers, acquisitions, and pre-approval practices. ○ **By July 2027,** guidelines will be issued regarding the use of undisclosed private or confidential information to secure fair commercial advantages, aimed at empowering the private sector through the promotion of pro-competitive policies and legal certainty. ECA guidelines on the mandatory duty to notify ECA of economic concentrations emphasize the importance of meeting this obligation prior to their implementation, as it is a critical measure to ensure fair competition across various markets. ECA guidelines also provide an analysis of the most common forms of violating this obligation, such as the exercise of control, or material influence over the target company before obtaining ECA’s approval, as well as the exchange of sensitive commercial information between people involved in economic concentration. ○ **By July 2027,** guidelines on restrictions related to the implementation of economic concentrations will be issued to empower the private sector by promoting pro-competitive policies and legal certainty. These ECA guidelines aim to clarify the general rules concerning restrictions related to the implementation of economic concentrations and to outline ECA’s policy for assessing such restrictions, in line with the provisions of the Competition Law and its Executive Regulations, in order to clarify the rules and bases for analyzing this concept for people subject to the Competition Law. ○ **By July 2027,** guidelines will be issued on the CPMA’s jurisdiction over the review of economic concentrations, clarifying its competence under Article (19 bis A) and Article (19 bis E) of the Competition Protection Law, as well as its jurisdiction to review certain non-notifiable concentrations under Article (19 bis, paragraph 4). This will enable all market participants to assess whether proposed economic concentrations fall under the CPMA’s jurisdiction.

Implementing Entity	Implemented and Planned Actions
The Egyptian Cabinet Information and Decision Support Center IDSC	**Enhancing Competition, Ensuring Competitive Neutrality, and Advancing the Management and Monitoring of State-Owned Enterprises** • Enhancing transparency regarding SOP implementation progress by making the publications available on the following:(a) progress made during FY2023/24 in adopting SOP-related reforms and measures;(b) clarification of all exit transactions executed during the same fiscal year, including information on each transaction size and details, the involved parties, as well as on the actions and steps performed, including legal procedures and framework. • Refer the Draft State Ownership Policy Law No. 179/2024 to Parliament. • To enhance SOEs governance, the State-Owned Enterprises Unit (SOEU) was established, reporting directly to the Prime Minister, through the approval of the law establishing this unit by the Parliament. o **By July 2026**, SOEU will issue SOEs governance rules. o **By December 2026**, with the aim of enhancing transparency regarding the State's portfolio of SOEs, and after the establishment of SOEU, the unit must complete the database to include the majority of SOEs and prepare its own set of financial indicators.
وزارة العمل Ministry of Labour	**Workers and Labor Market** • Labor Law No. 14 of 2025 was issued. o **By July 2027**, a draft Domestic Workers Law will be prepared to guarantee the rights of these workers, provide them with social protection, formalize their status, and integrate them into the formal labor market. o **By 2025**, actions will be taken to issue ministerial decrees and launch an awareness campaign targeting private sector establishments, in order to familiarize workers and employers with the provisions of the law, as well as their rights and duties.
وزارة الاتصالات وتكنولوجيا المعلومات	**Legislative framework for data and digital economy** o **By July 2027**, the Executive Regulations of the Personal Data Protection Law will be issued. o **By July 2027**, the Data Trading Classification and Governance Law will be issued. o **By July 2027**, the Executive Regulations of the Data Trading Classification and Governance Law will be issued. **Technical education and vocational training** o **By June 2026**, the number of WE Schools for Applied Technology will be increased, bringing the total to 27 schools.

Implementing Entity	Implemented and Planned Actions
	Quality Assurance and Accreditation in Education and Training • Establishing the Egyptian TVET Quality Assurance and Accreditation Authority (ETQAAN). • Establishing new technical education schools aligned with the objectives of industrial zones and national projects currently being implemented.
	Supporting technological education to enhance industrial and production skills and link it to the labor market. • Establish 6 new technological universities focused on developing skills tailored to the labor market needs for top-performing TVET students, opening up new applied learning pathways closely linked to key industrial and production sectors.
	Empowering the workforce and promoting women's participation in the labor market o **By July 2027**, the "Training and Employment Unit" will be established, and the project will include several steps aimed at enhancing the career counseling methodology. o **By July 2027**, childcare services will be made available in the workplace (especially by increasing the number of nurseries).
	Enhancing MSMEs competitiveness o **By July 2027,** the National Strategy for MSMEs and Entrepreneurship will be issued. o **By July 2027,** a strategy for transforming MSMEs to the formal sector will be issued, in addition to the enforcement of the Small Enterprises Law, as well as their associated incentives and benefits. o **By July 2027**, traditional handicrafts will be supported, and the National Industrial Strategy will be implemented in collaboration with relevant stakeholders, by issuing a national strategy for handicrafts. o **By July 2027,** MSMEDA services will be digitalized, and a national project platform will be developed, in addition to network integration between MSMEDA and other relevant agencies, in order to provide opportunities, facilitate information sharing, and better support the business environment.
	Gender Equality on Corporate and Bank Boards of Directors • Activating the 'Women on Boards Observatory', aimed at supporting the increased representation of women on corporate and bank boards of directors through a database that shows percentage of female representation in public companies and the banking sector.

Pillar 3: Advancing the Green Transition

Implementing Entity	Implemented and Planned Actions
	Environmental legislation and governance • Approving a general regulatory framework for the implementation and automation of the Monitoring, Reporting, and Verification (MRV) system, as well as issuing the rules to implement MRV in accordance with the Paris Agreement transparency framework in at least three sectors: transportation, electricity, gas and oil. • Issuing Decree No. 415 of 2023 regarding the national MRV system to enable creating a database on harmful emissions and monitoring progress on the carbon market. o **By July 2026**, the amended Draft Environment Law will be submitted to the Parliament for ratification. **Climate-related policies and adaptation to climate change** o **By July 2027**, local climate risk assessments will be developed, and adaptation priorities will be integrated into local planning systems and development plans, and capacity building will be strengthened to increase subnational implementation capacity and foster local ownership. **Environment and biodiversity protection** o **By December 2025**, the Council of Minister will approve declaring the entire Red Sea marine ecosystem as a protected area, given its importance in ensuring the sustainability of the tourism industry. **Conducting a study on climate-compatible trade competitiveness** o **By December 2026,** to support the development of a potential national strategy to promote climate-compatible trade in Egypt, a comprehensive analytical study focusing on assessing the implications of the Carbon Border Adjustment Mechanism (CBAM) on the Egyptian economy and the mechanisms to comply with it will be completed. The study will include an analysis of the current and future status of Egypt's trade competitiveness in this area. The study shall address carbon intensity, export sensitivity, and the impacts on key sectors (cement, steel, aluminum, fertilizers, electricity, hydrogen) under various domestic and external policy scenarios. The study shall also review, assess, and compare various scenarios of policy options, such as regulations, financial incentives, carbon pricing instruments, and other short and long-term measures, in order to mitigate their impacts on different economic sectors—particularly the sectors mentioned above—while ensuring access to export markets is preserved and competitiveness in low-carbon markets is enhanced. The study shall also assess the broader economic impacts of these policies, including their impacts on the sectors concerned. Based on its findings, the study shall include strategic recommendations that outline the essential elements that could contribute to the development of a future national strategy. **Feed-in tariffs for waste-to-energy projects** o **By December 2026**, a Prime Minister's Decree will be issued that includes an adjusted feed-in tariff for waste-to-energy (WtE) projects, with the possibility of including a decree amendment mechanism that will allow for future tariff adjustments and enhance waste management practices.

Implementing Entity	Implemented and Planned Actions
	Regulating voluntary carbon markets • Three decrees were issued on local carbon markets: 1. Requirements for verification and validation of bodies accredited by the Financial Supervisory Authority for both international and local bodies. 2. Requirements for local voluntary carbon credit registries certified by the Carbon Credit Regulatory Authority. 3. Rules on listing and delisting voluntary carbon credits. **Integrating carbon and renewable energy instruments into the financial system** o **By July 2027**, amendments will be introduced to the Executive Regulations of the Companies Law No. 95/1992 on the classification of security of origin and renewable energy certificates as financial instruments, to expand the scope of the MCV regulated certificate provided by the Federal Energy Regulatory Commission (FERC) to include other relevant types of certificates. This, on one hand, will enhance market transparency, and enable different entities to offset Scope 1 and Scope 2 emissions, while increasing the financial viability of investing in renewable energy projects, on the other. **Carbon market governance and investor protection** o **By July 2027**, amendments will be introduced to the Executive Regulations of Companies Law No. 95/1992 to add a specific license and a specific function to carbon credit rating companies and issue regulatory decrees related to the establishment and operation of these companies, in order achieve the following: – Quality carbon credits – Additional layer of investor protection – Enhancing market integrity, with particular focus on the environment
	Reducing carbon emissions • Two resolutions will be issued by the Arbitration and Review Panel for the Reduction of Carbon Emissions, to identify priority sectors in accordance with Article 6, to identify sectors through which the private sector can generate voluntary carbon credits, and to develop a general framework for local standards in the voluntary carbon credit market. o **By July 2026,** resolutions will be issued by the Arbitration and Review Panel for the Reduction of Carbon Emissions in accordance with the IOSCO and UNFCCC principles on the financial integrity of voluntary carbon markets.

Implementing Entity	Implemented and Planned Actions
	Institutional reform and digitalization in local administration o **By July 2027**, organizational reform of local administration units and development of local technological infrastructure will be carried out through technological connections between different local units and levels and the availability of qualified human resources. o **By July 2027**, the electronic provision of services will be expanded through the Local Services Portal, and also through linking it to the Egypt Digital Portal to provide high-level services for business owners. o **By July 2027** the Local Development Observatory will become operational to monitor and evaluate progress in local development projects through an electronic system capable of collecting and analyzing data, as well as publishing information related to local development plans and projects on the governorate websites for 17 governorates. **Enabling the private sector to invest in the green economy (catalyzing green investments)** o **By July 2027**, support for the implementation of policies that catalyze private sector participation to invest in the green economy in the governorates and targeting pollution control from solid and agricultural waste will continue. Reforming and reviewing policies, procedures and rules governing these activities will also be considered, with the aim of achieving economics that are attractive for investment.
وزارة الإسكان والمرافق والمجتمعات العمرانية Ministry of Housing, Utilities & Urban Communities	**Legislative and regulatory framework for the water sector** • Submitting the draft law regulating the potable water and sanitation services to the House of Representatives (Parliament). o **By January 2026,** a decree by the Minister of Housing, Utilities and Urban Communities to modify the Egyptian code for drinking water and wastewater consumption will be issued. o **By July 2027** the criteria/rules for allocating water for different uses will be revised. **Partnerships with the private sector in the utilities sector** o **By June 2026,** private sector participation in water infrastructure and management investment will be facilitated through the PPP mechanism. A PPP sub-unit will be established within the Ministry of Housing, Utilities and Urban Communities (MoHUUC), adequately staffed with qualified employees.

Implementing Entity	Implemented and Planned Actions
MINISTRY OF FINANCE	**Enhancing private sector participation in the water sector** o **By December 2026,** at least 4 private sector investment projects in water-related infrastructure will be developed, and alignment with SOP will be ensured. o **By December 2026**, at least 2 competitive PPP tenders will be launched for MoHUUC water infrastructure projects. **Strengthening Medium-Term Budget Framework (MTBF)** o **By December 2026,** a draft green budget guide will be prepared, addressing principles of climate-responsive budgeting, in order to establish bases for green budgeting. **Enhancing the management of climate-related risks and building resilience** o **By June 2026,** a quantitative analysis of climate-related long-term financial risks and climate-related contingent commitments and a description of the methods the government will use to manage these risks will be published as part of the financial statement (Financial Risks section), starting with the 2026/2027 budget. o **By August 2026,** disaster risk management capacity will be enhanced by adopting a national disaster risk financing strategy, while integrating social assistance measures in collaboration with the Ministry of Social Solidarity.
Ministry of Industry	**Policies to support green industrial transformation** o **By July 2027,** an incentive system will be developed to support and promote green manufacturing. o **By July 2027,** MRV unit will be established to measure, report, and verify climate-relatedcommitments.
Social Housing and Mortgage Finance Fund	**Climate change adaptation policies in the housing sector** o **By July 2027,** the construction of green housing units as part of the social housing program will be expanded.

Implementing Entity	Implemented and Planned Actions
وزارة الموارد المائية والري Ministry of Water Resources and Irrigation	**Governance and legislative framework for the water sector** o **By June 2026**, the Water Resources Law (Law No. 147 of 2021) will be implemented with the aim of facilitating the establishment and activation of the institutional and executive framework of the Water Resources Law (Law No. 147 of 2021), including the preparation of supporting regulations, the establishment of oversight mechanisms, capacity building, and the preparation of, and assurance of approval on, detailed regulations stipulated in Articles nos. 43, 44,51, and 73 of the Law. o **By December 2026**, the "Official Implementation Guidelines" and SOPs for the field implementation offices, including inspection, reporting violations, and sanction-related procedures in accordance with the provisions of the law, (e.g. Articles 59 to 85 on violations and sanctions) will be published in the Official Gazette. o **By December 2026**, all regional water councils will be established by a Prime Minister's Decree, in accordance with Article (51) of the Law. **Community empowerment and participatory management of water resources** o **By July 2027**, the formation of water user associations will be expanded, and successful and outstanding experiences and practices will be disseminated to encourage more farmers to replicate these successful models. **Regulating the use of groundwater** o **By July 2027,** the integrated system for groundwater wells drilling and operation will be issued, and groundwater withdrawing will be formalized. **Integrated Coastal Zone Management** o **By July 2027**, the Integrated Coastal Zone Environment Management plan (ICZEM) will be issued. **Reforming the water governance ecosystem** To enhance efficiency and transparency of water resources management, the following will be implemented: o **By June 2027**, water governance structures will be strengthened to improve efficiency and transparency in water resources management by ensuring that the National Water Strategy 2050 will be approved by the National Water Council (NWC). o **By December 2026,** the National Water Council's by-laws and governance protocols for coordination across water authorities, including necessary legislative approvals, will be approved. o **By December 2026,** the first report on the "State of Water Resources" will be approved by NWC. o **By December 2026**, guidelines aimed at enhancing private sector participation in this area will be developed and disseminated.

Implementing Entity	Implemented and Planned Actions
وزارة الموارد المائية والري Ministry of Water Resources and Irrigation	**Water Resources Management** o **By June 2026**, a central register for groundwater using licenses will be created and operationalized, ensuring proper documentation, transparent management, and regular updating of licensing activities. o **By July 2027,** a Prime Minister's Decree specifying fees for each cubic meter of water extracted from wells for non-agricultural purposes will be issued, in accordance with Article (72) of the Water Resources and Irrigation Law No. 147/2021. o **By December 2025**, clear guidelines and procedures regarding licensing the drilling and operation of groundwater wells will be approved by the Minister, including technical standards, allowable extracted quantities, and monitoring and control requirements, in accordance with Chapter VII of Law No. 147 of 2021. **Enhancing the management of climate-related risks and building resilience** o The National Water Council (NWC) will be established by Prime Minister's Decree. The Prime Minister will chair NWC, which membership will include the competent ministers in addition to stakeholders from the Ministry of Agriculture and Land Reclamation, Ministry of Water Resources and Irrigation, Ministry of Housing, Utilities and Urban Communities, Ministry of Environment and Ministry of Planning, Economic Cooperation and International Cooperation. NWC will: 1. **By June 2026**, oversee the collection, exchange and dissemination of data on water demand and supply by sector/subsector/region, and analysis to support decisions on water allocation. 2. **By August 2026**, introduce a formal methodology to be determined over the program's first review of water allocation across sectors/regions to manage conflicting demands on water resources at the policy and project planning phase, in line with international best practices.
وزارة الكهرباء والطاقة المتجددة Ministry of Electricity and Renewable	**National Energy Efficiency Action Plan - NEEAP** • Approving the revised Sustainable Energy Strategy. o **By July 2027**, to ensure the effective implementation of the National Energy Efficiency Action Plan (NEEAP), the Government of Egypt will strengthen the role of the Council of Ministers' Energy Planning Unit, by formally expanding its mandate to include strategic energy efficiency planning. o **By July 2027**, to direct the country's efforts in energy efficiency area, the third National Energy Efficiency Action Plan will be officially approved by the Supreme Council of Energy, along with the preparation of an implementation plan for approval by the Supreme Council of Energy. o **Supporting the financial sustainability of the electricity sector** • Approving the power loss reduction plan that will set annual reduction targets for distribution companies owned by the Egyptian Electricity Holding Company (EEHC); the individual distribution companies will have to achieve these targets, as well.

Implementing Entity	Implemented and Planned Actions
وزارة الكهربـاء والطاقة المتجددة Ministry of Electricity and Renewable	• Issuing the first annual review report on the status of achieving power loss reduction targets by EEHC distribution companies. o **By December 2026,** the financial viability plan for the electricity sector will be approved, including tariff adjustments and improved operating costs. o **By July 2027,** financial sustainability measures will be taken to help recover electricity sector costs. **Empowering the private sector and fostering a competitive electricity market** • Regulations on issuing energy certificates of origin to support the private sector framework will be issued. • A circular regulating direct supply of renewable sources of electricity between private producers and consumers (private to private) will be issued. • Regulations on issuing energy certificates of origin will be issued, contributing to the private demand-driven clean energy framework. o **By July 2027**, with the aim of facilitating progress towards the decoupling of electricity market activities, and based on a complete comprehensive study, a plan for the gradual opening of the electricity market will be submitted and formally approved by the Supreme Council of Energy. o **By July 2027,** mandates for procurement of new and renewable energy will be transferred to generation companies, and contracts will be transferred accordingly. o **By July 2027,** an agreement will be reached between the State and the public electricity utilities to support their operational and commercial performance. **Supporting investment in renewable energy** • 26,000 km2 of state-owned land will be allocated for renewable energy investments. **Expanding efforts to mitigate climate change under the Resilience and Sustainability Facility (RSF)** • In line with the %30 target for wind, solar and hydropower energy by 2030, the Council of Ministers should adopt and publish a schedule for the implementation of renewable energy targets until 2030 .
وزارة البترول والثروة المعدنية Ministry of Petroleum & Mineral Resources	**Expanding efforts to mitigate climate change under the Resilience and Sustainability Facility (RSF)** o To reduce GHG emissions from hydrocarbon production, the Ministry of Petroleum will implement the following: a) **By August 2026**, an MRV system will be implemented in order to track gas flaring, and methane emissions at the operating company or project level on a quarterly or annual basis, and b) **By August 2026**, a decree will be issued requiring operating companies to provide and adopt oil and gas sector emission reduction targets in line with Egypt's Nationally Determined Contributions (NDCs), and impose fines for non-compliance after a two-year grace period.

Implementing Entity	Implemented and Planned Actions
وزارة التخطيط والتنمية الاقتصادية والتعاون الدولي Ministry of Planning, Economic Development & International Cooperation	**Program and performance-based budgeting (PPBB)** o **By December 2026,** PPBB implementation will be driven by the adoption and dissemination of performance indicators at the sub-program level for three administrative entities, focusing on social justice, climate change, and environmental improvement. **Strengthening the financial sector's resilience to climate shocks** o According to Egypt's Country Platform (NWFE), aligned with the National Climate Change Strategy 2050, Egyptian government entities will be adding two new projects, one for adaptation and the for mitigation. For each of the two projects, preliminary feasibility studies will be prepared to mobilize private sector financing. Egyptian government entities will also build on the experience so far gained in order to identify other measures and reforms **by December 2025**, and approving them **by June 2026**, aimed at facilitating and mobilizing private investment for mitigation and adaptation projects. **Strengthening public investment management in line with national climate change objectives.** o **By December 2025,** climate change criteria and procedures for project selection will be published, and project evaluation procedures will also be updated and published along with the standardized assumptions for climate change mitigation and adaptation, demonstrating that these criteria and procedures have been applied to all new projects with a value exceeding EGP 500M. o **By June 2026,** the current pilot asset registry will be scaled up to include Ministries of Transport, Housing, Utilities, and Urban Communities, with a focus on large fixed government assets; internal climate risk analyses will be conducted for those assets within the registry; and a consolidated climate risk overview of the asset portfolio will be developed and published, including a summary of government's mitigation measures.
البنك المركزي المصري CENTRAL BANK OF EGYPT	**Strengthening the financial sector's resilience to climate shocks** • CBE issued a directive to banks to conduct a review of their credit portfolios to identify exporting companies in the sectors covered by CBAM mechanism and collect information on their export activities to assess the risks associated with CBAM implementation in the European Union and the United Kingdom. The directive also required all banks to submit this data to CBE semi-annually. o **By June 2026,** CBE will issue a binding regulatory framework requiring banks to implement the Environmental and Social Risk Management System (ESRMS), including climate along with its implementation timeline. These binding regulations will include guidelines for banks on ESRMS implementation.
MALR	**Agricultural sector supporting policies** • Expanding the areas allocated for planting high-quality cotton seeds.

Quantitative Targets of Egypt's Narrative for Economic Development

10. Quantitative Targets of Egypt's Narrative for Economic Development

As part of the Ministry of Planning, Economic Development & International Cooperation's endeavors to establish a comprehensive framework articulating the Egypt's Vision for sustainable growth and enhanced competitiveness, this final section summarizes structural reform priorities and proposed policy measures into a coherent set of quantitative targets. These targets are part of a streamlined macroeconomic framework that specifies measurable objectives for 2030, along with aspirational deliverables for 2050. This framework is based on three scenarios:

- Baseline Scenario: Reflecting the expected trajectory under ongoing reform efforts.
- Accelerated Reform Scenario: Accelerating the reform process, and
- Conservative Scenario: A more conservative scenario that takes into account the potential downside risks arising from heightened global uncertainty and geopolitical tensions, as well as their potential spillover effects on the local economy.

A set of economic targets has been derived from time series, reflecting past trends and the most recent indicators of economic activity. These targets take into account the projected implementation of structural reforms, as well as the objectives set out in Egypt's Vision 2030, the Government Action Program and the sectoral strategies referenced in the Narrative. These estimates reflect the overarching targets set out in these reference frameworks, ensuring consistency and alignment between macroeconomic and sectoral policies, thereby supporting the achievement of projected economic growth rates.

The table below presents the key targets and underlying assumptions for the Accelerated Reform Scenario, which spans the period up to 2030. It also outlines the long-term objectives and aspirations for 2050. It also provides a comparison of the three scenarios – Accelerated Reform, Baseline and Conservative – focusing on the 2030 projections. The final section of the Narrative, titled 'Quantitative Targets of the Egypt's Narrative for Economic Development, presents the assumptions underlying the different scenarios, along with their associated opportunities and risks.

Quantitative Targets for Egypt's Narrative for Economic Development

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
GDP growth rate Total (%)	2.4	4.2	4.5	4.8	5.5	6.0	6	7	4	8	The growth of GDP over this period is driven by several key factors, most notably: • An increasingly prominent role for the private sector in productive activities. • Stronger performance of the manufacturing sector, with a rising share in GDP. • Positive effects of economic reform programs include improving the business environment, stimulating investment and enhancing the efficiency of resource allocation. The targeted growth rate of 7% is more ambitious than the 6.5% growth rate projected in the Government Action Program for 2030. Source: Ministry of Planning, Economic Development and International Cooperation.

2 Estimates are based on the actual data available as of 15 August 2025.
3 Preliminary estimate
4 The 2050 targets were informed by the results of the MFMOD-GJ Macroeconometric Forecasting Model used by the World Bank.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Per capita growth rate GDP growth Total (%)	0.9	2.7	3	3.3	4.0	4.5	4.5	5.5	2.5	6.5	Per capita GDP growth rate reflects a gradual improvement in living standards, based on the following assumptions: • It is assumed that alongside the projected increase in GDP growth rates, population growth will gradually decline to between 1.4% and 1.5%. This will amplify the positive impact of economic growth on per capita income. The targeted growth rate of 5.5% is more ambitious than the 5% rate projected in Egypt Vision 2030. Source: Ministry of Planning, Economic Development and International Cooperation and the Central Agency for Public Mobilization and Statistics (CAPMAS).

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Contribution of the manufacturing sector to GDP Total (%) (oil and non-oil sectors)	14.6	15.9	16.9	17.7	18.3	18.7	16	20	15	30	• Strengthening domestic manufacturing and reducing reliance on imported materials. • Promoting high-tech, high-value industries. • Expanding green and environmentally sustainable industries in line with SDGs. The target share is below the 28% projected in Egypt's Vision 2030. Source: Ministry of Planning, Economic Development and International Cooperation
Non-Oil Manufacturing Sector Contribution to GDP (%)	11.9	13.4	14.4	15.4	16	16.5	14	18	12.5	25	• Strengthening domestic manufacturing and reducing reliance on imported materials. • Promoting high-tech, high-value industries. • Expanding green and environmentally sustainable industries in line with SDGs. The target share is below the 20% projected in Egypt's Vision 2030. Source: Ministry of Planning, Economic Development and International Cooperation

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Tourism Sector (% of GDP)	3.4	3.8	3.9	4.1	4.3	4.5	4.0	4.7	3.5	10	• Designing and implementing a comprehensive marketing strategy to promote Egypt's tourist destinations and resorts. • Growth rate is closely linked to the expansion of hotel capacity in Egypt. • Achieving growth depends on improvements in the investment climate and the availability of land necessary for tourism-related investment. • Growth is closely linked to the expansion of airport capacity in Egypt and an increase in the number of seats available on flights to the country. Source: Ministry of Planning, Economic Development and International Cooperation.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Number of Tourists (in millions) [5]	15.8	17.5	18.9	20.4	22.5	24.7	20	28	11.7	50	• Designing and implementing a comprehensive marketing strategy to promote Egypt's tourist destinations and resorts. • Growth rate is closely linked to the expansion of hotel capacity in Egypt. • Achieving growth depends on improvements in the investment climate and the availability of land necessary for tourism-related investment. • Growth is closely linked to the expansion of airport capacity in Egypt and an increase in the number of seats available on flights to the country. Source: Ministry of Tourism and Antiquities

5 The number of tourists is calculated based on calendar years rather than fiscal years.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Contribution of the energy sector (including electricity, crude oil and gas extraction, and petroleum refining) to GDP (%).	10.3	10.4	10.5	10.6	10.7	10.8	10.5	10.9	10.4	15	• Assuming an average annual growth rate of 6% Source: Ministry of Planning, Economic Development and International Cooperation.
Share of renewable and low-carbon energy sources, including wind, solar, hydro and nuclear, in the total energy mix.	11.5	13.8	15.5	18.6	25	30	25	42	20	55	• Expansion of energy storage capacity. • Enhancing and developing the infrastructure necessary to integrate renewable energy projects into the national grid. Source: The Ministry of Electricity and Renewable Energy

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Contribution of the telecommunications sector to overall GDP (%) [6]	2.5	2.9	3.2	3.5	3.8	4.1	2.8	4.5	2.5	8	• Assuming an average annual growth rate of 15% Source: Ministry of Planning, Economic Development and International Cooperation.
Agriculture sector (% of GDP)	14.4	14.5	14.6	14.7	14.8	14.9	14.7	15.0	14.5	20	• Assuming an average annual growth rate of 5%. Source: Ministry of Planning, Economic Development and International Cooperation.

6 These targets will be updated following the release of sectoral GDP data for Q4 of FY2024/25, as part of the methodological review and the comprehensive assessment of full-year performance.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Total Investment (% of GDP)	11.7[7]	13.3	15.2	15.7	16.5	17.2	17	18.0	14	30	• Rising private sector investment driven by the gradual divestment of the state from selected industries and the expansion of opportunities for private participation. • Improving the business climate and expanding investment incentives • Directing investments towards priority productive sectors. • A timely response to accelerating global developments, as well as the effective mobilization of investment opportunities arising from these transformations. Source: Ministry of Planning, Economic Development and International Cooperation.

7 Excluding the cash flows associated with the Ras Al-Hikma project.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Private investment (% of total investment)	43.1	56.4	60	62	64	65	49	66	41	75	• Policies aimed at enabling the private sector and ensuring effective implementation of SOP. • State's exit from certain economic activities and creation of more opportunities for private investors. • Providing supportive investment and legislative incentives to attract and strengthen private sector participation. The targeted ratio of 66% is broadly aligned with the 65% benchmark set under Egypt's Vision 2030, although it remains below the 70% target specified in the Government's 2030 Action Program. Source: Ministry of Planning, Economic Development and International Cooperation.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Private investment (%) of GDP	5	7.5	9.1	9.7	10.5	11.2	7.4	11.9	6.8	15	• Effectiveness of policies designed to stimulate private investment by improving the business environment and providing a supportive legal and institutional framework. • Private sector benefits from the state's gradual exit from certain economic activities Source: Ministry of Planning, Economic Development and International Cooperation.
Private sector (% of GDP)	77.1	78.2	78.5	79	79.5	80.8	81.2	82	75	85	• The pivotal role of the private sector in driving economic growth and productive activity. • Outcomes of government policies designed to enable the private sector and expand its role in development. • Development of its contribution across key sectors, including industry, services, and trade. Source: Ministry of Planning, Economic Development and International Cooperation.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Net FDI (% of GDP)	2.8[8]	3.1	4.2	4.2	4.3	4.5	3.7	4.4	3.1	5	• Under the reform scenario, it is projected that FDI flows will grow at a moderate annual rate of around 15%, reaching a cumulative total of approximately USD 112 billion by 2030. • These estimates are based on revised historical data and the FDI strategy, excluding exceptional flows such as those related to the Ras Al-Hikma project. The targeted ratio of 4.4 % is more ambitious than the benchmark set out in Egypt’s Vision 2030, which is set at 3%. Source: CBE Source: Ministry of MoPEDIC.

8 Excluding the flows associated with the Ras Al-Hikma project.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Net FDI flows (USD billion)	11.1	10.7	16.1	17.8	20	22.8	20.5	24.6	17.6	100	• Relative improvement in Egypt's attractiveness as a destination for foreign investment. • Maximizing the benefits of areas with relative advantages, most notably the Suez Canal Economic Zone, as hubs for attracting investment in supply chains, manufacturing, and logistics services. • Macroeconomic policy stability and the availability of investment opportunities in strategic sectors, including manufacturing, renewable energy, tourism and telecommunications. • These estimates were prepared in line with FDI strategy. Source: CBE.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Green public investment (% of total public investment)	40	45	50	55	60	65	70	75	65	85	• The state's commitment to the Sustainable Development Agenda and climate objectives. • Expansion of low-carbon initiatives, including renewable energy, clean transportation and improved resource efficiency. • Supporting green projects by enhancing their financing through international partnerships and development institutions. • This approach is a strategic step towards a greener economy that is more resilient to climate risks and supportive of sustainable growth. The target ratio of 75% by 2030 is consistent with the benchmark set out in the government's action program for that year. Source: Ministry of Planning, Economic Development and International Cooperation.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Exports of goods and services (USD billion)	62.8	72.3	75.5	92.9	110.3	127.6	100	145	90	250	• Assuming an average annual growth rate of 15% under the reform scenario The targeted export amount by 2030 is consistent with the government's action program and exceeds the USD 104 billion benchmark set out in Egypt Vision 2030. Source: CBE.
Exports of goods (USD billion)	32.5	40.1	42.2	65.7	71.1	85.6	80	100	70	175	• Assuming an average annual growth rate of 15-20% under the reform scenario Source: CBE.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Net exports of goods and services (USD billion)	-25.2	-33.3	-34.9	-29.7	-24.8	-19.9	-50	-14.9	-60	15	• The deficit is projected to narrow gradually, with improvements in net exports being supported by a set of policies and measures, notably: • Accelerating export growth, particularly in high-value sectors. • Increasing self-sufficiency in essential goods to reduce imports. • Expanding domestic manufacturing and strengthening value chains. • Supporting domestic production and offering incentives for alternative industries to promote import substitution. • Utilize the Suez Canal's strategic position as a global trade corridor to boost exports of services, particularly in transport and logistics. • Enhancing the contribution of tourism sector through new financing programs, expansion of hotel capacity, regulation of residential unit rentals, and support for specialized tourism, with the aim of boosting revenues. Source: CBE.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Annual job creation (in millions)	0.9	0.9	0.9	0.9	0.95	0.95	1.1	1.5	0.9	2.5	This projected path reflects the number of new jobs expected to be created each year under the reform scenario, based on: • Intensifying support for MSEs, which constitute the largest source of job creation. • Strengthening the relationship between small enterprises and large firms to promote production chain integration and increase employment opportunities. • Accelerating the integration of the informal economy into the formal sector to broaden the tax base, enhance job quality, foster entrepreneurship, and build productive skills among youth. Source: CAPMAS.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Labor force participation rate (%) of working-age population.	44.2	45.7	46.8	48	49.2	50.4	51.7	53	45	75	• Increase in labor force participation driven by expanding economic activity and growing employment opportunities. • Effectiveness of programs aimed at empowering underrepresented groups, including women. • Effectiveness of efforts to legally formalize the informal economy and contribute to the transition of a greater number of individuals into the formal labor force. Source: CAPMAS.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Female labor force participation rate (% of working-age women) (%)	16.5	16.9	17.3	17.7	18.2	18.6	19.1	19.6	17	60	• Expanding women's development programs and strengthening their productive capacities. • Expanding women's employment opportunities through targeted employment and entrepreneurship initiatives. • Strengthening institutional policies that support women's participation and enhancing the work environment. • Raising awareness of the importance of integrating women into formal economic activities. The targeted participation rate is lower than the 24% benchmark set out in Egypt's Vision 2030. Source: CAPMAS.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Share of paid informal employment in total labor force (informal employment rate) (%)	60-65	63	60	58	55	53	50	45	60	25	• Employment in the informal sector is estimated at 60 and 65% of the total labor force. • Comprehensive and precise measurement of the informal sector remains limited. However, CAPMAS's efforts, particularly through the economic census which now includes both registered and unregistered microenterprises, are expected to improve the accuracy of informal sector data. • Results of the forthcoming economic census are expected to offer a clearer assessment of the informal sector's size, thereby supporting the development of more effective policies for its integration and for enhancing employment quality. The targeted rate is broadly in line with the 44% benchmark set out in Egypt's Vision 2030. Source: CAPMAS.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Tax revenues (% of GDP)	11.6	13	14	14.8	15.6	16.4	16	17.2	14	25	• Progress is expected in terms of tax and customs policy reforms, including the implementation of a medium-term tax strategy, expansion of digitalization and development of legislative and administrative frameworks. The aim is to improve public revenue collection efficiency and broaden tax base, thereby supporting an annual increase in tax revenue by 1 - 8% of GDP. The targeted rate of 18% is below the 21% benchmark set out in Egypt's Vision 2030. Source: Ministry of Finance and Ministry of Planning, Economic Development and International Cooperation.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Public expenditure on health services (% of GDP)	1.4	1.2	1.2	1.4	1.6	1.8	1.4	2	1.2	5	• According to data from the MoF, public expenditure includes all spending by the relevant authorities (both current and capital), including interest payments on loans extended for health services. Source: Ministry of Finance and Ministry of Planning, Economic Development and International Cooperation.
Public expenditure on education (% of GDP)	1.9	1.7	1.5	2	2.5	3	1.9	3.5	1.5	8	• According to data from the MoF, public expenditure includes all spending by the relevant authorities (both current and capital), including interest payments. Source: Ministry of Finance and Ministry of Planning, Economic Development and International Cooperation.

Indicator [2]	23/24	24/25 [3]	25/26	26/27	27/28	28/29	2030			2050[4]	Notes and Assumptions Accelerated Reform Scenario
							Baseline Scenario	Reforms	Conservative Scenario	Reforms	
Overall fiscal deficit (%)	7.3	7.6	7.3	5.5	4.9	4.2	4.2	3.5	7	0	• The targets set out in the financial statement for the 2025/26 budget were adopted as a reference. Source: Ministry of Finance.
Public debt (% of GDP)	89.4	85	81.1	79.8	77.5	75	80	70	85	55	• Gradual fiscal consolidation, together with the implementation of the Medium-Term Debt Strategy, is expected to facilitate a sustainable reduction in the government's debt-to-GDP ratio while ensuring that risk levels remain manageable and debt servicing pressures are eased over the medium term. The targets for fiscal years are in line with the 81% benchmark set out in the Government's Action Program (2025/26–2026/27). Source: Ministry of Finance and Ministry of Planning, Economic Development and International Cooperation.

وزارة التخطيط والتنمية الاقتصادية
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