



وزارة التخطيط والتنمية الاقتصادية
والتعاون الدولي
Ministry of Planning, Economic
Development & International
Cooperation

Key Structural Reforms Implemented under the First Phase and the Second Phase (First Tranche) of the EU Macro-Financial Assistance (MFA) and Budget Support Mechanism

First Phase (December 2024)
Pillar I: Macroeconomic Stability and Resilience
✓ Implementation of an electronic system to calculate payroll tax, applied to all public sector wages and gradually to private sector wages, to cover 15% of private sector companies by September 2024.
✓ Activation of amendments to the Public Finance Law to set an annual ceiling on general government debt, including the 59 economic authorities. This is through the establishment of a dedicated unit at the Ministry of Finance and the issuance of Prime Ministerial directives to establish dedicated units in all 59 economic authorities to undertake accounting, consolidation, and reporting related to general government operations by September 2024, and publication of unified general government statistics on a semi-annual basis.
✓ Issuance of top-down general budget guidelines and associated ceilings related to the Medium-Term Budget Framework (MTBF), to be circulated to executive ministries by September 2024.
✓ Preparation of a draft procedural manual for program- and performance-based budgeting by September 2024.
✓ Preparation of a guidance document to be circulated to executive ministries to define new criteria for evaluating public investment projects by September 2024.
✓ Strengthening the sustainable transition and continuing to reinforce the social safety net, inter alia, by (1) increasing the number of beneficiary households under the Takaful and Karama cash transfer programs by 100,000 (from 4.6 million to 4.7 million), and (2) increasing the number of microfinance projects by 20,000 (from 561,000 to 581,000 projects) by September 2024.

✓ Launch and publication of the Social Protection Observatory Report by September 2024.

✓ Launch of the “Mehany 2030” electronic platform and preparation of a communication and awareness strategy for users by September 2024, to develop youth skills in line with international standards, facilitate the transition from the informal to the formal sector, and reduce corruption risks.

Pillar II: Competitiveness and Business Environment

✓ Establishment of a unified database (managed by the State-Owned Enterprises Inventory and Monitoring Unit) including financial indicators and ownership details for all state-owned enterprises.

✓ Increased transparency regarding progress in the State Ownership Policy through publications before the end of September 2024, including:
A. Progress achieved during FY 2023/2024 regarding the adoption of reforms and measures related to the State Ownership Policy.
B. Details of all divestment/IPO transactions executed in FY 2023/2024, including transaction size, details of each transaction, involved parties, processes, and approved steps, including procedures and legal frameworks.

✓ Sharing, by September 2024, an overview of all sectors and areas in which Egypt requires licensing, prior registration, or import approval, to ensure predictability.

✓ Publication of a unified “negative list” of restrictions applied to foreign investment in covered sectors by September 2024.

✓ By September 2024, centralization of information in an easily accessible format (online, in English, and free of charge) for both domestic and foreign investors on a single investment website, including information on tax incentives, relevant legislation, application procedures, required documents, and the institutional setup for foreign direct investment incentives, through a centralized, searchable, and regularly updated database.

✓ Improvement of the investment environment through the implementation of an automated investment licensing system that allows investors to submit and track applications for approvals, permits, and

licenses electronically, as well as submit inquiries and complaints electronically by September 2024.
✓ Preparation, by the end of September 2024, of a plan to introduce an electronic public procurement system in line with the current Public Procurement Law (Law No. 182 of 2018 regulating contracts concluded by budget entities), allowing for the publication of final contract awards, with the aim of full operation of the new system by September 2025.
✓ Publication of a medium-term tax strategy through 2030 by September 2024, including clear guidelines on tax policy pillars and administrative reforms, including tax incentives for investment, and conducting consultations with private sector representatives prior to its adoption.
✓ Improved implementation of competitive neutrality through the issuance by the Egyptian Competition Authority of three guidelines on competitive neutrality (definition of relevant markets, assessment of dominance, and vertical restraints).

Pillar III: Green Transition
✓ Adoption of the updated Sustainable Energy Strategy by September 2024.
✓ Issuance of regulations governing the issuance of energy certificates of origin to support the private sector framework.

Second Phase – First Tranche (December 2025)
Pillar I: Macroeconomic Stability and Resilience
1.2 Strengthening domestic revenue mobilization and eliminating basic tax declarations.
1.3 Further activation of amendments to the Public Finance Management Law, whereby the General Accounting Unit at the Ministry of Finance will prepare a manual on methodologies and procedures for preparing and consolidating general government data, including monitoring the transfer of financial information between economic authorities and the Ministry of Finance unit.

1.4 Further strengthening of the Medium-Term Budget Framework (MTBF):

A. Preparation of an evaluation report on the initial phase of MTBF implementation.

B. Publication of a fiscal strategy paper in line with international best practices, including key macro-fiscal projections over a multi-year horizon.

1.5 Strengthening the implementation of program- and performance-based budgeting through the preparation of a detailed plan to implement the Public-Private Partnership (PPP) action plan.

1.6 Strengthening financial risk management through the issuance of a ministerial decision regulating financial risk management, including defining financial risk management responsibilities.

1.7 Fostering the MTBF to ensure consistency in the preparation and use of a shared macroeconomic framework, through full activation of the established technical working group comprising the Ministries of Planning, Economic Development and International Cooperation; Finance; Investment and Foreign Trade; and the Central Bank of Egypt (CBE), by adopting a formal coordination protocol. This includes unifying data-sharing mechanisms, establishing a clear timeline for economic forecasting, and adopting a unified set of macroeconomic assumptions and shared economic forecasts among the relevant ministries.

1.8 Promoting public investment management through a comprehensive review of OECD recommendations and the Public Governance Review (PGR) plan, alongside the Public Investment Management Assessment (PIMA), to identify and prioritize subsequent actions.

Pillar II: Competitiveness and Business Environment

2.1 Reducing the risk of violations and increasing public revenues from land sales by applying competitive bidding systems in pricing the allocation and sale of industrial land.

2.2 Launch of an electronic platform for granting investment licenses, with a plan for gradual expansion to include obtaining and paying for most licenses, permits, and related services, to facilitate investment in Egypt and attract more demand-driven foreign direct investment.

Pillar III: Green Transition

3.1 Water resource management to improve the management of limited water resources, particularly groundwater:

A. Issuance of a Prime Ministerial decision setting a fee per cubic meter of water extracted from wells for non-agricultural purposes, in line with Article (72) of Egypt's Water Resources and Irrigation Law No. 147 of 2021.

B. Adoption of clear ministerial-level guidelines and procedures for licensing the drilling and operation of groundwater wells, including technical standards, allowable extraction quantities, and monitoring and oversight requirements, in line with Chapter Seven of Law No. 147 of 2021.

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

3.3 Protection of the Red Sea's natural capital to achieve sustainable economic development: Cabinet approval to designate the entire marine ecosystem of the Red Sea as a protected area, given its importance in ensuring the sustainability of the tourism industry.

3.4 National Energy Efficiency Action Plan: To ensure more effective implementation of the National Energy Efficiency Action Plan, the Egyptian government will strengthen the role of the Energy Planning Unit of the Cabinet by formally expanding its mandate to include strategic planning for energy efficiency.