



Eye on Debt

**An analytical reading of the fourth review of the
IMF-Egypt loan program**

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Introduction

After a delay of about five months, the International Monetary Fund (IMF) completed the fourth review of the Extended Fund Facility Arrangement for Egypt, which Egypt signed in late 2022.

The review was delayed several times due to the IMF's strict conditions regarding exchange rate flexibility, as well as the country's plan for exiting from various economic sectors. The exchange rate flexibility condition led to a delay in the disbursement of the loan and its review throughout 2023, and later the asset sale program was the condition that delayed the issuance of the IMF's reviews, including the fourth (latest) one.

The IMF completed [its fourth review](#) on 11 March, allowing the Egyptian government to withdraw \$1.2 billion, bringing Egypt's purchases under the program to \$3.207 billion, out of the total agreed loan amount of \$8 billion. The amount withdrawn represents about 40% of the initial value of the loan, and about 119% of the amount Egypt is allowed to borrow from the IMF, as the IMF announced in a statement that it approved the payment of the tranche associated with the fourth review in March.

The previous review, the documents of which have not been disclosed, also saw the approval to grant Egypt an additional \$1.3 billion loan through the Resilience and Sustainability Facility (RSF), a loan that Egypt had previously applied for in late 2022. However, the approval of the loan by the IMF's board was delayed until four reviews of the program were conducted.

The Egyptian government started implementing this program with the IMF at the end of 2022, and it was scheduled to end in September 2026. However, the situation has changed, and the program is expected to continue at least until the end of 2027. The government's delay in implementing the IMF's conditionality

was the main reason for the delay in conducting the reviews, but the release of the latest review was delayed at the request of the Egyptian government.

The conditionality did not change much in this review, although several conditions were added, the most important of which will be reviewed in this report. The IMF's language also changed with regard to the implementation of structural reforms, especially the role of sovereign bodies in the economy. The Fund published a statistic on the number of military-owned companies operating in economic activities, pointing out that the army owns 97 companies, including 73 companies operating in the industrial sector, and has large shares in some sectors, such as the marble, cement and steel sectors, with an average of 36% of the market shares, which hinders the private sector's entry into these sectors, according to the IMF.

The IMF also noted what it called a "slowdown" in the implementation of the State Ownership Policy Document and added sub-indicators to track the implementation of these conditions.

The economic context of the fourth review

The fourth review covered the period from August 2024 to March 2025, when Egypt obtained the \$1.2 billion loan tranche. That period witnessed a lot of local and regional developments. At the regional level, the IMF points to the accumulation of external pressures on the Egyptian economy, the most important of which are the Gaza war and the disruptions of navigation in the Red Sea, which caused the Suez Canal revenues to decline by nearly \$6 billion in 2024. It also points to the war in Sudan and the consequent flow of refugees. Al-

though these external pressures have eased significantly over the past months, the short-term economic performance has not seen significant improvements. At the domestic level, exchange rate flexibility continued to be applied significantly, but in a limited manner to reduce the inflationary impact of exchange rate movements. The IMF relies on the emergence of a parallel market to assess the government's commitment to the flexible exchange rate policy, which was achieved according to the review, and dollar trading increased within the banking system.

At the inflation level, which is one of the key outcomes with direct social effects of exchange rate flexibility, the inflation rate plummeted from around 26% in August 2024 to nearly 14% in March 2025, and then to 12% in August 2025 on an annual basis. But the performance of inflation is still largely tied to the rise in energy prices resulting from the government's tendency to eliminate energy subsidies for now.

The IMF remains reserved about the quality and speed of the implementation of the structural reforms it has requested, particularly with regard to the government offerings program, which the IMF says the Egyptian government is still lagging behind. It comes despite the fact that the current wave of asset sales has begun with great momentum represented in the first Gulf acquisitions, which included various and strategic sectors such as the fertilizer and banking sectors, before the Ras al-Hekma deal came to reduce a lot of pressure on the Egyptian balance of payments in the foreseeable future.

In terms of the public debt management strategy, the IMF still believes that Egypt is facing pressures in this regard, as the foreign debt payments are still very high. However, the IMF is betting on a decline in the debt ratio to about 87% of GDP in the coming years, because of the primary surplus that is achieved annually as a result of the austerity measures taken by the government.

The IMF's praise of the primary surplus seems to be repeated in all previous reviews, but it reflects a problem in diagnosing Egypt's economic crisis and viewing it as a fiscal crisis related only to the management of the budget deficit. The economic pressures on Egypt's public debt are still present, as evidenced by the fact that the annual debt interest consumed more than 80% of government revenues during the fiscal year 2023-2024, according to the IMF. These large debt payments shackle the general budget, push towards more austerity, and affect the principle of unity of the budget, as the investment budget is taken out of the general budget of economic bodies or other government agencies.

In its fourth review, the IMF also sees several problems in the domestic debt market, the most important of which is the heavy reliance on short-term treasury bills, which reflects the lack of confidence in the future of interest rates and the performance of the economy as a whole. Financial investors tend to invest in short-term debt instruments if they are uncertain about the economic situation in the medium and relatively long term. The IMF also criticizes the reliance on what it calls non-market borrowing mechanisms, the most important of which are overdraft facilities from the Central Bank and special offerings of bonds and treasury bills. The IMF believes that such practices reduce transparency in the debt market and expose Egypt to liquidity problems.

But this criticism seems not to be right, because these mechanisms are themselves tools for managing liquidity in the economy, especially in times of crises. It is unreasonable for the government to pay the rate of interest on bonds in each offering, while investors demanded interest rates of more than 30%. Therefore, reducing interest when renewing local bills and bonds is very important in any debt reduction strategy, especially with the IMF's refusal to make a significant reduction in interest rates, for fear of inflation rising again. Externally, the IMF believes that the external situation of the Egyptian econ-

omy remains weak, felling short of expectations in the medium term in the agreement models. The current account deficit increased to 5.4% of GDP in fiscal 2023/2024, driven by lower Suez Canal revenues, weaker gas exports, and higher energy imports. Although foreign direct investment (FDI) inflows (particularly the Ras al-Hekma deal) temporarily bridged the gap, reliance on volatile capital flows leaves Egypt vulnerable to constant risks, as the fourth review indicates. The IMF also expects the external debt-to-GDP ratio to rise to 46.6% during the next fiscal year, and the financial pressures to continue due to external financing needs, which the Fund estimates at about \$30 billion during the current fiscal year.

The projections and risks indicated by the IMF with regard to public debt management confirm that the debt crisis in Egypt is a structural crisis, and not a cyclical one caused only by external pressures, as the government has succeeded in achieving a large primary surplus over the past years. However, the high cost of debt, especially the short-term debt, has consumed all these surpluses. Therefore, structural reforms – not just in the narrow sense stated by the IMF – are necessary to break out of this vicious cycle.

The required reforms include the formation of a public debt management committee that sets a maximum limit to government spending, especially in sectors that have witnessed heavy spending in recent years, such as the infrastructure and real estate sectors. Revenues should also be mobilized through real tax reforms, including wealth taxes and adjusting the income taxes so the new tax categories match the actual average incomes. Moreover, reliance on hot money to support the local currency's exchange rate should be reduced because of the danger this practice poses. These steps represent the beginning of achieving structural reform.

On the publication of the income and expenditure survey

The Egyptian government informed the IMF that it published the household income, expenditure and consumption survey HIECS and that it will rely on its results in the development of cash transfer programs (Takaful and Karama). However, these data are still not publicly available, as the government has not published the results of the survey so far. The government has only published half of the raw sample data of households instead of the detailed analysis of the full sample data as it used to do in previous surveys. It is therefore insufficient to grasp the developments in the reality of poverty and living standards resulting from the recent economic crisis in Egypt.

The latest survey is supposed to monitor the effects of successive shocks that have shaken the structure of the Egyptian economy, including the Covid-19 pandemic, the war in Ukraine, the subsequent waves of suffocating food inflation, and the successive devaluations of the local currency. All these developments changed the spending and consumption patterns within households, pushing millions of Egyptians below the poverty line, or forcing them to borrow and rely on family solidarity networks. Without up-to-date publicly disclosed data, this reality is left hostage to speculation and impressions, while the official narrative continues to provide outdated or incomplete figures on poverty rates.

Thus, Egypt's social protection policies remain in a vacuum, as putting these data up for public debate contributes to the development of good public policies to combat poverty. However, withholding the results and eventually publishing them fragmented in their raw form would severely damage the ability to track poverty in Egypt.

The lack of transparency in the publication of income and expenditure data is not only a technical problem for researchers or those interested in statistics, but is a direct reflection of the nature of the relationship between the state and society in Egypt. The country that promises its international partners, especially the IMF, to rely on the results of the survey in developing social protection policies is the same country that withholds the basic data for evaluating these policies. This contradiction confirms that data is no longer a tool for common understanding or decision-making based on evidence, but rather they turned into a negotiating card used by the government when addressing external funders, while stripping it of its content in front of the local public.

At its core, social protection is a process of building trust between citizens and the state, especially after the significant negative effects of the government economic measures on the poor in Egypt. Citizens' trust here is conditional on the government's ability to provide a realistic picture of poverty. When data is withheld or published incompletely, it becomes almost impossible to measure the effectiveness of these programs or to know whether they really mitigate the impacts of harsh economic policies such as subsidy cuts and exchange rate liberalization. Without complete data, public debate on policy alternatives is disrupted, and the space is closed to any critical review of the government's economic policies.

The unavailability of data also undermines any possibility of developing alternative policies, whether through civil society, think tanks, or even the parliament. Researchers, investigative journalists, and NGOs are all deprived of the basic tools to hold the government accountable for the feasibility of social protection programs or for the social distribution of economic growth outcomes. In this way, the "public debate" becomes merely an echo of the official statements that the government chooses to disclose, rather than an arena for independent knowledge exchange.

More dangerously, withholding data reinforces the logic of "blind policies," in which major economic files – such as subsidies, cash transfers, and taxes – are managed without any realistic basis to understand how people actually live and how they are influenced by decisions. If, as it claims, the government itself is going to base its programs on the survey results, the withholding of these results raises a legitimate question: Will these programs really be designed on a scientific basis, or are the data only used to cover up preconceived political choices and convince international creditors of the seriousness of reforms?

Egypt's data crisis reveals a deeper political dimension. It is not just a technical delay or administrative failure, but rather an expression of a desire to control information and deny access to it, because its circulation would open the door to holding the government accountable.

Ultimately, the absence of the income and expenditure survey becomes a new link in a chain of policies that exacerbate citizen fragility, widen the distance between government and society, and make the fight against poverty a mere slogan raised in official reports. Meanwhile, solid facts about people's daily lives remain hidden behind the walls of bureaucracy and the absence of real data on the economic situation of millions of poor Egyptians.

The following table shows the IMF's structural conditionality associated with the current loan program, which has seen the addition of a number of conditions:

	Goal	Is the goal economically and socially appropriate?	What action is required according to the IMF?	Has the government or the central bank implemented this measure?	Social and economic impact – EIPR's notes	Notes and alternatives
1	Various tax amendments	No	The IMF requested that the government submit a tax package to the parliament that would achieve a 0.9% increase in the annual tax revenue. The package is based on three measures: 1- Removing exemptions and reduced rates within the VAT system, which according to the Fund make up about 0.62% of the GDP. This also includes the removal of exemptions and low tax rates in the contracting sector, non-residential real estate and crude oil, as well as raising taxes on cigarettes and the services of news and advertising agencies. 2- Imposing a tax on the sales of free zones to the local market, with the aim of increasing the tax revenue by 0.1% of the GDP. 3- Establishing a special tax system for small and medium enterprises with the aim of curbing the informal economy.	Done	Increasing VAT revenue is the easiest way to increase the tax revenue, but its distributive effect is bad as it is indirect taxes on consumption, and everyone pays the same rate. Tax reform in Egypt needs to focus primarily on income and wealth taxes in order to achieve greater tax justice. Also, taxes on services, even in inflated sectors such as real estate, contribute to higher inflation in those sectors, and the prices of those assets continue to rise.	

2	Independent evaluation of the policies and procedures of the government banking sector	Yes	The IMF requested the completion of the contracting procedures with a recognized international company to conduct an independent evaluation of the policies, procedures and rules in state-owned banks, with the participation of the Central Bank and the IMF in setting the objective conditions.	Done	It seems like a good move to govern the relationship between the Central Bank and the state-owned banks, preventing the back-end channels that the government can use to borrow.	The valuation should focus not only on the relationship between the Central Bank and the government banks, but also on the relationship between the Central Bank and the entire banking sector, especially with regard to the pricing of interest on short-term debt instruments.
3	Publishing the government contracts exceeding EGP 20 million every month on the government contracting portal.	Yes	Publishing all government procurement contracts exceeding EGP 20 million on the government procurement portal (the tenders portal) every month, while ensuring that everyone can access this information without the need to create an electronic account.	The website was created, but it seems very difficult to access information on it, and it is not updated constantly. The design of the site's interface is very complicated, and there are frequent problems with the site crashing. The site also needs credentials to log in to access the little information available on it.	Good, but the website should be restructured to serve as a platform for publishing the details of those contracts in a way that makes it easier for citizens and investors to access information. Also, a database of this size should include many tools that enable the users to link the data to each other.	The IMF classifies this condition as activated, although the website has not changed since March when the first and second reviews were conducted until August when the third review was published

4	Monitoring the arrears of the government, state-owned enterprises and public economic bodies	Yes	The Ministry of Finance will monitor and publish the arrears, including those owed to economic and public bodies, within 90 days after the end of each fiscal year in accordance with the technical memorandum of understanding signed by the government with the IMF	This information has not yet been published, although the publication date according to the IMF should have been before 30 September, since the fiscal year ended on 30 June.	This is good, as it allows better monitoring of arrears of public companies. We have not seen a single report complying with this requirement so far, and it is expected that the report will not include companies of a sovereign nature, namely the army's companies or the companies associated with army projects, such as the Administrative Capital Company	
5	Publishing regular annual reports on the portfolio of state-owned enterprises in Egypt	Yes	Republishing the consolidated annual reports on Egypt's state-owned enterprise portfolio, as it was established under the 2016 program, with broader coverage of all companies covered by the state ownership policy.	This condition has not been met by September 2024 as stipulated in the agreement with the IMF	Yes, this is a good condition for making information about state-owned companies available. However, the government should be committed to setting and publishing the methodology of classifying those companies, especially the sovereign companies owned by the army and other agencies. The IMF says these measures are meant to enhance transparency about the sectoral presence of state-owned enterprises, the financial position, and financial relations with the government, allowing potential investors to better assess the attractiveness of investment in a certain sector.	

6	Publishing procurement contracts of the top 50 government companies on a monthly basis	Yes	The IMF requested that the government publish the procurement contracts of the top 50 state-owned companies on the Ministry of Finance's website and the government tender platform on a monthly basis.	This has not been implemented. According to the IMF, this condition is postponed for the next review. The first report was scheduled to be published by the end of September 2024.	This is a good condition that has to do with the implementation of other conditions related to the availability of data on economic bodies. It is a repeated recommendation by the IMF that has not been implemented since 2016.	
7	Exchange rate flexibility	No	Maintaining a flexible exchange rate system. This recurring structural condition of each review is evaluated on the basis of the absence of a parallel market/gap and the absence of accumulation of foreign currency liabilities.	It is an ongoing condition and is the most important condition of the agreement with the IMF on the current loan.	The exchange rate of the US dollar against the Egyptian pound fell during the months from April to September by about 6%, mainly due to the decline in the level of the dollar index globally, in addition to the easing of pressure on dollar liquidity since the Ras al-Hekma deal was announced.	

8	Publishing the household income, expenditure, consumption survey results	Yes	Publishing the full results of the latest household income, expenditure and consumption survey.	The results were not published periodically as before, but the raw data of half of the survey sample was published - without being analyzed - on a special website that requires registration and submission of an application.	Publishing the survey results in the usual form helps to identify the latest poverty figures, and how Egyptians adapted to the economic crisis and high inflation rates. In this program, the government pledged to the IMF to use the survey figures to update social protection systems, especially the Takaful and Karama programs, unify the various subsidy programs, and improve the eligibility conditions for cash transfer programs in order to improve the effectiveness of these programs. However, with the survey results being not published, the government did not take all these steps.	The publishing of raw data is a good step, if the goal of the survey is to allow the researchers and those involved in poverty policy-making access to information. However, the raw data itself was published in an incomplete manner, and the survey results were not published as well. Access to these results require a request that is not easily answered, indicating further withholding of poverty data in Egypt.
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9	Recapitalization of the Central Bank of Egypt.	No	Implementing a plan for the recapitalization of the Central Bank of Egypt based on technical assessments supported by the IMF, to identify the capitalization needs and schedule them in coordination with the Ministry of Finance.	The government began to halt financing initiatives from the CBE, which is a major cause of the bank's losses along with lending to the government as a result of the budget deficit. Recapitalization means giving the CBE the opportunity to balance both sides of assets and liabilities, which is a good goal, but in the case of the Egyptian economy, this will directly lead to exacerbating the budget deficit as a result of borrowing more from the market. Hence, as new debt continues to be issued, the problem will be reflected in a continued rise in government debt.	The cessation of cheap financing initiatives for industry and agriculture in particular has a negative impact on the ability of these projects to borrow under high interest rates or to finance expansions and working capital in many cases. Halting government borrowing from the CBE will also push debt up in a high interest rate environment.	It is better to address the defects that led to an increase in the CBE's losses than to focus on recapitalizing the bank. The primary issue is the high interest rates that lead to intensive government borrowing from the CBE.
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10	Publishing the Central Auditing Organization (CAO's) reports on time	Yes	Publishing the CAO's annual report on the final account for the fiscal year 2023/2024.	No, there have been delays in publishing the final accounts over the past years, in addition to the non-publication problem. According to instructions from the Ministry of Finance in January 2024, this problem is supposed to have been solved.	The goal is appropriate to increase transparency and parliamentary oversight of the public budget, but delayed publication of data or publication of data in an incomplete and difficult manner does not facilitate the monitoring process.	The IMF did not make explicit the need for the publication of accounts in accessible and readable formats or in workable formats, and not pictorial formats that are often problematic for researchers and interested parties to interact with.
11	Launching an index to follow up on the implementation of the state ownership policy document.	Yes	Launching an index to track the implementation of the sale of assets covered by the state ownership policy document.	The index is under review by the IMF.	The IMF promotes the procedures related to the index and the inventory of companies and projects implemented by the state in a database as necessary for transparency. However, the problem is that neither the document nor the index clearly includes military companies. Even when the document included two military companies, they have not been sold so far. In reality, the companies outside the document, which are mainly civilian companies, were sold. These companies existed in sectors where the private sector operates and there is no problem in competition among them. The fertilizers sector is one example of that.	The asset sale process should set a methodology to measure the extent to which the state-owned enterprises weaken the standards of competitiveness with the private sector, if the goal is to empower the private sector and improve the business.

12	Conducting tests to measure the efficiency of financial indicators in the banking sector.	Yes	The Central Bank will complete the stress tests for the banking sector and share the detailed results with IMF experts by the end of September 2024. These tests are conducted in consultation with the IMF.	Done, according to the IMF.	Continued testing is an opportunity to develop different scenarios, especially with regard to the efficiency of banks' foreign assets, and more specifically the state banks that the government uses to borrow from abroad. Stress tests can therefore be a good opportunity for these banks to reduce their exposure to external loans and thus improve their ability to avoid financial shocks.	
13	Conducting a sectoral classification of the state-owned economic bodies	Yes	The IMF requested that the government conduct a new sectoral classification of the 59 state-owned economic bodies according to the 2014 Statistical Manual on Government Finance. This classification aims to integrate some of these bodies, especially state-owned non-productive economic bodies in the government budget.	Done, according to the IMF.	It is good for strengthening the principle of governance of economic bodies and increasing the comprehensiveness and unity of the public budget.	

14	Assessing the existing free zones	Yes	Conducting a detailed assessment of the economic benefits of the existing free zones, including the impact on investment, employment, and state revenues.	Done, according to the IMF.	The results of the assessment have not been made public for review. Assessing the economic benefits of free zones is the cornerstone of customs and commercial tax reform, and an important mechanism for mobilizing resources. This is structurally related to the tax policy document that the government has not yet published and has not been subject to societal debate.	The assessment should include tax losses in the past years due to the expansion of free zones as a means of attracting foreign investment.
15	Plan to reduce the CBE's dues from the government	Yes	The IMF requested that the CBE issue a plan approved by its board of directors to reduce its current dues with public sector agencies except the Ministry of Finance. The IMF said the plan should specify a timeframe for reducing the dues to zero and how to pay off or transfer them away from the CBE's balance sheet.	It is a condition in the previous review, and so far the government has not complied with it, nor has it revealed the plan approved by the CBE's board of directors. However, all the cheap financing initiatives were transferred from the CBE to the Finance Ministry more than two years ago, before being ditched altogether.	This justification is often presented as a mechanism to reduce government borrowing from the CBE in order to make up the budget deficit. However, in reality this mechanism to reorganize the bank's financial position is nothing but an accounting game that will only achieve some structural reforms that will allow for efficiency of domestic borrowing.	

16	Publishing a comprehensive quarterly statistic on the government's public debt	Yes	Preparing and publishing a comprehensive and updated statistical bulletin on the government's public debt, periodically (quarterly), timely and in high quality.	This is a new condition, and the government has not published that statistic.	In recent years, the Egyptian government failed to implement this condition. Despite the IMF's repeated call for the unity of the budget, the government still uses economic institutions outside the budget as a borrower without those debts appearing in the total public debt in the budget. Most of these loans are mainly guaranteed by the Ministry of Finance, and therefore there is no justification for not including them in the budget. The entire budgets of the economic bodies should be included in the public budget, thus achieving several principles, mainly including transparency and the unity of the public budget.	Egypt's public budget needs to be unified and comprehensive to ensure transparency in the figures related to expenditure in the as well as the debt figures, but also for a fiscal consideration, which is a better view of the overall budget deficit, on which annual financing needs are determined, as well as the rate of borrowing and interest on Egypt's domestic debt.
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17	Plan to restore the financial solvency of the General Petroleum Corporation.		Submitting a detailed plan approved by the Cabinet to restore the financial solvency of the Egyptian General Petroleum Corporation, including estimated financial statements (such as income statement, budget, and cash flows), and measures to address arrears and improve cash flows.	This is a new condition in the current review, which was supposed to be fulfilled by the end of March 2025	The arrears due to foreign oil and gas companies contributed to the disruption of production and new exploration. This crisis recurs every time the exchange rate is devaluated. Therefore, there is a need to review the financial position of the Corporation, which is one of the largest economic bodies in Egypt.	The issue of the General Petroleum Corporation's budget should not be considered solely in order to address the problem of arrears. It requires reform and financial governance that will allow the Corporation to effectively lead Egypt's energy portfolio. This should include a careful review of the contracts signed with foreign companies, as well as a review of the tax and non-tax concessions that companies receive.
18	Increasing Takaful and Karama payments to 0.4% of GDP	Yes	Expanding or adequately increasing the payments of the Takaful and Karama programs while including the allocations in the budget to ensure that the total spending reaches the target level and protect the poorest households.	This is a new condition which was supposed to be fulfilled by the end of March 2025.	The programs' payments increased to approximately 900 pounds per family, but the amount is still well below the estimated minimum wage of 7,000 pounds, and it is also below the new national poverty line set in the unpublished income and expenditure survey, which is expected to exceed 1,300 pound per individuals as a result of price hikes due to currency devaluations.	The programs' payments should be clearly tied to the new national poverty line, and the law should stipulate that they should be increased annually in parallel with the rate of inflation in food prices and not the general inflation rate, as the poor spend most of their income on food. Therefore, increasing the payments at that rate is necessary to achieve food security for the poor families.

19	Following up on the implementation of the state ownership policy.	No	Establishing a package of indicators based on the previous indicator to follow up on the implementation of the state ownership policy, including the percentage of private sector investment in total investment, employment ratios, and liquidation/ offering indicators.	This is a new condition that was supposed to be fulfilled by the end of March 2025	The indicators proposed by the IMF were not released. This appears to be a significant part of the dispute between Egypt and the IMF over the speed of implementation of the state ownership policy and the government offerings program.	Asset sales require long periods of time, during which assets can be evaluated according to their profitability and the participation of the public sector in this sector. There is no need to sell profitable companies that do not participate negatively in competition with the private sector. What the asset sale process needs is to prepare the market for fair competition between the public (sovereign) sector and the private sector. EIPR believes that creating the legal and tax environment and ensuring the transparency of government contracts can achieve the goal of involving the private sector without the need for the large asset sales that the government carried out and plans for in the coming period.
20	Contracting with financial and legal consultants in order to complete the sale of public assets	No	Completing the tender procedures and contracting with financial and legal consultants for at least two of the proposed exit/offer transactions.	This is a new condition that was supposed to be fulfilled in April 2025	The government is currently working to complete those procedures, which are pushing for more asset sales	

21	Publishing the financial risk statement with the draft 2025-2026 budget		Publishing the financial risk statement in conjunction with the draft budget for the fiscal year 2025-2026. The statement should include an analysis of macro-financial risks, including climate risks, and proposed strategies for managing them.	This is a new condition that was supposed to be fulfilled by the end of June 2025.	In the financial statement on the 2025-2026 budget, the government published a section on the financial risks, but it did not include a climate risk analysis, which is a key part of the Resilience and Sustainability Fund loan agreement, which is mainly related to financing green projects in Egypt.	
22	Publishing a report on the taxes of state-owned enterprises	Yes	Publishing a report explaining the institutional changes and mechanisms for collecting taxes from government and economic bodies after the cancellation of the special exemptions in accordance with the regulations of Law No. 159 of 2023. The report includes the amounts collected for each type of special tax concession that has been abolished (corporate taxes, VAT, etc.), as well as the projected estimates of the proceeds of those taxes in the 2025/2026 budget.	This is a new condition that is expected to be fulfilled by the end of September 2025, according to the IMF	The publication of the report is important in promoting transparency about the competition obstacles that the IMF claims to exist due to the presence of the public sector in the economy. It is also important in explaining the relations between the various economic agencies and the budget in the absence of the principle of the unity of the public budget in Egypt.	
23	Providing tax incentives to increase the percentage of tax contribution to GDP	No	Taking the necessary legal and regulatory measures to provide a high-quality tax package within the 2026/2027 budget, so that the goal of raising the percentage of tax contribution to GDP by at least two points will be achieved over the course of the program.	This is a new condition that is expected to be fulfilled by the end of November 2025, according to the IMF.	The tax revenue can only be raised fairly by substantial amendments to Egypt's tax laws. These amendments should include the introduction of taxes on wealth, especially real estate, as well as progressive taxes on income, and the introduction of new higher tax brackets.	

24	Introducing a new law for the Central Auditing Organization (CAO) with provisions requiring the publication of the organization's annual reports within six months from the end of the fiscal year		Introducing a new law to parliament regarding the CAO that requires the publication of the organization's annual reports within six months from the end of the fiscal year.	No, the final accounts have suffered from the problem of delays or non-disclosure over the past years. However, according to recent instructions from the Ministry of Finance in January 2024, this problem is supposed to have been solved.	Yes, it is an important measure to increase transparency.	The IMF did not explicitly state in the review the necessity of publishing accounts in accessible and readable formats or in workable formats, and not pictorial formats that are often problematic for researchers and interested parties to interact with these documents.
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Conclusion and Recommendations

The fourth review of the IMF-Egypt loan program reveals the persistence of the same vicious circle in which Egyptian economic policies have been trapped over the past decade. Pressure continues on the balance of payments due to external debt servicing, as well as on the level of the budget deficit due to the high cost of interest on domestic debt, in addition to the increasing reliance on the sale of assets as a short-term financing tool to bridge the financing gap. The IMF continues to criticize the slowdown in the implementation of structural reforms that it deems essential, the most important of which is the exit from a number of economic sectors announced by the government in the state ownership policy document.

The IMF continues to diagnose the crisis as a fiscal crisis linked to the budget deficit. Despite emphasizing the structural nature of the crisis and its associated structural reforms, the IMF focuses only on conditions related to exchange rate flexibility and the government's exit from economic activity, while ignoring

other structural dimensions related to the weak productive base, declining industrial investment, erosion of social protection, and increased poverty rates.

In this context, Egypt's debt management strategy no longer appears to be able to cope with the accumulated challenges: debt interest consumption of about 80% the budget revenues, reliance on short-term debt instruments that reflect the fragility of investors' confidence, continued dependence on hot money to stabilize the exchange rate, in addition to the expansion of external borrowing to fill short-term financing gaps, thus leaving the economy vulnerable to any regional or global instabilities.

The following are some recommendations that EIPR believes are necessary in order to get out of the economic crisis and to ensure that this scenario does not recur in the coming years:

1. There should be a more rigorous strategy for managing government debts.

This strategy should begin with achieving the principle of unity of the budget by adding all government agencies that are outside the budget to it, in order to reach a better perception of the total budget deficit and ways to overcome this deficit. It should also set a ceiling on annual borrowing through several plans with an average timespan of no more than five years and tying any expansion of borrowing to clear production targets. Egypt's public debt management strategy should also include reducing reliance on short-term treasury bills to finance the government in order to avoid over-exposure to hot money risks. The borrowing process should also be subject to the highest degree of transparency, ensuring sound governance and oversight by all stakeholders and the public.

2. Tax reforms in Egypt should be based on expanding the tax base by imposing progressive taxes on wealth and capital gains and adjusting existing income tax brackets to keep pace with the disparity in actual wage rates in the economy. In this context, the government should abandon the expansion of VAT as proposed by the IMF, because of its direct impact on inflation and because it is an indirect and fundamentally unfair tax.
3. There is a need to suspend the asset sale program until its logic, philosophy and economic feasibility are considered, especially with regard to selling to foreigners. In this context, there is a need for the government to separate the sale of state-owned assets from the current economic crisis, as linking the two leads to rapid sale processes, perhaps at unfair/low prices under the pressure of the crisis and the need to fill the external financing gap, which would waste resources. The asset sale program should also include enhanced transparency with regard to the state ownership document.
4. Data - and evidence-based social protection should be strengthened. This should start with the dissemination and continuous updating of pover-

ty data and income and expenditure surveys in Egypt. The value of cash transfers in subsidy programs should be increased to at least an amount equal to the national poverty line for a temporary period, until the rates of social spending increase again. Cash and in-kind subsidy programs should be combined to achieve the best access to the poor.

5. Reliance on hot money to support the exchange rate should be limited, as it is dangerous in the foreseeable term if global financing conditions change. The government's strategy for attracting dollars from foreign investors should be based on directing these flows to the productive sectors in order to achieve long-term sustainability of dollar flows.