

Egypt

Fiscal Year 2025

Capacity Development Activities

Financial Supervision and Regulation

Onsite Inspection of Risk Management, Internal Control, ICAAP and IFRS 9

METAC provided capacity building for the on-site supervisors of the Central Bank of Egypt (CBE) during 9–13 June in onsite inspection of risk management, internal control, Internal Capital Adequacy Assessment Process (ICAAP) and IFRS 9. It presented onsite inspection methodologies to assess risk management, corporate governance, and internal control. The mission explained ICAAP philosophy, principles, and assessment methodology, presented onsite inspection methodology for IFRS 9 implementation, and illustrated the interaction between regulatory and accounting provisioning and impact on capital. The workshop was attended by 9 senior onsite supervisors who were trained in identifying gaps and room to modernize their current procedures of onsite inspection.

Enhancing Regulation on Interest Rate Risk in the Banking Book (IRRBB)

Due to higher interest rates and inflationary pressures, strengthening banks' management and supervisory assessment of interest rate risk has become among the priorities of banks' supervisors. At the request of the Central Bank of Egypt (CBE), METAC supported the review and enhancement of the CBE's current regulation on Interest Rate Risk in the Banking Book (IRRBB) during 10-14 November. The mission was divided into two parts: the first focused on strengthening CBE staff's understanding of IRRBB concepts, principles, and measurement. The second part reviewed the CBE's current regulation and provided recommendations to enhance it in line with Basel Standards on IRRBB. This helps enhancing the management and monitoring of IRRBB risk, promoting risk-based supervision, and supporting the implementation of pillar 2 approach of the Basel Capital Framework.

Government Finance Statistics and Public Sector Debt Statistics

Assistance on Fiscal reporting

Following a request from the Ministry of Finance of the Arab Republic of Egypt, a technical assistance mission to strengthen fiscal reporting was conducted during 31 July – 13 August. The joint mission by METAC and the IMF's Fiscal Affairs and Statistics departments focused on three main objectives: (i) classifying the 59 Economic Authorities in accordance with GFSM 2014, (ii) consolidating the Chart of Accounts of Economic Authorities for compiling General Government Statistics, and (iii) sharing country experiences and providing recommendations on the institutional set up to support reform implementation. The mission also assisted the Ministry of Finance in its efforts to achieve the structural benchmark under the Extended Fund Facility. The work will continue, and the outputs will be integrated into the new public finance procedures and reporting.

Consolidation of the General Government Sector in Egypt

A joint IMF Fiscal Affairs Department (FAD) and Statistics Department (STA), and METAC mission visited Cairo from April 8–20, 2025, to support the Ministry of Finance (MoF) in strengthening fiscal reporting of the general government (GG). The IMF-METAC team followed up on the previous mission, during which

the MoF team had prepared a consolidated Statement of Operations for the FY2025/26 budget using tailored Excel templates. This work resulted in a markedly improved alignment between consolidated and unconsolidated fiscal aggregates. The mission also delivered hands-on training to about 30 officials from the MoF and seven Economic Authorities, focusing on the GFSM 2014 framework, including economic classification, institutional coverage, and consolidation principles. A preliminary version of a Compilation Guide was drafted during the mission, laying out the practical steps and specific treatment of transactions covered during the training.

Macroeconomic Frameworks

Updating the Quarterly Projection Model

The mission examined the Central Bank of Egypt's existing inflation targeting practices and extended the current framework to incorporate multiple Philips curves and a credit channel bloc. The mission also presented various nowcasting models in the pursuit of updating existing nowcasting models. The incorporation of a fiscal bloc and external sector developments will follow in the upcoming missions to obtain a fully operational Quarterly Projection Model (QPM). The mission also revisited communication strategies and public reporting methods.

Public Financial Management

Managing Fiscal Risks from State-Owned Enterprises (SOE)

METAC provided training on the use of the IMF Fiscal Affairs Department's state-owned enterprise Health Check Tool ([SOE-HCT](#)) to assess two entities—Alexandria Port Authority and EgyptAir—to strengthen the SOE financial oversight in the Ministry of Finance and build capacity of prospective staff of the newly established Fiscal Risks Unit. Over the course of five-days, METAC organized working sessions with the Ministry's technical team to deliver hands-on training and support the practical application of the tool. The mission also introduced the Debt Guarantees and Loans Assessment Tool ([DGAT](#)) as a potential instrument to improve the assessment of risks related to loans and guarantees.

Support to the Macro-fiscal Planning Unit (MFPU)

A desk review of Egypt's Macro-Fiscal Framework reviewed the current forecasting methodology and Excel-based templates to provide advice on possible improvements. METAC will provide follow-up in-country support to operationalize the proposed improvements and support drafting of a user's manual.

Real Sector Statistics

Improving quarterly GDP (QGDP) compilation and benchmarking techniques

During 28 July - 8 Aug, METAC assisted the Egyptian Ministry of Planning, Economic Development and International Cooperation (MPEDIC) with improving quarterly GDP (QGDP) compilation and benchmarking techniques and provided training on the quarterly national accounts methodology to enhance staff capacities.

Compiling the 2019/20 Supply and Use Tables

During August 25-29, a mission assisted the Egyptian Central Agency for Public Mobilization and Statistics (CAPMAS) in compiling the 2019/20 Supply and Use Tables (SUT). Key outcomes were: i) the completion of manual balancing of all products; ii) developing control aggregate tables for all industries;

and iii) setup of the IMF's automated balancing tool to ensure full SUT balancing. CAPMAS plans to publish the SUT in October 2024.

Compilation of Input-Output Tables

During 1-5 December, METAC assisted the Central Agency for Public Mobilization and Statistics of Egypt (CAPMAS) in the compilation of input-output tables (IOTs) for the reference year 2019/20. The IOTs are based on the 2019/20 supply and use tables (SUTs) which were published in October 2024. IOTs are a useful tool for economic modeling, policy formulation and analysis. In addition, training on the IOT compilation method was provided to enhance staff capacities.

GDP Compilation new Benchmark Estimates

During 12 to 23 January 2025, METAC assisted the Egyptian Ministry of Planning, Economic Development, and International Cooperation, with the improvement of annual GDP compilation and developing a workplan for the new GDP benchmarked estimates 2022/23 in coordination with CAPMAS. The mission also trained MPEDIC staff on national accounts, including the development of a methodology for compiling household final consumption on an annual basis, gross fixed capital formation, GDP by the income approach, and chain linking.

Revenue Administration

Addressing Informality Challenges in Egypt

METAC supported an IMF HQ mission to Egypt in January to advance on the ambitious goal to develop a strategy to address informality. Informality challenges are common for most tax administrations globally. The mission focused on developing an overarching strategy which relies on a blend of approaches to encourage voluntary compliance and specific compliance improvement programs, backed by sound governance.