

What is a budget?

A budget is a statement identifying the revenues that the state is expected to receive over the fiscal year and the government plan to spend the revenue in the fields of social protection and all public services including health, education, housing, supply, defense, national security, environment protection and others, with the aim of improving the quality of life for Egyptian citizens.

Budgeting phases

1. MoF shall issue a budgeting circular to urge the state agencies to prepare their draft budgets
2. MoF shall discuss the draft budgets submitted by the agencies
3. The Minister of Finance shall present the draft budget to the Cabinet of Ministers for discussion and amendment
4. The Cabinet of Ministers shall present the draft budget after amendment to the President of the Republic for discussion and approval
5. The President of the Republic shall refer the draft budget to the House of Representatives for discussion and amendment according to the governing rules stipulated in the Constitution and laws
6. After approval by HoR, the budget shall be forwarded to MoF for implementation

A Message from the Minister



Dr. Mohamed Maait – Minister of Finance

“We work to formulate and implement the state fiscal and economic policies in order to achieve inclusive economic growth, fiscal consolidation, equitable and efficient distribution of the state resources, and lay the foundations for a strong economy that achieves the welfare of the community, protects the state higher interests and national security, and protects the rights of the future generations”

MoF vision

A leading government institute, a leading Egyptian Economy, and a role model at the regional level

MoF Values

Respect, Innovation, Cooperation,
Transparency and Communication

MoF vision to be achieved through the state budget

Balance between the requirements of social protection and human development under the constitutional norms and continue with the radical structural and institutional reforms



What's new in 2019/2020 budget?

Human development budget

- The human development budget puts citizens' interests first by prioritizing the finance of education, health and universal health insurance programs
- Increase the appropriations of wages and pensions, social protection programs and cash subsidy

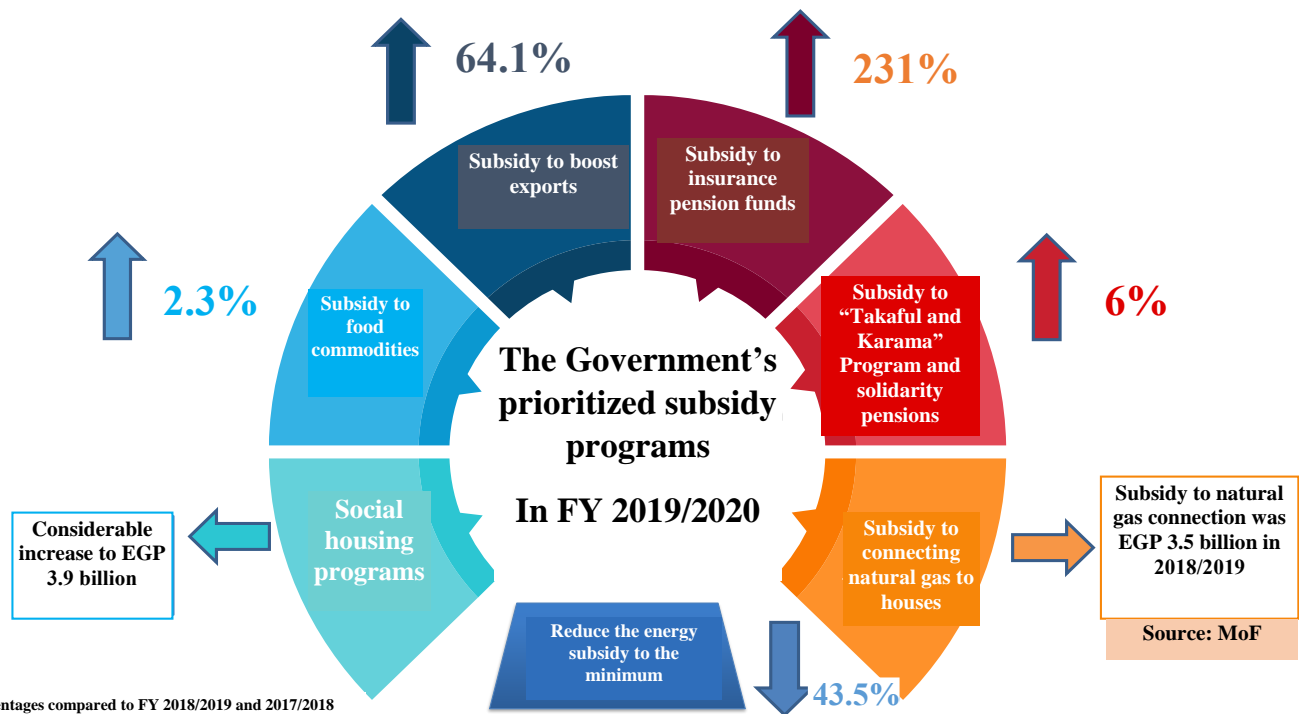
Economic development budget

- Create genuine job opportunities and increase the growth rates by increasing the appropriations that drive the productive economic activity, and supporting the industry and export sectors
- Stabilize the economic and financial conditions by reducing the debt to 84% of the GDP, achieving a primary surplus of around 2% and reducing the overall deficit to 7.2%
- Focus on administrative and institutional reform, digital economy and automation
- Stabilize the tax and customs system, maximize the return on the state assets and properly price the production inputs
- Expand the program and performance budget targeting citizens in order to upgrade the infrastructure and improve public services

Subsidy ensures a decent life for you and your family

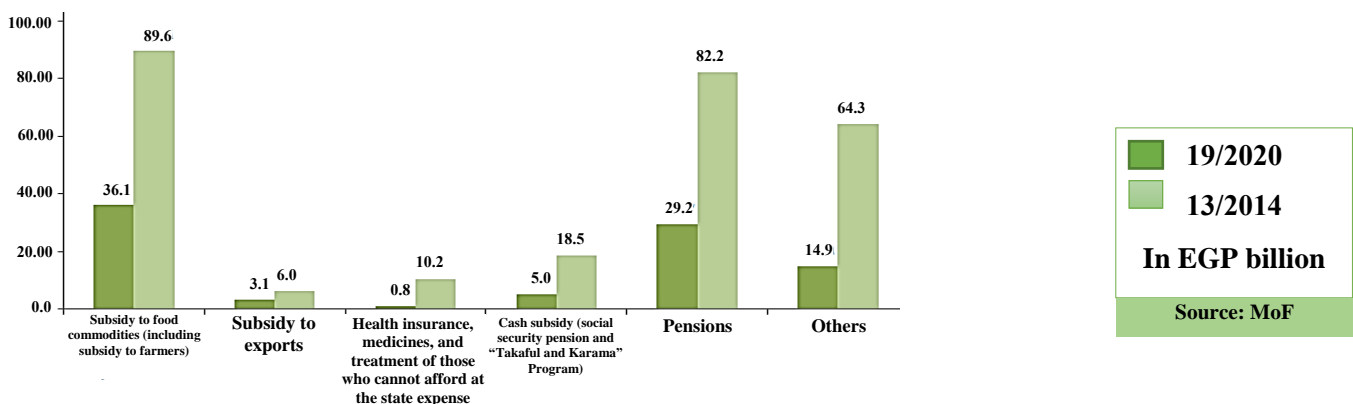
- EGP 149 billion for subsidized commodity programs: EGP 89 billion for food commodities, EGP 53 billion for petroleum products, EGP 4 billion for electricity, EGP 1.5 billion for supporting pharmaceuticals and baby formula, and EGP 1 billion for water companies
- EGP 160.5 billion contributions to pension funds, against EGP 48.5 billion initial actual contributions of last year, with an increase of 231%, EGP 18.5 billion for the cash subsidy including social security pensions and “Takaful and Karama” Program
- 2019/2020 budget increases the minimum pension to EGP 900, with a monthly increase of EGP 150, and approves a 15% bonus for pensioners during the same year. Around 10 million pensioners will benefit from the 15% bonus
 - ✓ The State Treasury is expected on the medium term to continue to increase these contributions in order to support the pension funds to fulfill their obligations and pay them regularly in cash
- EGP 3.45 billion to support passenger transport: EGP 1.85 billion to the Public Transportation Authority in Cairo and Alexandria, EGP 1.6 billion for student subscriptions to railways and metro, and support the non-economy railway lines
- EGP 3.5 billion to connect 1.3 million households to natural gas
- EGP 3.9 billion to support social housing (120k housing units)
- EGP 200 million for Upper Egypt development
- EGP 400 million interest on concessional loans

Source: MoF



Percentages compared to FY 2018/2019 and 2017/2018

Major subsidy programs in Part IV of the State Budget 2019/2020



For You and Your Family

Programs funded by contributions from the state budget

Social Housing Program

The estimated appropriations listed to support the Social Housing Program are around EGP 3.9 billion. This amount is the subsidy offered by the Government to the low-income beneficiaries of the program, which targets the establishment of 120k housing units.



Takaful and Karama (Solidarity and Dignity)

This program aims to provide protection for the poor by regularly offering conditional cash transfers. This type of direct income support programs, compared to in-kind subsidy programs, have immediate impact on poverty reduction and provide financial resources that citizens spend as they like.

- EGP 425 for each household, in addition to a EGP 60-100 monthly allowance for each student in primary, preparatory or secondary education, with up to three students in each household, with a monthly increase up to EGP100
- EGP 450 per person with up to 3 persons in each household. Other monthly allowances are given to some groups of recruits' families (8,18k families), 6,3k families in Halayeb and Shalateen, and other vulnerable groups



100 Million Seha (100 Million Health)

- A national campaign to eradicate Hepatitis C Virus
- 50 million citizens were examined in 27 governorates
- Medicines were given to 900k citizens



Children Without Shelter

The program offers care and rehabilitation services to homeless children and integrates them into the society in the governorates with the highest density (Cairo, Giza, Qalubiyah, Alexandria, Menoufia, Sharkia, Suez, Beni Suef, Minya and Assiut). The program is scheduled to expand to the following governorates (Ismailiya, Port Said, Gharbiya and Fayoum)



Forsa (Opportunity)

- 30k job opportunities in 8 governorates in Upper and Lower Egypt
- 50k concessional loans to create job opportunities for female breadwinners in partnership with Nasser Social Bank and with a contribution of EGP 250 million from Tahya Misr Fund
- 10k job opportunities in industrial zones in coordination with the investors associations
- 20k youth had their capacities developed in internship, and crafts and business skills

Two is Enough



- This program aims to reduce the population growth
- The beneficiaries are women (18-49 years old) in the poorest and most fertile governorates (Beheira, Giza, Fayoum, Beni Suef, Minya, Assiut, Sohag, Qena, Luxor and Aswan)

Source: MoF and MoSS



Rod El Farag Axis 2019

National Projects, and Public Services and Utilities

Investments are the funds allocated by the state from Part VI of the budget to spend on national projects and public services, and provide utilities and infrastructure including sanitation, drinking water, roads and bridges and others. FY 2019/2020 budget aims to maintain huge government investments to enhance and upgrade the infrastructure and prioritize the completion of the ongoing projects

- EGP 211.2 billion government investments (including EGP 140 billion from the State Treasury and an increase in loans by 50% compared to last year budget)
- 31% is the share of the economic affairs sector from the government investments (42% for the communications sector and 31% for transport, particularly for Public Transport Authority and Egyptian National Railways)
- 27% for the housing and community utilities sector (the largest share goes to Informal Settlements Development Fund, Social Housing Fund and National Organization for Potable Water and Sanitary Drainage)
- The largest share of government investments goes to the health sector for university hospitals, Nasser Institute, cancer treatment centers and one-day surgeries hospitals
- The largest share of investments in education goes to the General Authority for Educational Buildings, responsible for building schools, and to the establishment and development of universities

Major Programs for Education and Health Sectors in 2019/2020 budget

Health

Major areas of spending in health sector

- EGP 6.6 billion for the program of treatment at the state expense
- EGP 9.1 billion for the purchase of medicines and medical supplies
- EGP 3.6 billion to support the health insurance and medicines, including:
 - EGP 1.5 billion to support medicines and baby formula
 - EGP 1.3 billion to pay the health insurance subscriptions for those who cannot afford
 - EGP 351 million to support health insurance for students
- Apply the universal health insurance system to offer medical services to all society groups, from medical examinations, through imaging and tests, to surgeries
- Expand the network of medical coverage
- Qualification and training of physicians
- Provide the supplies of medical services
- Establish medical units and hospitals
- Expand medical departments to reduce overcrowding and delayed access to medical services
- Supply and distribute medicines to medical units in order to ensure public hygiene



Education

Source: Ministry of Education and Ministry of Higher Education and Scientific Research

Pre-University Education

EGP 4.2 billion for kindergarten

- Increase the number of kindergarten classes, particularly in the disadvantaged areas in Upper Egypt governorates
- Programs for the development of the creativity and knowledge of children (4-5 years old)

EGP 62.8 billion (primary and preparatory education) and EGP 26.5 billion (general and technical secondary education)

- Update and develop curriculums
- Student skill development programs in scientific research techniques
- Training and qualification programs for teachers
- Apply technological educational techniques that facilitate the functional performance of the educational process, including the school tablet program
- Establish schools and carry out periodical maintenance of educational assets
- Establish 5 new schools as part of the Egyptian-Japanese system

EGP 1 billion for programs of students with special needs

- Programs to improve the educational skills of teachers for students with disabilities
- Programs to integrate students with simple disabilities in pre-university education schools

EGP 386 million for special literacy programs for girls and children who dropped out from elementary education

Technical Education

- Programs to link technical education to labor market
- Inaugurate 10 applied technology schools that offer industrial, agricultural, commercial and hospitality specializations for the first time

Higher Education

Educational availability programs and expanding the education base

- Establish a number of new universities like Marsa Matrouh University, New Valley University, El-Galala Smart University, King Salman University and El-Alamin University
- Increase the number of auditoriums in some universities to reduce student overcrowding
- Make available new specializations in a number of non-governmental and international universities like nuclear engineering, biophysics, genome editing, nanotechnology, biometrics, business analytics, artificial intelligence, biomedical engineering

Quality and competitiveness programs for universities

- Programs for qualifying government educational institutions to meet the global quality and accreditation standards
- Joint training programs between public and international universities
- Programs to enhance the efficiency of teachers regarding the latest scientific techniques, and stimulate research and innovation
- Programs of international representation and missions, and increase the numbers of foreigner students in Egyptian universities
- The ranking of Egyptian universities has risen in 2019 according to Shanghai Ranking, where 5 Egyptian Universities are among the top 3% of the world universities

How to subscribe and benefit from the universal health insurance system?

Enforce the new universal health insurance law that aims to extend the universal insurance coverage for all citizens through six phases. The system shall be initiated in Port Said and gradually extend to phase one governorates.

Go to the nearest health unit and register your family to have a free full check-up.

- If you are an employee, your subscription amount will be 1% of your income
- 3% will be added if you are married to a non-working woman
- 1% will be added for each child or dependent
- If you are a pensioner, eligible for pension or a widow, 2% will be deducted from the pension amount

Are there any other fees in addition to the subscription?

- For patients of chronic diseases and cancer and patients who cannot afford, the state shall incur all the expenses
- In other cases, the state shall pay only a small proportion

Universal Health Insurance Organization website
www.uhio.gov.eg



A package of social protection measures in 2019/2020 budget for EGP 60 billion, in order to reduce the negative impact of the financial reforms on the most disadvantaged groups

Cutting electricity and oil subsidy, the outcome of IPO Program, taxes on cigarettes, and stamp duty helped to create a fiscal space to increase social spending

Source: MoF



7% periodic allowance for addressees of the civil service law and 10% for non-addressees, with a minimum of EGP 75

EGP 150 a special allowance for state workers
 EGP 2000, the minimum wage, increased from EGP 1200



Funding the largest promotion movement in the history of Egypt's administrative body



Pension raise by 15% with a minimum of EGP 150 and increasing the minimum pension to EGP 900



Enroll 100k new households in Takaful and Karama Program



Total fiscal targets

- Increase the GDP to EGP 6.2 trillion and drive the economic growth to 6% compared to 5.6% last year
- Increase employment rates to 28.7 million persons, with an increase of 3.2% compared to last year
- The rate of unemployment for the first time declines to a single digit against 13.3% in 2013/2014
- Contain inflation to decline to less than 10% in 2019/2020 against 13.9% in 2018/2019

Economic growth-driving sectors in the Investment Plan for Economic and Social Development

Increase investments in the Public Plan for Economic and Social Development

Source: Investment Plan for Economic Development, presented to the Parliament

- Increase the total investments for the industrial production to EGP 84.4 billion, by 14%
 - Focus on the programs for deepening local manufacturing, stimulate industrial investment, improve the quality of industrial products, and promote the competitiveness of exports
 - Encourage labor-intensive projects among youth through the Micro, Small and Medium Enterprise Development Agency
 - Establish 13 industrial complexes in governorates
 - Increase the number of licenses issued to 12k and develop the industrial training system to cover around 5k persons each year
 - Pump total investments of EGP 42.1 billion to the agriculture and irrigation sector, with an increase of 23%
 - Allocate EGP 122 billion total investments for electricity and renewable energy projects, with an increase of 9.6%
 - Increase the total investments in the communications and information technology sector to EGP 70 billion, with an increase of 70%, particularly for the following programs
- ✓ Transition to digital society
 - ✓ Establish technology parks across the nation
 - ✓ Develop information security and electronic authentication

2019/20 EGP 1.17 trillion

2018/19 EGP 921.5 billion

Public investments EGP 528.9 billion

Government investments

EGP 211.2 billion

Treasury and loans
EGP 140 billion

Self-finance
EGP 71.2 billion

Investments by economic bodies and public business sector

EGP 317.7 billion

Investments by the private and cooperative sectors
EGP 636.8 billion

Major priorities in the field of social protection

Increase the rate of growth and employment, as the first line of defense to reduce poverty and increase incomes

Create a fiscal space that allows increased spending on human development and social protection programs

Expand efficient protection programs that target the vulnerable groups

Improve and upgrade the basic services offered to citizens and ensure fair geographical distribution to allow all groups to benefit from the fruits of economic growth

Gradual transition from in-kind subsidy to cash subsidy, increase investment spending directed to the improvement of infrastructure and improve the level of public services

Major fund allocations supporting economic growth and activity in FY 2019/2020 budget

Source: MoF

EGP 57 billion for the energy sector: turn Egypt into a regional energy hub through an integrated development program, restructuring the energy sector, and stimulating investment in clean, new and renewable energy projects

EGP 140 billion to finance investments, where additional resources shall be allocated for the infrastructure development, increase the economy's competitiveness and upgrade the road, electricity, water and wastewater networks

EGP 6 billion to Export Support Program by introducing a new system for supporting, encouraging and increasing the income from exports, ensuring a strong export and diverse base and exporting higher value-added products

In "Purchase of Goods and Services" Part
EGP 12 billion for maintenance costs

EGP 23 billion for the purchase of raw materials (medicines, foods and others)

EGP 3.5 billion for connecting natural gas to houses

EGP 5.5 billion appropriations for providing utilities in industrial zones. Apply a new system for the allocation and pricing of industrial lands that ensures fair competition, and land provision for investment in industrial activity



Simplified Tax System for Micro, Small and Medium Enterprises

MSMEs Development draft law was presented to the Parliament and is scheduled for discussion in the coming parliamentary session. The draft law stipulates many tax and non-tax incentives and facilities in order to support this vital sector as one of the national economy pillars that contribute to the sustainable enhancement of the growth structure, increasing growth rates and creating more job opportunities for youth. MSMEs sector is expected to undergo a paradigm shift and radical development in its productive capacities as soon as the Law is passed. This includes incentive benefits that offer guarantees for the success of the projects, from land allocation, through tax exemptions, to products marketing according to the terms and controls set forth in the Law and the Executive Regulations thereof:

- ✓ Exemption from stamp duty
- ✓ Fees of registering the articles of association for companies and establishments
- ✓ Taxes and charges prescribed in the land registration contracts needed to establish the projects
- ✓ Exempt the capital gains generated from the disposal of assets, machinery or production equipment from the tax due, in case the sale proceeds are used to purchase new assets, machinery or production equipment within one year
- ✓ Offer low-cost financing

The new draft law stipulates the tax payable by the registered projects, by 1.5% for the projects with an annual turnover of more than EGP 3 million-up to EGP 10 million, 1.25% for the projects with an annual turnover of more than EGP 2 million-up to EGP 3 million, and 0.75% for the projects with an annual turnover of more than EGP 1 million-up to EGP 2 million. For micro enterprises, the Law stipulates a simplified tax transaction to encourage them to join the formal sector by imposing a flat tax as follows:

- ✓ EGP 1000 annually for projects of an annual turnover of less than EGP 250k
- ✓ EGP 2500 annually for projects of an annual turnover of EGP 200-500k
- ✓ EGP 6000 annually for projects of an annual turnover of EGP 500k-1m

The new Law offers the necessary support to MSMEs through all ministries, including the Ministry of Finance and Ministry of Trade and Industry. According to the Law, MSMEs Development Agency BOD shall set rules for defining terms for the repayment of the dues of the State Treasury and state-owned companies by stumbled projects subject to the Law, and rules for the partial or full release of the due amounts, including pay-for-delay.

Revenues and Expenses (EGP billion)

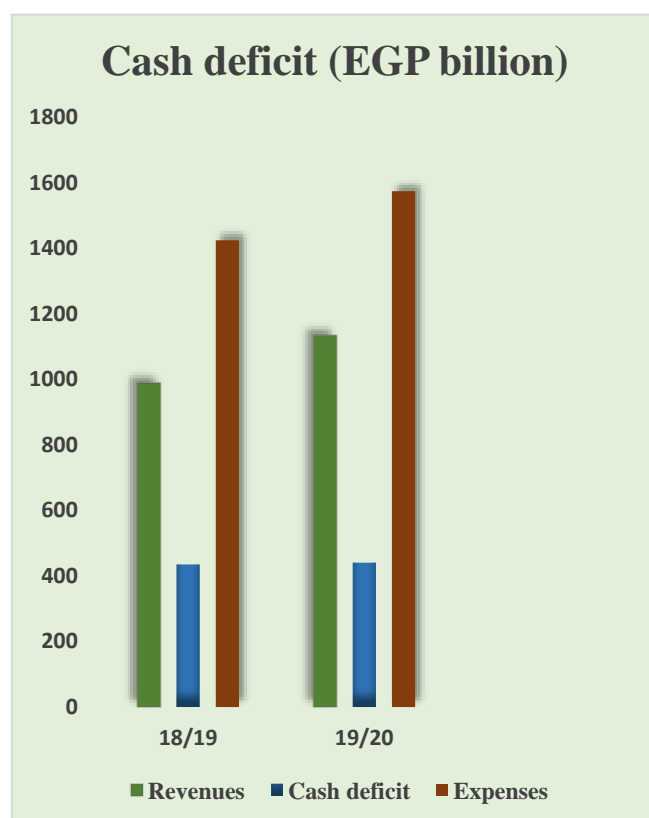
In 2019/2020 budget

Source: MoF

	2018/2019 Initial actual amount	2019/2020 budget
Taxes	735.7	856.6
Grants	1.8	3.8
Other revenues	191	274
Total revenues	928.9	1.134
Wages and workers' compensations	265.3	301.1
Purchase of goods and services	60.3	74.9
Interests	532.9	569.1
Subsidy, grants and social benefits	287.0	327.7
Other expenses	76.7	90.4
Purchase of non-financial assets (investments)	134.4	211.2
Total expenses	1356.6	1574.6

	2018/2019 Initial actual amount	2019/2020 budget
Cash deficit	427.7	440.1
Net acquisition of financial assets	1.9	5.0
Overall deficit	429.6 (8.2%)	445.1 (7.2%)
Primary surplus	2%	2%

	2018/2019 budget	2019/2020 budget
Public services	673	756
Social protection	299.9	270.9
Education	115.7	132
Economic affairs	61	98.9
Health	61.8	73.1
Public order and public safety affairs	61.7	69.7
Miscellaneous functional activities	59.4	66
Housing and community utilities	53.4	63.4
Youth, culture and religious affairs	35.3	41
Environment protection	2.2	3
Total expenses	1424	1574.6



Cash deficit: the difference between the state revenues and expenditures

Overall deficit: the difference between the state revenues and expenditures, in addition to the net acquisition of financial assets during the year. The Government tends to reduce the budget deficit to avoid the accumulation of debts

Primary surplus: the overall deficit minus the interests of the public debt in the state budget, which includes burdens from previous years to give a more accurate image of the movement of revenues and expenditures of the state budget without the burdens carried over. We started to achieve a primary surplus of 2% of GDP in the budget for the second year in a row since 15 years as a result of the inclusive economic reform program.

Net acquisition of financial assets: the contributions paid by the state treasury in public companies or economic bodies minus the collected funds due for the acquisitions or equity offerings.

Expenditures and Revenues Reforms

In 2019/2020 budget

Expenditures

Spending to drive economic activity, rearrange the priorities of public spending in favor of the productive sectors and rationalize in-kind subsidy

Continue to reform the energy sector to eliminate price distortions and structural reforms of the sector

Enhance the efficiency of public financial management that includes the automation of government transactions and GFMS systems

Develop a system for monitoring and managing financial risks to achieve fiscal consolidation

Increase spending on social protection, particularly for the vulnerable groups and most needy areas

Pay attention to education and health reform programs and youth qualification for the labor market

Enhance the infrastructure and increase the total investments by an annual growth rate of 40%

Enforce the universal health insurance law as of FY 2019/2020

Improve tax management and fair distribution of tax burdens

Expand the tax base and implement structural actions for institutional reform

Develop the real estate tax system by updating the geographical maps of residential areas and e-collection

Develop customs through the one-stop shop project and e-customs declaration project

Proper pricing of goods, services and production inputs

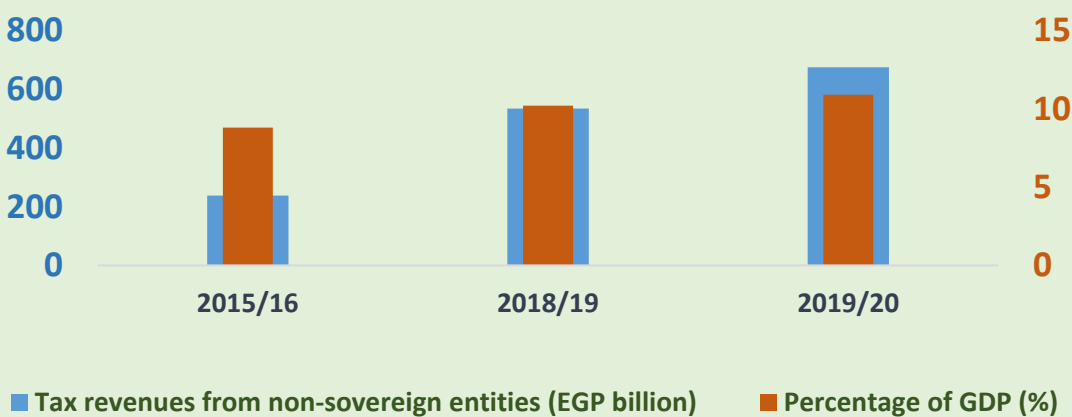
Move forward with the IPO Program for state-owned companies, with a revenue of EGP 8 billion in 2019/2020

Revenues

Reform of Egypt's Tax System

Tax laws	Tax prices	Reforms
<p>Totally and efficiently enforce the tax laws and decrees</p> <p>A law to simplify and standardize income and value-added tax procedures</p> <p>A new customs law</p> <p>E-invoice law</p> <p>Law on the treatment of the tax on State Treasury bills and bonds</p> <p>Law on SMEs</p> <p>Enforce the Law of taxes on independent professions</p> <p>Collect taxes on capital gains</p> <p>Issue medium-term revenues strategy to maximize funds in the state budget</p>	<p>Stabilize the current tax prices</p> <p>Modify the development charges on government services</p> <p>Maximize the return on the state assets by adopting sound economic policies, including proper pricing to cover the cost of making goods and services available</p> <p>Move forward with the programs for restructuring the state financial assets and address the financial entanglements between the state agencies, to achieve the gradual improvement of the financial situation of the state agencies and the services offered</p>	<p>Expand and link the tax base with the economic activity</p> <p>Automation and improvement of tax management</p> <p>Expand in identifying the tax community</p> <p>Standardize the procedures for all tax authorities</p> <p>Establish specialized tax collection offices to deal with small and large taxpayers</p> <p>Oblige large and medium taxpayers to depend on automated payment and collection when dealing with the state budget bodies</p> <p>Apply a simplified tax system for micro and small companies</p>

MoF aims to increase taxes from non-sovereign entities, with an annual average of 0.5% as a percentage of GDP

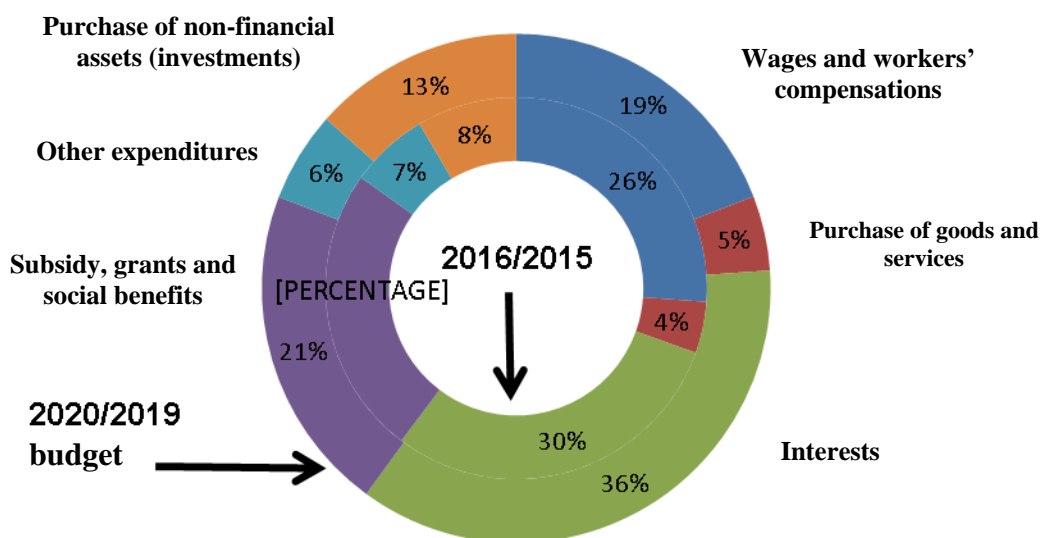


Source: MoF

Improvement of Public spending structure

Economic classification of expenditures for FY 2019/2020 compared to 2015/2016

Source: MoF



The budget aims to collect non-tax revenues from different sources of around EGP 278 billion in 2019/2020, including:

- ✓ Move forward with the IPO program for some state-owned companies, that are expected to achieve a revenue of EGP 8 billion for the State Treasury in 2019/2020
- ✓ Target the transfer of around EGP 5 billion, net profits of the public business sector companies, and EGP 4.4 billion, profits of the public sector companies, to the State Treasury in FY 2019/2020
- ✓ Target to transfer around EGP 20.7 billion, surplus by the economic authorities, to the State Treasury, excluding the Suez Canal surplus

A summary of the major indicators and data of IPO Program Phase I

No. of unlisted companies	14 companies
Offer additional percentages from listed companies	9 companies
Total no. of companies for IPO	23 companies
The anticipated increase in the market value of the Egyptian Stock Exchange	EGP 430 billion
Program duration	Around 30 months
The percentage suggested for IPO	A percentage ranging from 15% to 30% in most cases, so that the state will continue to be the largest shareholder
It will be agreed how to direct the IPO proceeds for each case separately	

Major medium-term economic assumptions

Item	2016/2017	2017/2018	2018/2019	2019/2020
	Actual	Actual	Anticipated	Target
GDP – EGP billion ¹	3.470	4.437.4	5.256	6.163
Real GDP growth rate (%) ¹	4.2	5.3	5.6	6
Average interest rate on government bills and bonds (%)	18	18.5	18.5	15.5
Average price of Brent barrel ² (USD/barrel)	50	64	69	68
Average price of American wheat ³ (USD)	189.6	185.6	180	214

1/ Initial estimates that will be reviewed with the Ministry of Planning

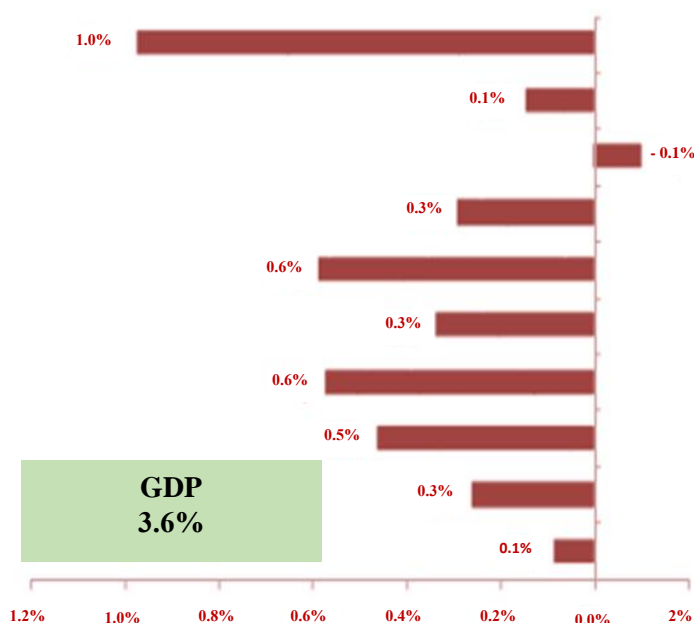
2/ The future price of Brent barrel is expected using the average price of the future purchase contracts of Brent barrels and the IMF's forecasts of oil prices in the World Economic Outlook Report. Also the forecasts of many international financial institutions were used.

3/ The future price of American wheat is expected using the average price of the future purchase contracts according to AHDB. Also the forecasts of many international financial institutions were used.

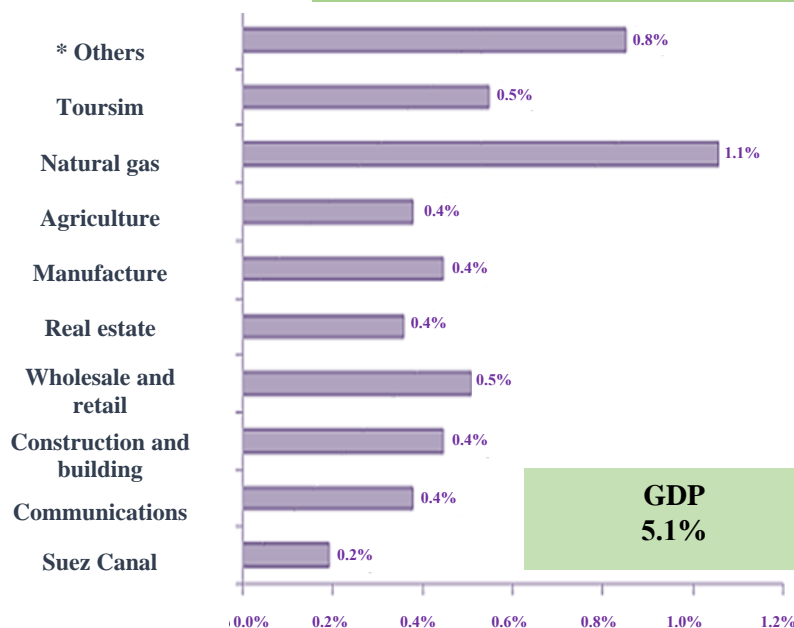
Source: MoF

Impact of economic reform on the recovery of GDP sectors growth Comparing the contribution of various sectors to the cost of production factors

Average Period: July-March 2014/2015 – July-March 2017/2018



Period: July-March 2018/2019



* Others include electricity, water and sanitation, public government, insurance, financial intermediation, social insurances and other services

Source: Ministry of Planning, Follow-up and Administrative Reform – Central Bank of Egypt

Public debt of 2019/2020 budget agencies (served by MoF)

84% of GDP

19/2020

68% domestic debt

16.3% government external debt

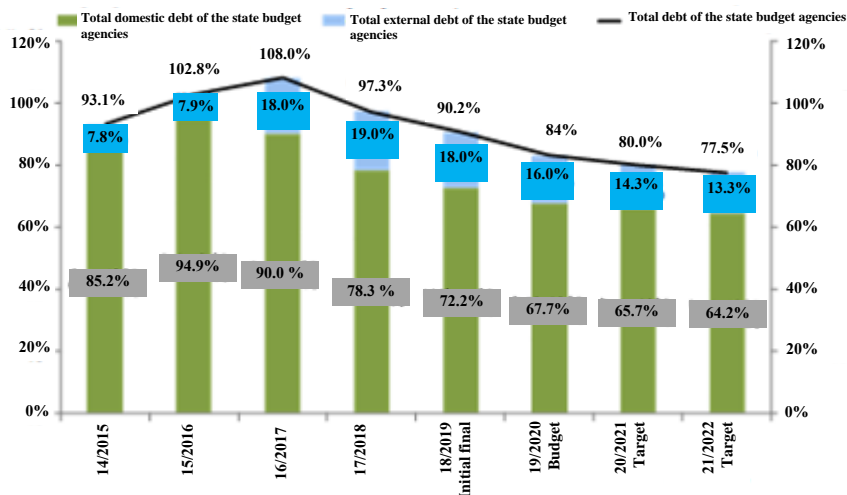
90.5% of GDP

18/2019

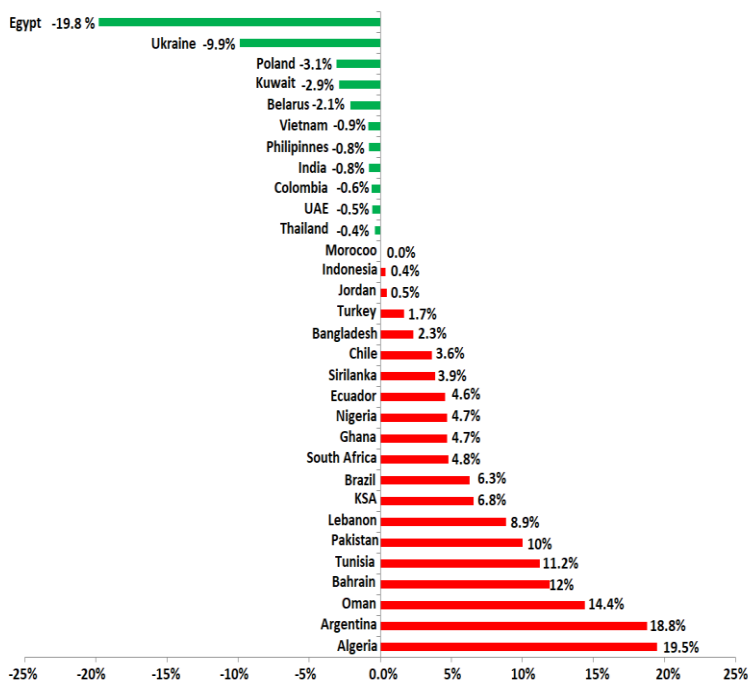
EGP 569 billion interest on debts

(36% of the total public expenditures)

The debt of the state budget agencies as a proportion of GDP (%)



Change in Debt to GDP (16/2017) To (18/2019)



What is public debt?

- Borrowing is one source for financing the deficit of the state budget. It helps the Government to increase spending on the services offered to citizens without having to increase taxes or imposing new burdens
- The Government tends to invest in productive projects with investment, health and environmental return, like infrastructure projects and building schools and hospitals
- The Government bears previous financial obligations including the repayment of the interests and service of previous debts

How do we repay the debt interest and service and to whom?

- The Government uses different sources to finance debts, including the issuance of treasury bills and bonds, receiving facilities from CBE and external borrowing
- The debt interests and service shall be paid to the entities that invested in the government bonds, including commercial banks, international organizations and others
- The debt interests and service shall be paid within fixed deadlines, in order to preserve the investors' and financial institutions' confidence in the performance of the Egyptian economy

Reducing and putting the public debt on a downward path

- We've already started to limit and put the public debt on a downward path, which led to the debt reduction for the first time in 7 years
- Use domestic and external financing sources, in order to alleviate the impact of higher interest rates, by using low-cost and long-term concessional means of financing from international markets
- Expand the base of investors in the treasury bills and bonds
- Any reform program shall be accompanied by some burdens and challenges, like rising inflation and lower purchasing power as a result of the reforms related to the liberalization of the exchange rate. This applies to the programs implemented in many peer states (including Jordan, Brazil, Indonesia, Malaysia, Tunisia and Morocco) that face similar challenges. Nevertheless, the anticipated positive results of reforms are seen on the medium and long terms.
- The international experiences confirm that any reform program is inevitably accompanied by a number of significant measures to maximize the desired impact of the reforms and relieve the accompanying burden on the citizens, like full coordination between the financial and monetary policies to control inflation. Also, these actions include passing laws that stimulate investment, youth and women empowerment, redirecting spending from subsidies to enhancing the level of public services, mega development projects, education and health, and promoting the social protection network. The Egyptian state was keen to implement such measures.