



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

EGYPT, ARAB REPUBLIC OF

Report on Government Finance and Public Sector
Debt Statistics Technical Assistance

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High-Level Summary Technical Assistance Report Statistics Department & Fiscal Affairs Department

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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: The International Monetary Fund's (IMF's) Statistics Department (STA) and Fiscal Affairs Department (FAD) provided technical assistance (TA) on government finance statistics (GFS) and public sector debt statistics (PSDS) to the Ministry of Finance (MOF) of the Arab Republic of Egypt during July 4–17, 2023. This was the first such mission since 2017 and the focus was on assisting the Egyptian MOF to identify the necessary processes and systems required to facilitate the production of high-quality fiscal statistics, compliant with the latest international statistical standards (as per the *Government Finance Statistics Manual 2014*) both with respect to coverage and presentation.

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Background

1. **A government finance statistic (GFS) and public sector debt statistics (PSDS) technical assistance mission took place during July 2023, this was the first such mission since 2017.** At the request of the Ministry of Finance (MOF) of the Arab Republic of Egypt, a joint TA mission took place from July 4–17, 2023, led by Mr. David Bailey from the IMF's Statistics Department and including Mr. Ismael Ahamdanech Zarco from the Fiscal Affairs Department. As the first such mission since February 2017, the aim was to support the MOF in identifying and advancing key improvements to the GFS and PSDS for Egypt. The mission was financed by both the Data for Decisions (D4D) multi-donor trust fund and SECO funding.
2. **The Egyptian authorities expressed a desire to upgrade their fiscal reports to bring them in line with *Government Finance Statistics Manual 2014 (GFSM 2014)*.** Egyptian fiscal data does not comply with the latest international statistical standards in either its coverage or its presentation. Egypt disseminates a range of fiscal reports through the websites of the MOF, Ministry of Planning (MOP), and the Central Bank of Egypt (CBE). However, these reports follow a national presentation and are not in line with concepts and principles outlined in the *GFSM 2014* or its predecessor the *GFSM 2001*.

Summary of Findings

3. **The Egyptian authorities have in place good data management systems which should facilitate the production of high-quality fiscal statistics.** Fiscal operations are supported by a Treasury Single account (TSA) and Government Financial Management Information System (GFMIS), while both MOF and CBE employ the UN's Debt Management and Financial Analysis System (DMFAS) for debt management purposes.
4. **Egyptian fiscal statistics are currently presented for two nationally defined sectors: the Budget Sector and the General Government.** The Budget Sector is comprised of the central administration (185 units), local governments (323 units based in one of the 27 *governorates*) and public service authorities (159 units, such as universities and hospitals) which are largely funded by budget transfers. The General Government consolidates the Budget Sector with the National Investment Bank and the National Authority for Social Insurance. These sector classifications are not in line with those described in the *GFSM 2014*, so fiscal data compiled in Egypt are not comparable with other countries.
5. **However, many public services and fiscal activities are delivered by a group of 61 economic authorities, which are currently classified outside of the Egyptian General Government.** A significant number of the 61 economic authorities were identified by the mission as having the features of general government units. The mission provided guidance on how to apply the sector classification guidance in *GFSM 2014*. There was not sufficient data provided during the mission to conclusively apply these sector classification principles to all economic authorities, but the MOF staff confirmed that the necessary information was available.
6. **In addition, not all the transactions related to special accounts and special funds are being shown within the fiscal reporting leading to challenges in understanding sources of all financing.**

The mission found that there were thousands of special accounts and special funds in existence (the exact number was not established). These special accounts/funds were established to fund specific projects or programs, when expenses for these projects or programs arise, these are then recorded correctly within the budget execution data under the appropriate expenditure category. However, the financing flow is shown as a matching revenue from special accounts/funds. This is not in line with the *GFSM 2014*, which guides that these special accounts/funds should be fully consolidated with the owner unit, meaning that the income of the special accounts/funds should be recorded, under the appropriate category, at the time it is received (cash recording) with an equivalent buildup of financial assets. When these financial assets are used, there should be a reduction in financial assets equivalent to the expenditure.

7. **To demonstrate how GFS reporting can be improved, the mission developed a provisional bridge table between the national budget codes and the codes in the *GFSM 2014*.** While the existing national budget and debt presentations meet specific budget and debt management needs, they do not provide the broader view of fiscal activities and positions that is delivered through implementation of the reporting framework described in the *GFSM 2014*. The provisional bridge table was used to compile GFS operations data using existing data sources for the period 2018/19 to 2021/22. It was highlighted that no changes to existing budget processes or legal definitions was required to compile the *GFSM 2014* data.

Summary of Recommendations

8. **The mission highlighted an urgent need for a GFS/PSDS compilation unit to be established in the MOF with adequate and dedicated staff resource.** To progress effectively and rapidly in migrating Egyptian fiscal reporting to follow the latest international standards dedicated staff to lead and coordinate the required data, system, and process changes are required. These staff should be supported by a mandate which gives them the authority to receive in a timely manner all data required to compile fiscal statistics for the general government and public sector. More generally, the mission emphasized the importance of strong inter- and intra-organization collaboration, between data compilers and data providers.

9. **It is recommended that the Egyptian authorities prioritize consolidation of nonmarket economic authorities and all special accounts/funds within their general government reporting.** The economic authorities should be classified in accordance with statistical principles and those classified in general government consolidated within the general government statistics. With respect to the special accounts/funds, all flows should be fully incorporated in the GFS and correctly categorized as either revenue or expenditure (*above-the-line*) or financial flows (*below-the-line*).

10. **It is further recommended that the Egyptian authorities commence dissemination of GFS and PSDS via the available international databases.** Once GFS and PSDS is being compiled in accordance with the presentation outlined in the *GFSM 2014*, and adequate quality checks have been undertaken regarding consistency between above-the-line and below-the-line transactions as well as between debt stocks and related flows, the authorities are encouraged to disseminate these statistics. The GFS can be disseminated via IMF's GFS database and the PSDS via the Joint IMF-World Bank quarterly PSDS database.