ARAB REPUBLIC OF EGYPT

Population[1] million	Poverty[2] millions living on less than $4.20/day
107.9	7.9
Life expectancy at birth[3] years	**School enrollment[4]** primary (% gross)
71.6	96.7
GDP[5] current US$, billion	**GDP per capita[6]** current US$
365.3	3386.1

Sources: WDI, MFMod, and official data. 1/ 2025. 2/ 2021 (2021 PPPs). 3/ 2023. 4/ 2024. 5/ 2025. 6/ 2025.

Growth is expected to soften to 4.3 percent in FY26 from 4.4 percent in FY25. Inflation remains in double digits, thus constraining household purchasing power. The conflict in the Middle East will weaken the external position and pose risks to the growth and poverty-reduction outlooks. Job-rich growth and improved socioeconomic outcomes require strengthening fiscal institutions and advancing the "business ready" agenda and human capital development.

Key conditions and challenges

Egypt began addressing key constraints to growth, through broader fiscal consolidation commitments, tax reforms, and more reliable infrastructure. Economic activity and labor force participation, including among women, were recovering prior to the escalation of the conflict in the Middle East.

Deeper reforms are needed to enable longer-term growth and job creation, by streamlining the state's footprint, boosting revenue generation to allocate sufficient resources to human capital, and improving the business environment.

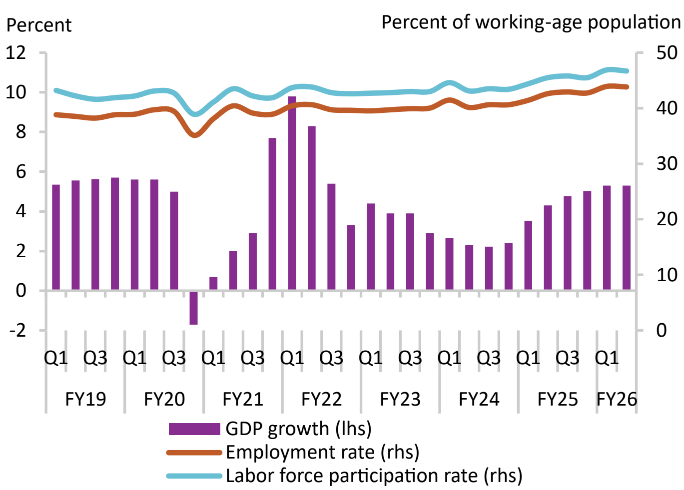
Immediate spillovers from the conflict in the Middle East stem from the surge in international oil and gas prices and capital flight, weighing on Egypt's external and fiscal accounts and raising inflationary pressures. Prolonged conflict escalation may also lead to a slowdown in tourism activity, a decline in remittances, a reversal of the recent uptick in Suez Canal traffic, and challenges in securing sufficient affordable energy for power generation. Authorities responded by maintaining exchange rate flexibility, tightening fiscal policy, expanding safety nets, moving to secure concessional financing, and increasing fuel and electricity prices to contain macroeconomic impacts while providing some social mitigation

Socioeconomic scars from the 2023–2024 inflation spike persist. World Bank estimates indicate that the national poverty rate was 33.5 percent in 2021/22, and that poverty—measured using the lower-middle-income country (LMIC) international poverty line (US$4.20/day in 2021 PPP terms)—increased by about five percentage points between 2022 and 2024.

Recent developments

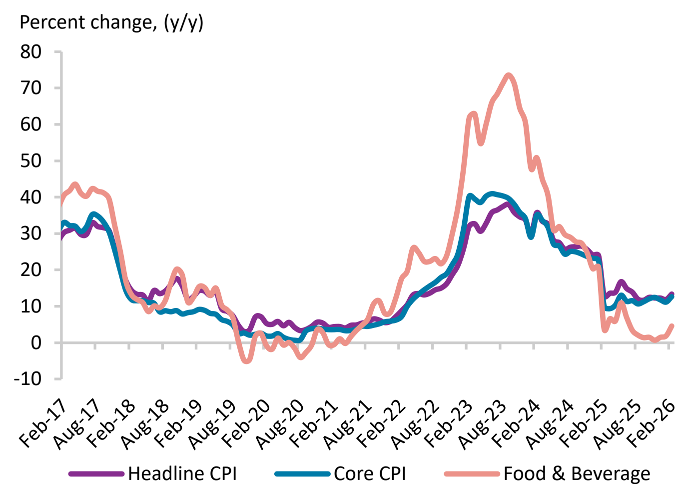
Real GDP growth reached 5.3 percent in H1 FY26 (July–December 2025), up from 3.9 percent in H1 FY25. This reflects base effects in non-oil manufacturing (due to better access to foreign exchange and imports), the Suez Canal's gradual resumption of maritime traffic, and robust activity in tourism and communications. However, extractives continue to weigh negatively on growth due to

FIGURE 1 / Real GDP growth, employment and labor force participation rates



Sources: World Bank estimates based on Central Agency for Public Mobilization and Statistics (CAPMAS), and Ministry of Planning and Economic Development (MoPED).

FIGURE 2 / Annual inflation rates



Sources: CAPMAS and Central Bank of Egypt.

the sector's outstanding arrears. Labor market indicators—including for women—have improved. As of Q2 FY26, the employment rate was 43.8 percent and labor force participation 46.7 percent, both 1.2 percentage points (ppt) above their levels a year earlier, albeit remaining below potential and historical averages.

Inflation has declined from the peak of 38 percent in late-2023, but remains elevated—last reported at 13.4 percent in February 2026. The disinflation has enabled the Central Bank of Egypt to reduce policy rates by a cumulative 825 basis points between April 2025 and February 2026, bringing overnight deposit and lending rates to 19 percent and 20 percent, respectively. Credit to the private sector increased to 23.7 percent of GDP at end-FY25, yet remains below the LMIC average of 45 percent of GDP.

Official foreign reserves and other foreign currency assets reached US$67.5 billion as of end-February 2026, up from US$59.7 billion a year earlier. The current account deficit narrowed in Q1 FY26, supported by remittances, tourism revenues, and slight uptick in Suez Canal receipts. Meanwhile, the capital and financial account posted a temporary deficit driven by banking system foreign asset accumulation before reverting to a surplus sufficient to sustain the overall reserves build-up. Foreign currency resources are expected to have been affected since the conflict in the Middle East escalated, with portfolio outflows estimated at US$6.1 billion during the first half of March 2026.

On the fiscal side, while the primary balance remains in surplus (3.5 percent of GDP in FY25), large interest payments (equivalent to 10.6 percent of GDP and 87.1 percent of tax revenues in FY25) crowd out priority spending. Fiscal data for July–January FY26 shows a continued uptick in the primary surplus, while the overall deficit widened driven mainly by rising interest payments.

Central government debt declined from 90.1 percent of GDP at end FY24 to 82.5 percent at end FY25, yet contingent liabilities—last reported at 27 percent of GDP—pose additional fiscal risks. Total external debt (public and private) stood at US$163.7 billion at end-September 2025 (36.7 percent of projected FY26 GDP).

Outlook

Near-term prospects indicate challenges to the nascent recovery. Real GDP growth is projected at 4.3 percent in FY26 (from 4.4 percent in FY25 and 2.4 percent in FY24), supported by solid private consumption, and to a lesser extent private investment, during H1 FY26. Annual average inflation is expected to continue moderating, although the 2026 energy price adjustments and imported inflation will delay the disinflation path. The poverty rate (measured by the LMIC poverty line) is expected to remain stagnant in 2026. The government introduced a social mitigation package—estimated at 0.2 percent of GDP—in February 2026, including additional cash transfers to beneficiaries of existing social protection programs.

External debt repayments and interest commitments (amounting to US$36.3 billion) are due in the first half of 2026, underscoring the importance of accelerated export and foreign direct investment-related reforms and multilateral support. On the fiscal side, revenue led measures should support the downward trajectory for government debt. However, debt service and contingent liabilities remain key priorities to address.

Risks to the outlook include spillovers from increasingly volatile regional geopolitics, uncertain global trade and investment flows, and slower implementation of structural reforms.

Recent history and projections	2023	2024	2025e	2026f	2027f	2028f
Real GDP growth, at constant market prices	3.8	2.4	4.4	4.3	4.0	4.6
Private consumption	3.6	8.0	9.2	8.0	5.3	6.6
Government consumption	-2.8	0.2	-2.0	3.0	4.0	2.0
Gross fixed capital investment	-16.6	-6.6	-5.5	5.4	0.0	11.0
Exports, goods and services	31.4	-10.6	23.7	-4.5	13.0	14.9
Imports, goods and services	1.1	4.7	29.2	10.0	12.0	19.0
Real GDP growth, at constant factor prices	3.6	2.3	4.4	4.3	4.0	4.6
Agriculture	4.1	3.8	2.8	1.7	2.0	3.5
Industry	-0.6	-1.9	4.6	3.8	2.8	4.1
Services	6.2	4.6	4.6	5.0	5.1	5.1
Employment rate (% of working-age population, 15 years+)	40.4	40.4	42.5	43.2	43.8	44.4
Inflation (consumer price index)	24.1	33.6	20.9	13.6	13.7	6.7
Current account balance (% of GDP)	-1.2	-5.3	-4.2	-4.2	-4.0	-2.6
Net foreign direct investment inflow (% of GDP)	2.5	11.7	3.2	2.6	2.3	2.2
Fiscal balance (% of GDP)	-6.0	-3.6	-7.1	-7.6	-6.9	-5.6
Revenues (% of GDP)	15.4	18.3	14.6	15.5	16.2	16.7
Debt (% of GDP)	95.2	90.1	82.5	82.9	79.2	78.0
External government debt (% of GDP)	25.1	27.3	21.5	21.2	19.9	18.3
Primary balance (% of GDP)[1]	1.6	6.2	3.5	3.1	3.2	4.0
Lower middle-income poverty rate ($4.20 in 2021 PPP)[2,3]	10.2	12.6	12.5	12.5	12.4	..
GHG emissions growth (mtCO2e)	-0.7	-0.9	0.9	0.9	0.7	1.2

Source: World Bank, Fiscal Policy & Growth Department. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise. All figures are reported on a fiscal year basis (July 1 - June 30).
1/ The primary balance excludes interest payments received.
2/ Calculations based on 2010-HIECS, 2015-HIECS, and 2021-HIECS. Actual data: 2021. Nowcast: 2022-2025. Forecasts are from 2026 to 2028.
3/ Projection using annualized elasticity (2010-2015) with pass-through = 0.01 based on GDP per capita in constant LCU. Poverty estimates for 2023, 2024, and 2026 are based on microsimulations of the impacts of high inflation and government mitigating measures.