



BUDGET BRIEF:
**SPOTLIGHT ON CHILDREN
IN THE 2025/2026
PUBLIC BUDGET**



The Fiscal Transparency and Citizen Engagement unit in the Ministry of Finance publishes this series of transparency briefs in collaboration with UNICEF in light of the government's keenness on enhancing Fiscal Transparency and Citizen engagement in the state's budget process according to internationally recognized standards to achieve adequate, effective, and transparent budgets for achieving greater and more equitable results. Therefore, these reports aim at raising the awareness of citizens on what is taking place on a global scale affecting the Egyptian economy so that they can participate effectively in the participatory budget processes. All the information detailed hereafter is the sole responsibility of the Ministry of Finance of Egypt as it is the leading source for all the state budget allocations for the fiscal year (FY) 2025/2026.

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1. Key Highlights

- Real GDP is projected to accelerate to **5.2% in FY 2025/2026**, up from **4.4% in the previous year**. The government targets a positive primary surplus of 4.0% of GDP and aims to reduce the debt-to-GDP ratio to **81.8%**.
- The combination of projected economic improvements and fiscal consolidation directly translates into greater fiscal space—the ability for the government to spend more on priority social sectors that has a direct impact on children.
- The budget projects a significant increase in spending, with total public expenditure **rising by 17.1% to EGP 4.6 trillion**. This expansion is largely financed by a 18% increase in total government revenues, primarily due to enhanced tax collection.
- The total budget allocated to Social Protection programs across all pillars in the **Programme Based Budget is approximately EGP 100 billion, mostly directed to women and children**.

2. Introduction

Despite ongoing global and regional pressures, the Egyptian economy continues to demonstrate strong resilience and a commitment to stability and reform. Following a year of external shocks affecting trade routes and commodity markets, growth is set to accelerate, with real GDP projected to rise from **4.4% in FY 2024/2025 to 5.2% in FY 2025/2026**, supported by sustained reforms, expanding infrastructure investments, and solid domestic demand.

Inflation is on a downward path, **easing from 36.2% in FY 2023/2024 to an expected 19.5% in FY 2024/2025**, reflecting improving supply conditions and recent policy measures.

The government aims to further reduce the **debt-to-GDP ratio to 81.8% down from 83.8% in 2024/2025**, while maintaining a positive primary surplus of 4.0% of GDP in FY 2025/2026. These positive trends help preserve fiscal space for priority social and child-focused investments, reinforcing the importance of expanding social sectors to support vulnerable households and ensure children's well-being during the recovery.



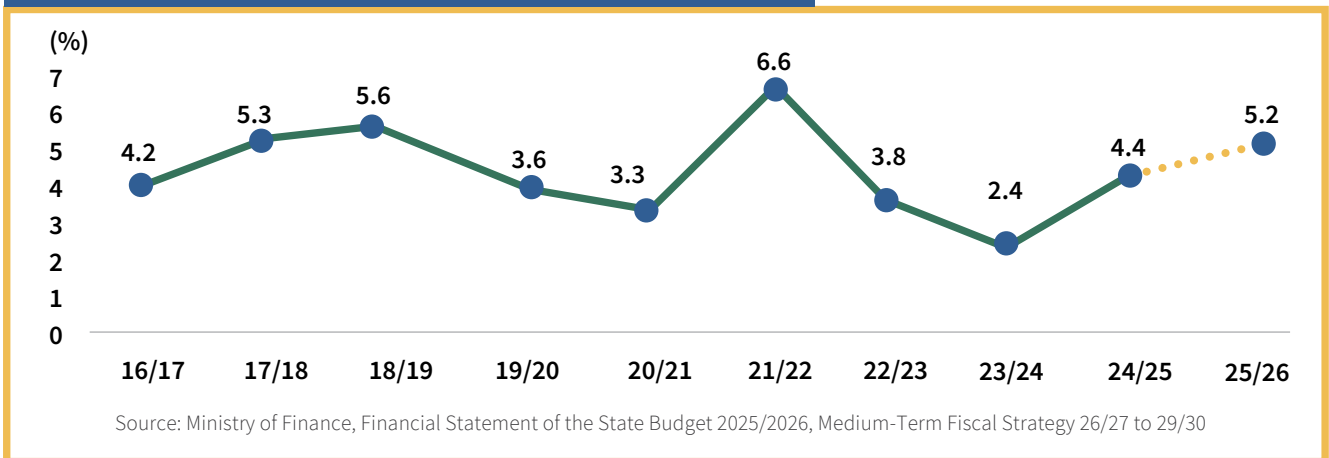
3.



Understanding the Macro-Economic Context

The Egyptian economy is expected to grow at 5.2% in FY 2025/2026 (as shown in Figure 1), supported by government-led infrastructure investments, domestic consumption, and the expansion of public-private partnerships. Inflation remains elevated, though it has started to moderate relative to previous highs, while fiscal consolidation efforts aim to maintain debt sustainability and safeguard social spending. The policy mix thus reflects a dual focus: shielding vulnerable households from the cost-of-living pressures while reinforcing structural reforms to enhance productivity, resilience, and competitiveness in a rapidly changing global environment.

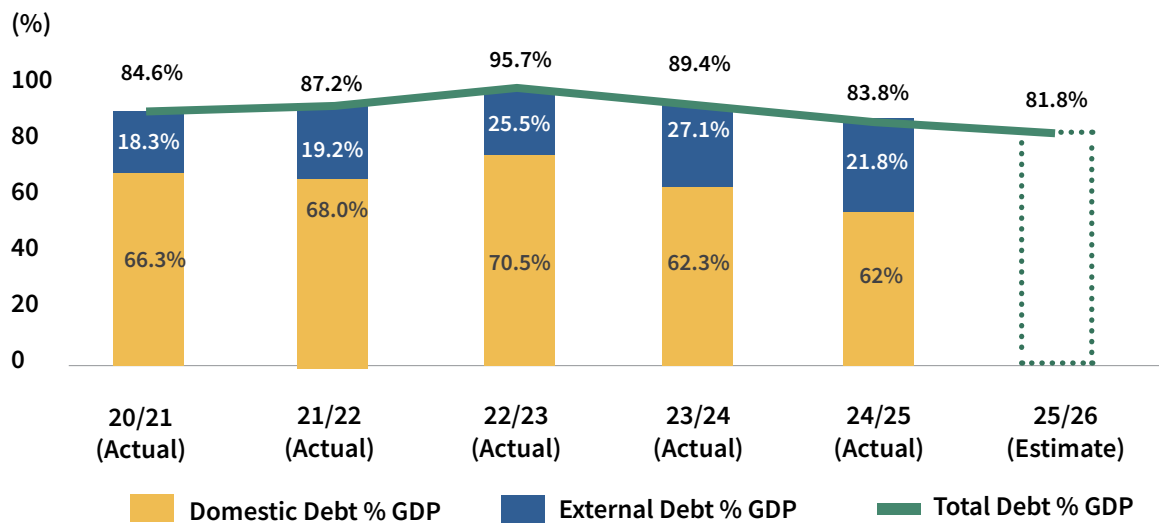
Figure 1: GDP growth rate, FY 2016/2017 to 2025/2026 (projected)



The government debt shows a clear improvement after the temporary peak in 2023. Total public debt increased to 95.7% of GDP in 2023 before starting to decline. By the end of FY 2024/2025, total debt had fallen to 83.8% (actual) which is 0.2% lower compared to the expected as per FY 2024/2025 budget, and is projected to reach 81-82% in FY 2025/2026, reflecting ongoing fiscal consolidation and stronger revenue performance. Domestic debt continues to account for the bulk of total debt—over 62% of GDP in both 2024 and 2025—reducing reliance on external borrowing and mitigating exposure to global financial volatility.



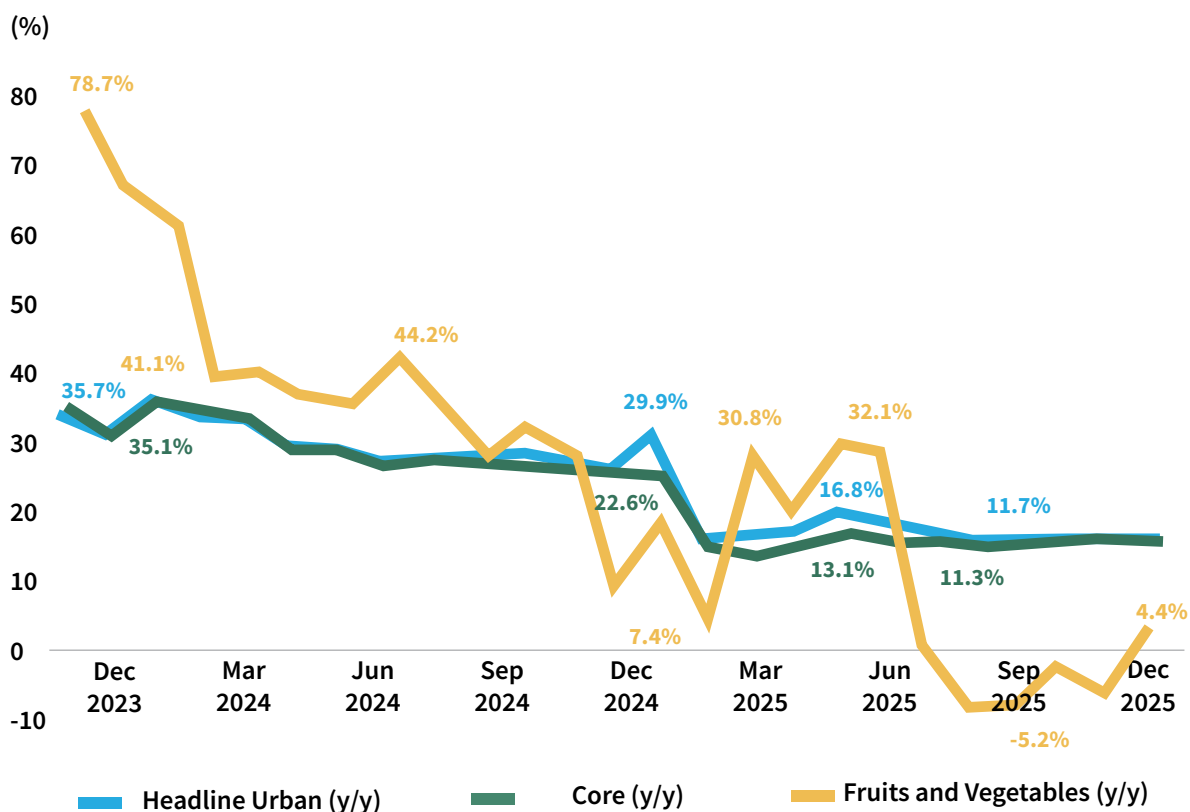
Figure 2: Evolution of Government Debt, 2020 to 2025



Source: Ministry of Finance FY 2025/2026, Medium-Term Debt Strategy 2026 - 2029

The inflation chart shows a broad and sustained easing in price pressures. Urban headline inflation has fallen from levels exceeding 35% in early 2024 to 11.7% by late 2025. Core inflation¹ has followed a similar path, declining from around 35% to 11.3% range over the same period.

Figure 3: Monthly Year-Over-Year (Y-O-Y) urban, Core, and Fruits and Vegetables inflation rates, December 2023 to September 2025



Source: Central Bank of Egypt, Inflation Rates Historical Data

¹ Core inflation is the rate at which prices are rising in the economy, excluding volatile items such as food and energy. Central Banks construct this measure to monitor underlying inflationary pressures and accurately distinguish between price changes that are likely to be persistent and those which are temporary.

4. Composition of the FY 2025/2026 Budget and Related Trends



For FY 2025/2026, public expenditure allocations are projected to reach **EGP 4,574.0 billion, marking an increase of 17.1% compared to FY 2024/2025 actuals**. Simultaneously, the government’s total revenues are expected to increase by 18% to reach EGP 3,119.6 billion (compared to FY 2024/2025 actuals), primarily due to an increase in tax collection. However, tax rates as a percentage of the Gross Domestic Product (GDP) remain relatively low at 13% of GDP with **improvement from 12.3%** by the end of FY 2024/2025 (actuals).

The primary balance is projected to improve further, increasing to 4.0% of GDP in FY 2025/2026, **up from 3.5% in FY 2024/2025 (actual)**, while the debt-to-GDP ratio is expected to decline to 81.8% in FY 2025/2026, signaling gradual fiscal consolidation.

Table 1 shows stable but elevated deficits and modest improvements in financial indicators, while Table 2 highlights that interest payments remain the largest expenditure item at around **50.2% of spending**. Subsidies and social benefits continue to grow, reflecting ongoing support to vulnerable groups. Taxes account for 85% of revenues, underscoring increased reliance on domestic resource mobilization.



Table 1: Budget summary (in EGP billion)

Category	2023/2024 Actual	2024/2025 Actual	2025/2026 Budget
Total Expenditures	3,055.2	3,904.9	4,574.0
% GDP	22.0%	21.9%	22.4%
Total Revenues	2,543.7	2,644.1	3,119.6
% GDP	18.3%	14.8%	15.3%
Net Financial Assets	-7.0	29.3	36.6
Overall Balance	-504.5	-1290.1	-1,491.0
% GDP	-3.6%	-7.2%	-7.3%
Primary Balance	859.6	629.0	807.1
% GDP	6.2%	3.5%	4.0%
Debt to GDP Ratio	89.40%	83.8%	81-82%

Source: Financial Statement for the State Budget 2024/2025.

Table 2: State budget breakdown by economic classification (in EGP billion)

Category	2024/2025 Actual	% Total 2024/2025 Actual	2025/2026 Budget	% Total 2025/2026 Budget
Total Expenditures	3,904.9	100%	4,574.0	100%
Wages and Workers' Compensations	588.1	15.1%	679.1	14.8%
Purchase of goods and services	186.2	4.8%	217.6	4.8%
Interest	1,919.1	49.2%	2,298.0	50.2%
Subsidies, grants and social benefits	645.5	16.5%	742.6	16.2%
Other Expenditures	179.1	4.6%	201.8	4.4%
Purchase of non-financial assets (investments)	386.9	9.9%	434.9	9.5%
Total Revenues	2,644.1	100%	3,119.6	100%
Taxes	2,202.3	83.3%	2,654.7	85.1%
Grants	16.9	0.7%	9.5	0.3%
Other revenues	424.9	16.1%	455.4	14.6%

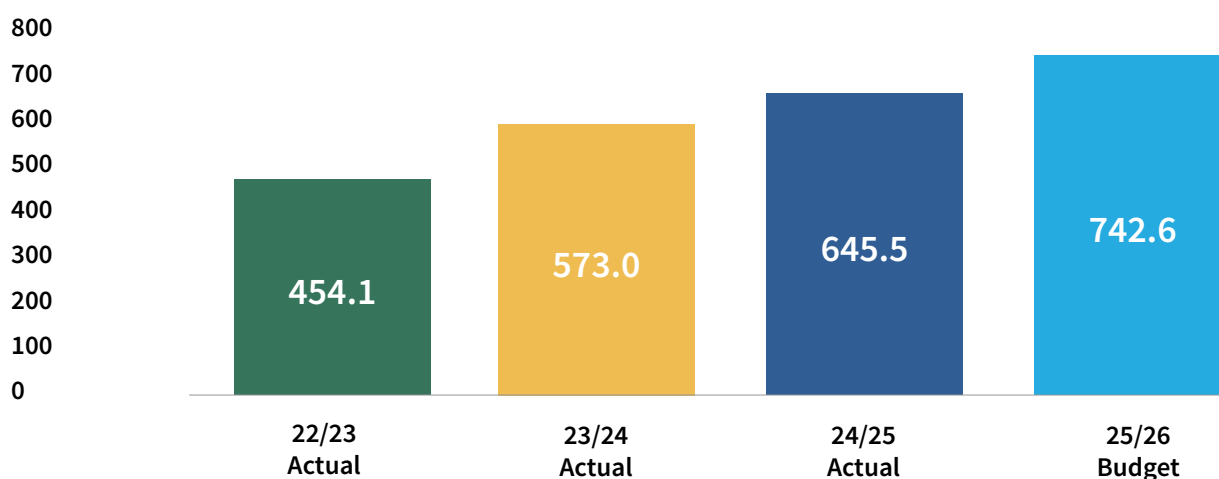
Source: Ministry of Finance, Financial Statement of the State Budget 2025/2026.

Economic Classification is vital as it organizes the budget by revenues and expenditures. This structural clarity is essential for macro-fiscal analysis and significantly strengthens fiscal transparency, boosting the credibility of fiscal reporting and policy. While it identifies what the money is collected from and spent on, it must be combined with other classifications (like the Functional) to reveal the specific policy objectives.

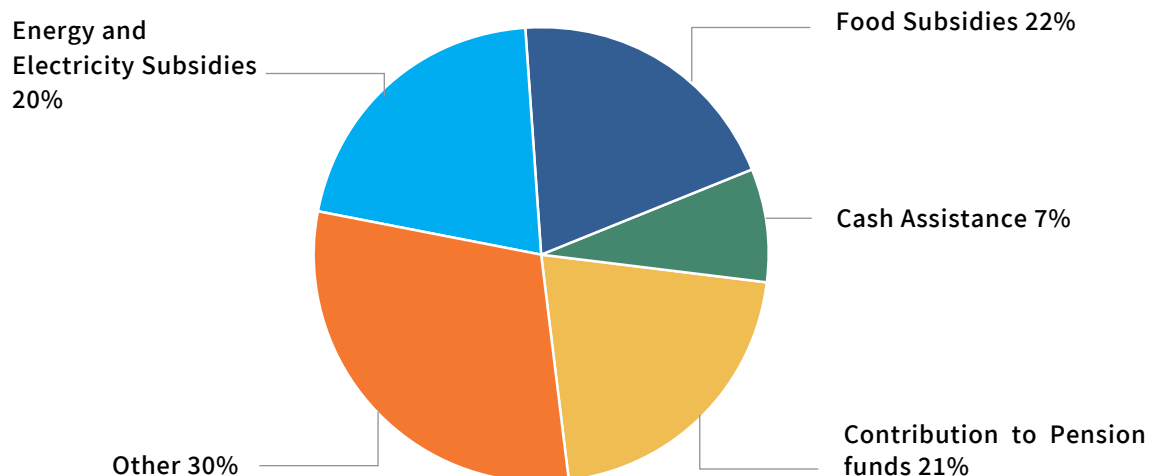
As shown in Figure 4 there has been a gradual increase in spending on subsidies, grants and social benefits in nominal terms.

**Figure 4: Allocations to subsidies, grants and social benefits FY 2022/2023 until FY 2025/2026**

(%) Billion EGP



Source: Ministry of Finance, Financial Statement of the State Budget 2025/2026.

Figure 5: Allocations to subsidies, grants and social benefits FY 2025/2026

Source: Ministry of Finance, Financial Statement of the State Budget 2025/2026.

As shown in Figure 5, “Food Subsidies” represents the largest share of “Subsidies, Grants and Social Benefits” at 22%. It is closely followed by “Contributions to Pension Funds” and “Energy and Electricity Subsidies” a 21% and 20%, respectively, while “Cash Assistance” represents 7%.

Table 3: State budget breakdown by functional classification (in EGP billion)




Category	2024/2025 Actual	% Total 2024/2025 Actual	2025/2026 Budget	% Total 2025/2026 Budget
Total Expenditures	3,870.2	100%	4,574.0	100%
General Public Services ³	2,150.4	55.6%	2,718.7	59.4%
Public Order and Security	122.7	3.2%	140.9	3.1%
Economic Affairs	148.0	3.8%	155.9	3.4%
Environmental Protection	4.8	0.1%	5.6	0.1%
Housing and community facilities	205.5	5.3%	142.5	3.1%
Health	200.1	5.2%	246.2	5.4%
Youth, Culture and Religious Affairs	79.8	2.1%	81.4	1.8%
Education	294.6	7.6%	315.1	6.9%
Social Protection	548.7	14.2%	636.9	13.9%
Other functional activities	115.7	3.0%	130.8	2.9%

Source: Ministry of Finance, Financial Statement of the State Budget 2025/2026.

³ The sector of general public services includes the executive, legislative, financial affairs and foreign affairs bodies as well as public debt transactions.

The Functional Classification displays the state budget expenditure and allocation according to sectorial purposes, reflecting the fiscal policies' main objectives and targeted sectors. It is noteworthy that the functional classification is widely used to better communicate the developments in the state budget to citizens, while also enabling clearer assessment of policy commitments and performance. The functional classification of the state budget shows that the general public services sector receives around more than half of public expenditure allocations, with a share of 59.4% in FY 2025/2026 (see Table 3). Social Protection receives the second largest share of the FY 2025/2026 budget at 13.9%, followed by 6.9% for education and 5.4% for health.

Table 4: Selected child-related allocations under the social protection programmes from the functional classification:

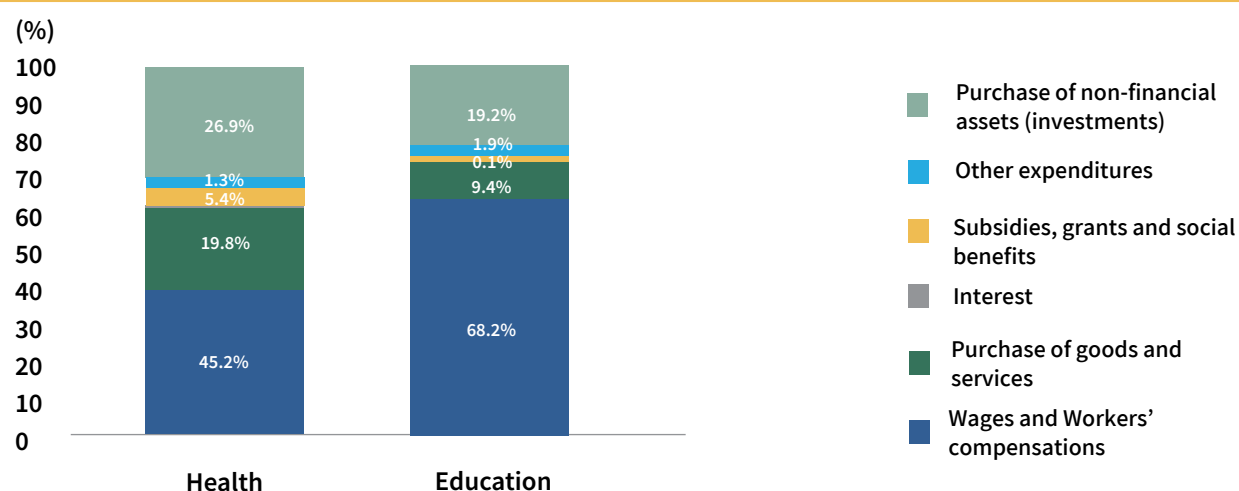
	Category	2024/2025 Actual
	Food subsidies	160 billion
	Housing program subsidy for middle and low-income	13.6 billion
	Social assistance (including Takaful and Karama and Daman Egtma'y)	45 billion

Source: Ministry of Finance, Financial Statement of the State Budget 2025/2026.

Spending on health and education combined has continued to rise significantly in nominal terms over the last six fiscal years. Allocations for health increased from 200.1 billion in FY 2024/2025 to 246.2 billion in 2025/2026, while allocation for education increased from 294.6 billion to 315.1 billion for the same reference years.

As shown in Figure 6, in the FY 2025/2026 budget, wages and workers' compensations account for the largest share for both the health sector and Education accounting for 45% and 68% respectively. Investments represent the second biggest share for both, the health and Education sectors accounting for 27% and 19% respectively.

Figure 6: Composition of Health and Education Spending



Source: Ministry of Finance, Financial Statement of the State Budget 2025/2026.

5. Programme Based Budget Social Protection Programmes: Structure and Priorities



The Egyptian government is transitioning to a Program Based Budgeting (PPB) system under the new Unified Finance Law to enhance spending efficiency, effectiveness, and transparency. By linking financial allocations to measurable performance indicators and strategic goals, the government can better monitor the effectiveness of its programs.

The following section provides an overview of the child-related programmes integrated within this new budgeting structure:

The total budget allocated to Social Protection programmes across all government pillars reaches approximately EGP 100 billion, with 99% allocated to Pillar 2: Building the Egyptian Citizen and Strengthening Identity. The distribution of allocations across beneficiary groups reflects clear demographic priorities, with women receiving the largest share at EGP 55 billion, followed by children at EGP 39 billion. Together, these two groups account for 94.4% of total spending, while the remaining allocations are distributed among youth, the elderly, and persons with disabilities.



Table 5: Social Protection Allocation by Pillars of Egypt Government Programme, 2025/2026, in Million EGP

	Pillar	Total Allocation (EGP)
	2. Building the Egyptian Citizen & Strengthening Identity	99,038
	3. Building a Competitive Economy Attractive to Investment	450
	1. Protection of National Security & Egypt's Foreign Policy	352
	4. Achieving Political Stability, Security & National Safety	188
Total		100,028




According to the analysis of the social protection programmes, the Ministry of Finance is responsible for administering the largest portion of the budget (EGP 669.8 billion) for “Economic & Social Security Programmes.” This allocation confirms its role as the primary financial allocator, channeling resources into the overall national system.

Direct service delivery, however, is led by the Ministry of Social Solidarity, which receives EGP 54 billion to expand the social protection umbrella. The Ministry of Local Development plays a complementary role, allocating EGP 59.9 billion to local administrative units to ensure programmes are implemented effectively at the community level.

5.1 Child-Related Programmes Across the Budget

Nearly all child-related social protection spending is allocated under Pillar 2, which includes core child sectors such as education, health, and child protection.

Table 6: Child Allocations for Social Protection by Pillars of Egypt Government Programme, 2025/2026, in Million EGP

	Pillar	Total Allocation (EGP)
	2. Building the Egyptian Citizen & Strengthening Identity	38,475
	3. Building a Competitive Economy Attractive to Investment	419
	1. Protection of National Security & Egypt’s Foreign Policy	40
Total		38,934

Source: Ministry of Finance, Programme Based Budget 2025/2026

While numerous programmes and sub-programmes are child-tagged within the programme-based budget, the following analysis focuses on a selected few. These featured sub-programmes are under three core strategic goals: an Inclusive Healthcare System, Building an Improved Educational System to Enhance Future Employability, and Ensuring a Dignified Life for All Citizens.

Almost two-thirds (EGP 5.5 billion) of child-related allocations under the “Inclusive healthcare system” strategic goal are dedicated to strengthening maternal and child health services. The second largest share, EGP 3.3 billion, is allocated to providing high-quality healthcare services. Meanwhile, around one percent is directed toward preventive care and public health initiatives at 80 million EGP.

Another key strategic goal under Pillar 2 is “Building an Improved Educational System to Enhance Future Employability”. A total of EGP 30 billion is allocated to achieving this goal, nearly half of which (EGP 13.4 billion) is dedicated to advancing the educational system. As shown in Table 7, this programme is built on three sub-programmes, giving priority to Improving the Educational system Effectiveness sub-programme which receives around EGP 13.2 billion.

Child protection spending remains modest compared to health and education sub-programmes at EGP 26 million. However, this programme highly targets the most vulnerable children.

Table 7. Selected Child-Related Programmes, 2025/2026, in Million EGP

Strategic Goal	Main Programme	Government Sub-Programme	Budget (in Millions)
Inclusive healthcare system	Providing access to distinguished healthcare services	1.1.1. Providing high-quality healthcare services	3,330
		1.1.2. Delivering preventive care and advancing public health care	80
		1.1.3. Strengthening maternal and child health services	5,452
Building an Improved Educational System to Enhance Future Employability	Advancing the educational system	2.1.1. Improving the Educational system Effectiveness	13,188
		2.1.2. Improving the curricula across all educational stages	4
		2.1.3. Advancing the vocational education system	200
Ensuring a Dignified Life for All Citizens	Prioritizing the most vulnerable	3.1.1 Child Protection	26

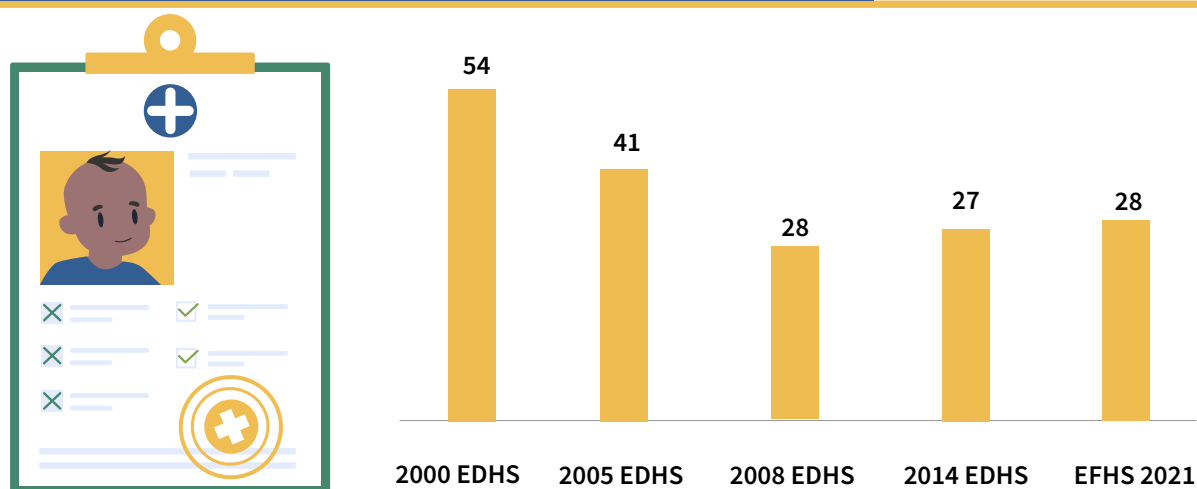
Source: Ministry of Finance, Programme Based Budget 2025/2026

6. The Impact of Public Spending over the past decades on Improved Health Indicators



Health spending in child-related programs over the past decades has contributed to measurable improvements in key child survival indicators, most notably the under-five mortality rate. Under-five mortality outcomes, which have declined from 54 deaths per 1,000 live births in 2000. The decline reflects the direct impact of increased health spending on maternal and neonatal health and the expansion of both public and private hospitals. Enhanced continuity of care and improved access to health services have critically reduced infant deaths and strengthened early childhood survival, reflecting effective allocations toward maternal and child health.

Figure 7: Improvement in under-five mortality rate, 2000-2021 (deaths per 1,000 live births)



Source:

EDHS-00: El-Zanaty and Way.,2001, Table 10.1.

EDHS-05: El-Zanaty and Way.,2006, Table 10.1.

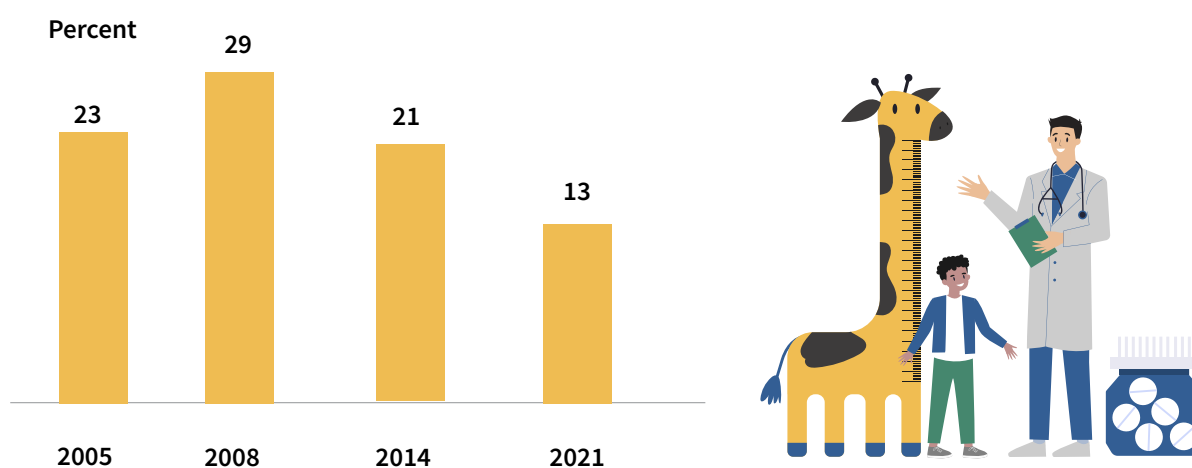
EDHS-08: El-Zanaty and Way.,2009, Table 10.1.

EDHS-14: MOHP and El-Zanaty & Associated, 2015, , Table 8.1.

EFHS-21: Central Agency for public mobilization and statistics (CAPMAS), 2022. Table 8.2.

Nutritional outcomes further demonstrate the longer-term impact of public spending on child health. Stunting rates among children under five years of age declined substantially from 29% in 2008 to 13% in 2021. This improvement reflects sustained government efforts in maternal nutritional awareness, early-life feeding practices, and the expansion of school feeding programmes after six months of age. These interventions have contributed to better growth outcomes and a notable improvement in children's physical development and health status.

Figure 8: Stunting rates (height-for-age) among children under five, 2005-2021 (percentage)



Source: Egyptian Family Health Survey 2021



Distribution of Government Investment Spending Across Governorates

Governorate	Population (000s)	Population Density %	Total Public Investments (Billion EGP)	Share of Total Public Investment in Total Governorate Expenditure %	Education Investments (Million EGP)	Share of Education in Total Governorate Expenditure %	Classroom density	Health Investments (Million EGP)	Share of Health in Total Governorate Expenditure %
Cairo	10.3	9.7%	100.5	21.0%	10,000.0	10.0%	43.0	4.5	4.5%
Giza	9.6	9.0%	93.5	19.5%	1,400.0	1.5%	42.0	936.0	1.0%
Sharqia	7.7	7.5%	9.9	2.0%	1,900.0	19.5%	39.0	588.0	6.0%
Dakahlia	7.0	6.7%	8.9	1.8%	1,370.0	15.5%	39.0	471.0	5.3%
Beheira	6.9	6.5%	8.6	1.8%	801.0	9.0%	39.0	582.0	6.5%
Minya	6.3	6.0%	7.9	1.6%	796.0	10.0%	41.0	949.0	12.0%
Qalyubia	6.2	5.8%	15.3	3.2%	732.0	4.5%	41.0	307.0	2.0%
Sohag	5.8	5.5%	8.2	1.7%	843.0	10.5%	41.0	485.0	6.0%
Alexandria	5.6	5.2%	63.5	2.4%	527.0	1.0%	40.0	429.0	1.0%
Gharbia	5.5	5.2%	6.3	0.7%	744.0	12.0%	40.0	472.0	7.5%
Assiut	5.1	4.8%	10.2	2.1%	507.0	5.0%	41.0	366.0	3.6%
Monufia	4.7	4.5%	7.9	1.6%	963.0	12.0%	39.0	700.0	9.0%
Fayoum	4.1	3.9%	4.6	1.0%	489.0	10.7%	41.0	569.0	12.5%
Kafr El Sheikh	3.7	3.5%	5.5	1.1%	830.5	15.0%	39.0	273.0	5.0%
Qena	3.7	3.5%	6.9	1.5%	512.0	7.4%	40.0	268.0	3.9%
Beni Suef	3.6	3.4%	8.3	1.7%	833.0	10.0%	40.0	174.0	2.0%
Aswan	1.7	1.6%	11.2	2.3%	610.0	5.5%	36.0	892.0	8.0%
Damietta	1.6	1.5%	7.3	1.5%	431.0	6.0%	37.0	535.0	7.0%
Ismailia	1.5	1.4%	10.9	2.3%	803.0	7.4%	37.0	1,250.0	11.5%
Luxor	1.4	1.3%	4.7	1.0%	586.0	12.5%	37.0	1,100.0	23.0%
Suez	0.8	0.7%	12.5	2.6%	257.5	2.0%	38.0	842.0	6.5%
Port Said	0.8	0.7%	26.6	5.5%	258.0	1.0%	37.0	617.0	2.5%
Matrouh	0.6	0.5%	20.4	4.2%	274.0	1.3%	37.0	508.0	2.5%
North Sinai	0.5	0.5%	6.8	1.4%	300.0	4.5%	31.0	135.0	2.0%
Red Sea	0.4	0.4%	5.7	1.2%	131.0	2.5%	37.0	258.0	4.5%
New Valley	0.3	0.3%	3.1	0.7%	191.0	6.0%	26.0	319.0	10.0%
South Sinai	0.1	0.1%	4.6	1.0%	142.0	3.0%	24.0	847.0	17.5%
Total	105.6	100%	464.5	—	26,499.0	—	38.3	14,569.5	—

8. Progress of the Openness of the Egyptian Budget



The 2023 Open Budget Survey shows clear progress in Egypt’s budget openness. Egypt’s transparency score rose to 49/100, up from 43/100 in 2021, placing the country slightly above the global average (45/100).

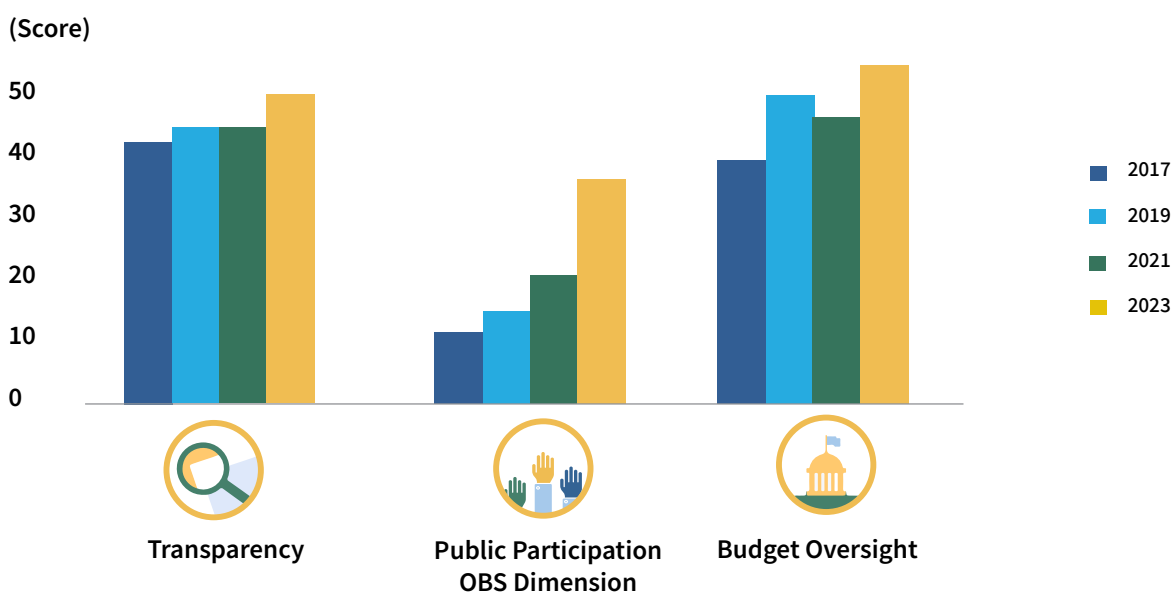
Public participation saw the most notable improvement, increasing to 35/100 in 2023 from 19/100 in 2021, performing above the world average.

Budget oversight also improved, rising to 54/100 in 2023 from 44/100 in 2021, positioning Egypt above both global and regional averages.

This reflects more active parliamentary review and stronger audit oversight. The upward trend also signals a continued commitment to strengthening fiscal transparency, public engagement, and institutional accountability.



Figure 9: Egypt Open Budget Survey Scores by Dimension (2017-2023)



Source: Ministry of Finance, Financial Statement of the State Budget 2025/2026.

9.



Fiscal Transparency & Citizen Engagement Unit and its Mandate

The Transparency & Citizen Engagement Unit and its Mandate:



Transparency and Citizen Engagement activities have been carried out since 2015 by the Ministry of Finance, through the Macro-Fiscal Policy Unit, before the official establishment of the Fiscal Transparency and Citizen Engagement unit by Ministerial decree No.574 of 2018. The unit has been assigned to spread financial and economic awareness through transparency and inclusiveness to empower citizens to participate and follow up on the state's budget and be part of the decision-making process.



The unit is mandated to periodically inform the public of fiscal and economic trends in a transparent, comprehensive and timely manner.



Therefore, building institutional frameworks that enable different segments of society to actively participate in the budget cycle and participate in decision making processes through several participatory budgeting tools deployed by the unit, and its success partners, such as the public hearing sessions held in Fayoum and Alexandria. In addition, creating participatory mechanisms aimed at reaching, motivating and empowering youth and women to participate and understand the state's budget and Egypt's Vision 2030, as well as getting to know national projects in innovative and interactive ways that suit different age groups.

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for every child