

**DEPARTMENTAL MINUTE TO PARLIAMENT
LOAN GUARANTEE FOR WORLD BANK LENDING TO EGYPT**

**Presented to Parliament by the Minister of State for International Development,
Latin America and the Caribbean by Command of His Majesty**

15 July 2025

It is normal practice, when a Government Department proposes to undertake a contingent liability in excess of £300,000 for which there is no specific statutory authority, for the Minister concerned to present a Departmental Minute to Parliament giving particulars of the liability created and explaining the circumstances; and to refrain from incurring the liability until fourteen Parliamentary Sitting Days after the issue of the Minute, except in cases of special urgency.

I am making a Written Ministerial Statement (WMS) to the House for information and have separately notified the Chairs of the Foreign Affairs Committee, the International Development Committee, and the Public Accounts Committee of the UK's intention to undertake a guarantee of \$200 million for World Bank lending to Egypt to ease its economic pressures and support its continued economic reform.

Egypt has been severely affected in recent years by the Russia-Ukraine, Sudan and Israel-Gaza conflicts, resulting in a request for UK economic assistance. This was agreed in principle by the previous UK government. Egypt's macroeconomic situation remains delicate, and the country is susceptible to external shocks due to systemic economic and structural challenges. Economic instability would have severe consequences for poverty in the country and for regional stability and could trigger irregular economic migration to Europe.

A three-year International Monetary Fund (IMF) programme is conditional on economic and governance reforms. We have already seen these begin to take effect, with a devaluation of Egypt's currency in March 2024, and the introduction of a floating exchange rate and a cap on public spending.

The UK guarantee will support the second of three planned World Bank Development Policy Financing (DPF) operations, which will help Egypt address short-term economic challenges while advancing the next generation of complementary structural reforms. The overall effect will be to boost Egypt's macroeconomic and fiscal resilience. Our indicative interest has already allowed us to influence the World Bank in aligning its loans with the IMF programme, and to push for more rigorous programmatic reforms.

The intended outcomes are:

- Providing general budget support to Egypt in the short-term.
- Incentivising Egypt to implement structural reforms as part of a wider, internationally backed package in the medium-term.
- Helping the Egyptian government improve the overall structure of Egypt's debt profile, by extending average maturity and by reducing the average cost of

borrowing. This will have the secondary impact of increasing fiscal headroom for essential services to the most vulnerable in Egyptian society.

The overall intended impact of UK support is improved resilience to external shocks, sustainable economic growth, and job creation for Egypt in the long run.

The liability is expected to last for up to 35 years. The FCDO will only pay official development assistance (ODA) if a default occurs as agreed with the World Bank. If the liability is called, provision for any payment will be sought through the normal Supply Procedure.