



EUROPEAN UNION

THE EUROPEAN PARLIAMENT

THE COUNCIL

**Brussels, 24 June 2025
(OR. en)**

**2024/0071(COD)
LEX 2450**

**PE-CONS 18/1/25
REV 1**

**ECOFIN 581
FIN 542
MAMA 103
RELEX 625
CODEC 647
ECB**

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
PROVIDING MACRO-FINANCIAL ASSISTANCE TO THE ARAB REPUBLIC OF EGYPT**

DECISION (EU) 2025/...
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 24 June 2025

providing macro-financial assistance to the Arab Republic of Egypt

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 212(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure¹,

¹ Position of the European Parliament of 18 June 2025 (not yet published in the Official Journal) and decision of the Council of 23 June 2025.

Whereas:

- (1) Relations between the Union and the Arab Republic of Egypt ('Egypt') are developed within the framework of the Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and the Arab Republic of Egypt, of the other part² (the 'Association Agreement'), in force since 2004. The Union and Egypt adopted the latest EU-Egypt Partnership Priorities (2021-2027) at the ninth EU-Egypt Association Council, established by the Association Agreement, on 19 June 2022 (the 'Partnership Priorities'). The Partnership Priorities reconfirm the joint aim of addressing common challenges facing the Union and Egypt, promoting joint interests and guaranteeing long-term stability and sustainable development on both sides of the Mediterranean. The shared commitment to the universal values of democracy, the rule of law and respect for human rights continues to underpin the Partnership Priorities, as is also reflected in the EU-Egypt Multi-Annual Indicative Programme for the period of 2021-2027 (the 'EU-Egypt MIP').

² OJ L 304, 30.9.2004, p. 39.

- (2) The Partnership Priorities reflect the shared commitment of the Union and Egypt to reinforce cooperation in support of Egypt's 'Sustainable Development Strategy Vision 2030' and the Union's determination to act on a renewed impetus to strengthen the partnership with its Southern Neighbourhood. In particular, in the conclusions of the **European Council** of 10-11 December 2020, the Union identified a democratic, more stable, greener and more prosperous Southern Neighbourhood as a strategic priority. The EU Agenda for the Mediterranean, and the Economic and Investment Plan for the Southern Neighbours set out in the Joint Communication of the Commission and of the High Representative of the Union for Foreign Affairs and Security Policy of 9 February 2021 entitled 'Renewed partnership with the Southern Neighbourhood: A new Agenda for the Mediterranean' present the Union's objectives of achieving long-term, sustainable socioeconomic recovery and resilience and of advancing the twin green and digital transitions in the region.
- (3) On 17 March 2024, Egypt and the Union jointly decided to upgrade their relations to a strategic and comprehensive partnership, based on the values of equity and mutual respect and trust in order to strengthen their common stability, peace and prosperity.

- (4) In line with the Partnership Priorities, the Union and Egypt are committed to ensuring accountability, the rule of law, full respect for human rights and fundamental freedoms, as well as promoting democracy, gender equality and equal opportunities as constitutional rights of all their citizens. Those commitments contribute to the advancement of the partnership and to Egypt's sustainable social and economic development, good governance and socio-economic stability. The increased and constructive engagement between the Union and Egypt in the last period has opened the path to more meaningful dialogue on human rights-related issues. In the framework of the Association Agreement, the subcommittee on Political Matters, Human Rights and Democracy – International and Regional issues and the Association Committee provide the institutional platforms to exchange views on an array of human rights issues, which the Union would like to continue and build upon. The steady future improvement of the human rights situation in Egypt in key areas related to civil, political, economic, social rights and fundamental freedoms regularly addressed by both partners in bilateral and international fora will have a positive impact on relations between the Union and Egypt.

- (5) Assistance to Egypt is funded mainly through the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-GE), established by Regulation (EU) 2021/947 of the European Parliament and of the Council³. The Union's indicative allocation for Egypt under the NDICI-GE for the first period (2021-2024) of the EU-Egypt MIP was EUR 240 million. This is in addition to the ongoing cooperation portfolio of EUR 1,3 billion and other budget support and emergency measures in response to the COVID-19 pandemic and to Russia's war of aggression against Ukraine amounting to EUR 307 million. The Partnership Priorities for 2021-2027 are reflected in the EU-Egypt MIP, which has been prepared in close consultation with all relevant stakeholders, and cover three broad areas: (i) Sustainable Modern Economy and Social Development; (ii) Partnering in Foreign Policy, and (iii) Enhancing Stability. The NDICI-GE replaces the European Neighbourhood Instrument under which the Union's bilateral assistance to Egypt for the period 2014-2020 amounted to EUR 756 million.

³ Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (OJ L 209, 14.6.2021, p. 1, ELI: <http://data.europa.eu/eli/reg/2021/947/oj>).

- (6) The Union recognises Egypt's key role for regional security and stability, and has a strong interest in preventing short-term economic instability in Egypt that could have broader consequences and a negative impact on the geopolitical landscape. Terrorism, organised crime, such as human trafficking, irregular migration, disinformation and conflicts, are common threats against common security and the social fabric of nations across both sides of the Mediterranean. The Union acknowledges Egypt's contribution to addressing such issues. Furthermore, energy security is one of the most pressing challenges facing countries on both sides of the Mediterranean. Energy cooperation between the Union and Egypt could not only offer a source of economic prosperity for the region, but also strengthen energy security by diversifying energy supplies and encouraging regional collaboration. Therefore, the Union and Egypt have a common interest in strengthening cooperation highlighted in the Partnership Priorities, in full compliance with international law, including human rights and international humanitarian law, as well as in promoting joint interests and addressing common challenges.

- (7) Recalling the global and regional geopolitical challenges, such as the humanitarian crisis in Gaza, resulting from the aftermath of the Hamas terrorist attacks across Israel on 7 October 2023, the escalating tensions in the Horn of Africa and the safety of navigation in the Red Sea, as well as migratory pressure from the conflict in Sudan, uncertainties in Syria, the instability in Libya, Egypt's role as a host to large numbers of refugees and migrants, and the strategic importance of Egypt as the largest country in the region and a pillar of stability for the whole Middle East, the Union has embarked on a strategic and comprehensive partnership with Egypt as outlined in the Joint Declaration of the Union and Egypt, signed in Cairo on 17 March 2024 (the 'Joint Declaration').
- (8) The objective of the strategic and comprehensive partnership with Egypt is to elevate the political relations of the Union and Egypt to a strategic partnership and to enable Egypt to fulfil its key role of providing stability in the region, the Middle East and North Africa. That partnership aims to contribute to supporting Egypt's macroeconomic resilience and enabling the implementation of ambitious socio-economic reforms in a manner that complements and reinforces the reform process provided for under the International Monetary Fund (IMF) programme for Egypt. As outlined in the Joint Declaration, the strategic and comprehensive partnership will address a wide set of policy measures clustered across six pillars of intervention, namely political relations, economic stability, investment and trade, migration, security and law enforcement cooperation, demography and human capital. The strategic and comprehensive partnership should be developed in line with initiatives at Union and Member State level.

- (9) Underpinning the strategic and comprehensive partnership is a financial package of EUR 7,4 billion consisting of short- and longer-term support for the macro-fiscal and socio-economic reform agenda, as well as increased amounts available to support investments in Egypt and targeted support for the implementation of the different strategic priorities, which include renewable energy and migration, amongst others. Part of the support package is the Union's macro-financial assistance package of up to EUR 5 billion in loans, composed of two macro-financial assistance operations, a short-term operation of a maximum amount of EUR 1 billion and a medium-term operation of a maximum amount of EUR 4 billion. That financial package also includes financial instruments, such as guarantees and blending instruments, aimed to mobilise public and private investments with the objective of generating substantial new investments with positive economic impacts which can benefit all Egyptians. This will be complemented by programmes to support specific priorities under the strategic and comprehensive partnership through individual projects and technical assistance implemented under the NDICI-GE.

- (10) Egypt's macro-fiscal situation has faced significant challenges and has deteriorated substantially over recent months, as external pressures have intensified and public debt has increased further, with substantial downside risks to the economic outlook persisting. The repercussions of Russia's war of aggression against Ukraine and the geopolitical tensions and conflicts in the Middle East have led to protracted capital outflows and lower foreign currency receipts, in particular due to sharply easing income from tourism, Suez Canal proceeds, and gas production amid volatility of confidence among foreign investors. This is particularly challenging in Egypt's difficult fiscal situation, which is characterised by constant fiscal deficits and high and growing debt-to-GDP ratios. Despite that difficult external context, in 2024 Egypt was able to implement reforms, such as the unification of exchange rates and making progress in tightening monetary policy, to help preserve its macroeconomic stability.

- (11) Egypt's economic and financial situation has been supported by several disbursing IMF programmes since 2016. Those are a three-year Extended Fund Facility of USD 12 billion adopted in 2016, emergency financial assistance under the Rapid Financing Instrument of USD 2,8 billion adopted in 2020, a one-year Stand-By Arrangement of USD 5,2 billion adopted in 2020, and a four-year Extended Fund Facility of USD 3 billion adopted in 2022 and augmented to USD 8 billion in 2024. Egypt made considerable reform efforts during the first part of its engagement with the IMF in 2016-2021. Reforms included a significant currency devaluation, accompanied by monetary policy reforms focused on an inflation target corridor. Fuel subsidy reform was coupled with a significant strengthening of a targeted social transfer system. Public finance management was strengthened by developing medium-term revenue and debt management strategies. The Egyptian authorities also began improving the governance of state-owned enterprises.

- (12) After the adoption of a follow-up IMF programme in December 2022, reform progress was less noticeable, although Egypt has implemented steps to level the playing field between public and private companies through a law to abolish the tax privileges of state-owned enterprises, albeit with exemptions on the basis of national security, and through the adoption of a state ownership policy, aimed to reduce the presence of the State in the economy, which remains large and distorting despite recent limited progress, and clarifying the rationale of continued State involvement in certain strategic sectors. However, Egypt did not implement its commitment to make the currency durably flexible in 2023, leading to a largely stable official exchange rate and a substantial parallel currency market with a significantly depreciated and highly volatile exchange rate. That fragmentation weighed heavily on foreign investment and domestic business activity.

- (13) Egypt re-engaged with the IMF in early 2024, and reached a staff-level agreement on 6 March 2024 on a revamped extended fund facility programme scaled up to USD 8 billion. The new programme was adopted by a Decision of the IMF Executive Board on 29 March 2024, and it aims to address the areas of: (i) credible exchange rate flexibility; (ii) sustainable tightening of monetary policy; (iii) fiscal consolidation to preserve debt sustainability; (iv) a new framework to rein in infrastructure spending; (v) provision of adequate levels of social spending to protect vulnerable groups, including from rises in the cost of living and energy price; and (vi) implementation of the state ownership policy and reforms to level the playing field with a view to promoting the development of the private sector in the economy. Together with the signature of the staff-level agreement, Egypt also enacted a flexibilisation of the exchange rate, and raised the central bank's key policy rate by a sizeable 600 basis points, in line with the priorities of the IMF programme. Staff-level agreement on the fourth review of Egypt's economic reform programme was reached in December 2024, and the IMF Executive Board completed the review in March 2025.
- (14) In view of a worsening economic situation and outlook clouded by substantial downside risks in relation to ongoing external shocks, Egypt requested complementary macro-financial assistance from the Union on 12 March 2024.
- (15) Given that Egypt is a country covered by the European Neighbourhood Policy, it should be considered to be eligible to receive macro-financial assistance from the Union.

- (16) The Union's macro-financial assistance should be an exceptional instrument of untied and undesignated balance-of-payments support, which aims to address Egypt's immediate external financing needs, and it should underpin the implementation of a policy programme containing strong immediate adjustment and structural reform measures designed to improve Egypt's balance-of-payments position.
- (17) Given that there is still a significant residual external financing gap in Egypt's balance of payments over and above the resources provided by the IMF and other multilateral institutions and regional partners, the Union's macro-financial assistance to be provided to Egypt is, under the current exceptional circumstances, considered to be an appropriate response to Egypt's request to the Union to support Egypt's economic stabilisation, in conjunction with the IMF programme. The Union's EUR 5 billion macro-financial assistance package, including the macro-financial assistance of up to EUR 4 billion under this Decision, seeks to support the economic stabilisation and the structural reform agenda of Egypt, supplementing resources made available under the IMF programme. The first part of the package, a macro-financial assistance loan of EUR 1 billion, was disbursed in December 2024 after a positive assessment by the Commission.

- (18) The Union's macro-financial assistance should aim to support the restoration of a sustainable external financing situation for Egypt, thereby supporting its economic and social development. By fostering stability and prosperity in its Neighbourhood, the provision of the Union's macro-financial assistance to Egypt could also contribute to the Union's growth and economic resilience.
- (19) The determination of the amount of the Union's macro-financial assistance should be based on a complete quantitative assessment of Egypt's residual external financing needs and should take into account Egypt's capacity to finance itself with its own resources, in particular the international reserves at its disposal. The Union's macro-financial assistance is part of an international joint effort, effectively complementing the programmes and resources provided by the IMF and the World Bank. The determination of the amount of the assistance should also take into account expected financial contributions from multilateral donors and the need to ensure fair burden sharing between the Union and other donors, as well as the pre-existing deployment of the Union's other external financing instruments in Egypt and the added value of the Union's overall involvement in Egypt.
- (20) The Commission should ensure that the Union's macro-financial assistance is legally and substantially in accordance with the key principles and objectives of the different areas of external action, with measures taken in respect of those areas, and with other relevant Union policies and Union values, such as democracy, human rights and the rule of law.

- (21) The Union's macro-financial assistance should support the Union's external policy towards Egypt. The Commission and the European External Action Service (EEAS) should work closely together throughout the macro-financial assistance operation in order to coordinate, and ensure the consistency of, the Union's external policy.
- (22) The Union's macro-financial assistance should support Egypt's commitment to foster values shared with the Union, including democracy, the rule of law, good governance, respect for human rights, sustainable development and poverty reduction, as well as its commitment to the principles of open, rule-based and fair trade.
- (23) A precondition for granting the Union's macro-financial assistance to Egypt should be that Egypt continue to make concrete, credible and tangible steps towards respecting effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and guaranteeing respect for human rights. In addition, the specific objectives of the Union's macro-financial assistance should strengthen the efficiency, transparency and accountability of the public finance management systems, the governance and supervision of the financial sector in Egypt, and should promote structural reforms that aim to support sustainable and inclusive growth, decent employment creation and fiscal consolidation. The Commission and the EEAS should regularly monitor the fulfilment of that precondition and the achievement of those specific objectives.

- (24) The link of the Union's macro-financial assistance to an on-track disbursing IMF programme, with its strong macro-fiscal framework and rigorous debt sustainability analysis, provides reassurances in relation to Egypt's repayment capacity. In addition, in order to ensure that the Union's financial interests linked to the Union's macro-financial assistance are protected efficiently, Egypt should take appropriate measures relating to the prevention of, and fight against, fraud, corruption and any other irregularities linked to that assistance. The transparent management of funds allocated under the Union's macro-financial assistance is essential. In addition, a loan agreement to be concluded between the Commission and the Egyptian authorities should contain provisions authorising the European Anti-Fraud Office to carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council⁴ and Council Regulation (Euratom, EC) No 2185/96⁵, the Commission and the Court of Auditors to carry out audits and the European Public Prosecutor's Office to exercise its competences with regard to the provision of the Union's macro-financial assistance during and after the availability period of that assistance.

⁴ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/883/oj>).

⁵ Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2, ELI: <http://data.europa.eu/eli/reg/1996/2185/oj>).

- (25) The release of the Union's macro-financial assistance is without prejudice to the powers of the European Parliament and the Council as budgetary authority.
- (26) The amounts of the provision required for macro-financial assistance in the form of loans should be consistent with the budgetary appropriations provided for in the multiannual financial framework.
- (27) The Union's macro-financial assistance should be managed by the Commission. In order to ensure that the European Parliament and the Council are able to follow the implementation of this Decision, the Commission should regularly inform them of developments relating to that assistance and provide them with relevant documents.
- (28) The annual report on the implementation of this Decision should include information on concrete, tangible and credible steps taken by Egypt towards respecting effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and guaranteeing respect for human rights.

- (29) In order to ensure uniform conditions for the implementation of this Decision, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council⁶.
- (30) The Union's macro-financial assistance should be subject to economic policy conditions, to be set out in a memorandum of understanding (MoU). In order to ensure uniform conditions of implementation and for reasons of efficiency, the Commission should be empowered to negotiate such conditions with the Egyptian authorities under the supervision of the committee of representatives of the Member States in accordance with Regulation (EU) No 182/2011. Under Regulation (EU) No 182/2011, the advisory procedure should, as a general rule, apply in all cases other than as provided for in that Regulation. Considering the potentially significant impact of assistance of more than EUR 90 million, it is appropriate that the examination procedure as specified in Regulation (EU) No 182/2011 be used for operations above that threshold. Considering the amount of the Union's macro-financial assistance to Egypt, that examination procedure should apply to the adoption of the MoU, and to any reduction, suspension or cancellation of that assistance.

⁶ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13, ELI: <http://data.europa.eu/eli/reg/2011/182/oj>).

- (31) Since the objective of this Decision, namely to address Egypt's external financing needs cannot be sufficiently achieved by the Member States but can rather be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Decision does not go beyond what is necessary to achieve that objective.
- (32) In order to enable the prompt provision of macro-financial assistance to Egypt, this Decision should enter into force on the day following that of its publication in the *Official Journal of the European Union*,

HAVE ADOPTED THIS DECISION:

Article 1

1. The Union shall make macro-financial assistance in the form of loans of a maximum amount of up to EUR 4 billion available to Egypt (the ‘Union’s macro-financial assistance’), with a view to supporting Egypt’s economic stabilisation and a substantive reform agenda. The release of the Union’s macro-financial assistance is subject to the adoption of the Union budget for the relevant year by the European Parliament and the Council. The Union’s macro-financial assistance shall contribute to covering Egypt’s balance-of-payments needs as identified in the IMF programme.
2. In order to finance the Union’s macro-financial assistance, the Commission shall be empowered, on behalf of the Union, to borrow the necessary funds on the capital markets or from financial institutions and to on-lend them to Egypt.
3. The release of the Union’s macro-financial assistance shall be managed by the Commission in a manner consistent with the agreements or understandings reached between the IMF and Egypt, and with the key principles and objectives of economic reforms set out in the Association Agreement.

The Commission shall regularly inform the European Parliament and the Council of developments regarding the Union’s macro-financial assistance, including disbursements thereof, and shall provide those institutions with the relevant documents in due time.

4. The Union's macro-financial assistance shall be made available for a period of two and a half years, starting from the first day after the date of entry into force of the MoU referred to in Article 3(1).
5. Where the financing needs of Egypt decrease fundamentally during the period of the disbursement of the Union's macro-financial assistance compared to the initial projections, the Commission, acting in accordance with the examination procedure referred to in Article 7(2), shall reduce the amount of the assistance, suspend or cancel it.

Article 2

1. A precondition for granting the Union's macro-financial assistance shall be that Egypt continue to make concrete and credible steps towards respecting effective democratic mechanisms, including a multi-party parliamentary system, and the rule of law, and guaranteeing respect for human rights.
2. The Commission and the EEAS shall monitor the fulfilment of the precondition set out in paragraph 1 throughout the life-cycle of the Union's macro-financial assistance.
3. Paragraphs 1 and 2 of this Article shall apply in accordance with Council Decision 2010/427/EU⁷.

⁷ Council Decision 2010/427/EU of 26 July 2010 establishing the organisation and functioning of the European External Action Service (OJ L 201, 3.8.2010, p. 30, ELI: <http://data.europa.eu/eli/dec/2010/427/oj>).

Article 3

1. The Commission, in accordance with the examination procedure referred to in Article 7(2), shall agree with the Egyptian authorities on clearly defined economic policy and financial conditions, focusing on structural reforms and sound public finances, to which the Union's macro-financial assistance is to be subject. Those economic policy and financial conditions shall be set out in a memorandum of understanding (MoU) which shall include a timeframe for their fulfilment. Those economic policy and financial conditions shall be consistent with the agreements or understandings referred to in Article 1(3), including the macroeconomic adjustment and structural reform programmes implemented by Egypt with the support of the IMF.
2. The economic policy and financial conditions referred to in paragraph 1 shall aim, in particular, to enhance the efficiency, transparency and accountability of the public finance management systems in Egypt, including for the use of the Union's macro-financial assistance. Progress in mutual market opening, including for small and medium-sized enterprises, the development of rule-based and fair trade, sustainable development, good governance and other priorities in the context of the Union's external policy shall also be duly taken into account when designing the policy measures. The Commission shall regularly monitor Egypt's progress in attaining those objectives.

3. The detailed financial terms of the Union's macro-financial assistance shall be laid down in a loan agreement to be concluded between the Commission and the Egyptian authorities in accordance with Article 223 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council⁸ (the 'Financial Regulation') (the 'loan agreement').
4. The Commission shall verify, at regular intervals, that the conditions referred to in Article 4(3), first subparagraph, continue to be met, including whether the economic policies of Egypt are in accordance with the objectives of the Union's macro-financial assistance. For the purposes of that verification, the Commission shall coordinate closely with the IMF and the World Bank, and, where necessary, with the European Parliament and with the Council.

Article 4

1. Subject to the conditions referred to in paragraph 3, first subparagraph, the Union's macro-financial assistance shall be made available by the Commission in instalments. The size of each of those instalments shall be set out in the MoU. An instalment may be disbursed in one or more tranches.
2. The amounts of the Union's macro-financial assistance provided in the form of loans shall be provisioned, where required, in accordance with Regulation (EU) 2021/947.

⁸ Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).

3. The Commission shall decide on the release of the instalments subject to the fulfilment of the following conditions:

- (a) the precondition set out in Article 2(1);
- (b) a continuous satisfactory track record of implementing a policy programme that contains strong adjustment and structural reform measures supported by a non-precautionary IMF credit arrangement; and
- (c) the satisfactory implementation of the economic policy and financial conditions agreed in the MoU.

The release of the second instalment shall not, in principle, take place earlier than three months after the release of the first instalment. The release of the third instalment shall not, in principle, take place earlier than three months after the release of the second instalment.

4. Where the conditions set out in paragraph 3, first subparagraph, are not met, the Commission shall temporarily suspend or cancel the disbursement of the Union's macro-financial assistance. In such cases, it shall inform the European Parliament and the Council without delay of the reasons for that suspension or cancellation.
5. The Union's macro-financial assistance shall be disbursed to the Central Bank of Egypt. Subject to the agreed provisions set out in the MoU, including a confirmation of residual budgetary financing needs, the Union funds may be transferred by the Central Bank of Egypt to the Egyptian Ministry of Finance as the final beneficiary.

Article 5

1. In order to finance the Union's macro-financial assistance in the form of loans, the Commission shall be empowered, on behalf of the Union, to borrow the necessary funds on the capital markets or from financial institutions in accordance with Article 224 of the Financial Regulation.
2. The Commission shall enter into a loan agreement referred to in Article 3(3) in respect of the amount referred to in Article 1. The loan agreement shall lay down the availability period and the detailed terms of the Union's macro-financial assistance, including in relation to the internal control systems. Egypt shall repay the loan, which shall be granted on terms that allow its repayment over a long period, including a possible grace period. The maximum duration of the loan shall be 35 years.
3. The Commission shall inform the European Parliament and the Council of developments in the operations referred to in paragraph 2.

Article 6

1. The Union's macro-financial assistance shall be implemented in accordance with the Financial Regulation.
2. The Union's macro-financial assistance shall be implemented under direct management.

3. Before the implementation of the Union's macro-financial assistance, the Commission shall assess, by means of an operational assessment, the soundness of Egypt's financial arrangements, administrative procedures, and internal and external control mechanisms which are relevant to the assistance.

Article 7

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 8

1. By 30 June of each year, the Commission shall submit to the European Parliament and to the Council a report on the implementation of this Decision in the preceding year, including an evaluation of that implementation. That report shall:
 - (a) examine the progress made in implementing the Union's macro-financial assistance;
 - (b) assess the economic situation and prospects of Egypt, as well as progress made in implementing the policy measures referred to in Article 3(1);

(c) indicate the connection between the economic policy and financial conditions set out in the MoU, Egypt's on-going economic and fiscal performance and the Commission's decisions to release the instalments of the Union's macro-financial assistance, while outlining concrete and credible steps taken towards respecting democratic mechanisms and the rule of law and guaranteeing human rights.

2. Not later than two years after the expiry of the availability period referred to in Article 1(4), the Commission shall submit to the European Parliament and to the Council an *ex post* evaluation report, assessing the results and efficiency of the completed Union's macro-financial assistance and the extent to which it has contributed to the aims of the assistance.

Article 9

This Decision shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

Done at Brussels, ...

For the European Parliament
The President

For the Council
The President