

Accounting Requirements for Institutional Reform to Achieve Egypt's Vision 2030 for Sustainable Financial Discipline: A Proposed Approach.

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Abstract:

The digital transformation in Egypt derives, its importance from the Sustainable Development Goals (Egypt Vision 2030) to reduce borrowing in addition to reducing public debt and the sustainability of financial inclusion, and this is achieved through financial discipline, which is one of the most prominent topics that have received wide attention in many developed countries, perhaps the accounting requirements to achieve institutional reform contributes greatly to financial discipline, especially with financial inclusion, especially when preparing the public budget in order to measure the ability of public expenditure to achieve sustainable development indicators, from the ability to manage financial expenditure, and revenues accurately and in a way that responds to financial goals after reviewing the previous studies, the researcher came up with a proposed approach that can be applied to some government institutions through accounting requirements. The researcher came up through statistical analysis using the Chi-square test, to indicate the significance of this proposed approach among the selected sample, with an order of priorities. The researcher found out the safety and strength of the proposed approach through the sample answers for many of them. the researcher believes that the application of the proposed approach and the five axes that could be deduced from the answers of the study categories, contributes greatly to the financial discipline to achieve sustainable development for Egypt 2030.

Keywords: Institutional Reform, Digital Transformation, Financial Discipline, Sustainable Development.

1. Introduction:

Institutional reform is the process of reviewing and restructuring state institutions and companies, like private companies. So that it respects human rights and maintains the rule of law. It reduces corruption, and institutional reform efforts are characterized by working to provide transparency, credibility, and integrity, to achieve fairness and accountability. This type of reform is recommended and activated through real initiatives to reveal the institutional dimensions that must be developed.

For institutional reform to achieve its goals, it is better to be associated with digital transformation, as it is the most effective means of presenting the results of institutional reform, which depends on integrating computer-based technologies into the organization's products, operations, and strategies. Organizations are undertaking digital transformation to better engage and serve the workforce and customers, for the purposes of administrative development, combating corruption, and purifying the administrative environment from bureaucratic factors, with the aim of providing the best services coupled with reducing the service delivery performance time.

Digital transformation derives its importance from the Sustainable Development Goals (Egypt Vision 2030) to reduce borrowing in addition to reducing public debt. This is achieved through financial discipline, which is one of the most prominent topics that have received widespread attention in many developed countries, in order to Managing the public sector and government institutions in a better way so that they contribute to achieving the desired economic and development goals, which means: the ability to manage financial expenditures and revenues accurately and in a way that responds to the financial targets set, including the general budget indicators announced within the medium and long-term economic plans.

2. Research Problem:

The problem of the study emerged from the economic problems with financial dimensions that Egypt faced during the previous time during the years from 2020 to the beginning of the first quarter of the year 2024, especially when preparing the state's general budget for the year 2024/2025. Therefore, the researcher proposes to present a proposed approach to accounting requirements to improve performance. Institutional in Egypt, where Egypt adopted approval to liberalize foreign exchange rates in accordance with market mechanisms with a change in some Egyptian accounting standards, especially the Egyptian (13) Standard. (Official Gazette, 2024)

The impact of changes in foreign exchange rates, instead of resorting to applying Standard No. (7) events that occur after the financial period, and raising interest rates to confront curbing inflation, this comes with the necessity of adopting comprehensive institutional reform for many institutions in the agency. The government aims to achieve financial discipline, to reduce the time for performing public services, eliminate corruption and bureaucracy, and make optimal use of loans and returns from asset management, investments, and foreign participation. This will only be achieved through digital transformation, which indicates the necessity of integrating

digital technology into all areas of business, which leads to a change in... Radical in the way we work and provide the best services in the shortest time to the customer audience. It is also a cultural change that requires organizations to continually challenge the status quo. The researcher will present the proposed approach to the accounting requirements for institutional reform to the General Authority for Investment in Free Zones and the Egyptian tax authority: ETA (income + value added + salaries). (Minister of Investment's Decision No, 2015)

3. Research Importance:

3.1- The importance of professional study lies in:

Digital transformation is considered essential for all companies and government institutions, regardless of the nature of their work, to adopt comprehensive institutional reform for all services provided to the public of customers and citizens. The importance of digital transformation is considered as the world becomes increasingly digital. The question is, is this just a catchy way of saying moving to cloud computing? So, with the goals of institutional reform achieved, what specific steps should we take? In financial discipline, we need to design new functions to help us create a framework for the digital transformation of all public services. Or adopt policies for comprehensive institutional reform to uncover perceptions of corruption issued by Transparency International? This contributes to reducing public debt.

3.2- The scientific importance of the study is:

Digital transformation is deemed necessary for all companies and government entities, regardless of their nature of work, to embrace comprehensive institutional reform for all services provided to customers and citizens. The importance of digital transformation grows with the world's increasing shift to a digital realm. The lingering question is whether it's merely an attractive way of saying we're transitioning to cloud computing? Therefore, as institutional reform goals are achieved, what specific steps do we need to take? In terms of financial discipline, do we need to design new roles to assist us in creating a framework for digital transformation for all public services? Or should we adopt policies for comprehensive institutional reform to uncover corruption perceptions issued by the International Transparency Agency, thereby contributing to reducing public debt.

4. Objectives of the research:

The study aims to achieve a set of objectives that can be presented as follows:

- Clearly defining the accounting requirements for comprehensive institutional reform
- How can comprehensive institutional reform be carried out in a way that ensures financial discipline?
- How does comprehensive institutional reform lead to reducing public debt?
- How to use the mechanisms of digital transformation tools towards adopting comprehensive institutional reform policies

5. Research methodology:

This study is based on the descriptive analytical approach and the deductive approach and concludes with a proposed introduction to present the accounting requirements for institutional reform with the aim of financial discipline and to achieve Egypt's 2030 vision for sustainable development, based on published data and those obtained by the researcher from the Ministry of Finance and the Central Bank of Egypt, with an approved analysis of it. On financial analysis ratios because of their impact on historical values, which decision makers may benefit from. The researcher applies this according to the following:

- Primary sources: The focus will be on all sources available for previous studies or international and local periodicals to select the latest developments and obstacles facing the decision maker when studying the proposed approach.
- Secondary sources: By obtaining information on the axes of sustainable development and financial sustainability to achieve Egypt's Vision 2030 in a way that contributes to reducing the total public debt.

6. The limits of the research:

The study deals with the time from 2015/2016 to the year 2023/2024, considering the state's general budget for the year 2024/2025, to explain the accounting requirements for comprehensive institutional reform, and the challenges that faced the government apparatus, especially the Central Bank of Egypt and the Ministry of Finance, from a legislative, administrative, and methods angle. Analytical analysis of digital transformation, and amendments to Egyptian accounting standards, especially Standard (13), the impact of changes in foreign exchange rates to confront the liberalization of the exchange rate of foreign currencies against the Egyptian pound, and thus anybody of public institutions other than what was mentioned previously is excluded from the scope of the study, with emphasis on the extent of the reform's contribution. The comprehensive institutional framework to achieve Egypt's Vision 2030, with the aim of ensuring financial discipline in reducing public debt using digital transformation mechanisms. The institutional reform of the Investment Authority and the Egyptian tax authority: ETA will be dealt with (income + value added + salaries)

7. Literature Review:

7.1- (Dau, Moor, & Tatiana Kostova, 2020)

Market-based institutional reforms in various countries around the world have led to dramatic improvements in business conditions and contributed to unprecedented rates of cross-border business activities. Researchers have attempted to understand the implications of such reforms. The purpose of this article is twofold: (1) to provide a systematic review of the literature on the impact of market-based institutional reforms on corporate and private sector strategy and performance, and (2) to suggest a future research agenda. The study methodology was used regarding the effects of institutional reforms (credibility - transparency - integrity), including the effects to directly focus on corporate strategy when monitoring financial performance with the aim of developing a system aimed at financial discipline. (Dau, Moor, & Tatiana Kostova, 2020).

7.2 - (Gallego, Maldonado, & Lorena Trujillo, 2020)

Is it possible that institutional reform indicates a negative relationship between the abundance of natural resources, economic growth, and political and democratic stability? However, the evidence explaining how administrative reform could reflect the extent of development in economic growth was not entirely clear. Therefore, a package of institutional reforms was introduced that modified the basis for allocating oil revenues in Colombia. The reform package had important effects on several indicators of household well-being. Such as reducing poverty, improving income, housing conditions, health, and education. The study recommends more such research to provide evidence that supports the role of financial discipline in monitoring the implementation of institutional reform, which was reflected in family well-being in Colombia (Gallego, Maldonado, & Lorena Trujillo, 2020)

7.3 - (Hülsewig & Steinbach, 2021)

The rules governing state financing of development projects vary from state to state, and the prevailing rationale for banning state financing is based on the empirical assumption that monetary financing hinders optimal fiscal discipline. The paper discussed the role of the state in financing with incentives instead of cash financing to reap more positive effects on the growth of projects with the aim of financial discipline. The results of the study indicate that financial discipline contributes to improving returns because of lower borrowing costs. Although it is not possible to reach convincing conclusions regarding the driving force of this improvement – political pressures directed at specific activities – my findings indicate that the negative impact of unconventional monetary policy on fiscal discipline is unfounded. Hence, cash and in-kind financing is required to implement the reform plans. (Hülsewig & Steinbach, 2021)

7.4 - (Aquino & Richard A. Batley, 8 September 2021)

The study examined the development of institutional reform as financial reforms in Brazil, by adopting a historical time frame in financial institutions to finance industrial projects within the country. According to it, the state modified the routine framework for financial transactions by reducing the time for performing services while providing sufficient support for the export trend as a hybrid framework. By adopting a short-term perspective. The study concluded that the financial reforms that took place in banking systems led to an increase in the establishment of industrial companies, especially export-oriented ones, which was reflected in an increase in the state's foreign currency collection. The study also recommended the necessity of collecting taxes from those companies in the same export currency. (Aquino & Richard A. Batley, 8 September 2021)

7.5 - (Rosaria, Elina, & Nicola, 2021)

This paper aims to investigate whether there is a trade-off between financial market confidence and national government budget dynamics in the euro area. And the extent of its needs for

institutional reforms. By comparing two indicators, the hypothesis of a constraint between the credit deficit and the general deficit from 2012 to 2019 was tested. The researchers found that financial discipline - during the euro crisis period - was linked to a decline in confidence, and vice versa. Which indicates that a decline in confidence in financial markets comes with financial austerity, but also financial austerity comes with financial distress, other factors being equal. The inability of financial markets to determine coherent behavior regarding financial discipline provides grounds for thinking about the need to take measures represented by comprehensive institutional reform in the euro area. (Rosaria, Elina, & Nicola, 2021)

7.6 - (Vasvári, 2021)

The study addressed the factors affecting institutional reform in the State of Hungary, with an explanation of the impact on state institutions and the problems of public sector debt and government administration. The study also addressed that the financial discipline established in the Eurozone is necessary to consider the implementation of the budget items, while commenting on the importance of digital transformation because of its exclusion of transactions. With the public when providing daily services, the study recommended the necessity of reviewing the work of government administration from institutions in the European Union to demonstrate transparency and credibility with the European Commission. (Vasvári, 2021)

7.7 - (Narayan, Kumar, & Elie Bouri, 2023)

The objective of that study is twofold: (i) to identify significant financial institutions in India; (ii) Uncover the factors that lead to risks in Indian financial institutions with a view to introducing a set of institutional reforms. To serve the first objective, the participation of financial institutions in the overall risks of the Indian financial market is determined using the expected deficit approach. The results show that State Bank of India, ICICI Bank, HDFC Bank and HDFC Limited contribute more than 50% to the total risk in India, indicating a high concentration of risk. To achieve the second objective, panel data regressions are applied and show that probability of default, leverage, loans, liquidity, board size, and Basel norms are important drivers of bank risk management. Besides the importance of the findings for investment decisions and risk management during periods of crises, my findings have implications for policymakers who oversee India's financial system with the aim of financial discipline, assessing vulnerabilities and designing regulatory and precautionary action plans to maintain stability. Financial. (Narayan, Kumar, & Elie Bouri, 2023)

7.8 - (Golpe, Sánchez-Fuentes, & Vides, 2023)

To pursue fiscal sustainability as one of the indicators of monetary policy, fiscal sustainability and economic growth have been deeply studied in the literature. However, this issue remains open to debate due to mixed results and caveats or limitations of existing studies. More importantly, previous analyzes mostly focus on two- and three-variable systems, missing a relevant piece of economic drivers. We jointly analyze these interconnections by applying the causality of variables and identifying the “causal path” why comprehensive institutional reform is required in the euro area. Studying the variables shows that the lack of transparency and

credibility in disclosing data and reducing the importance of digital transformation increases the causes of administrative corruption and a reduction in indicators. Integrity, which is reflected in a reduction in economic growth rates. The study recommended the importance of institutional reform and the role assigned to governments in adopting this reform as a driver of financial policy and a supporter of sustainable development. (Golpe, Sánchez-Fuentes, & Vides, 2023)

8. Research gap:

By reviewing previous studies and accounting and economic literature in the world of finance and business, and considering the research problem, it is clear to the researcher that previous studies have addressed the importance and necessity of using institutional reform policies to ensure financial discipline from an economic perspective, rather than through accounting requirements that impose reality on the adoption of institutional reform. This is to serve Egypt's Vision 2030 for sustainable development while ensuring financial discipline and achieving financial sustainability in a way that helps curb the overall public debt and mitigate its risks, especially since debt service consumes any signs of positive development in public revenues. Therefore, this study highlights the crucial role of accounting requirements for institutional reform in sustainable financial discipline to achieve Egypt's Vision 2030 for sustainable development, particularly the amendments to Egyptian accounting standards and the advancement of digital transformation.

9. Study plan:

9.1- Digital transformation and comprehensive institutional reform

9.1.1- Comprehensive institutional reform

9.1.2- Digital transformation to serve institutional reform.

9.2- Financial discipline and reducing budget burdens.

9.2.1- Financial discipline from an accounting perspective

9.2.2- Reducing budget burdens from an accounting perspective.

9.3- A proposed introduction to implementing comprehensive institutional reform with the aim of ensuring financial discipline.

9.1- Digital transformation and comprehensive institutional reform

Institutional reform may include many equity-related measures, including those aimed at: (Ezzat, 2023)

- Transforming or creating new legal frameworks, such as establishing new legislation or adopting legislative amendments and ratifying international treaties.
- Ensuring that every citizen obtains his rights to public services
- Structural reform of institutions (referred to the problem and scope of the study) to ensure their independence and responsiveness to provide accountability.
- Establishing oversight bodies visible to the public within state institutions to ensure their accountability to civilian rule.

- Building trust between all citizens and their public institutions. When such reform is well informed and implemented in a comprehensive and transparent manner, it also proves to be of a compensatory nature. It is the main goal of institutional reform in any country to serve the economic and social system. Institutional reforms are attempts to change the rules that affect human interactions, and these reforms are essential for development and economic prosperity. The reforms can be divided into two categories: Institutional reforms to provide more beneficial services to citizens and institutional reforms to serve economic systems at the national economy level. The more institutional reform steps take place through digital transformation mechanisms, the reform was comprehensive and comprehensive, aiming to combat corruption and reduce the time required to provide services. This chapter will be discussed through the first and second sections as follows. (Nasr & Amer., 1998)

9.1.1- Comprehensive institutional reform

(Zhao & Madni, 2019) have shown that there is a positive relationship between institutional reforms and economic growth. According to the empirical results of other studies, there is a positive impact of institutional reform on financial development, and this financial development leads to improved economic growth in these countries. It may be noted in other studies that low-income countries are the most unstable in terms of the quality of their institutions and require great attention to improve their management and institutional reforms to improve financial development (Sui, Geng, Zhou, Raza, & Aziz, 2023).

Institutional reforms involve leading interconnected initiatives with the goal of improving an institution's performance and its impact on stakeholders. An organization is not limited to a single company, legal person, or entity, but includes its stakeholders starting from the last consumer (service recipient) to the parent body or ministry, vendors, partners, etc. (Ahmed, 2020)

It is important to look at institutional reforms in an integrated manner. Institutional reforms fail to achieve the desired goals when they are designed and implemented as stand-alone initiatives that focus on the symptoms rather than the root cause of the problem. For example, institutional reforms in state-owned agencies (charged with serving consumers) initially focus on achieving commercial viability. Key goals are set, and many short-term initiatives are taken, which may show immediate results but fail to create a sustainable impact. Momentum is lost with the change in leadership, and reforms must be revived.

For financial discipline to succeed, the principle of “Accountability” must be applied, which provides officials with full supervision of institutions and executive bodies. Accountability is not limited only to rationalizing expenditures but extends to the proper estimation of revenues and the correct implementation of spending targets, and in some countries, such as Singapore, if it increases or decreases. The revenue or spending margin exceeds a specific percentage, such as 5% or 10%, for the institution, as this may reflect negatively on the evaluation of that institution and the amounts that may be allocated to it in the following year.

Some countries, such as Mexico in 2016, for example, enacted laws related to financial discipline to which public institutions are subject. Perhaps consolidating the concepts of financial sustainability is one of the most important goals of these legislations, rational management of financial resources, and unifying the accounting principles used in all institutions and departments so that financial reports are consistent. Together with various institutions and departments in the country.

In the United Kingdom, during previous years, more than one program was launched to enhance financial discipline practices in government sectors and the public sector. Some initiatives focus on training senior leaders in government institutions on the concepts and importance of financial discipline and increasing financial knowledge and skills among leaders and employees of the public sector and the government apparatus. Therefore, it is necessary to proceed with comprehensive institutional reform to achieve the goals of the development plan, which will be referred to as the proposed approach. To this end, the researcher is guided by the experiences of many countries, whether in South America or Southeast Asian countries.

9.1.2- Digital Transformation for Institutional Reform

Digital transformation represents a radical change in work through significant technological advancements to serve beneficiaries more quickly. Digital transformation helps provide enormous capabilities to build effective, competitive, and sustainable communities by achieving a radical change in the services of various parties, including consumers, employees, and beneficiaries, while enhancing productivity with high efficiency through a series of appropriate processes.

9.1.2.1- Advantages of Digital Transformation

Any unit within the state's administrative apparatus that provides services can benefit from digitally driven operational improvements, which create greater value for customers (citizens), employees, and partners. Some of the benefits that digital transformation can offer include the following:

- i. Faster and more efficient operations
- ii. Increasing capabilities
- iii. Reducing costs
- iv. Improving safety, quality, and productivity

Digital transformation is the process of utilizing digital technologies to transform current traditional and non-digital business processes and services, or creating new processes and services, to meet evolving market and customer expectations, thereby completely changing the way enterprises are managed and operated. Therefore, working through digital transformation has three dimensions, including the following More Customer Experiences - Working on understanding customers in more detail, using technology to enhance customer growth, and creating more customer contact points.

- i. Operational Processes - Improving internal operations by leveraging digitization and automation, empowering employees with digital tools, and collecting data for performance monitoring and making more strategic business decisions.
- ii. Business Models - Transforming businesses by expanding physical offerings using digital tools and services, introducing digital products, and employing technology to provide global shared services.
- iii. Business Models - Transforming businesses by expanding physical offerings using digital tools and services, introducing digital products, and employing technology to provide global shared services, **Figure 1** illustrates the extent of the interrelation between the three axes.

9.1.2.2- Therefore, digital transformation helps in:

- **Increasing productivity** while reducing labor costs – Therefore, using technology to work more efficiently is one of the most impactful ways to transform services. Consequently, the time and money spent on training new employees and updating digital resources can quickly get out of control. By using the right tools, it contributes to reducing costs and increasing productivity.
- **Improving customer experience** – Tech-savvy customers desire an excellent experience through multiple touchpoints, such as mobile apps, social media, email, and live chat. Accordingly, digital transformations are the driving force behind innovative customer experiences, contributing to reducing corruption.
- **Stimulating innovation and staying ahead** – Competitors offering similar services are looking towards digital transformation, whether they are prepared or not. Therefore, choosing not to embrace digital transformation essentially means the organization is willing to fall behind. This contributes to stimulating innovation to advance service delivery and subsequently reduces performance time.

Therefore, institutional reform coupled with digital transformation leads to significant progress towards achieving Egypt's Vision 2030 for sustainable development. Adopting institutional reform policies, along with ensuring financial discipline, also contributes greatly to realizing that vision. The following are experiences of some governmental institutions in digital transformation:

First Digital: Transformation at the General Authority for Investment and Free Zones.

The General Authority for Investment established the Investors' Agents Affairs Center to serve as a point of convergence for the Authority's services with the public. This aims to activate the digital transformation system through the electronic portal for investors' services, **Investors Services Network (ISN)** The establishment of this center dates to September 2018, when the Board of Directors of the Authority approved, during its meeting held on 12/9/2018, the activation of the digital transformation system within it. However, its role extends to the service of qualifying and accrediting professionals to work in the field of investment after completing qualified programs. The center has trained a total of 462 agents¹⁹, However, it does not provide services for the establishment or amendments in the investment companies' records, nor does it

offer electronic signature services or other electronic services for financial or investment companies. Instead, it is the front offices of the Authority, located in different places, that are responsible for providing these services. The Investment Authority does offer these services electronically, but some of them are of very poor quality. These include the golden license, investor agent's accreditation services, electronic investment record, investment licenses, company establishment services, association services, and company amendments services. The service delivery time is excessively long, hindering service performance and rendering it unreliable. This necessitates comprehensive institutional reform to provide these services within a competitive timeframe comparable to investment institutions in Arab countries, especially in Dubai and Saudi Arabia, for example. To advance digital transformation in providing these government services, there is a crucial need for full telephone support with over 100 phone lines in various provinces and front offices capable of accommodating all inquiries to the Authority. This would reduce service delivery time from days to hours or minutes, which is considered a motivating factor for investment, even more so than the incentive of reducing income tax rates.

Second Digital: Transformation at the Egyptian Tax Authority.

The Egyptian Tax Authority offers various electronic services, including the submission of tax returns (income, value-added tax, wages and salaries), as well as electronic transactions for deductions, additions, and payments, simplified registration procedures for reverse charge, among other services. Recently, the Egyptian Tax Authority has implemented the **SAP** system to streamline tax payment services. However, the service delivery time for users of electronic services is very high, affecting nearly 3 million out of the 6.5 million registered taxpayers:

Due to the slower internet speed in Egypt compared to European society and many other countries, such as Southeast Asia and others, we find that servers suffer from a sluggish performance, resulting in operational delays, interruptions in execution, and data storage issues. This causes taxpayers to exit the system and re-enter it again. Additionally, the guidelines for dealing with the tax system are insufficient for dissemination, and it is preferable to publish them on the Tax Administration's website, as well as on the Chambers of Commerce and Industry Union, unions, especially for traders, doctors, and engineers, due to their significant audience, whether as funders or agents. Moreover, there are problems with the application of the system, especially regarding the income declarations for juristic persons in mathematical operations without written and published guidelines. Added to this is the disparity in transactions within the tax administration's corridors, especially about data that has been entered incorrectly. When attempting to correct it, one must go through multiple departments within the Tax Authority despite the service being automated. However, it seems that digital transformation will not occur for all departments, making it difficult to focus on dealing with and extracting positive research results, especially for the Bank of Experience for decisions issued daily by internal committees, appeal committees, and reconciliation committees. Although they are recorded within data processing units, they are inconsistent in concept, content, and grounding. Thus, there is a state of contradiction between decisions, requiring comprehensive institutional reform to achieve better results and reduce the time for service delivery.

Third Digital: Transformation at the Real Estate Tax Authority:

Since 2014 and with the amendment of Law No. 196 of 2008, the Real Estate Tax Law, under Law No. 117 of 2014, the actual implementation of the tax on built properties began. However, notifications are still issued manually, appeals are filed manually, and there is no electronic interaction with the tax system whatsoever. Therefore, it is extremely necessary to implement institutional reform for real estate tax transactions on residential and non-residential units. The department's website serves as a tool for displaying the law and its amendments, ministerial decisions, and executive regulations. However, taxpayers have no dedicated cells for interaction or tax payment. Likewise, property owners or company managers with non-residential units lack such facilities, leading to a kind of chaos in transactions and further increasing service delivery time. Consequently, there is a need for accounting requirements on the website and for adjusting the quality of services through comprehensive institutional reform that reflects an increase in customer satisfaction, reduces service delivery time, and ultimately achieves efficiency and effectiveness in public spending on the infrastructure of the Real Estate Tax Authority.

9.2- Financial Discipline and reducing budget burdens

The recent amendment to the Unified public Finance Law, through the addition of a definition for the General Government Budget, which begins in the fiscal year 2024/2025, includes 40 economic entities under the umbrella of the General Government budget.

This aims at ensuring financial discipline for the state and optimal utilization of public resources, it is essential to set a maximum limit for the debt of budgetary bodies and economic entities that cannot be exceeded except with the approval of the President of the Republic, the Cabinet, and the House of Representatives, indicating the beginnings of financial discipline. This is to enable the reduction of the deficit in the state's general budget, as a precursor to striving for a reduction in public debt. This chapter will be addressed through the following sections: the first and second sections.

9.2.1- Financial Discipline from an Accounting Perspective

Financial discipline constitutes an essential part of financial reforms. A more flexible exchange rate and a more open capital account require fiscal policy to play a role as a tool for demand management. Disciplined fiscal policy and a lower public debt-to-GDP ratio would enable monetary policy to focus on price stability.

Furthermore, the independence and credibility of monetary policy can be jeopardized if the budget deficit continues to grow. The prospect of a large deficit makes it difficult to manage inflation expectations. The budget deficit is also significant for financial reforms because it is partly financed by pressuring banks to buy government bonds. Permanent reductions in the fiscal deficit and borrowing requirements of the public and government sectors are crucial to easing constraints on monetary policy.

9.2.1.1- The Importance of Financial Discipline

Financial discipline is crucial for achieving long-term financial stability and success. It involves developing a mindset that prioritizes responsible money management. Financial discipline plays a vital role in attaining long-term financial goals, as illustrated in **Figure (2)**:

1. Building a strong financial institution.
2. Achieving long-term financial goals.
3. Avoiding unnecessary debt.
4. Controlling financial affairs.

Financial discipline is of utmost importance for long-term financial success, and its absence is a primary cause of financial problems. The strategy of allocating 10% of the enterprise's income for long-term investment, while spending the remaining 90% elsewhere, is essential. This allocation serves as financial provision for the future or a precautionary measure against financial distress. Therefore, any income acquired by an organization (whether from budgetary funding or internal/external loans) necessitates saving 10%, making financial discipline crucial for long-term financial success. Figure (3) illustrates the importance of financial discipline: **Figure 3: Financial Discipline is Essential for Financial Success**

9.2.1.2- Financial discipline in stabilizing the exchange rate of the Egyptian pound:

Financial discipline is considered a fundamental factor in stabilizing foreign currency in relation to the Egyptian pound as a hard currency. It involves the government's ability to achieve a balanced budget and effectively manage public debt. This helps reduce inflation, enhance investor confidence, and maintain a stable exchange rate. Economic theories acknowledge that government spending is a crucial driver of economic growth; however, excessive government spending leads to inflation and devaluation of the Egyptian currency against international currencies, thereby inflating financial statements due to inflation. Therefore, it is necessary to restore balance through financial discipline. The greatest concern arises when public debt exceeds the gross domestic product (GDP), as it leads to currency devaluation unless the public debt is reduced relative to the GDP. Achieving budget surpluses or at least a continuous reduction in the fiscal deficit is essential. This approach instills confidence among investors, encouraging them to inject more investments. Consequently, this results in increased public revenues, reflected in tax revenues from both income tax and value-added tax, due to the maximization of investment project profits.

9.2.1.3- The Role of Financial Discipline in Controlling Inflation:

Inflation is a critical economic issue that affects every individual and institution in any country. It reduces the purchasing power of the currency, leading to higher prices. One of the main causes of inflation is the lack of financial discipline. Financial discipline refers to the government's ability to control its spending and borrowing and maintain a balanced budget, or at least reduce the budget deficit. The important role of financial discipline is in helping control inflation, particularly by avoiding the printing of money. Figure 4 illustrates this: **Figure 4: The Importance of Financial Discipline in Controlling Inflation**

9.2.1.4- Reducing Bureaucracy and Optimizing Tax Collection

When reviewing and approving the state budget by the relevant institutions, it is necessary to implement austerity measures, reduce government spending, and optimize the collection of imposed taxes to maximize public revenue. Additionally, reducing the time required for government services and encouraging competition are important. The more online (electronic) payments are expanded, the greater the tax compliance.

9.2.1.5- Combining Structural Reforms with Investment in Infrastructure

Policy makers should aim for a balanced approach when embarking on structural reforms and injecting investments into infrastructure, ensuring not to overinvest in infrastructure at the expense of achieving sustainable economic growth rates. This is essential to maintain the realization of Egypt's 2030 vision for sustainable development.

9.2.1.6- The Role of Financial Discipline When Obtaining New Debts

To maintain financial stability, the Egyptian government should prioritize long-term financial objectives over short-term gains to preserve a strong credit rating. This is essential for attracting foreign investment and maintaining low-interest rates.

9.2.1.7- Factors Influencing Achieving Financial Discipline:

- Reducing Debt
- Achieving a Balance Between Public Expenditure and Revenue
- Increasing Savings
- Avoiding Financial Crises
- Financial Security

9.2.1.8- The Role of Digital Transformation in Achieving Financial Discipline

There is no doubt that digital transformation plays a crucial role in achieving financial discipline. Financial software can help institutions track and monitor expenses, identify areas where costs can be reduced, and automate purchasing processes, thereby reducing the risk of errors.

9.2.2- Alleviating Budgetary Burdens from an Accounting Perspective.

The repetition of deviations between targets and achievements raises an important question about the extent to which government fiscal policy responds to overall economic objectives and its role in stimulating priority developmental sectors. Are there medium or long-term economic plans that form the central axis of government fiscal policy.

Consequently, have general budget preparation methods become effective in shaping a program and performance budget to achieve economic and financial objectives, according to guidelines for estimating revenues and expenditures in various units of the government apparatus within a ministry or a single institution on one hand, or across different institutions on the other hand, thereby enhancing accountability concepts in case of deviations

or is the current approach more akin to the traditional method known as "Line-Item Budgeting", with some modifications to appear as program and performance budgeting according to the concept of the Unified General Finance Law.

Egypt has taken significant strides under this law aimed at enhancing financial discipline, which include absolute transparency in public budget projects, regular financial bulletins issued by the Ministry of Finance such as the monthly financial bulletin, the Citizens' Budget, the final accounts report for the general budget, and other reports.

Undoubtedly, there are highly important aspects through which financial discipline can be improved, including reducing public debt by making necessary adjustments to borrowing limits, effective accountability regarding the accuracy of revenue and expenditure estimates, enhancing financial skills for leadership in the government apparatus and public sector, and developing the method of preparing the general budget, especially in aspects related to allocating finances for priority developmental capital projects. These mechanisms should be part of a disciplined financial policy that contributes to a comprehensive economic plan to achieve sustainable development goals. (Bedawi, 2023).

The challenges of monetary policy due to high inflation rates, including foreign exchange rate and the necessary adjustments in Egyptian accounting standards, especially Standard No. (13) on the effects of changes in foreign exchange rates, and adjusting interest rates on deposits and certificates to address inflation rates, are among the most significant difficulties facing the budget for 2024/2025.

The amendments issued by the Egyptian state to the Egyptian accounting standards, specifically pertaining to Egyptian Accounting Standard No. (13) - Effects of Changes in Foreign Exchange Rates, are as follows:

- In paragraph (4), the standard number was amended to (47) instead of standard number (26) when the standard mentioned the application of standard number (47) to many financial derivatives recorded in foreign currency, and therefore they were excluded from the application of Egyptian Accounting Standard No. (13).
- However, there are some derivatives that fall outside the scope of standard number (47) and fall within the scope of standard number (13), such as some derivatives of foreign currency included in other contracts.
- In defining the closing rate, the definition was amended to be the prevailing exchange rate on the date of the end of the financial period, and the currency should be exchangeable with another currency when the entity is able to exchange that currency with another, considering that in the case of inflation circumstances, we cannot apply the prevailing rate. The question now is when the currency becomes exchangeable?
 - i. If currency exchange can occur without administrative delay (Time period - week - month - quarter...).

- ii. Exchange through an official legal market.
- iii. Availability of the currency.
- Reference was made in the fair value definition to Standard No. (45) - Measurement of Fair Value.
- The observable exchange rate: It is the rate that the entity expects to exchange currencies using supported rates (meaning it is the rate chosen by the entity to determine how it settles its obligations on the date of financial statements closure).
- Paragraph (19/A) was added to the standard entitled Determining the Spot Exchange Rate when there is difficulty exchanging between two currencies, according to the conditions stipulated in the standard, and accordingly, the conditions for estimating the spot exchange rate are:
 - i. The rate at which the entity could have entered an exchange transaction if the currency were convertible into another currency.
 - ii. The rate that would be applied to a regular transaction among participants in the market (fair value).
 - iii. A rate that reflects the fairness of prevailing economic conditions.
- Paragraph number (24) of the standard was amended to indicate that fixed assets can be measured at fair value or historical cost according to Egyptian Accounting Standard No. (10) - Fixed Assets and Depreciation.
- Part of paragraph number (26) was amended by replacing the phrase "If the exchange rate on which two currencies can be exchanged on a temporary basis is not available" with "Not available due to difficulty in converting the currency into another currency, and in this case, the steps outlined in paragraphs 19/A and 19/B of this standard are followed."
- In paragraph number (27), standard number (26) was replaced with standard number (47) regarding hedge accounting.
- An amendment to Paragraph No. (31), where he added that, for example, Egyptian Accounting Standard No. (10) requires fixed assets and their depreciation, that the profits or losses resulting from the revaluation of fixed assets be recognized directly within the items of other comprehensive income (this is as stated in Paragraph No. 32 of the Egyptian Accounting Standard No. 13, where it is stated in the paragraph that when such an asset is measured in a foreign currency, Paragraph No. 23 (c) of the standard requires that the value of that revalued asset be translated using the exchange rate prevailing on the date on which that value is determined, which leads to his work teams, it is also recognized in other comprehensive income)
- Paragraphs Nos. (32 to 42) about recognizing currency differences and using a display currency different from the dealing currency have been amended.
- Paragraph No. (43) of the standard was restored and Paragraph No. (44) was canceled with an amendment to Paragraph No. (45).
- Paragraphs No. 46 and 47 were amended, and the contents of Paragraph No. (47) were transferred to Paragraph No. (48), and Paragraph No. (49) and Paragraph No. (57) were also amended.

- Paragraph No. (58) has been added, which refers to the application of Paragraphs Nos. (8 + 26 + 19A) to 19C, Paragraphs 57A and 57B, and Appendix (D) on or after the first of January 2024, and early application is permitted.
- Paragraph No. (59) has been added to clarify the effect of the change and amendment on retained profits.
- Appendix (D) has been added to the standard, which includes 18 items related to Egyptian Accounting Standard No. (13), the effects of changes in foreign exchange rates.
- In conclusion, the standard allowed for the first time in application to use a later exchange rate (after the date of the financial position), such that the exchange rate was used after the flotation to evaluate its balances on 12/31/2023, as the standard stated that early application could be possible, that is, in the year 2023, and this indicates the beginnings of achieving financial discipline.
- It was stated under the title “Tax consequences of all currency differences” (Paragraph No. 50) of the standard (Tax effects may result from gains and losses from transactions in a foreign currency and from currency differences arising from translating the business results and financial position of an entity (including foreign activity) into a different currency, and the Egyptian accounting standard is applied No. (24) Income taxes in accounting for these tax effects.
- Disclosures
 - Currency details and restrictions
 - Transactions affected by these currencies
 - Book value of assets and liabilities in currencies
 - Price used
- Important disclosures
- Recognizing any effect of the initial application of the amendments as an adjustment to the opening balance of retained earnings on the date of initial application.
- Translate the assets and liabilities affected on the date of initial application using the estimated real-time exchange rate on that date.
- Translating the equity items affected on the date of initial application using the estimated spot exchange rate on that date if the entity’s functional currency is affected by severe inflation (and) recognizing any effect of initially applying the amendments as an adjustment to the cumulative amount of translation differences accumulated on the equity side on the date of initial application.

9.3- A proposed approach to implementing comprehensive institutional reform to ensure financial discipline

9.3.1- Analytical study with a quantitative approach:

The increase in the value of public debt (domestic and external), including the 2024/2025 budget, changed between 2015/2016 and 2023/2024. The following table compares the value of public debt (both external and internal) to the GDP.

Table No. (1) Value of public debt and gross domestic product

GDP growth rate	Ratio of public debt to gross domestic product	Gross domestic product	External debt		Local debt	The value of public debt	Years
			Value in million dollars	Value in Egyptian pounds trillion			
4.3%	99.4%	3,534	55.8	0,893	2,620	3,513	2015/2016
4.2%	96.3%	4,656	82.8	1,324	3,160	4,484	2016/2017
5.3%	86.1%	6,312	92.8	1,739	3,696	5,435	2017/2018
5.6%	77.8%	6,901	108.7	1,087	4,282	5,369	2018/2019
3.6%	81.3%	4,907	123.5	1,235	3,989	3,990	2019/2020
3.3%	84.2%	5,453	137.9	1,378	4,591	4,592	2020/2021
6.6%	85.3%	5,383	155.7	1,557	5,399	4,592	2021/2022
4.2%	84.2%	8,609	164.7	1,647	5,602	7,249	2022/2023
4.1%	91.3%	12,312	168.5	5,223	6,018	11,241	2023/2024
4.9%	95.7%	12,918	125.4	5,894	6,466	12,360	2024/2025 Budget target

The following numbers depict the extent of development for both public debt (domestic and external) and GDP from the standpoint of government accounting, and they will be discussed to guide the proposed strategy. **Figure No. (5) Development of total public debt during the years of study**

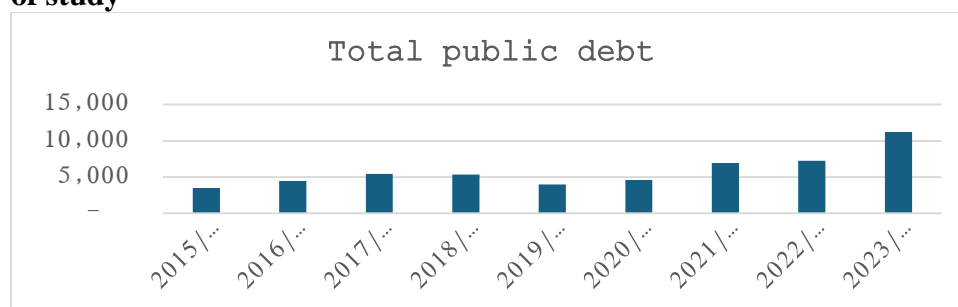


Figure No. (6) The development of internal debt during the years of study

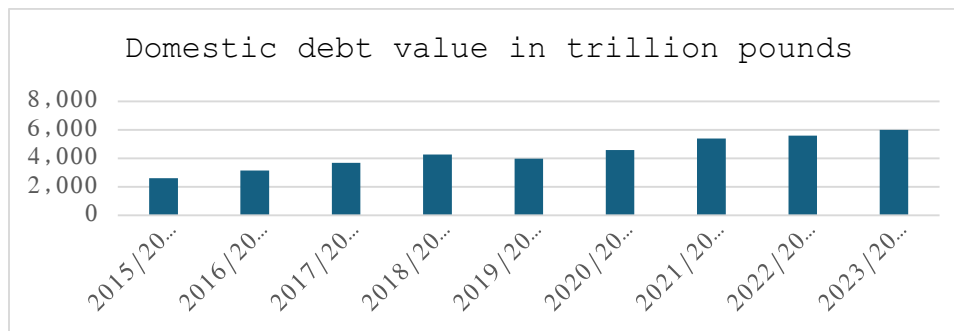


Figure No. (7) Development of foreign debt during the years of study

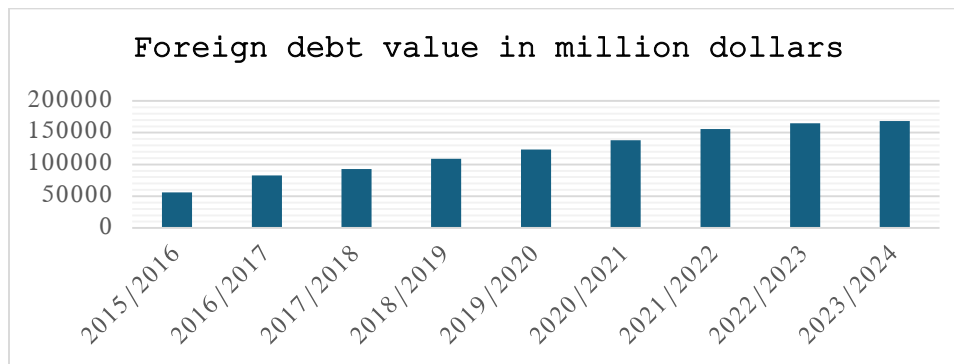


Figure No. (8) Development of GDP during the years of study

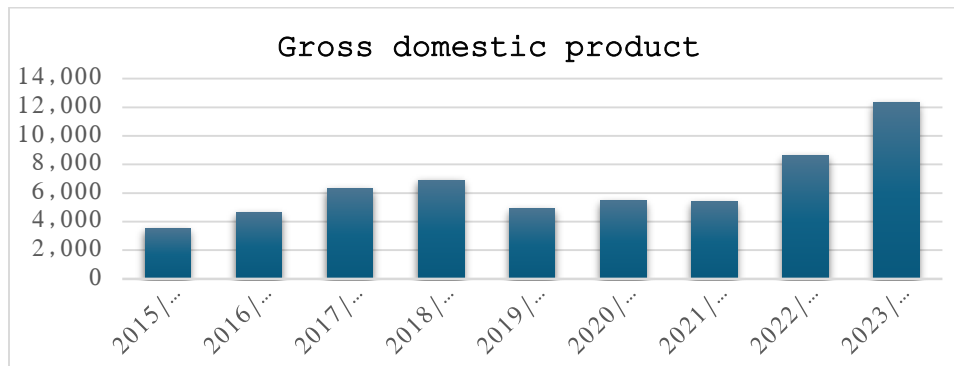


Figure No. (9) Development of internal and external debt during the years of study

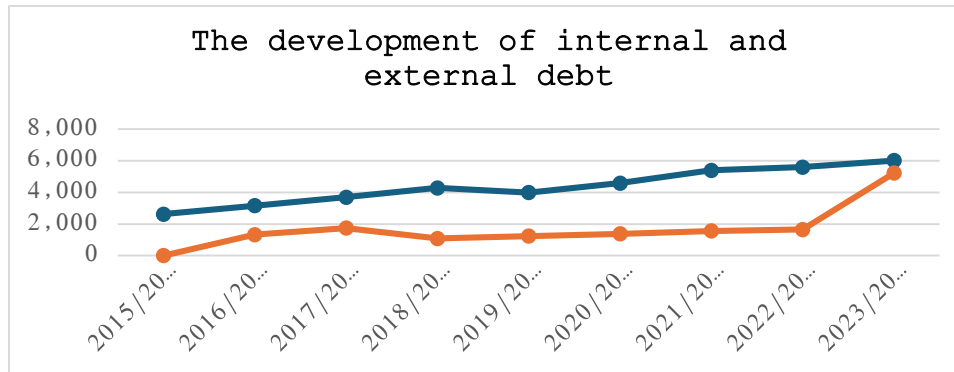


Figure No. (10) Development of the ratio of public debt to GDP during the years of study

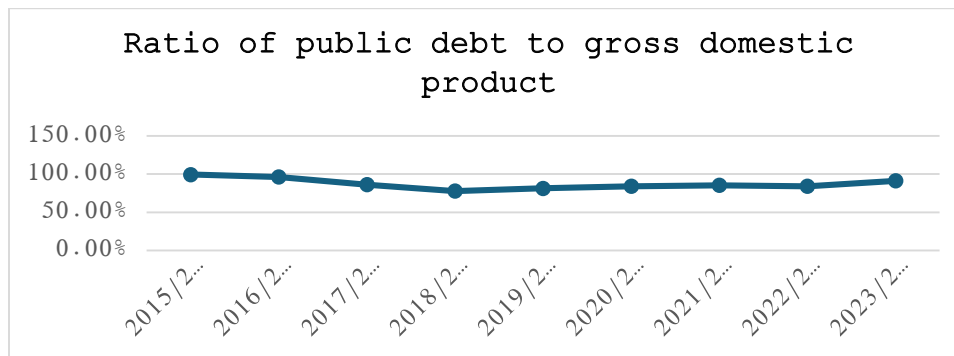
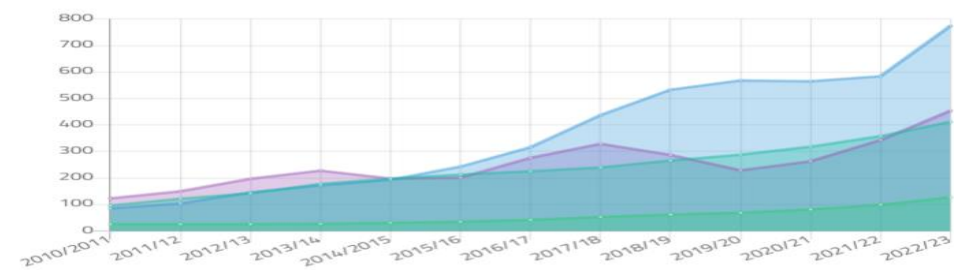


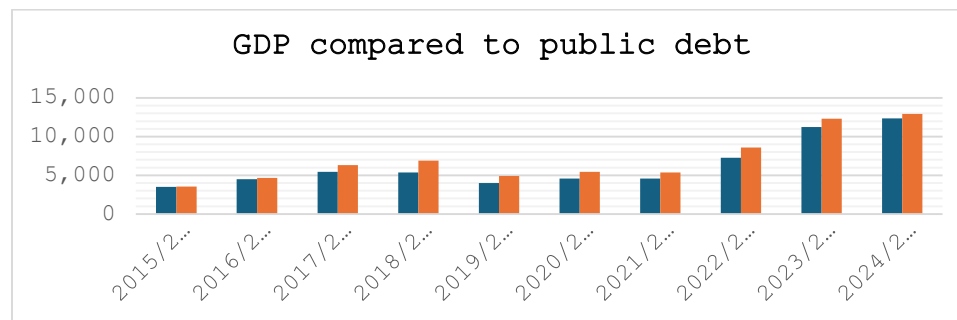
Figure No. (11) Interest, support, and wage payments during the years of study



By researching the numbers contained in Table No. (1) issued by the Ministry of Finance and the Central Bank of Egypt, it is clear that at least 75% of the external public debt is long-term loans, which indicates the absence of tension and anxiety regarding paying the debt service burden and installments annually, as is evident from the illustrative figures above. The gross domestic product is more than the public debt, and the public debt did not exceed the domestic product barrier, and this is as is clear in Figure No. (12), which indicates a state of reassurance in the ability of the Egyptian economy to recover from the shocks that it experienced, like all countries of the world, whether the Corona events or The effects of the Russian-Ukrainian war or the problems of the Middle East and how they affected maritime navigation in the Red Sea. Consequently, the improvement and recovery of the Egyptian economy was indicated by

international organizations, such as Standard & Poor's International and Moody's credit rating agency modified their outlook for Egypt to positive from stable. At the same time, it affirmed Egypt's long- and short-term foreign and local currency sovereign credit ratings at "B-/B."

Figure No. (12) GDP compared to public debt (value in trillion pounds)



To study the extent of the ability of comprehensive institutional reform, with the goal of financial discipline, to achieve sustainable development prospects through accounting requirements, we find that the tax revenues included in the state's general budget in the 2024/2025 budget through the analysis presented in Table No. (2) through the presentation of the initial surplus and the extent of the reality of The surplus after deducting the expenses listed in the table from (No.: 1 to No.: 4) is barely sufficient to cover the interest expenses (servicing the debt load) and pay the installments, which amount to 3 trillion and 404 billion pounds, respectively, and are shown below:

Table No. (2) First analysis of the 2024/2025 Budget

Value in billion pounds	
Analysis of 2024/2025	
1. Wages and workers' compensation	575
2. Buy goods and services	167
3. Support, grants, and social benefits	636
4. Other expenses	162
5. Purchasing non-financial assets (investments)	496
Total	2,036
Tax revenues in the general budget in the budget	2,000
First surplus	36
Debt service expenses	1,834
The reality of surplus.....deficit	-1,798
Payment of debt installments	1,606
The reality of the shortage	-3,404
Other income	600

The state's general budget deficit

-2,804

Because the dreams and ambitions on which the 2024/2025 budget was built require moving in strong and supportive steps to achieve sustainable development and financial sustainability through digital transformation tools, it is necessary to implement the program and performance budget and adopt an approach to institutional reform, especially with the worsening cost of debt service and installments, which increases much more than the tax revenues expected to be collected, For payment, represented by others. For payment, represented by other revenues, which are estimated in the budget at 600 billion pounds, the matter necessitates a rational approach to comprehensive institutional reform, which may include implementing the government's proposed program rather than borrowing to cover the state's overall budget deficit.

9.3.2- The proposed approach to adopting comprehensive institutional reform with the aim of ensuring financial discipline:

1. Creating tax committees to handle tax disputes and customs issues within investors' headquarters to make things simpler for them and address their difficulties, particularly in the Federation of Egyptian Industries, the Federation of Chambers of Commerce, and export investor organizations. It must be within its jurisdiction to instill trust in the public's dealings with government agencies, which can only be accomplished by responding immediately to exporters' requests for export support, value-added tax credit balance, electronic tax review, electronic dealings for issuing and renewing import cards, commercial registry amendments, and card issuance tax.
2. The importance of reviewing the House of Revenue in Egypt's performance for the Egyptian Tax Authority, the Real Estate Tax Authority, and the Customs Authority using the Tax Administrative Diagnostic Assessment Tool (TADAT) review systems to provide an objective diagnosis of the strengths and weaknesses to achieve international transparency and integrity rules. Improving their functioning, maximizing income, and increasing the effectiveness of government spending on these institutions.
3. It is necessary to communicate effectively with the International Bureau of Fiscal Documentation (IBFD), which is one of the well-established organizations in tax issuances, to provide tax awareness services and increase tax interaction with the Federation of Chambers of Commerce and Exporters and the Federation of Industries to increase financiers' voluntary commitment and prevent the tax administration from interfering with tax audit procedures. For financiers, particularly large and medium-sized financiers, who contribute more than 80% of the earnings of sovereign income.
4. It is critical to implement the deficit reduction strategy. This is accomplished by rationalizing expenditure to budget government agencies and limiting it to 85% of the supply, as well as establishing a 90% limitation for public debt (internal and foreign) on GDP. For the 2024/2025 budget, with a 5% annual cut. This is accomplished by investing 10% of the government's loans in separate funds dedicated to the repayment of long-term debt.

5. Controlling the annual ceiling of general government debt to no more than 60% in the year 2030 and continuing this ceiling annually until it reaches 40% in 2040.
6. Introducing the idea of the general budget of the government. International auditing organizations must review the government apparatus units, from the BIG 4 offices (global accounting offices) to provide restricted examination services and other verification tasks, to the regulations governing the government apparatus's direct dealings with the public and financial transactions, excluding their Egyptian correspondents. To comply with international standards for transparency and integrity, the office must be replaced annually. Additionally, annual budget implementation paths must be corrected to improve public expenditure efficiency and ensure budget comprehensiveness.
7. Tax incentives must be provided (50% deduction from taxable profits in the first five years), like what is applied in Morocco and Spain, to localize the Egyptian industry, including heavy industrial activities such as aircraft, ships, trains, and cars, if they are strategic priority activities, similar to what has been done presented by the Green Hydrogen Law.
8. It is necessary to provide loans at a rate not exceeding 10% to industrial and agricultural activities, with the Ministry of Finance bearing the differences in interest rates, to reduce the cost of sales, which is reflected in a reduction in the selling prices of products, and then achieve balance in the market between the producer and the consumer, with strict control of pricing through price radars.
9. Review and monitor the implementation of the budget of general government agencies regularly by the observers of the Ministry of Finance as a pre-disbursement oversight, with a statement of the feasibility of financial spending to achieve seriousness of disbursement, and to implement a balanced path for financial sustainability.
10. Reducing the number of ministries in the state's administrative structure while also reducing and rationalizing public expenditures, as is done in the United States and the European Union. Egypt now has 33 ministries, and to implement comprehensive institutional reform, the number of ministries and public organizations must be reduced. Through the conclusion of agreements between the Ministry of Planning and the Central Organization for Organization and Administration. Creating a body to ensure the quality of government service delivery and establishing accountability for rewards and punishments.
11. Increasing and developing Internet services and applying the fifth generation electronically, to operate all government services remotely to eliminate problems of bureaucracy and administrative corruption and using financial inclusion tools to activate the application of providing all government services electronically and delivering official documents through companies from the private sector with direct delivery to the service recipient in 24 hours at most.
12. As a result of public revenues not keeping pace with public expenditures, public expenditures must and inevitably be reduced, to raise the efficiency of public spending.

13. Opening new outlets and markets in the continent of Africa to develop agricultural and industrial exports, as it is a promising market and fertile ground for Egyptian products and providing support from the government apparatus to exporters and removing all obstacles in front of export companies. With an immediate response to the value-added tax on export inputs as soon as notification of the transfer of export proceeds is submitted to Egyptian banks.
14. Increasing the tax community, particularly the informal community, to achieve tax fairness and the best tax withholding rate from the available tax capacity, which must be 20% of GDP, resulting in tax revenues of 2.6 trillion. This is accomplished by simplifying accounting procedures and extending the deadline for applications. Article 3 of Law No. 30 of 2023 amends the provisions of Law No. 91 of 2005, the Income Tax Law. For all small businesses with a turnover of less than \$20 million, the activation of electronic invoicing throughout the community will streamline tax accounting operations electronically.
15. Considering the decline in the value of the pound against foreign currencies, it is necessary to amend the tax registration limit for value-added tax, to one million pounds, instead of 500 thousand pounds, which prompts society to take the initiative to register and circulate invoices electronically, if registration is mandatory and not optional for those who have reached the registration limit. Keep in mind that registration is for all professionals.

9.3.3- A field study to demonstrate the feasibility of applying the proposed approach:

In this phase, the researcher will undertake a field study to demonstrate the feasibility of implementing the recommended approach. The remarks and questions will be aimed at a set of respondents drawn from the state institutions that the researcher researched using the deductive approach. The research population includes supervisors, department heads, and window staff, particularly those working at the Authority's one-stop shop. Investment, and from general directors of examination, managers, auditors, and tax commissioners of various specializations at the Egyptian Tax Authority (centers for large and medium-sized taxpayers) and real estate (Greater Cairo errands), in addition to a sample of accountants and auditors working in the liberal profession who work in major offices BIG 4. The sample of the study is to choose A random sample of the study population divided as follows:

Table No. (3): The study sample was divided into the selected institutions

Percentage of responses for the selected sample	Sample responses	Selected sample	Study population	Sample employers
80%	16	20	350	An employee of the General Authority

				for Investment and Free Zones
80%	12	15	150	Income tax workers
80%	8	10	85	Those working for value-added taxes
90%	9	10	65	Workers with wages and salaries taxes
60%	6	10	45	Real estate tax workers
100%	10	10	55	Freelancers (certified accountants)
81%	61	75	750	Total

Questions and statements (15) Statements from the suggested strategy were presented to the study population, who responded on a Likert scale ranging from strongly agree to strongly disagree. The responses were copied onto a sheet in the SPSS program to calculate the means and standard deviations of the answers to indicate the extent to which the answers tend, with a display of the coefficient of variation to determine the acceptance rank for any of the proposed entry items in accepting the application, as well as the priority for any of the previous items, help to clarify which of the entrance items has precedence in the application. Each entry item is labeled from A1 to A15.

Table 4: Reliability analysis

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.955	.955	15

Table No. (4) shows that the degree of reliability of the analysis is greater than 95% based on the Cronbach analysis from the SPSS analysis, indicating the integrity and validity of the data collected, as well as the quality of the statistical study with high effectiveness, for 61 and 15 items, respectively. One of the suggested entrance locations.

Table No. (5): Responses of the study sample divided into the items of the proposed approach

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
A1	61	1.00	5.00	4.5410	.92329	.852
A2	61	2.00	5.00	4.4754	.88707	.787
A3	61	1.00	5.00	4.4098	1.00626	1.013
A4	61	1.00	5.00	4.5574	.80673	.651
A5	61	1.00	5.00	4.5410	.92329	.852

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
A6	61	2.00	5.00	4.6230	.73403	.539
A7	61	1.00	5.00	4.5410	.92329	.852
A8	61	1.00	5.00	4.2131	1.06638	1.137
A9	61	1.00	5.00	4.5082	.94204	.887
A10	61	1.00	5.00	4.4262	1.00762	1.015

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
A11	61	1.00	5.00	4.5410	.92329	.852
A12	61	1.00	5.00	4.1803	1.02483	1.050
A13	61	1.00	5.00	4.5410	.92329	.852
A14	61	2.00	5.00	4.2951	.91913	.845
A15	61	2.00	5.00	4.3279	.90777	.824
Valid (listwise)	N	61				

Clause No. (6) refers to the first level and is related to the necessity of applying the general government budget, which is the one that the government has begun to implement for the year 2024/2025, in accordance with the amendment to the Unified Public Finance Law, but with annual review from the BIG 4 offices for all general government units, followed immediately by it. Item No. (4), which concerns the necessity of aiming to reduce the budget deficit annually until the percentage of the deficit in the gross domestic product reaches 60% in the year 2030, while we find Item No. (8) takes the last rank of the proposed approach by providing loans of no more than 10% for industrial and agricultural projects, taking the last priority. The items from the proposed approach (1), (5), (7), (11), and (13) agree in order in terms of importance among the sample categories.

Table No. (6) Chi-Square Distribution Outputs

Test Statistics

Chi-Square	(a, b)	df	.Asymp. Sig	
113.120		4	.000	A1
60.770		3	.000	A2
84.656		4	.000	A3
100.557		4	.000	A4
113.180		4	.000	A5
80.574		3	.000	A6

113.110	4	.000	A7
54.328	4	.000	A8
106.459	4	.000	A9
93.672	4	.000	A10
113.160	4	.000	A11
47.443	4	.000	A12
113.180	4	.000	A13
33.623	3	.000	A14
37.154	3	.000	A15

The outputs of SPSS, as shown in Table No. (6) related to the Chi-Square distribution results for the items of the proposed approach, totaling (15) items, indicate that the Chi-Square results exceed the tabulated value, signifying they are significant as they are much less than 0.05. This indicates that there is a consensus among the selected sample on the responses to the items of the proposed approach.

10. The Results:

The researcher, through a review of the previous literature and financial analysis of the current budget items for 2024/2025 and government accounts for previous years, has developed a proposed approach. This approach was presented to employees of the selected entities to extract the key points for application as accounting requirements for institutional reform to achieve Egypt's Vision 2030, ensuring financial discipline and financial sustainability. As previously outlined, these points are arranged as follows:

Table No. (7) Statistical Ranking of SPSS Outputs for the Coefficient of Variation

M	Proposed Approach Item	Statistical Ranking
1	Establishment of tax committees to resolve tax disputes and address customs issues within the premises of investors to facilitate and resolve their problems, particularly in the Egyptian Federation of Industries, the Federation of Chambers of Commerce, and associations of export investors. It is their responsibility to foster trust among stakeholders dealing with government entities, which can only be achieved through immediate response to exporters' requests for export support, VAT credit balances, electronic tax audits, electronic issuance and renewal of import cards, commercial registry amendments, and issuance of tax cards.	6
2	The necessity of reviewing the performance of the Egyptian revenue authority, including the Egyptian Tax Authority, Real Estate Tax Authority, and Customs Authority, according to the Tax Administration Diagnostic Assessment Tool (TADAT), to provide an objective diagnosis of strengths and weaknesses aiming to achieve international	3

	transparency and integrity standards. This includes enhancing their operations, maximizing revenues, and improving the effectiveness of government spending on these institutions.	
3	It is essential to engage in effective communication with the International Bureau of Fiscal Documentation (IBFD), an esteemed organization in tax publications, to provide tax awareness services and increase tax interaction with the Federation of Chambers of Commerce, exporters, and the Federation of Industries. This aims to enhance voluntary compliance among taxpayers and prevent excessive intervention by the tax administration during tax audits, particularly for large and medium taxpayers who contribute more than 80% of sovereign revenue	8
4	It is imperative to implement a deficit reduction strategy (targeted in the 2024/2025 budget at 6% of the gross domestic product) through rationalizing government spending and reducing it to 85% of the allocated budget. This includes setting a cap on public debt (domestic and external) at 90% of the gross domestic product for the 2024/2025 budget, with an annual reduction rate of 5%. This will be achieved by investing 10% of the government's loans in separate funds dedicated to repaying long-term debts.	2
5	Control the annual ceiling of the general government debt not exceeding 60% by the year 2030 and continue maintaining this ceiling annually until it reaches 40% by the year 2040.	6
6	The introduction of the concept of government budgeting necessitates that government entities undergo review by international auditing institutions, such as the BIG 4 accounting firms, to provide limited audit services and other assurance tasks. This is to ensure that government dealings with the public and financial transactions are conducted directly rather than through intermediaries in Egypt, aiming to achieve international transparency and integrity standards. The auditing firm should be changed annually to correct annual paths in budget implementation, aiming to enhance public spending efficiency and achieve inclusivity in budget execution.	1
7	It is necessary to provide tax incentives (a 50% deduction from taxable profits in the first five years) similar to those applied in Morocco and Spain, to localize the Egyptian industry in heavy industries such as aircraft, ships, trains, and cars, considering them as strategic priority activities, akin to what was proposed in the Green Hydrogen Law	6
8	It is imperative to provide loans not exceeding 10% for industrial and agricultural activities, with the Ministry of Finance bearing the differences in interest rates, to reduce the cost of sales. This will reflect in lower selling prices for products, thus achieving market equilibrium between producers and consumers, with strict price monitoring	10

	through price radar systems	
9	Reviewing and monitoring the implementation of the budget of government entities on a regular basis by the Ministry of Finance's auditors as a pre-disbursement control, along with stating the feasibility of financial expenditures to ensure expenditure seriousness, to implement a balanced path for financial sustainability purposes.	7
10	Reducing the number of ministries in the state administrative apparatus, taking into consideration the reduction and rationalization of public expenditures, in line with practices followed in the United States and the European Union. Egypt currently has 33 ministries, and for comprehensive institutional reform to be adopted, it is necessary to reduce this number of ministries as well as public bodies. This will be achieved through agreements between the Ministry of Planning and the Central Agency for Organization and Administration, and the establishment of a body to ensure the quality of government services and the implementation of a system of rewards and penalties.	8
11	Increasing and enhancing internet services and implementing fifth-generation technology electronically to operate all government services remotely, thereby addressing bureaucratic hurdles and administrative corruption. Utilizing financial inclusion tools to activate the electronic provision of all government services and delivering official documents through private sector delivery companies directly to the service recipients within 24 hours at most	6
12	As a result of the public revenues not keeping pace with public expenditures, it is imperative to reduce public expenditures to enhance overall spending efficiency.	9
13	Opening new outlets and markets in Africa to boost agricultural and industrial exports is crucial, as it represents a promising market and fertile ground for Egyptian products. Providing support from the government to exporters and removing all obstacles facing export companies is essential. This includes promptly refunding value-added tax on export inputs upon submission of export revenue transfer notices to Egyptian banks	6
14	Increasing the inclusivity of the tax community, especially the informal sector, is essential for achieving tax justice and attaining a higher tax collection rate from the available tax base. This should reach up to 20% of the gross domestic product, aiming to raise tax revenues to 2.6 trillion. This entails simplifying accounting procedures and extending the application deadline for Article 3 of Law No. 30 of 2023, amending the provisions of Law No. 91 of 2005, the Income Tax Law, to cover all small businesses with annual turnover less than 20 million. Additionally, implementing electronic invoicing across the community to facilitate electronic tax accounting procedures.	5

15	Considering the decrease in the value of the Egyptian pound against foreign currencies, it is necessary to adjust the tax registration threshold for value-added tax to one million pounds instead of 500,000 pounds. This adjustment encourages society to register and adopt electronic invoicing, with registration becoming mandatory once the threshold is reached. It should be noted that registration is required for all professionals.	4
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Through interviews with stakeholders, the researcher concluded the necessity of pursuing a strategy with five axes, which can be presented as follows:

- **Industry:** It's time to shift towards heavy industries financed by both Egyptian and foreign private investors (Arabs and others), aiming for exportation to gain financial support in foreign currency, following the example of Morocco, the United Arab Emirates, Brazil, and Malaysia.
- **Technology:** Relying on technological industries like electronic devices' boards, which represent industries relied upon by many emerging economies.
- **Agriculture:** The current agricultural land area will not suffice for the ambitions of Egyptians. Therefore, it is necessary to cultivate at least 40 million acres, in areas such as Western Minya, Beni Suef, Assiut, Sohag, and the North Coast. These regions are fertile with groundwater and suitable for agriculture. Directing crops towards exportation could potentially make them a global food basket.
- **Agricultural Industries:** Agricultural industries, fertile ground for export such as dried fruits and canned crops, and foods awaited by many facing severe food shortages. Preserved foodstuffs could be a significant source of foreign currency, akin to practices in Greece and Turkey.
- **Investment:** There's no doubt that Build-Operate-Transfer (BOT) investment systems are among the most crucial methods for attracting investments aimed at leveraging the construction of roads, ports, bridges, railway tracks, and airports, then transferring them to the state after a period, which could be up to 15 years. Relying on the state for construction and operation is no longer feasible due to its high cost, often leading to borrowing for construction. Instead, relying on the private sector in this capacity represents an aspect of economic advancement, shifting the state's role from owner to manager, akin to what has been done in the field of electricity (Siemens).

11. Recommendations:

- The researcher recommends proceeding with the implementation of the five axes diligently through an annual plan not exceeding five years, starting from the current fiscal year 2024/2025.
- Providing suitable training programs to train on service delivery in the shortest possible time using the PERT network of operations research methods "Program Evaluation and Review Technique" to eliminate wasted time.

- Contracting with international audit and assurance services firms, the BIG 4, to audit the operations of the government institutions mentioned, the General Authority for Investment and Free Zones, the Egyptian Tax Authority and the Real Estate Tax Authority, as well as the Customs Authority. Additionally, review by the International Bureau of Fiscal Documentation (IBFD) based in the Netherlands to achieve transparency and credibility in the results of the operations of these institutions after applying the proposed institutional reform approach.
- It is essential to make new appointments to replace current employees to change the human resources approach in those institutions mentioned.
- It is time to contract with qualified private companies and privatize the registration processes of companies with the Investment Authority, after obtaining security approvals, and establish private companies to carry out tax registration, tax collection operations, and customs clearance away from the concentration of these tasks in governmental institutions, opening the door for the private sector to undertake the mentioned tasks.

Figure 1: The Interrelation between the Axes of Digital Transformation

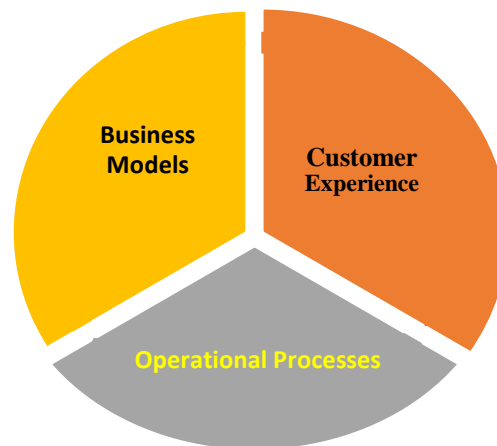


Figure 2: The Importance of Financial Discipline in Financial Planning

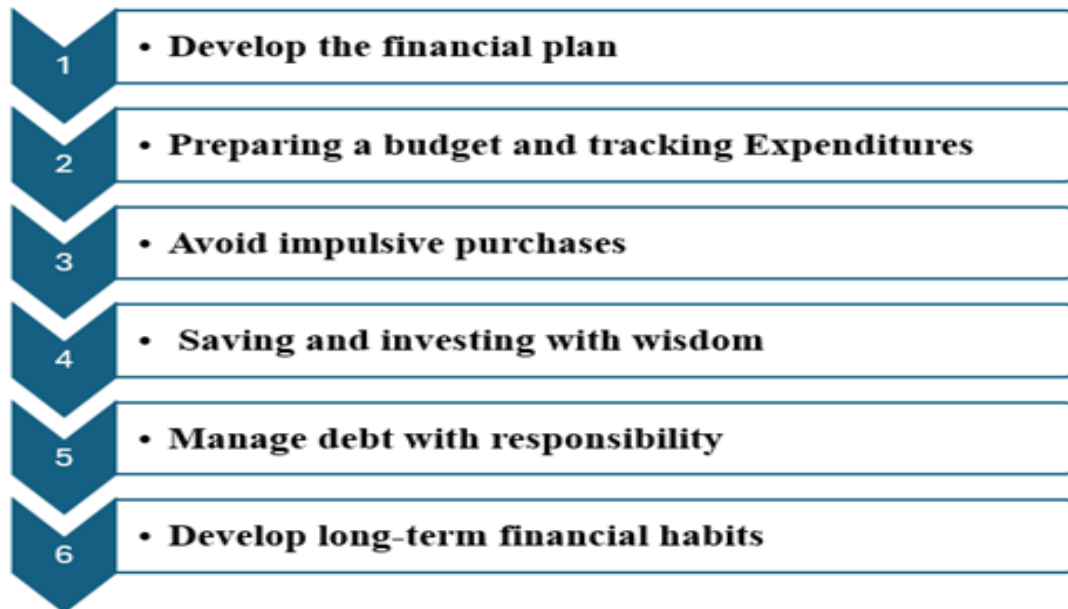


Figure 3: Financial Discipline is Essential for Financial Success

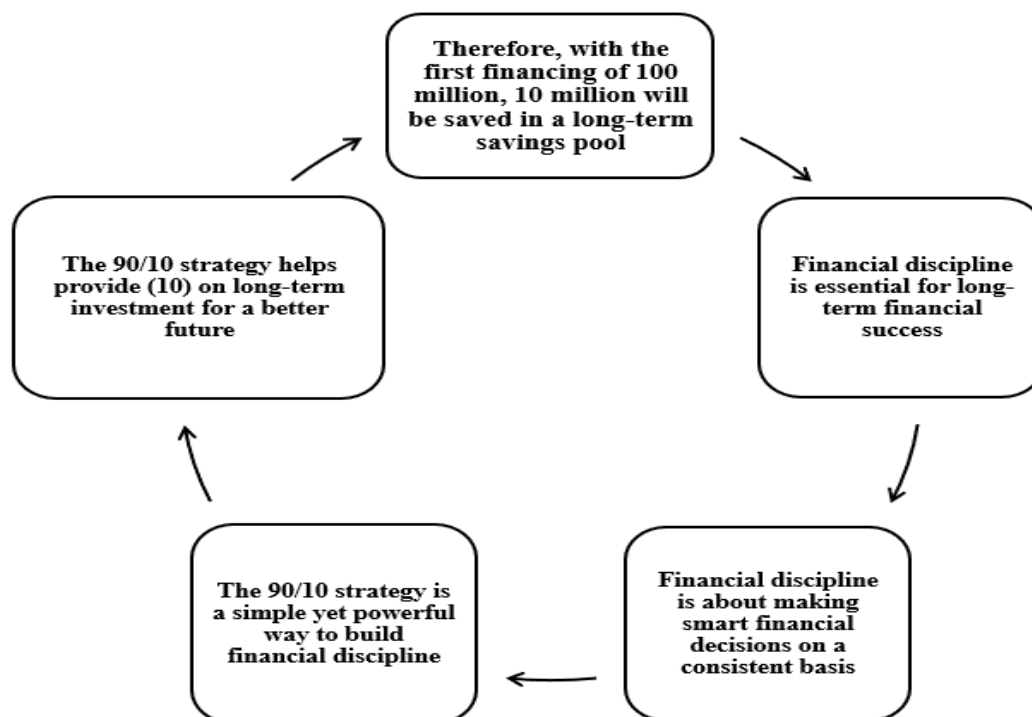
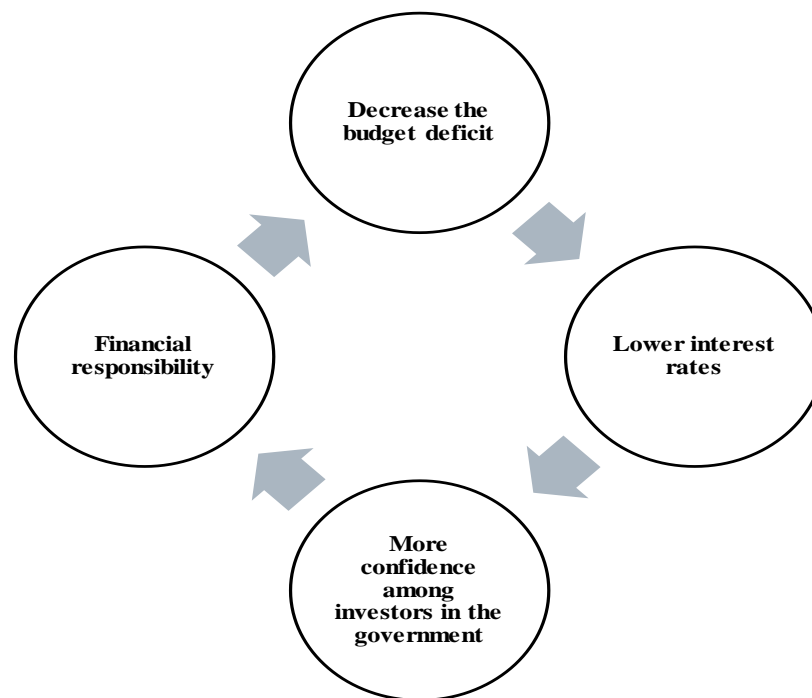


Figure 4: The Importance of Financial Discipline in Controlling Inflation



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