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وزارة التخطيط والتنمية الاقتصادية والتعاون الدولي
Ministry of Planning, Economic Development & International Cooperation

EGYPT'S INTEGRATED NATIONAL FINANCING STRATEGY 2024

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The issuance of any of the proposed financing instruments mentioned in this EINFS report are subject to the feasibility study and should be based on the Government of Egypt's strategic and economic priorities.

It is important to underscore that on July 3, 2024, a new Cabinet was formed in which the Ministry of International Cooperation, and the Ministry of Planning & Economic Development were merged to be led by one Minister. Views in this document precede this material event.

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EGYPT'S
INTEGRATED NATIONAL FINANCING STRATEGY

FOREWORD

Ministry of Planning, Economic Development and International Cooperation

I am pleased to present Egypt's inaugural "Integrated National Financing Strategy" (EINFS), a product of years of close collaboration between the Government of the Arab Republic of Egypt and the United Nations (UN) under the Joint Program **"Egypt's SDGs Financing Strategy"** by the UN Joint SDG Fund.

Sustainable financing has long been a global challenge, further exacerbated by the interconnected polycrises and the socioeconomic implications of the COVID-19 pandemic, with the 2024 Global Financing for Sustainable Development Report estimating an annual financing gap of $2.5 to $4 trillion.

For Egypt, as with many developing nations, enhancing access to sustainable finance for low and middle income countries is essential for achieving the 2030 Agenda. This was highlighted in both Egypt's 2nd and 3rd Voluntary National Reviews and the Sharm El Sheikh Guidebook for Just Financing – a COP27 presidency initiative – which also introduced the idea of justice, emphasizing the importance of quality and quantity finance.

In 2022, Egypt, in collaboration with the League of Arab States, unveiled the "Financing Sustainable Development in Egypt" report, which offers a comprehensive overview of Financing for Development. It outlines key policy interventions and paves the way for a more integrated approach to financing. Furthermore, the updated Egypt Vision 2030, launched in November 2023, places a strategic emphasis on "Financing" as a critical enabler for sustainable development.

Building on this momentum, the Ministry of Planning and Economic Development partnered with the UN on the Joint Program "Egypt's SDGs Financing Strategy". This program aimed to develop Egypt's Integrated National Financing Strategy, a pivotal communication document outlining Egypt's approach to financing the Sustainable Development Goals (SDGs).

The strategy aims to accelerate SDG progress by mobilizing sustainable finance, closing the financing gap, and managing fiscal and debt risks, in line with Egypt Vision 2030. It introduces an Integrated National Financing Framework (INFF) as a crucial tool for quantifying investment needs, mapping the financing landscape, and optimizing resource allocation. To promote sustainable development, the framework prioritizes key sectors such as education, health, social protection, water sanitation and transportation, while also addressing cross-cutting themes like environment and gender equality.

This initiative benefited from a robust governance structure and effective multi-stakeholder engagement. A steering committee, co-chaired by the Ministry of Planning and Economic Development and the UN Resident Coordinator's Office, provided strategic guidance, while a dedicated Government-UN technical committee offered hands-on support. This collaborative framework has delivered value-centric results and will be crucial for advancing a tailored and actionable roadmap for Egypt's sustainable development financing.

In recognition of this, I would like to acknowledge the efforts of H.E. Dr. Hala El Said, currently Advisor to the President for Economic Affairs and formerly Minister of Planning and Economic Development, for initiating and leading this collaboration with the UN within the framework of the Joint Program "Egypt's SDGs Financing Strategy". This is extended to the national entities and the entire UN Country Team for their invaluable contributions.

Together, we have laid the groundwork for a more sustainable and prosperous future for Egypt, thanks to the unwavering commitment and support of all involved.

Dr. Rania Al-Mashat
Minister of Planning, Economic Development & International Cooperation
The Arab Republic of Egypt.

FOREWORD

UN Resident Coordinator Egypt

I am honored to introduce Egypt's Integrated National Financing Strategy – a landmark framework designed to guide domestic, international, public and private investments to accelerate the Sustainable Development Goals. Launched at a pivotal moment, as global commitments to financing for development are being renewed, this strategy aims to enhance impact and efficiency of financial flows amid an increasingly complex geopolitical landscape.

In 2015, Member States adopted the Addis Ababa Action Agenda, establishing a new global framework to finance the 2030 Agenda and the 17 Sustainable Development Goals (SDGs). At the heart of this agenda are national sustainable development plans, supported by Integrated National Financing Frameworks (INFFs) – a strategic approach to mobilizing and aligning resources for sustainable development. Since its adoption, 86 countries have embraced the INFF approach to enhance financing for sustainable development, and over 50 countries have used it to advance key financial reforms. The progress made in implementing INFFs has laid a strong foundation for financing sustainable development, demonstrating the potential to drive transformative change to a more inclusive future.

At the institutional level, the development of the INFF is based on a 'whole of government approach' and strong coordination between 18 different Government ministries and the UN, under the technical leadership of UN Development Programme (UNDP) and the expertise of the International Labour Organization (ILO), UN Conference on Trade and Development (UNCTAD), UN Children's Fund (UNICEF) and UN Women.

Egypt's Integrated National Financing Strategy is designed to channel resources towards seven priority sectors identified by the Egyptian government as critical for development: social protection, sanitation, health, transportation, education, climate change, and women's empowerment, including through gender responsive budgeting.

From planning to the conception, the UN team, under the Resident Coordinator's leadership, worked closely with the national authorities to build synergies, take evidence-based decisions and promote greater accountability for SDG-aligned planning, budgeting and financing. Through the INFF, Egypt will be able to mobilize financing but also to promote a sustainable development model cutting across the environment, the society and the economy.

Looking ahead, the UN Country team remains committed to supporting the implementation of the Egypt's Integrated National Financing Strategy and thus contributing to a more equitable and resilient financial system and achieving a sustainable and prosperous future where no one is left behind.

Elena Panova
The United Nations Resident Coordinator to Egypt

FOREWORD

UNDP Egypt

It is my great pleasure to present Egypt's Integrated National Financing Strategy.

Integrated National Financing Strategies (INFS) play a pivotal role in mobilizing and coordinating resources across diverse sectors—domestic, international, public, and private—to advance the Sustainable Development Goals (SDGs).

By aligning financial flows with national priorities, INFS ensure that funds are directed towards critical areas for sustainable development, enhancing efficiency, transparency, accountability, and governance in financial management. This fosters trust among stakeholders, including donors, investors, and the public, thereby catalyzing increased funding and investment.

In recent years, Egypt has faced significant challenges, from socioeconomic disruptions like COVID-19 and regional conflicts to global economic uncertainties, all impacting efforts to mobilize adequate financing for the SDGs. Despite these challenges, the Government of Egypt has embarked on ambitious structural reforms to bolster macroeconomic stability and sustainable growth, focusing on fiscal and debt sustainability, exchange rate flexibility, human capital development, and strengthening the private sector. However, persistent challenges such as high capital costs, elevated public debt, untapped tax potentials, and limited private sector investment in SDGs underscore the necessity for innovative financing approaches.

Egypt's Integrated National Financing Strategy presents a focused and actionable roadmap supported by a robust monitoring framework aimed at making a substantial difference. It outlines initiatives to bridge financing gaps, increase resource flows to critical sectors, promote innovative financing mechanisms, and enhance private sector engagement in sustainable development.

Key objectives include mobilizing domestic and international financial resources, fostering private sector partnerships, creating an enabling environment for sustainable financing solutions, and enhancing resource allocation to priority sectors for accelerated SDG achievement.

Achieving these objectives will require concerted efforts. The strategy's success hinges on continuous dedication from the government, private sector, and international partners alike, and UNDP remains committed to playing its part.

Egypt's Integrated National Financing Strategy stands as a testament to the Government of Egypt's dedication to advancing Agenda 2030. This pivotal document reflects years of collaborative effort and long-term partnership between the Government of Egypt and the United Nations. It is fully aligned with Egypt Vision 2030, the National Structural Reform Program, and other key national strategies and policies. UNDP has been privileged to contribute technical leadership in collaboration with other UN agencies, including UNICEF, UNCTAD, UN Women, and ILO.

I extend my heartfelt congratulations to the Government of Egypt for this milestone achievement. I am grateful to all partners and donors for their invaluable support throughout this process and I look forward our continued collaboration in translating this vision into tangible results.

Alessandro Fracassetti
Resident Representative of UNDP Egypt

ACKNOWLEDGEMENTS

The production and completion of Egypt's Integrated National Financing Strategy (E-INFS) was made possible by the commitment and contributions of many individuals and organizations in Egypt. It went through a process of consultative engagements, with feedback from experts, academia, international and development financing institutions, and key stakeholders.

The oversight and overall guidance for the production of the components of the Integrated National Financing Framework (INFF) was provided by the Steering Committee chaired by H.E. Dr. Hala El Said, Minister of Planning and Economic Development, and the Steering Committee Members: H.E. Dr. Hassan Abdalla, Governor of the Central Bank of Egypt; H.E. Dr. Mohamed Maait, Minister of Finance; H.E. Dr. Rania Al Mashat, Minister of International Cooperation; H.E. Dr. Maya Morsy, President of the National Council for Women; Ms. Elena Panova, United Nations Resident Coordinator; Mr. Alessandro Fracassetti, United Nations Development Programme (UNDP) Resident Representative; Ms. Christine Arab, United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) Country Representative; Jeremy Hopkins, United Nations Children's Fund (UNICEF) Representative in Egypt; Eric Oechslin, Director, International Labour Organization (ILO); and the United Nations Conference on Trade and Development (UNCTAD) Chief Technical Cooperation Service.

Technical guidance, coordination and leadership for the E-INFS was provided by Dr. Ahmed Kamaly, Deputy Minister of Planning and Economic Development and the Sustainable Development Unit (SDU) in the Ministry of Planning and Economic Development (MPED); Dr. Mona Esam, Assistant Minister of Planning and Economic Development for Sustainable Development Affairs; Aya Nawwar, Deputy Head of SDU; Nada Yacoub, Senior Economic Researcher; Mariam Mahmoud, Senior Economic Researcher; and Mariam Shawky, Economic Researcher, in close coordination with representatives from a wide range of ministries, and co-chaired by UNDP as lead agency on the INFF.

The strategy was developed by Dr. Peter J. Middlebrook, Joint Programme Independent Expert and CEO of Geopolicity Inc. Dr. Middlebrook is a former World Bank (Vice President's Office), EU (RELEX) and UK government staff member and has worked as a senior adviser to numerous heads of state and cabinet offices, as well as multilateral, bilateral and sovereign bodies, and the World Economic Forum. He has led numerous INFF exercises in Africa, Asia and Europe.

Valuable insights, input and feedback were provided by officials of government institutions and other stakeholders through working group consultations on costing and finance mapping, which contributed to the final strategy. Internal review of the strategy was completed by a team of

economists from the UNDP Sustainable Finance Hub and the Regional Bureau of Arab States. The technical work was led by the teams of participating UN entities, including Sylvain Merlen (Deputy Resident Representative, UNDP); Reham Youssef (Policy and Partnerships Team Leader, UNDP); Aya Abou-Hadid (JP Coordinator, UNDP); Nadine El Zeiny (Policy and Partnerships Assistant, UNDP); Aliaa Elsayed (Policy and Partnerships Specialist, UNDP); Scott Standley (Economist, UN Resident Coordinator Office); Nour Barnat (Chief of Methodology Unit, Statistics Department, UNCTAD); Lina Nabarawy (Social Policy Specialist, UNICEF); Luigi Peter Ragno (Chief, Social Policy [SPME], UNICEF); Nora Rafea (Women Economic Empowerment Specialist, UN Women); Natalie Anastassi (Programme Associate, UN Women); Aya Gabr (National Officer, ILO); Ricardo Irra Fernández (Social Protection Specialist, ILO); and ILO regional office colleagues (Fernando Messineo Libano, Patricia Richter and Jose Manuel Medina Checa).

The E-INFS also benefited from independent review provided by Dr. Rasha Ramadan (Cairo University), Dr. Sarah El Khishin (British University in Egypt), Dr. Mohamed Zaky (Cairo University), and Dr. Mohamed ElSaket (Islamic Development Bank). Consolidated input was provided by the Institute of National Planning (INP), including Dr. Ashraf ElAraby (President, INP), Dr. Hala Abou Ali (Vice President, INP), Dr. Khaled Zakaria Amin (Head, Macroeconomic Policy Unit, INP), and through dialogue with the Economist Group of development partners. Analytical support was also provided by Amba Tadaa, Armelinda Kubolli and Albana Vuji (Geopolicity Inc.).

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ABBREVIATIONS

AIMS	Automated Information Management System
BAU	Business-as-Usual
BNM	Bank Negara Malaysia
CAPMAS	Central Agency for Public Mobilization and Statistics
CBE	Central Bank of Egypt
CERs	Certified Emission Reductions
COP27	27th Conference of the Parties to the United Nations Framework Convention on Climate Change
DFIs	Development Finance Institutions
EFT	Ecological Fiscal Transfer
EGP	Egyptian Pound
EGX	Egyptian Stock Exchange
E-INFS	Egypt's Integrated National Financing Strategy
ESCWA	United Nations Economic and Social Commission for Western Asia
ESG	Environmental, Social and Governance
F2F	Funding to Financing
FRA	Financial Regulatory Authority
FY	Fiscal Year
GDP	Gross Domestic Product
ICOR	Incremental Capital-Output Ratio
IFFs	Illicit Financial Flows
IMF	International Monetary Fund
ILO	International Labour Organization
INFF	Integrated National Financing Framework
INP	Institute of National Planning
MLD	Ministry of Local Development
MoE	Ministry of Environment
MoETE	Ministry of Education and Technical Education
MoF	Ministry of Finance
MoHP	Ministry of Health and Population
MoIC	Ministry of International Cooperation
MOSS	Ministry of Social Solidarity
MOT	Ministry of Transportation

MPED	Ministry of Planning and Economic Development
MTEF	Medium-Term Expenditure Framework
NCW	National Council for Women
NOPWASD	National Organization for Potable Water and Sanitary Drainage
ODA	Official Development Assistance
PMO	Office of the Prime Minister
PPP	Public-Private Partnership
SDA	Sustainable Development Agenda
SDGs	Sustainable Development Goals
SDSN	Sustainable Development Solutions Network
SFM	Stochastic Frontier Model
SFWG	Sustainable Finance Working Group
SMEs	Small and Medium Enterprises
TCFD	Task Force on Climate-Related Financial Disclosures
THE	Total Health Expenditure
TSFE	The Sovereign Fund of Egypt
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children’s Fund
UNFPA	United Nations Population Fund
UNODC	United Nations Office on Drugs and Crime
UNSDCF	United Nations Sustainable Development Cooperation Framework
UNSTAT	United Nations Statistics Division
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women

EXECUTIVE SUMMARY

Egypt's Integrated National Financing Strategy (E-INFS) comes at a critical time, as Egypt ramps up efforts to deliver sustainable development. Given that the International Monetary Fund (IMF) forecasts that the current business-as-usual approach to financing the Sustainable Development Goals (SDGs) in Egypt in the five sectors of health, education, electricity, water and sanitation, and roads means they will not be achieved until 2053,[1] accelerating the crowding in of private capital has never been more critical to securing Egypt's future.

Global and regional political developments have resulted in increasing food and energy prices and higher borrowing costs at the global level. Egypt has been impacted by the evolving context, leading the government to adopt structural reforms to enhance the resilience of the economy through engaging the private sector, developing human capital, and tackling climate risks. However, inflation, exchange rate depreciation, and the high cost of finance all comprise barriers to private-sector-led growth. The strategy therefore outlines a set of actions to promote sustainable innovative financing mechanisms and to strengthen private sector engagement in development and in bridging the financing gap.

Strategic Objective

The E-INFS aims to promote sustainable development as defined in the national sustainable development agenda (SDA), Egypt Vision 2030, through mobilizing sustainable finance to close the financing gap and minimize future fiscal and debt risks – a "right-financing" approach. Sub-objectives include: (i) mobilizing and aligning domestic public financing with national development priorities; (ii) aligning private finance and investment; (iii) aligning development cooperation; and (iv) creating an enabling environment and non-financial means of implementation.

The E-INFS serves as a key communication document highlighting Egypt's approach to financing the Sustainable Development Goals (SDGs), and proposing an overall national financing framework that acts as an umbrella for different financing initiatives that targets accelerating the SDGs. The document will be further developed through national efforts with the support of the UN and other international and regional organizations in order to outline a context-specific and actionable road map with a defined monitoring framework.

The SDG Financing Gap

Additional SDG financing costs have been calculated for the period from 2021-2030, expressed as a percentage of Egypt's GDP. The cost breakdown for the seven sectors targeted by this strategy and their resource requirements are as follows:[2]

- ***Social protection:*** Starts at 1.30 percent of GDP in 2021 and gradually decreases to 0.99 percent by 2030.
- ***Health:*** Starts at 0.20 percent in 2021, fluctuates in the middle years, and sees a substantial increase to 1.13 percent by 2030.

1 https://sdgfit.imf.org/

2 The modalities proposed in the strategy are adaptable and can be replicated in other sectors, offering potential for broader application and impact.

- ***Education:*** Starts at 0.22 percent in 2021 and sees a gradual increase over the years, reaching 0.72 percent in 2030.
- ***Women's empowerment:*** Starts at 1.94 percent in 2021 and sees a steady increase, reaching 2.74 percent in 2030.
- ***Sanitation:*** Starts at 0.46 percent in 2021 and sees a consistent decrease, dropping to 0.41 percent by 2030.
- ***Transportation:*** Starts at 2.02 percent in 2021 and generally declines over the years, reaching 1.82 percent in 2030.
- ***Climate change:*** Starts at 1.22 percent in 2021 and sees a steady decrease, reaching 0.97 percent by 2030.

In terms of debt financing, government plans included up to US$3 billion in debt financing in 2023 through bonds and international loans. These included US$1.5 billion from various financial institutions, alongside a US$478.5 million panda bond issuance, US$500 million in samurai bonds issued in November 2023,[3] and plans for a new sukuk (Islamic bonds) issuance in 2024 that could raise US$1 billion. As the Ministry of Finance's (MoF) recently issued Sovereign Sustainable Financing Framework is largely focused on financing green projects through debt instruments, the E-INFS focuses on strengthening private capital flows and putting forward new financing instruments to accelerate achieving the SDGs. Private capital is therefore expected to finance up to 60 percent of the SDG financing gap through a combination of debt, equity and blended instruments, supported by guarantees and first loss finance.

Underlying Theory of Change

The theory of change for implementing the E-INFS posits that by systematically coordinating and aligning all financing sources and policies with national development priorities and the SDGs, Egypt can effectively mobilize, manage and monitor resources. This holistic approach ensures transparency, accountability and efficiency, driving sustainable socio-economic transformation and enabling a more coherent and integrated approach that maximizes development impact, strengthens the financing ecosystem and addresses development challenges.

In the process, the strategy addresses both blind spots and shortcomings emerging from the transformation taking place globally towards embracing sustainable financing and greening financial and capital markets. Areas to capitalize on to ensure the maximization of results include: (i) accelerating digital transformation; (ii) utilizing new financial instruments; (iii) strengthening resilience measures to prevent exogenous shocks; (iv) strengthening regulatory and policy consistency; (v) capitalizing on public funding as a source of additionality to leverage in new flows; (vi) strengthening multi-stakeholder engagement, particularly sub-nationally; (vii) enhancing data availability and transparency; and (viii) promoting SDG localization to devolve critical SDG decision-making and financing functions.

The theory of change highlights that, while public spending has brought Egypt so far, Egypt must now work towards unleashing the potential of private capital. This requires

3 https://sis.gov.eg/Story/189636/Maait-Egypt-issues-second-Samurai-bonds-of240.5%-b-value?lang=en-us

increasing the private investment-to-total investments in line with Egypt Vision 2030 and Egypt's national commitment amounting to 132 percent of its initial value in 2020/2021, improving public investment planning to providing space for the private sector, reducing social and gender inequality, reducing contingent risks, and opening up the economy. This requires making the right financing choices.

Alignment with National Structural Reform Program

The E-INFS aligns with and supports Egypt's National Structural Reform Program (NSRP) (2021–2024). The foundational elements of the National Structural Reform Program are also targeted here, with a particular focus on: (i) rebalancing the role of the state and the private sector in the business environment; (ii) targeting an upward trend in exports; (iii) boosting domestic savings; (iv) accelerating digital transformation and (v) localizing SDGs and reforms at the governorate level in collaboration with relevant government and non-government stakeholders. The E-INFS supports and integrates with the MoF-led Sovereign Sustainable Financing Framework, with a focus that goes beyond debt financing instruments.

Primary Investment Areas and Actions

The diagnostic foundation for this strategy builds from the Development Finance Assessment, allowing the existing sources of financing and the SDG financing gap to be determined. The strategy outlines a set of actions to close the financing gap, to be taken forward by the Government of Egypt, as follows:

- Implementing revenue and debt sustainability reforms;
- Undertaking bottom-up SDG costing and establishing sector expenditure baselines;
- Scaling up public-private partnerships (PPPs) and reducing the fiscal footprint in public spending;
- Greening the banking system and strengthening the digital economy;
- Improving incentives for SDG localization through ecological fiscal transfers;
- Strengthening ESG investing and establishing Egypt's carbon market;
- Expanding Islamic finance;
- Reducing illicit financial flows (IFFs);
- Further strengthening the alignment and effectiveness of official development assistance (ODA) and SDGs;
- Increasing foreign direct investment;
- Ensuring more effective use of remittances through increasing the confidence of Egyptian expatriates;
- Defining Sustainable Finance Notions and Sustainable Finance Working Group (SFWG) mandate;
- Densifying financing instruments to support social protection, health, education, women's empowerment, sanitation, transport and climate change investments;
- Strengthening executive oversight and Integrated National Financing Framework (INFF) civil oversight;
- Implementing the Egypt Open Budget Survey;
- Promoting SDG mindset change;

- Strengthening partnerships for the goals and monitoring of new instruments.

Putting in Place a Right-Financing Approach

Egypt welcomes private sector investments, both domestic and international, and given the constraints on public finances, the private sector is hereby acknowledged as one of the key financing sources for Egypt's SDGs, among others. Government is therefore committed to attracting long-term investors, such as PPP investors and institutional investors like pension funds, instead of short-term stock market or portfolio investors. Delivering this commitment requires "right-financing" to better align public and private funds and finances with strategic priorities, leverage private sector investments, optimize public expenditures, and ensure that resources are directed towards initiatives with the most significant social, economic and environmental impacts, thus accelerating sustainable progress. Right-financing operationalizes the shift from Funding to Financing (F2F).

Box 1: The Funding to Financing (F2F) and Right-Financing Approach

The Funding to Financing (F2F) concept is anchored on shifting from traditional funding mechanisms to more holistic financing strategies to achieve sustainable development. "While funding is about transferring resources from a financial contributor to a recipient, financing is about structuring different financial flows to achieve a common result."[4] This approach involves a four-step process aimed at supporting UN country teams in making this transition, which encompasses lessons learned, good practices and country examples:

Step 1: Mapping the financial landscape;

Step 2: Assessing the United Nations Sustainable Development Cooperation Framework (UNSDCF) funding gap and preparing a Common Budgetary Framework (CBF);

Step 3: Developing a financing strategy to address the UNSDCF funding gap;

Step 4: Mobilizing common resources for collective action.

The right-financing approach aligns perfectly with the F2F transformation, emphasizing the utilization of a mix of financial resources beyond traditional funding. It encourages exploring diverse financial mechanisms such as grants, loans, equity, guarantees and private sector investments. Since the adoption of the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2023-2027, the GoE and the UN system have embarked on a process of assessing the funding gap until 2027, and developed key performance indicators aligned to the SDGs. Accordingly, a financing strategy to address the funding gap was developed.

Hence, by adopting right financing, Egypt can harness a broader spectrum of financial instruments and stakeholders, thereby creating a more robust and sustainable financial ecosystem for achieving the SDGs. This approach not only aligns with the principles of the F2F approach but potentially enhances the effectiveness and sustainability of financial resources dedicated to the SDGs in Egypt.

4 https://unsdg.un.org/sites/default/files/UNDG-UNDAF-Companion-Pieces-5-Funding-To-Financing.pdf

Strategy Leadership and Oversight

MPED is to convene the Oversight Committee, in coordination with the Financing for Development Working Group and the Sustainable Finance Working Group, and will lead the setting of the INFF Road Map dashboard annual baselines. The Central Agency for Public Mobilization and Statistics (CAPMAS) provides SDG-related data, whereas data on domestic and international public flows are provided by MoF and the Central Bank of Egypt. Data on ODA are provided by the Ministry of International Cooperation (MoIC), in close consultation with national entities.

To ensure no one is left behind, entities such as the National Council for Women (NCW), the National Council for Childhood and Motherhood (NCCM), and the National Council for Disabilities, among others, could also be represented.

Elements of the INFF Road Map can be integrated into existing systems such as the Integrated System for Investment Plan Preparation and Monitoring (ISIPPM), the Hub for Advisory, Finance and Investment for Enterprises (HAFIZ)[5] platform for private sector engagement in development, while policy reforms can be integrated into the policy tracker. Non-state institutions will be actively involved in monitoring, with direct linkages to be established between the INFF, the Citizen's Plan and Sharek 2030. The primary monitoring and review priorities are developed in Table 5 (see Section 7.3), although this framework will be updated on an annual basis as monitoring and review processes are further strengthened and localized.

How is the E-INFS Structured?

The document provides an in-depth exploration of the INFF for Egypt. Chapter 1 sets the stage with an introduction and background. Chapter 2 outlines the primary objective of the integrated financing strategy. Chapter 3 presents a detailed examination of the SDG financing gap. Chapter 4 looks at SDG financing sources and current trends. Chapters 5 and 6 are the heart of the document, laying out an extensive investment policy framework, followed by a road map detailing the financing strategy's objectives, association with the reform programme, and strategies to manage various risks. Chapter 7 explores the monitoring and review mechanism, outlining its objectives, roles and responsibilities, and presenting a Macro Performance Monitoring Dashboard. Chapter 8 focuses on the issue of governance, discussing the Oversight Committee, government roles, coordination strategies, and more. The document concludes with three annexes: Annex 1 on the sector costing method, Annex 2 on other SDG costing approaches in Egypt, and Annex 3 on right-financing Egypt's SDGs.

5 https://privatesector.moic.gov.eg/en

1

INTRODUCTION AND BACKGROUND

Following the adoption of the 2030 Agenda for Sustainable Development in 2015, Egypt became one of the first countries to commit to achieving the SDGs. It launched its first sustainable development agenda, Egypt Vision 2030, in February 2016, in alignment with both the 17 SDGs and the African Union's Agenda 2063. Egypt Vision 2030 acts as the governing framework for all development programmes and projects that will be implemented through 2030, and it was updated in 2023 to reflect a renewed commitment to the SDGs.

In support of accelerating progress towards the SDGs, MPED engaged in the Mainstreaming, Acceleration and Policy Support (MAPS) approach to identify accelerators and integrators for achieving the SDGs in Egypt. Egypt also launched the national Decent Life Initiative (Sustainable Rural Communities: Haya Karima) in 2019 as an SDG accelerator.

Against this background, and at the midpoint of the period set to achieve the SDGs, the Government of Egypt, through MPED, committed with the United Nations Joint SDG Fund in 2020 to implementing an INFF that lays out the means of financing its national priorities by 2030.

Efforts to develop this integrated financing strategy were spearheaded by MPED, in close coordination with MoF, MoIC, the Ministry of Social Solidarity (MOSS), the Ministry of Environment (MoE), the Ministry of Education and Technical Education (MoETE), the Ministry of Health and Population (MoHP), the Ministry of Housing, Utilities and Urban Communities (MoHUUC), the Ministry of Local Development (MLD), the Ministry of Transportation (MOT), the Ministry of Manpower (MoM), the Central Bank of Egypt (CBE), the National Council for Women, and CAPMAS, to support the resourcing of the 2030 Agenda and to contribute towards Agenda 2063.

This strategy provides the response of the Government of Egypt to the 2015 Addis Ababa Action Agenda. It constitutes the Egyptian INFF and is the primary vehicle for resourcing the SDGs. The INFFs called for in the 2015 Agenda provide the frame and lay out the instruments to mobilize the resources required for the SDGs from a range of financing flows, both domestic and international, public and private.[6]

This strategy enables the Government of Egypt to resource the sustainable development agenda, Egypt Vision 2030, which is

6 See Addis Ababa Action Agenda (https://sustainabledevelopment.un.org/content/documents/2051AAAA_Outcome.pdf), paragraph 9. The strategy has been established with the support of the United Nations Joint SDG Fund for the project Egypt SDGs Financing Strategy, led by UNDP with ILO, UNCTAD, UNICEF and UN Women.

executed through both the Medium-Term Sustainable Development Plan (MTSDP) and the Short-Term Sustainable Development Plan (STDP).[7]

This strategy is the outcome of broad dialogue and consultation, and builds from and integrates with the findings and recommendations presented in: (i) the 2022 League of Arab States report Financing Sustainable Development in Egypt, which was led by a group of independent national experts and MPED as a representative of the Government of Egypt; (ii) the 2023 IMF Staff Country Report; and (iii) the 2022 Egypt Development Finance Assessment developed by UNDP. These stocktaking documents constitute Building Block 1 (assessment and diagnostics) of the INFF approach. The present financing strategy equates to Building Block 2 of the INFF, but also introduces the monitoring and review (Building Block 3) and governance and coordination (Building Block 4) of the INFF approach.

Within this framework, the financing strategy presented here is:

- Nationally owned and led by MPED, in coordination with key government agencies involved in development financing;
- Concerned primarily with the financing of key national priority areas identified by the Government of Egypt;
- Aligned with and operationalized through the Integrated System for Investment Plan Preparation and Monitoring (ISIPPM) for public investment management;
- In line with the national approach towards engagement of the private sector, outlined in the State Ownership Policy (2022), and with the commitments of the government as per the new IMF-supported programme (a 46-month US$3 billion arrangement under the Extended Fund Facility);
- Holistic in scope, connecting financing with the achievement of sustainable development goals in all areas;
- A presentation of key prioritized financing reforms and innovations that respond to strategic long-term financing needs while contributing to resilience and aligning with fiscal and monetary stability;
- Practical, action-oriented and measurable, with a clear monitoring plan.

This strategy aligns with the second phase of the National Structural Reform Program (2021–2024),[8] building on the first phase of the National Program for Economic and Social Reform initiated in 2016. The National Structural Reform Program focuses on restructuring Egypt's economy, targeting the manufacturing, agriculture, communication, and information technology sectors in order to enhance the adaptability, flexibility, resilience and productivity of the economy, via reforms across five axes:

- Human capital development (education, health, social protection);
- Improving the business environment and enhancing the role of the private sector;

7 https://mped.gov.eg/DynamicPage?id=76&lang=en

8 https://mped.gov.eg/singlenews?id=1164&lang=en

- Enhancing the efficiency and flexibility of the labour market and developing the technical education and vocational training system;
- Governance and raising the efficiency of public institutions;
- Enhancing financial inclusion and access to finance.

Against the backdrop of the COVID-19 pandemic (and the government's "Respond and Rebuild" strategy) and the energy and food price inflation crisis caused by the war in Ukraine, pressing national priorities have emerged, including reducing vulnerability to exogenous shocks, increasing resilience, attracting new investments to support sustainable and green infrastructure and making Egypt a "Gateway to Africa," a pioneer of energy transformation and a "start-up nation."

The strategy also builds from Egypt's Sovereign Sustainable Financing Framework, presented at the Conference of the Parties of the United Nations Framework Convention on Climate Change (COP27) held in Sharm El-Sheikh in November 2022, in order to resource the implementation of Egypt's nationally determined contributions (NDCs).[9] Hosting COP27 marked a significant milestone in Egypt's journey towards climate resilience and sustainable development, showcasing its commitment to climate action and innovative financing mechanisms. By launching the "Sharm El-Sheikh Guidebook for Just Financing," Egypt developed a comprehensive framework which highlights the importance of improved access to quality and quantity climate financing that leaves no one behind through a variety of mechanisms and tools to promote just financing. It also proposes a set of innovative financing models that are able to catalyse climate investments and presents successful projects that can be replicated and upscaled. The Guidebook further provides an actionable agenda for each stakeholder that lists the roles they could play to achieve just financing outcomes, while maximizing the effectiveness and efficiency of existing climate finance architecture.[10]

Egypt has achieved significant progress in the creation of country-led platforms and country strategies with development partners[11] and multiple stakeholders in-line with the 3 principles set out by the IMF and the World Bank Group, which stems from the Joint Statement on Enhancing IMF-WBG collaboration in September 2023.[12] The Nexus of Water, Food, and Energy (NWFE) Program was launched in July 2022 on the back of the announcement of the 2050 Country Climate Strategy and the NDCs

9 https://unfccc.int/sites/default/files/NDC/07-2022/Egypt20%Updated20%NDC.pdf.pdf

10 https://guidebookforjustfinancing.com/

11 The past 4 years witnessed the signing of many new country strategies with multilateral development banks, encompassing full fledged development strategies with diverse projects in the pipeline, all in line with Egypt's national strategies and presidential initiatives. This includes the World Bank Country Partnership Framework from 2023 to 2027, the United Nations Sustainable Development Cooperation Framework from 2023 to 2027, the European Bank for Reconstruction and Development (EBRD), the Country Partnership Framework from 2022 to 2027, the Agence Française de Développement (AFD) Country Strategy from 2021 to 2025, and the new Country Strategy Papers (CPS) 2022 from 2026 with the African Development Bank (AfDB). New opportunities with Asia were unlocked as Egypt is strengthening its strategic partnership with China, especially by signing a new MoU on a debt swap and by joining the New Development Bank (NDB) in affiliation with the BRICS. Through these strategies, a variety of development projects have been rolled out to support investing in human capital, food security, enhancing productivity and employment, sustainable infrastructure, and the green transition.

12 World Bank Group and IMF Deepen Joint Effort to Scale Up Climate Action

to accelerate the national climate agenda. The platform provides opportunities for mobilizing climate finance and private investments to support Egypt's green transition, reflecting the interlinkages and complementarity between climate action and development efforts.[13]

NWFE has gained international recognition as the Report of the Independent High-Level Expert Group on Climate Finance published in 2022 referred to it as a pioneer example of country platforms.

The strategy targets seven key sectors identified as national priority areas by the Government of Egypt. Each sector has both direct impacts on a particular SDG, as well as indirect impacts on a wider set of SDGs.

Despite showing resilience to the COVID-19 crisis, with economic recovery having gained momentum in 2021, economic imbalances also started building amid an unstable exchange rate, high public debt, and delayed structural reforms. Unfortunately, the geopolitical tensions in Europe have triggered capital outflows and exposed some challenges, reducing the central bank's foreign reserves and banks' net foreign assets and widening the exchange rate misalignment. Elevated food and energy prices have increased economic pressures on citizens, and combined with macro-economic imbalances and fiscal pressures, these prompted Egypt in December 2022 to begin a four-year, US$3 billion arrangement under the Extended Fund Facility with the IMF. Reforms required under the arrangement included a shift to a flexible exchange rate regime to correct distortions, while enhancing social safety nets to mitigate socio-economic risks.

In this context, the first year of this strategy will have to accommodate the short-term priorities, recognizing that the renewed focus on reforms is likely to pay off over the medium term. This integrated financing strategy therefore has to build on the short-term policies aimed at preserving macro-economic stability, restoring fiscal buffers, and paving the way for sustainable long-term growth.

In the context of significant national reforms being undertaken by Egypt – and with the need to mobilize considerable additional resources – this financing strategy puts forward:

(i) Prioritized changes in the delivery of financing policies necessary to mobilize investments that will meet financing needs;

(ii) The necessary architecture and systems to make and sustain changes to policy, regulatory and business processes.

The strategy developed here includes proposed actions that will increase resource flows to the selected sectors through a combination of domestic resource mobilization, budget reallocation and alignment, and a range of financing instruments covering debt, equity, blending, grants and technical assistance. As sovereign debt risk remains high (IMF Debt Sustainability Analysis, 2023), debt instruments will only be used judiciously and wherever justified. Although Egypt's Sovereign Sustainable Financing Framework, focused on climate change, is only financed through green and climate bonds (such as the issuance of the three-year sustainabil-

13 https://moic.gov.eg/page/nwfe

ity panda bond for US$478.5 million),[14] this strategy aims to focus on non-debt financing of the sectors in particular. Moreover, given global capital tightening and the rising cost of finance, instruments used in this strategy focus on crowding in, de-risking and incentivizing private capital.

Given long-term risks to debt sustainability, crowding in foreign and domestic private capital is prioritized as key to long-term sustainable financing, in line with the government's economic programme. This programme – supported by the IMF – envisages the implementation of a comprehensive policy package to preserve macro-economic stability, restore fiscal buffers, and pave the way for sustainable, inclusive, and private-sector-led growth, as follows:

- Shift to a flexible exchange rate regime for better resilience against external shocks and rebuild external buffers;
- Implement monetary policy to reduce inflation in line with central bank targets and improve policy transmission, including ending subsidized lending schemes;
- Fiscal consolidation and debt management to lower public-debt-to-GDP ratio and manage financing needs, while increasing social spending and enhancing social safety nets;
- Execute wide-ranging structural reforms to reduce state involvement, promote fair competition, encourage private sector growth, and improve public sector governance and transparency.

14 Egypt became the first North African country to issue a three-year sustainability panda bond, valued at 3.5 billion yuan (US$478.5 million), as a strategy to tap into new capital sources for economic growth. This milestone was announced on 17 October 2023. The issuance, supported by partial credit guarantees from the African Development Bank (AfDB) and the Asian Infrastructure Investment Bank (AIIB), could set a precedent for other African nations to venture into the Chinese debt capital markets. Panda bonds are renminbi-denominated bonds offered in China's domestic capital market by foreign entities, such as governments or corporations. The backing of two triple-A rated multilateral development banks ensured attractive terms for the deal by drawing in investors. The transaction was spearheaded by the Bank of China, aided by HSBC Bank (China).

2

INTEGRATED FINANCING STRATEGY OBJECTIVE

The Government of Egypt has set ambitious development goals. This push towards the universally adopted SDGs is reflected in the level of additional resources needed, which therefore requires an acceleration in the pace of structural reform and transformation, as outlined in the National Structural Reform Program. Reforms to public policy, planning and budgeting are required (including implementation of the State Planning Law, Law 18 of 2022, and the Unified Public Finance/Budgeting Law of 2022), both within the National Structural Reform Program but also on both the fiscal and expenditure side, with an increased focus on revenue mobilization, while also improving SDG budget alignment and integration of new resource flows.[15] Moreover, to make sure that no one is left behind, particular measures are proposed to redistribute and better target existing resources and to mobilize new resources, while strengthening insurance and resilience measures.

Box 2: Measures to Leave No One Behind

At its core, this strategy aims to ensure that no one is left behind by addressing a wide range of national challenges, from poverty and hunger to health, education and gender. An integrated approach is proposed based around the following key entry points:

- ***Inclusive Policy Design***: Outlining policies that prioritize groups in vulnerable situations, ensuring that they benefit from economic reform and development initiatives.
- ***Improved Resource Mobilization***: A focus on accelerating domestic resources by improving tax policies, combating tax evasion, and ensuring that resources are channelled towards initiatives that align with Egypt's SDG targets.
- ***Transparent Monitoring and Reporting***: Improving how systems for tracking the allocation and impact of resources ensure that resources are directed toward those most in need.
- ***Gender-Sensitive Budgeting***: Allocating funds specifically for initiatives that promote gender equality and empower women and girls.
- ***Localizing the SDGs***: Ensuing that local governments are empowered with the resources and capacities to implement and monitor SDGs, as they are often closer to disadvantaged groups.

15 The government established its Green Financing Framework in September 2020 and issued a debut US$750 million green bond, the first sovereign green bond in the Middle East and North Africa.

- ***Improved Public Investment Planning***: Strengthening the capacity to design more responsive public investment programmes that address issues such as social, gender and financial exclusion.
- ***Improving Risk Management***: Strengthening existing mechanisms to identify, assess, and manage risks that could derail progress towards the SDGs, such as health risks and regional economic and security shocks.
- ***More Diverse Stakeholder Engagement***: Engage civil society, community leaders and disadvantaged groups in the decision-making process to ensure their voices are heard.

The objectives stated here are also aligned with those established by the 2022 Sovereign Sustainable Financing Framework, which was established in accordance with the International Capital Market Association (ICMA) Green Bond Principles (GBP) 2021 (with June 2022 Appendix I), the ICMA Social Bond Principles (SBP) 2021 (with June 2022 Appendix I), the ICMA Sustainability Bond Guidelines (SBG) 2021, in addition to the ICMA/IFC/UN Women Bonds to Bridge the Gender Gap Guide (2021), the LMA Green Loan Principles (GLP) 2021, and the Social Loan Principles (SLP) 2021. While the Sovereign Sustainable Financing Framework targets climate action in key sectors using debt instruments,[16] the financing strategy for all the SDGs presented here goes beyond debt and climate action. It includes a focus on enhancing domestic resource mobilization through a Medium-Term Revenue Strategy (MTRS), budget reallocation and alignment by deploying Budgeting for the SDGs (B4SDG) measures, as well as mobilizing domestic and international private capital and balancing debt, equity, blended and grant financing instruments in the seven priority sectors. For climate-related fiscal aspects, government will mainstream climate commitments within public finance management and financial activities and carefully manage the deployment of debt instruments.

In mobilizing private capital in particular, government aims to deepen both capital and financial markets, judiciously strengthening tax and non-tax policy incentives, as well as supporting de-risking and new risk transfer arrangements. Deepening capital and financial markets in Egypt will require a concerted effort from the government, regulators, investors, and financial institutions to create an enabling environment that promotes transparency, efficiency, and innovation in the financial sector.

Key objectives and sub-objectives for this strategy are given below.

- ***Key Objective/Result***: Promote sustainable development as defined in Egypt Vision 2030 through mobilizing sustainable finance that closes the financing

16 Including (i) clean transportation, (ii) renewable energy, (iii) energy efficiency, (iv) climate change adaptation, (v) pollution prevention and control, (vi) sustainable water and wastewater management, (vii) terrestrial and aquatic biodiversity conservation, (viii) terrestrial and aquatic biodiversity conservation, (ix) affordable basic infrastructure, (x) access to financing and financial services, (xi) access to education, vocational training and health care, (xii) affordable housing, (xiii) socio-economic advancement and empowerment, (xiv) micro, small and medium enterprise financing to support employment generation and/or alleviate unemployment, and (xv) food security and sustainable food systems.

gap and minimizes future fiscal and debt risks through the application of a "right-financing" approach.

- ***Sub-Objectives***: Sub-objectives covering domestic, international, public and private financing are as follows:
  - ***Domestic Public Finance***: Strengthen existing policy, regulatory, institutional and budgetary capacities in order to improve public finance efficiency (value for money) and effectiveness (impact on objectives); improved and effective revenue mobilization; prudent debt management aligned with the IMF Debt Sustainability Analysis (DSA); privatization of economically unviable state-owned enterprises; fiscal sustainability (including divestment and selling of state-owned enterprises); greening and deepening of capital and financing markets; promotion of PPPs and new and innovative financing instruments to attract private capital.
  - ***Domestic Private Finance***: Create an enabling environment for the Egyptian private sector to invest in sustainable infrastructure by improving regulatory frameworks, reducing investment risks, and promoting PPPs.
  - ***International Public Finance***: Strengthen the alignment and coherence of international public finance with Egypt Vision 2030, the Short-Term Sustainable Development Plan, and the Medium-Term Sustainable Development Plan, while supporting the reform agenda through the provision of catalytic and advisory support.
  - ***International Private Finance***: Encourage and incentivize international private flows, including remittances, foreign direct investment, portfolio inflows, philanthropic finance and global capital markets, to align and promote sustainable investments.

3

SDG FINANCING GAP

Within the framework of the UN Joint SDG Fund's support for Egypt Integrated SDGs Financing, under the oversight of MPED, led by UNDP and in collaboration with the United Nations Conference on Trade and Development (UNCTAD), the International Labour Organization (ILO), UNICEF, and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women), a gender-responsive costing of key sector national targets and corresponding SDGs targets was conducted. The costing exercise (which estimates the financial resources required to achieve Egypt's SDGs up until 2030) considered multiple costing methods, before identifying methods relevant to each sector,[17] leading to financial and not economic costs being assessed, calculating business-as-usual costs with the additional cost of meeting each goal.[18] The results – which employ assumptions about GDP growth outturns, fiscal deficit, future sources of financing, etc. – therefore remain indicative and illustrative.

The outcome of the 2022 SDG Costing Exercise calculates the indicative financing gap in order to meet the SDGs based on the application of an international standard method across the seven priority areas. Given that it will take years to deepen financial and capital markets, this strategy carefully sequences actions between the short term (2023–2024), the medium term (2025–2027), and the longer term (2027–2030).

As there will be few quick wins in terms of mobilizing new sources of financing for the sectors between 2023 and 2024, the ongoing implementation of the Sovereign Sustainable Financing Framework provides a rolling start for this strategy, despite its primary focus on deploying sustainable debt instruments such as green, social, sustainability or thematic bond(s), sukuk, loans, and any other types of debt instruments to finance green projects. The development of the Nexus of Water, Food and Energy (NWFE)[19] platform in Egypt, following the endorsement of the National Climate Change Strategy 2050 and the updated nationally determined contributions in 2022, established a mechanism for financing large green projects through concessional loans, grants and private investments, with the aim of reducing the debt burden.

Table 1 provides a summary of the results of the 2022 SDG Costing Exercise undertaken for the priority sectors, based on the application of different costing methods (expenditure as a percentage of GDP, poverty gap and per capita expenditures, etc.).

17 Incremental capital-output ratio (ICOR), simple unit cost estimates or input-output elasticities, intervention-based needs assessments, results-based costing, incremental budgeting approach, historical projections approach and modelling-based estimates were revised.

18 The additional cost calculation does not take into account any potential crises or unexpected external shocks.

19 https://mmd-moic.s3.eu-west1-.amazonaws.com/files/English20%Spread20%-20%NWFE20%Report202023%.pdf

Table 1: Financing Strategy Priority Sectors, SDGs and Estimated Financing Needs

#	Investment Areas	Direct and Indirect SDG Impact [20]	Est. Financing Needs by 2030 (% of GDP)
1	***Social protection***	Directly targets SDG 1 on no poverty, as well as SDGs 1, 3, 5, 8 and 10, with indirect contributions to SDGs 2, 4 and 16.	9.2
2	***Health***	Directly targets SDG 3 on good health and well-being while indirectly supporting SDGs 1, 2, 4, 5, 6, 8, 10 and 11 through broader social and economic development goals.	7.14
3	***Education***	Directly targets SDG 4 on quality education with indirect contributions to SDGs 1, 2, 3, 5, 8, 10 and 16.	4.59
4	***Women's empowerment***[21]	Directly targets SDG 5 on gender equality with indirect contributions to SDGs 1, 2, 3, 4, 6, 8, 10, 11 and 16.	16.38
5	***Sanitation***	Directly targets SDG 6 on clean water and sanitation, with indirect linkages to SDGs 1, 2, 3, 4, 5, 8, 9, 11 and 13.	2.26
6	***Transportation***	Directly impacts SDGs 3, 7, 9, 11 and 12.	19.75
7	***Climate change***	Directly impacts SDG 13, with indirect impacts on SDGs 1, 2, 3, 6, 7, 11, 14 and 15.	10.44
Total			69.76

Note 1: According to the World Bank, Egypt's GDP in 2022 totalled US$476.75 billion.[22]

Note 2: The IMF SDG costing tool for Egypt indicates that continuation of the current business-as-usual spending pattern means that Egypt will not meet SDGs related to health, education, electricity, water and sanitation, and roads until 2053. For Egypt to achieve the SDGs in the five sectors, an additional annual spending of 9.9% of GDP is needed until 2030.[23]

In assessing the costs for the seven areas, it is important to note that each sector has a different balance of public and private funding. For example, social protection of the poor tends to be financed as a public good and therefore is predominantly resourced through the national budget. On the other hand, financing for transportation benefits from a wide range of PPPs and generally involves a balance between public and private capital.

20 The SDGs are: No Poverty (SDG 1), Zero Hunger (SDG 2), Good Health and Well-being (SDG 3), Quality Education (SDG 4), Gender Equality (SDG 5), Clean Water and Sanitation (SDG 6), Affordable and Clean Energy (SDG 7), Decent Work and Economic Growth (SDG 8), Industry, Innovation and Infrastructure (SDG 9), Reduced Inequalities (SDG 10), Sustainable Cities and Communities (SDG 11), Responsible Consumption and Production (SDG 12), Climate Action (SDG 13), Life Below Water (SDG 14), Life on Land (SDG 15), Peace, Justice and Strong Institutions (SDG 16) and Partnerships for the Goals (SDG 17). The analysis provided here draws on many sources, including https://isdsnet.com/ijds-v6n15-9.pdf.

21 The allocation for women's empowerment appears to be high as it is synchronized with the allocation for social protection, health, and education, assuming that 50 percent of the allocation for these three sectors will help bring about gender equality (women's empowerment).

22 https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=EG

23 https://sdgfit.imf.org/

Table 2 below provides the costing results for the seven priority areas for the 2021–2030 period, as a percentage of annual GDP. Based on assumptions made to meet the targets, investment in support of gender equality and the empowerment of women is consistently the largest resourcing need (2.74 percent on average annually),[24] followed by transportation (1.82 percent), health (1.13 percent) and social protection (0.99 percent).

Table 2: Additional Requirement of Resources as % of GDP, by Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021–2030[25]
Social protection	1.30	1.23	1.16	1.09	1.01	0.94	0.87	0.81	0.74	0.69	0.99
Health	0.20	0.41	0.61	0.82	1.02	1.23	1.43	1.64	1.84	2.05	1.13
Education	0.22	0.33	0.44	0.55	0.66	0.78	0.89	1.00	1.11	1.23	0.72
Women's empowerment[26]	1.94	2.14	2.33	2.50	2.68	2.85	3.01	3.17	3.33	3.48	2.74
Sanitation	0.46	0.45	0.43	0.42	0.42	0.40	0.39	0.38	0.37	0.36	0.41
Transportation	2.02	1.97	1.92	1.88	1.84	1.79	1.75	1.71	1.67	1.62	1.82
Climate change	1.22	1.16	1.10	1.04	0.99	0.94	0.89	0.84	0.80	0.76	0.97

Source: Egypt SDG Costing, UNDP

Egypt's GDP registered US$476.75 billion in 2022. The costing exercise has estimated that the total cost of meeting the SDGs between 2021 and 2030 is US$397.20 billion, or 83.31 percent of the current GDP figure, distributed over the ten years. Addressing the financing gap for the seven priority sectors therefore requires mobilizing additional funds of US$39.7 billion annually, provided by domestic public and private sources, and international public and private sources. Annex 2 details the different costing approaches that have been used to cost the SDGs in Egypt by UNDP and others.

24 The unit cost to end gender-based violence is multiplied by the number of population between 2021 and 2030. The Economic Cost of Gender-Based Violence Survey Egypt 2015 report by UNFPA, CAPMAS and NCW set the per capita cost to end gender-based violence in 2015 at EGP 68. This figure is adjusted for inflation for the period between 2021 and 2030. It is further assumed that 50 percent of the spending on social protection (both BAU and additional), 50 percent of the government spending on health (both BAU and additional), and 50 percent of the government spending on education (both BAU and additional) will be part of the gender budget. The population projection (medium variant) is derived from UN Population data.

25 This column shows the total additional requirement of resources as a percentage of the cumulative GDP between 2021 and 2030.

26 See footnote 16 above.

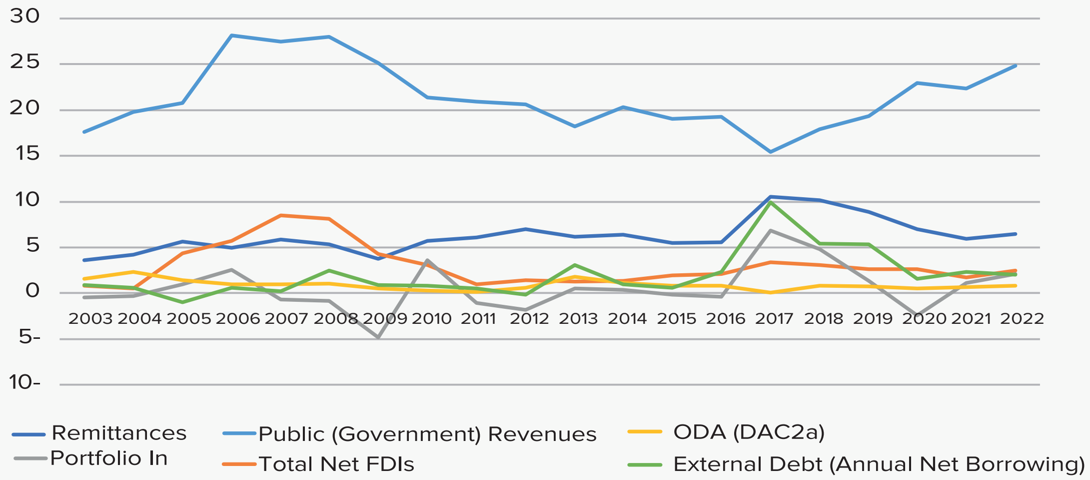
4

SDG FINANCING SOURCES AND TRENDS

UNDP's Egypt Development Finance Assessment quantified the primary sources of sustainable development financing in Egypt, across domestic and external flows, as shown in Figure 1 below. Revenues and grants constitute 16.9 percent of GDP and are highly amenable to SDG alignment, as they are aligned with the national sustainable development agenda. Gross public debt stands at 95.9 percent of the GDP in the fiscal year (FY) 2022/23.[27] Total domestic credit stood at around 42 percent, although government has limited control over immediate alignment with the SDGs. Total stock market capitalization stood at 10.5 percent in 2021/22, and foreign direct investment was at 1.9 percent.[28] ODA stood at 0.38 percent, while remittances were at 6.7 percent.[29]

Figure 1 also indicates the development of Egypt's public and private financing flows over time (2003–2022). These flows show considerable year-on-year volatility, with FDI and portfolio inflows negatively impacted by instability in the Middle East and North Africa in 2010, the Great Financial Crisis in 2008/2009, the COVID-19 pandemic and the current geopolitical situation in Europe. The volatility characterizing many of these flows indicates the extent to which government has control over SDG alignment for these resources, with external debt, foreign direct investment, stock market and remittances far harder to align with the SDGs when compared to government revenues, grants, and ODA.

Figure 1: Egypt's Public and Private Flows Over Time (2003–2022) (% of GDP)



Source: Egypt Development Finance Assessment Analysis (2022)

27 https://www.imf.org/en/News/Articles/2024/03/29/pr24101-egypt-imf-executive-board-completes-first-second-reviews-eff-approves-augmentation#:~:text=The%20IMF%20Board%20today%20completed,US%24820%20million%20(SDR%20618.1

28 https://www.cbe.org.eg/-/media/project/cbe/listing/monthly-statistical-bulletin/bulletin/oct/monthly-statistical-bulletin-319.pdf

29 https://www.cbe.org.eg/-/media/project/cbe/listing/research/position/external-position-82.pdf

As multiple sources of financing will need to be aligned and integrated, a good primary starting point to serve as reference is the national budget, with a focus on increasing national allocations to the sectors identified and making changes to public investment planning to integrate new instruments into the development financing planning process.

Furthermore, enhancing effective revenue mobilization needs to be targeted to support implementation of this strategy. According to recent analysis employing the UNU-WIDER Government Revenue Dataset, as of 2019 there was a 4.29 percent GDP gap between taxes mobilized and the tax potential. It is important to analyse sustainable levels of current and future revenue mobilization, looking at tax potential for Egypt, to see how much domestic resource mobilization can be increased and from where, without creating adverse effects on the SDGs this financing stream is intended to support. This gap is one of the policy areas to be targeted, with a proposed Medium-Term Revenue Strategy examining tax gaps by sector and by economic actor income groups and tax instrument, etc.

Policy and regulatory reforms are also proposed to crowd in private capital to the sectors, improve SDG budget alignment, and strengthen fiscal decentralization and links to SDG localization (see Box 3 below).

Box 3: Opportunities to Embrace SDG Localization: Lessons from Indonesia

Indonesia has taken a structured and inclusive approach to localize the SDGs. The government is organized into three tiers: national, provincial (with 34 provinces), and district (with around 508 districts). Unlike the Millennium Development Goals (MDGs), the SDGs in Indonesia adopt an inclusive approach, partnering with various sectors like philanthropy, business, academia, civil society and media. This collaboration encompasses coordination, data collection and technical assistance to districts. One such initiative is the pilot project initiated in Riau province by BAPPEDA Riau, UNDP, and Tanoto Foundation to commence the SDG localization process. This project aimed to create awareness of the SDGs, identify stakeholders, set up a steering committee, and align the Provincial Mid-term Development Plan with the SDGs. The efforts made in Riau province served as a model for other provinces in Indonesia, emphasizing a bottom-up and multi-stakeholder approach for sustainable development.

Given the time-frame needed to transition to fiscal decentralization in Egypt, a focus on strengthening SDG localization will be critical to improving local ownership at the local level, where most services are delivered.

One important factor contributing to the tax gap is tax evasion, requiring a focus on measuring IFFs to identify concrete options that close down such flows (tax avoidance, commercial and illegal market activities, etc.) as a boost to revenue collection. To close the tax gap, data on IFFs remain critical. By gaining a better understanding of the extent of IFFs and implementing measures to combat them, it is possible to improve revenue collection and close the tax gap more effectively. This will contribute to sustainable revenue mobilization efforts and support the achievement of development goals.

Mobilizing Domestic Public Financing Actions

Efforts to improve budget management (including allocative and operational efficiency and use of gender/location disaggregated data, etc.) will remain crucial to this strategy given that national and sub-national budgets will remain a primary source of financing sustainable growth, social programmes and sustainable infrastructure investments that contribute to the achievement of the SDGs. Box 2 in Section 2 above outlines the approach to ensuring that no one is left behind. Government will ensure that resources are allocated towards the seven priority areas, with a focus on strengthening revenue mobilization and sustainable debt management, accelerating operational and allocative efficiency to strengthen value-for-money in public investments, and supporting strategic budgeting for the SDGs. Broad entry points to improve Egypt's domestic public financing are provided below.

Revenue and Taxation Improvements

- Improve domestic revenue performance and close the tax gap.
- Address bottlenecks, streamline tax, reduce tax evasion and avoidance.
- Tax digital businesses appropriately.
- Re-examine non-tax revenues and classify them properly.
- Review tax base and rates regularly to ensure complementarity.
- Increasing revenue by expanding the tax base and improving tax compliance.
- Reform the legislative framework governing local revenue.
- Use an SDG lens for analysis of tax-related policies.

Budgeting, Fiscal and Public Investment Planning

- Implement the new Unified Public Finance Law, which includes the Medium-Term Budget Framework (MTBF) (and the Medium-Term Expenditure Framework [MTEF], as well as the Medium-Term Revenue Framework and Medium-Term Debt Framework), and performance and programme-based budgeting by 2026.
- Improve the design of sector public investment plans to include consideration for rationalization of state-owned enterprises and strengthening PPPs.
- Focus on performance- and programme-based budgeting in line with the leave-no-one-behind principles of the SDGs.
- Implement the Medium-Term Expenditure Framework from an SDG perspective.
- Rationalize public expenditures, prioritize high-impact programmes and projects, and reallocate resources accordingly.

- Improve public financial management for transparency, accountability and efficiency with a gender-responsive lens.
- Engage citizens in budget preparation for transparency and support of social inclusion and poverty reduction policies.

Digital Transformation and Innovative Approaches

- Consider a lottery for citizens requesting VAT invoices.
- Increase VAT registration and improve income tax collection through digital transformation.
- Enhance public procurement processes through digital transformation for efficiency and transparency.
- Accelerate reform of state-owned enterprises for competitiveness and alignment with IMF structural reforms.

Social Initiatives and Subsidy Reforms

- Reduce subsidies and replace with targeted social safety nets, ensuring no increase in poverty or food insecurity.
- Improve the quality and inclusive use of public services, like health and education, for better social outcomes and inclusive growth.

Debt and Financial Management

- Strengthen debt management for sustainable borrowing and debt repayment.
- Negotiate debt relief or restructuring with creditors.
- Manage fiscal risks by identifying, disclosing, and mitigating major fiscal and debt risks.
- Increase the use of blended financing instruments targeting key populations.

Mobilizing Domestic Private Financing Actions[30]

Deepening financial markets, promoting financial inclusion (see Box 4 below), and improving enabling conditions for new and innovative sustainable financing will be vital to the success of SDG financing. Reforms to financial and non-financial markets, banks, and non-bank financing institutions remain important sources of financing. Drawing on public enabling capacities to de-risk and support risk transfers will also be key. According to the January 2023 IMF Staff Report, the government prioritizes domestic private flows as central to both SDG financing and increasing the responsiveness of domestic spending (investment and consumption) to the SDGs. Economic reforms implemented under the IMF agreement aim to attract and unlock US$40 billion in private participation over the next four years.

30 Both domestic and international private sectors are actively integrated in key ways and, as a result, actions outlined here have implications for international private finance, and vice versa.

Box 4: Financial Inclusion and Digital Transformation in Egypt

Financial inclusion is paramount to Egypt's economic and social development, particularly given the nation's youthful population, high levels of unemployment, and significant informal sector. Access to formal financial services, including banking, credit, insurance, and payment systems, can serve as a powerful tool in reducing poverty and fostering sustainable economic growth. Individuals who are financially included, particularly those in communities in vulnerable situations, can save securely, invest in entrepreneurial activities, protect against unforeseen expenses, and generally better manage their economic lives. Moreover, financial inclusion can stimulate consumer spending, spur micro and small enterprise growth, and increase the state's tax base, further driving economic modernization and diversification.

However, the digital transformation driving financial inclusion also brings forward concerns, particularly related to digital identity. As Egypt advances its digital infrastructure and transitions towards e-government services, those without digital IDs risk being left behind. Digital IDs, which are essential for accessing various digital financial services, are becoming increasingly intertwined with availing government services, from health care to social welfare programmes. Those without digital IDs may face challenges in accessing these essential services, further exacerbating existing socio-economic disparities. The inability to partake in digital financial systems could also limit their opportunities for economic advancement and social mobility. Thus, while the push towards a digital economy in Egypt holds immense promise, it is crucial to ensure that this transition is inclusive, bridging the digital divide rather than widening it.

Unlocking private capital and investments and promoting an ecosystem of SDG Impact Measurement and Management in Egypt has great potential. In March 2022, the government supported the launch of the first private closed-end impact investing fund in Egypt and the Middle East, Catalyst Capital Egypt Fund (CCE), which aims to invest in small and medium enterprises.[31] Broad entry points to improve Egypt's domestic private financing include the following:

- Strengthen promotion of responsible business practices among companies, including environmental, social and governance (ESG) considerations.
- ESG/sustainability regulation (e.g. mandatory reporting/disclosure requirements for financial sector actors), in addition or as a complement to the already developed principles.
- Build capacity across the local financial sector on SDG alignment.
- Encourage private sector investment in SDG-related projects by creating a conducive investment climate through policy and regulatory reforms that address social and gender exclusion to leave no one behind.
- Strengthen PPPs to mobilize private sector financing for SDG-related projects, and introduce a PPP taxonomy.

31 https://www.undp.org/egypt/press-releases/catalyst-private-equity-launches-first-impact-investing-fund-egypt-undp.

- Develop the relevant policy framework for innovative financing instruments such as impact investment funds, green bonds (considering bond pricing issues), women empowerment bonds (see Box 5 below), and social impact bonds to attract private sector investment to SDG-related programmes.
- Prudently create tax incentives and other financial incentives to encourage private sector investment in SDG-related programmes.
- Enhance the availability of data (sex-aggregated where relevant) and information on SDG-related projects to help private sector investors make informed investment decisions.
- Foster collaboration and partnership between private sector entities and other stakeholders, including civil society organizations, to pool resources towards SDG financing.
- Emphasize the central role of civil society organizations, including philanthropy organizations, and especially in social sectors related to the SDGs, as they can play a key role in mobilizing domestic resources.
- Develop and implement strategies to address the unique challenges faced by micro, small and medium enterprises (MSMEs) in accessing finance.
- Promoting a flexible and credible exchange rate environment that encourages both financial flows and foreign direct investment.

Box 5: The Potential for Issuance of Women Empowerment and Digital Bonds

The potential for the issuance of women empowerment and digital bonds in Egypt presents an intriguing opportunity to address key development challenges while tapping into innovative financial instruments. Drawing inspiration from other countries, these bonds could address multiple aims. Women empowerment bonds, like those pioneered in countries such as Indonesia and the Philippines, could be utilized to finance projects that specifically support the economic empowerment of women, gender equality, and female entrepreneurship. This would not only champion social equality but also tap into the significant economic potential of a more gender-inclusive market. Digital bonds, as seen in countries like Kenya in the form of mobile-based government bonds, could revolutionize Egypt's financial landscape by increasing accessibility and participation in capital markets through digital platforms. The introduction of such bonds in Egypt could foster a more inclusive financial system, encourage digital innovation, and attract a broader range of domestic and international investors. Combining these innovative financing mechanisms with Egypt's unique market characteristics might well set a precedent for other nations in the region.

Mobilizing International Public Finance Actions

Given that international public flows are critical to policy development and to triggering international private flows, government, through MoIC, has been utilizing ODA financing – as part of international public flows – to upscale investments in priority sectors, while promoting private sector engagement in development and exploring new partnerships such as South-South and triangular cooperation.[32] ODA secured by MoIC represents 16 percent of total external debt, according to Central Bank of Egypt statistics. It is worth noting that Egypt has an agile governance platform already established for constitutional and national procedures that ensures the proper cross-sectoral coordination, compatibility, and synchronization in projects and development operations.

To execute its mandate, MoIC is focused on enhancing international cooperation with multilateral and bilateral development partners, governments, the private sector and civil society, to support the country's national development agenda, which is consistent with the United Nations SDGs.

Through this, MoIC adopts a country-led multi-stakeholder engagement framework that includes the principles of Economic Diplomacy: hosting multi-stakeholder platform meetings to streamline efforts, mapping ODA to the SDGs, and adopting a global partnerships narrative for transparent communication.

In turn, this framework maximizes socio-economic returns from ODA, ensures the alignment of development interventions with national objectives and the SDGs, and enhances the management of development cooperation. This is in accordance with the Global Partnership for Effective Development Cooperation (GPEDC), thus prioritizing: country ownership, a focus on results, inclusive partnerships, and transparency and mutual accountability.

With this mission in mind, in the past 4 years, the Ministry of International Cooperation secured a total of $28.5 billion for state sectors and $10.3 billion for the private sector, bringing the total to $38.8 billion; dedicated to accelerating progress towards sustainable development in electricity, renewable energy, transportation, MSMEs, water, education, health, and many other sectors.

Furthermore, the Ministry of International Cooperation regularly maps ODA to the SDGs, highlighting accountability, transparent communication, and data driven decision making to close development gaps in sectors that need it the most.

In 2023, the Ministry of International Cooperation established the ODA Monitoring and Information Management System (IMS) to ensure the availability of all necessary information on development finance to the Ministries, Cabinet and Presidency and national entities to enhance the Ministry's role in monitoring, evaluation and project follow-up. This Integrated system aims to facilitate the regular follow-up of ODA projects, including financial and technical data. It also aims to track progress achieved, pinpoint successful practices, identify and resolve bottlenecks, and support evidence-based decision-making.[33]

32 https://moic.gov.eg/news/436

33 https://moic.gov.eg/page/annual-report-2023

Mobilizing Financial Resources:[34]

- Ensure better coordination and multi-year planning of official development flows (ODF) at central and sectoral levels and engage with bilateral and multilateral partners for support.
- Grounded in the principles of leaving no one behind, strengthen and implement existing national development cooperation policy frameworks, such as the Framework for International Cooperation and Development Financing, to encompass a wide range of external finance resources, including but not limited to ODA. This approach aims to support the INFF and augment the coherence and efficacy of development cooperation.
- Given Egypt's successful experience implementing debt swap programmes over the past two decades with the Italian and German governments, with a value exceeding US$720 million, the government should seek further debt relief opportunities through restructuring and expanding on debt swap programmes to alleviate the debt burden, making more resources available for developmental priorities. It is evident that government efforts to expand innovative financing tools are aligned with such a method, given the recent signing of a memorandum of understanding for a debt swap programme with China in October 2023.[35]
- Leverage the existing platforms and mandate of relevant national stakeholders, such as the Egyptian Agency of Partnership for Development, to strengthen South-South and triangular cooperation.
- Continue to monitor and evaluate the efficiency of ODA and triangular cooperation efforts and fine-tune them as necessary.
- Access specialized funds aligned with Egypt's climate objectives and commitments, like the IMF's Resilience and Sustainability Trust.

Technical Knowledge Management

- Identify potential areas of collaboration between Egypt and other nations, especially in sectors where Egypt has notable expertise.
- Actively look for potential third parties that can offer additional expertise and resources.
- Cultivate relationships with these potential partners, fostering a mutual understanding of development priorities and objectives.
- Recognize and surmount any legal or administrative hindrances to triangular cooperation.
- Initiate joint projects or schemes that tap into the expertise and resources of every participating entity.
- Facilitate the sharing of knowledge and bolstering of capacities among all partners to amplify the longevity and influence of triangular cooperation endeavours.

34 Recommendations included are wide-ranging, given that Egypt has already advanced the use of many of these tools via policy reforms and new legislation.

35 https://moic.gov.eg/news/1280

- Encourage the active involvement of both the private sector and civil society in triangular cooperation endeavours.

Mobilizing International Private Financing Actions

Egypt has made significant strides in cleantech and renewable energy projects, digital transformation, and governance, and government offers incentives to attract foreign investors. The Central Bank of Egypt reports that net foreign direct investment in the country surged by 183 percent in Q1 2022 to reach US$4.1 billion, compared to US$1.4 billion in the same period the previous year. Egypt attracted over US$163 billion, or about US$10.9 billion annually on average between 2003 and 2018, with net foreign direct investment inflows reducing substantially after the 2007–2008 financial crisis, and further impacted by COVID-19 and now again by the conflict in Ukraine. While the US and the UK traditionally dominated flows to Egypt, after the instability in the Middle East and North Africa in 2010, the UAE, Saudi Arabia and other Gulf states have been significant investors. Private international charity flows fluctuate from US$1.5 billion to US$3 billion annually. In 2020, remittance flows constituted 8.1 percent of GDP. Government will continue to promote foreign direct investment, portfolio investment, remittances and private transfers and judiciously use international borrowing to support sustainable development goals, while also increasing the impact of the activities of international NGOs, charities and philanthropic organizations. Actions proposed by the Development Finance Assessment are outlined below:

- Reduce transaction costs and facilitate diaspora accounts/corridors to facilitate remittance transfers.
- Rationalize and restructure state-owned enterprises (see Box 6 below for country experiences) as part of a wider privatization process to free up fiscal space and reduce contingent liabilities.
- Encourage fintech companies via regulation to foster digital financial inclusion, to be able to play a greater role in facilitating remittances and ultimately lowering their cost, as the percentage of Egyptians using mobile money as of 2021 is only 3 percent.[36]
- Explore opportunities offered by international philanthropic bodies and foundations to increase international flows from philanthropy.
- Lower barriers and facilitate pilots to promote international PPPs in allowed sectors.

36 https://www.worldbank.org/en/publication/globalfindex/Data

Box 6: Country Experiences in Privatization and Corporatization of State-Owned Enterprises

Across the globe, various countries have embarked on the journey of privatizing and corporatizing state-owned enterprises to enhance efficiency, stimulate economic growth, and reduce fiscal burdens. The UK, for instance, initiated one of the most well-known privatization drives during the 1980s under Prime Minister Margaret Thatcher. This led to the transformation of several large public sector utilities and industries, such as British Telecom and British Airways, into competitive entities. The UK's experience demonstrated that privatization could increase efficiency, foster innovation, and provide the state with substantial one-off revenues.

Similarly, New Zealand's extensive corporatization and privatization reforms in the 1980s and 1990s led to the restructuring of state-owned enterprises into state-owned corporations operating on commercial principles. This corporatization meant that, while the state retained ownership, these entities were expected to operate profitably, without government subsidies, and in a manner akin to private sector companies. The New Zealand model underscores that corporatization can serve as a useful interim step before full privatization, ensuring that state-owned enterprises become competitive and gain market value.

One of the most notable successes in the privatization of state-owned enterprises within Africa took place in the telecommunications sector of South Africa. The partial privatization of Telkom SA, the predominant South African telecommunications company, stands out as a particularly effective instance. Initiated in the early 2000s, the Government of South Africa reduced its stake in Telkom by selling shares to strategic equity partners and listing the company on the Johannesburg Stock Exchange. This move was designed to introduce competitive dynamics and bring in strategic expertise and investment for network expansion and technological advancement.

Privatization of state-owned enterprises can lead to increased efficiency and competitiveness, reducing a state's financial burden in the form of subsidies or bailouts. In Egypt, the government has taken significant strides by approving its state ownership policy in December 2022, highlighting a clear path for economic reform, and clearly defining the role of the state across a number of sectors, targeting exiting selected sectors within three years; adjusting or reducing the state's economic presence in various sectors; and adjusting or increasing the state's economic presence in a few sectors. This, in turn, will regulate the government's presence in economic sectors, ensuring better engagement of the private sector in the economy. Furthermore, by adopting a phased approach that starts with corporatization, followed by privatization, Egypt can ensure a smooth transition, maximizing the value derived from these entities and bolstering its economic resilience. In 2023, as per the Transactions Advisory Services Agreement (TASA), the International Finance Corporation was appointed as strategic adviser to the Government of Egypt for its asset monetization programme.[37]

37 https://moic.gov.eg/news/1083

Bridging the SDG financing gap will take considerable effort, and new ways of working within and across sectors is necessary, particularly if leaving no one behind remains a top policy priority. Proceeds from thematic bonds can be earmarked for financing clean transportation, renewable energy, pollution prevention and control, the empowerment of women and girls, sustainable water and wastewater management, energy efficiency, and climate change adaptation. Improving the use of remittances, and the introduction of other thematic bond instruments for blockchains, women's empowerment, blue economy and reforestation, for example, are underexplored. A national carbon market can be established, to include a carbon credit exchange with options for voluntary or compulsory emissions trading. The Government of Egypt, through MoE, established the country's first carbon credits investment fund, EgyCOP, during the COP27 conference, with US$40.7 million at its disposal. EgyCOP received approval from the Financial Regulatory Authority (FRA) for carbon markets and will now aim its efforts towards attracting financing from private and state companies to provide liquidity for the market.[38]

Carbon taxes, SDG taxes, and tax and non-tax exemptions for sustainable, green and circular investments are largely a market yet to be developed. The Central Bank of Egypt could play a greater role by establishing an innovative and sustainable financing unit to boost the bank's efforts on sustainable finance. The central bank has issued its Guiding Principles on Sustainable Finance to set the general framework for sustainable finance across Egyptian banks and to incorporate ESG elements into the processes and decisions related to credit advancement.[39] The central bank could co-create a regulatory context with the private sector, providing the potential for the development of new toolkits for policymakers to green the financial system, leveraging its existing membership of the central banks network to support greening the financial system, and strengthening inclusive budgeting to address those being left behind.

Table 3 below outlines a wide range of financing instruments that will be incentivized to close the SDG financing gap, in addition to traditional public sector spending, guarantees and credit, payments, savings, insurance, and remittance markets. The approach is for national entities to think beyond public sector funding as the only source of financing, towards increasing the role of private financing and blending in delivery solutions.

38 https://carbonherald.com/egypt-moves-forward-with-investing-in-carbon-credits/

39 https://www.cbe.org.eg/en/sustainability/sustainable-finance

Table 3: Overview of Primary Financing Instruments to Be Considered Under the Framework

#	Financing Instrument	Definition	Value in Development Context	Indicative Examples
1	Conventional instruments	The foundational financial tools that have been traditionally used in development projects. They are often funded by governments, international organizations or philanthropic entities.	The backbone of development finance, offering straightforward and well-understood mechanisms.	General budget support
1.1	Grants	Non-repayable funds or products disbursed by one party to a recipient, often a non-profit entity, educational institution, or a business, to carry out a specific project or programme.	Provide non-repayable funds, making them ideal for high-risk, high-impact projects where profit is not the main goal.	ODA project financing
1.2	Technical assistance	Involves the provision of expertise and skills to help an organization or country improve its capabilities in specific areas. This can range from managerial assistance to technology transfer.	Focuses on building long-term capabilities rather than providing immediate funding, often a key part of sustainable development.	ODA project financing
1.3	Budget support	Development finance provided directly to a recipient country's budget, either unconditionally or with conditions for its use.	Provides a flexible mechanism for supporting a country's development agenda, allowing for both broad and targeted impact.	ODA project financing
1.4	In-kind support	Refers to non-monetary support provided in the form of physical goods or services. While often material in nature, such as equipment or supplies, it can also include services like training or volunteer work.	Allows for targeted, immediate impact without the complexities of financial transactions. It is generally used in contexts where specific goods/expertise is scarce or expensive.	Donation of medical supplies, volunteer-based health clinics, in-kind food donations

#	Financing Instrument	Definition	Value in Development Context	Indicative Examples
2	Debt-based instruments	Financial instruments that involve the borrowing of funds, usually involving scheduled repayments and added interest. They are often used for large-scale infrastructure or development projects.	Versatile and can be tailored to specific project needs, but they require the project or borrower to generate revenue for repayment.	Infrastructure loans
2.1	Loans	A form of debt where money is borrowed and is expected to be paid back with interest within a specified time-frame.	The most straightforward form of debt, suitable for a wide range of projects but requiring a clear path to repayment.	
2.2	Concessional loans	Loans that are offered with terms substantially more generous than market loans. They can have lower interest rates, longer grace periods, or a combination of both.	Offer more generous terms than market loans, making them suitable for riskier or less profitable projects that have high social impact.	ODA project financing
2.3	Bridge financing	A short-term loan that provides immediate cash flow to meet short-term obligations until a more permanent financing arrangement can be secured.	Provides short-term funds until long-term financing is secured. Useful for projects with funding gaps but risky if long-term funds aren't secured.	
2.4	Bonds	Debt securities that are similar to IOUs. When you purchase a bond, you are lending money to the issuer in exchange for periodic interest payments and the return of the bond's face value when it matures.	Offer a way to raise large amounts of capital but require a strong repayment source.	
2.5	Credit lines	Pre-approved loans that the borrower(s) can draw upon as needed, up to a certain limit.	Offer flexibility in borrowing and allow for quick access to funds without the need to renegotiate terms or go through lengthy approval processes each time funds are needed.	
2.6	Debt-based trade financing	Instruments specifically designed to facilitate international and domestic trade.	These instruments can be crucial in development contexts where access to trade finance can unlock economic potential and foster growth.	

#	Financing Instrument	Definition	Value in Development Context	Indicative Examples
3	Equity-based instruments	Financial instruments that represent an ownership interest in a company and constitute a claim on part of the company's assets and earnings.	Offer ownership stakes, aligning the interests of investors and project owners but often requiring longer investment horizons.	Venture capital
3.1	Equity	Represents ownership in a company and constitutes a claim on part of the company's assets and earnings.	Provides ownership and potential dividends; suitable for long-term projects but requiring shared control.	
3.2	Collective investment vehicles (CIVs)	Funds pooled from various investors to invest in a portfolio of different securities.	Pool resources from multiple investors, diversifying risk but requiring professional management.	
4	Risk mitigation instruments	Financial instruments designed to reduce the risk exposure of an investment, making it more attractive to lenders and investors.	Reduce financial risk, making projects more attractive to investors but often requiring complex arrangements.	Insurance-backed infrastructure projects
4.1	Guarantees	Legally binding agreements where the guarantor agrees to pay part or all of an amount due on a loan, equity, or other instrument in the event of non-payment by the obligor.	Offer a promise of repayment in case of default, reducing risk for lenders but requiring a trustworthy guarantor.	
4.2	First loss capital	Risk mitigation tool where a development partner or other entity agrees to absorb initial losses in the case of default or underperformance, making the investment more attractive to other investors. It also often comes with a higher rate of return.	In offering to absorb initial losses, first loss capital makes higher risk projects more attractive to risk-averse investors (other private investors).	First loss capital for an SME fund to encourage private investment
4.3	Securitization	Involves pooling various types of contractual debt and selling their related cash flows to third-party investors as securities.	Securitization pools and tranches loans, offering investors varying risk/return profiles but requiring complex structuring.	Mortgage-backed securities
4.4	Co-lending/ syndication approaches	Loans provided by a group of lenders, often structured and administered by one lead actor, e.g. multilateral development banks (MDBs) or development finance institutions (DFIs).	Spread risk among multiple lenders, enabling larger projects but requiring coordination.	Large-scale renewable energy or infrastructure projects

#	Financing Instrument	Definition	Value in Development Context	Indicative Examples
4.5	Risk-sharing facilities	Agreements to partially cover credit risk or share losses in case of default for a predefined portfolio of loans.	Cover losses in case of default, making riskier projects more feasible but requiring upfront agreement on terms.	
4.6	Risk mitigation-based trade financing	Refers to financial instruments specifically designed to mitigate the risks associated with international trade.	Useful in contexts where conventional trade financing options are limited due to high risks or lack of access to competitive financial markets.	
5	Hybrid instruments			
5.1	Mezzanine finance/ subordinated debt	A hybrid financial instrument with debt and equity-like features. Subordinate to pure debt but senior to pure equity, and often comes with options to convert debt into equity.	Allows companies in emerging markets to access capital without giving away too much ownership, thereby fostering growth and job creation.	Real estate development project
5.2	Convertible bonds	Bonds that can be converted into a predetermined amount of the company's equity at certain times during its life, usually at the discretion of the bondholder. These can be mandatory or optional bond conversions.	Offer the potential for conversion to equity, providing flexibility for both issuer and investor.	DFI investments in social enterprises
6	Specialized arrange-ments	Unique financial structures designed to meet specific investment or project needs, often involving multiple stakeholders or complex legal and financial architecture.	Allow for tailored solutions that can adapt to the unique challenges and opportunities in development contexts. They often involve multi-stakeholder partnerships.	
6.1	Development funds	Pools of capital from various investors used for collective investment in securities or projects.	Pool resources to achieve scale and impact, enabling risk diversification and potentially attracting more investors.	Global Environment Facility (GEF)
6.2	Special purpose vehicles (SPVs)	Legal entities created for a specific purpose, often for isolating financial risk. They are a key component of complex financing structures.	Isolate financial risk and can be used to attract investment for specific development projects, often those that are off-balance-sheet.	Renewable energy projects
6.3	Public-private partnerships (PPPs)	Contractual agreements between a public agency and a private sector entity for providing a public asset or service.	Allow for the leveraging of both public and private resources and expertise, although they require strong legal frameworks and can entail long-term fiscal commitments.	

5

INVESTMENT POLICY FRAMEWORK ACTIONS

The Government of Egypt will continue to deepen and broaden structural reforms in order to help unleash Egypt's growth potential. Key priorities include improving resource allocation by reducing the role of the state and enhancing governance, strengthening the measure of allocations by sex and by age, strengthening social protection, improving the business environment, deepening financial markets, and increasing integration into global trade. This strategy is therefore aligned with and builds from the actions outlined under the National Structural Reform Program, which will target establishing a new tax and insurance system, labour market development, development of domestic trade, and actions to strengthen competitiveness and increase resilience through national production.

This integrated national financing strategy therefore identifies policy, institutional and financial instrument reform actions necessary to usher in a new generation of sustainable financing instruments. This integrated approach is harmonized with the Sovereign Sustainable Financing Framework.

Actions to strengthen domestic public finances in terms of both revenue and expenditure remain top priority, given that domestic public spending will remain a critical source of financing to meet the SDGs over the near term, despite growing public debt. This can include both direct investment in public goods, and state guarantees and incentives for de-risking (see Box 7 below), as well as support through blending such as PPPs. Efforts will focus on enhancing revenue mobilization, lowering public debt and gross financing needs, creating space for priority spending, increasing fiscal transparency and improvements to state-owned enterprises.

The Government of Egypt, per its state ownership policy, has put focus on the role of the state vis-à-vis the private sector, with a focus on an enabling environment hinged on three main paths for economic reform, namely: boosting government investments to support economic activity, half of which are directed to the infrastructure, transport, education, and health sectors; implementing national projects; and launching economic reform programmes to boost economic growth. In its state ownership policy, the government outlines three schemes for its presence in economic sectors:

- Exit within three years;
- Fixing or reducing the state's economic presence in various sectors;
- Fixing or increasing the state's economic presence in various sectors.

Box 7: De-Risking Private Investment in PPPs

Drawing from international experiences, Egypt can employ several strategies to de-risk private investment in PPPs and foster a more conducive environment for their success.

Firstly, establishing a robust legal and regulatory framework is paramount. Countries like India and Brazil have seen positive results by developing clear, transparent and consistent PPP frameworks which spell out the roles, rights and obligations of each party involved. Such a framework can reduce uncertainties for private investors by offering predictability and clarity on dispute resolution mechanisms, land acquisition processes, and other critical aspects. Streamlined and transparent approval processes can further reduce bureaucratic delays, making the investment landscape more attractive.

Secondly, financial instruments and risk-sharing mechanisms can be instrumental in mitigating risks. In countries like the Philippines, the government has used Viability Gap Funding (VGF) to bridge the financial gap in commercially unviable projects, making them more attractive to private investors. Likewise, employing guarantees or insurance mechanisms, as done in Turkey and several African nations, can protect private entities against specific risks such as currency fluctuations, political instability, or sudden regulatory changes.

Lastly, building institutional capacity is essential. Successful PPP models in countries like Singapore emphasize the importance of dedicated PPP units or centres of excellence, equipped with the requisite technical expertise to structure, negotiate and manage projects effectively. By enhancing its institutional capacity, Egypt can ensure that PPPs are not only conceptualized well but are also implemented efficiently, ensuring optimal outcomes for both public and private stakeholders.

5.1 Public Finance Laws

As aligning public finance with the SDGs is critical to meeting national sustainability goals, the strengths and shortcomings of public finance laws need to be considered. Egypt has issued the Unified Public Finance Law, Law 6 of 2022, as a core milestone, merging important public finance laws and committing the government to the implementation of the Medium-Term Budget Framework. The law provides new measures to support accountability and public financial management. The executive regulations for the new law should be drafted by 2024. Egypt will continue to use the budget as a tool of public policy to promote private-sector growth and improve allocative and operational efficiency and the rate of return of public spending to growth. Government will strengthen the implementation of fiscal responsibility in relation to preparation of the medium-term fiscal plan, and implement considerations to promote fiscal savings, as per the new unified law. The Unified Procurement Regulation issued in 2019 will be executed to include a focus on gender-responsive procurement, and SDG audits will also be considered. Given the importance of SDG localization, government will explore greater fiscal decentralization, transferring power and authority from the central government to local authorities (particularly local councils) to improve public service delivery, promote local development, and enhance citizen participation and accountability in local decision-making, while also identifying opportunities to reform the legislative framework governing local revenue. A new and emerging focus will be on increasing public participation, focused on engaging children and youth in the budget cycle. In addition, the linkage of programme-based budgeting with financial management information systems will be strengthened, including use of key performance indicators (including those related to gender-responsive budgeting).

The Unified Public Finance Law, which mandates transparency, governance standards, and programme-based planning and budgeting, was published in the Official Gazette.[40] The law requires the government to be more transparent in how it plans public finances, obligating it to present an annual and medium-term budgetary and fiscal strategy to the House of Representatives and to set spending limits for each ministry. MoF drafted the legislation in 2020 and it was passed by the House of Representatives in January 2022.

5.2 Social Protection

Strengthening key elements of social protection systems will remain a central priority under this strategy, to support groups in vulnerable situations and reduce poverty. A new Social Insurance Law (Law 148 of 2019) has been introduced, replacing a number of previous laws. The new legislation regulates and integrates regulations relating to pensions and employee rights. The security provided by social insurance is now extended to additional groups of (informal) workers, including seasonal and temporary workers, domestic workers, newspaper vendors and rural workers, among others. This previously unheard-of coverage covers retirement plans, disability, death, work-related injuries, illness, and unemployment.

The government will maintain and expand (as required) social assistance programmes and targeting through the Takaful and Karama programme (2015), which provides cash transfers to low-income households. At the same time, evidence-based studies will be undertaken to evaluate and assess the fiscal and social incidence of the different programmes. Conditional cash transfer programmes, such as the Support for Education, Health and Population programme and the Cash for Work programme, will continue to provide cash transfers to families who meet certain conditions. In 2014, Egypt launched the National Poverty Reduction Strategy, which aims to reduce poverty and improve social welfare through various interventions. Egypt will also continue to execute the 2019 National Minimum Wage Law for workers in the public and private sectors, providing a basic level of income security. Where subsidy reforms are promoted, social protection measures will be ramped up to minimize the impact on people in vulnerable situations. Projects to improve access to financing services, including soft loans, are also underway. In March 2023, the Government of Egypt announced the expansion of its

40 https://enterprise.press/wp-content/uploads/02/2022/Unified-Budget-Law.pdf

social protection package in response to the global economic situation.[41] The mitigation measures included increasing the minimum wage of government employees, raising pensions by 15 percent, increasing the personal tax exemption limit, and a 25 percent increase in the financial assistance for Takaful and Karama beneficiaries.[42]

Barr Aman is an initiative of MOSS. It aims at extending social protection to a sector of irregular employment by providing fishing requirements for small fishermen, to help them carry out their work and to address some of the risks of the profession. Those eligible to be beneficiaries of the initiative are young fishermen. Barr Aman provides the fishermen with some fishing equipment and clothing to protect them from occupational hazards and cold weather. Achievements include modernizing the technological structure of the fisheries offices at the national level, preparing an adequate database of fishermen, empowering women (as all women working in fishing were counted to plan the subinitiative to replace and refurbish boats, and 135 new fishing boats were given to a geographically representative sample of female fishers). A total of 19,560 fishermen were registered and their subscription fees paid, and they are now included in the social insurance system.[43]

5.3 Health

Health care financing will continue to be strengthened across public and private flows, with the 2018 Universal Health Coverage Law guiding service delivery arrangements. There will be a focus on increasing access by all, promoting public health campaigns and initiatives, and regulating health care practices and professionals. Government will seek ways to increase sector spending allocations, particularly to primary health care, which will reduce the burden on secondary and tertiary health care facilities. Government will seek to reduce wasteful spending and increase the efficiency of health care delivery through better management of health care resources, increased use of technology, and improved governance and accountability. Public and private health insurance schemes will also be strengthened, with a particular focus placed on expanding the pipeline of feasible PPPs, and use of innovative PPPs in areas such as telemedicine, hospital management, medical tourism, and research and development. Thematic bond funds raised through the climate action Sovereign Sustainable Financing Framework will be used to improve coverage and protect citizens from the negative health impacts of climate change.

Innovative financing instruments will also be used to support the construction, maintenance and refurbishment of health care facilities, the production of medical supplies and equipment, improvements in access and quality of health care facilities and services, and subsidizing populations in vulnerable situations to ensure health coverage. Universal health insurance will be key to increasing access to health care, financial protection, preventive care and

41 https://www.sis.gov.eg/Story/178113/PM-Gov't-to-allocate-additional-EGP-150-bln-to-social-protection-package?lang=en-us
42 Ibid.
43 https://www.moss.gov.eg/ar-eg/Pages/initiative-details.aspx?pid=14

leaving no one behind. These instruments can incentivize private sector investment, promote innovation, and mobilize additional resources for the health care sector in Egypt, ultimately contributing to improved health outcomes and the overall well-being of the population. In terms of health care financing, research shows that governmental health expenditure represented approximately one third of total health expenditure (THE) in 2022. THE as a percentage of GDP was almost stagnant over the last 12 years, with a median of 5.5 percent. The primary financing source for health care is out-of-pocket (OOP) expenditure, representing more than 60 percent of THE, followed by government spending through MoF at around 37 percent of THE. Pharmaceutical expenditure ranged from 26 to 37 percent of THE.[44]

5.4 Education

The 2023–2027 Education Sector Plan outlines sector priorities and includes full sector costing. Projected governmental education expenditure is based on the 2020/2021 budget structure. As per the constitutional mandate, from 2023 to 2027, the budget will continue to represent 4 percent of GDP. When all debt service costs are excluded, which constitute 35 percent of the constitutional budget, the remaining amount for MoETE to operationalize the sector plan is about 2.6 percent of GDP. The plan states that the future distribution of the recurrent and the capital budgets is adaptable to the needs of the Education Sector Plan. Government assumes that 50 percent of the constitutional budget is assigned to recurring costs and the remaining 15 percent to capital investment for the costing. New financing instruments have not been discussed in the plan and need to be developed.

Government will deepen the implementation of Law 139 of 1981 regarding education, as amended by Law 1 of 2018, aiming to provide quality education that is accessible to all girls, boys, young women and young men, to promote scientific research and innovation, and to develop a comprehensive and balanced educational curriculum. Where private education can be promoted it will be, reflective of ability-to-pay capacities. Educational opportunities will be ramped up to target disadvantaged groups, and pre- and in-service teacher training and development will be promoted. Innovative financing instruments will be identified to support the construction, maintenance and refurbishment of public schools, nurseries and vocational training facilities, as well as initiatives such as Decent Life, which provide health care and develop family planning and reproductive health services for poor families. New instruments will be considered, including education impact bonds (EIBs), social and development impact bonds, as well as options for introducing school-based management (SBM), expanding PPPs in the education sector, introducing education technology innovation funds and education challenge funds, while also engaging commercial banks to support increased use of educational savings accounts. Where possible, new scholarship programmes, philanthropic investments in education, new PPPs and microfinance loans for education-related expenses will be strengthened.

44 https://jepha.springeropen.com/articles/10.1186/s8-00089-021-42506

5.5 Gender Equality and Women's Empowerment

Investments in women's empowerment are framed within the National Strategy for the Empowerment of Egyptian Women 2030,[45] to include execution of the 2018 National Council for Women Law.

The national strategy includes four pillars: political empowerment and leadership promotion; economic empowerment; social empowerment; and protection. In line with the strategy, the government is introducing measures to increase women's representation in government and politics, while addressing gender-based violence against women and girls, including harmful practices, and deepening the implementation of the National Strategy on the Elimination of Violence Against Women. Projects to support women working in science, technology, engineering, and mathematics (STEM) roles through scholarships, internships and mentoring programmes will be expanded, and financing instruments pioneered, including gender-responsive budgeting, Gender Lens Investing, use of women empowerment thematic bonds where viable, gender-responsive procurement, and women-focused grant-making.

Complementing ongoing reforms, the "Closing Gender Gap Accelerator" launched by Egypt in 2022 by MoIC, NCW and the World Economic Forum aims to include more women for the country's productivity, job creation and economic empowerment.

Gender-related investments (including PPPs) focusing on equality and women's empowerment will be promoted, including: (i) investments that align with existing national legislation and regulations, as well as global standards that support women's recruitment, retention and leadership in the public and private sectors; (ii) investments that support women's health, including initiatives focused on maternal health and family planning, as well as those that promote access to sexual and reproductive health services; (iii) gender-responsive infrastructure projects that prioritize the needs of women and girls, such as safe and accessible public transportation, gender-segregated public restrooms, and public spaces that are designed to be inclusive and welcoming to women; and (iv) investments that promote women's participation in the workforce, including upholding safe and harassment-free workspaces, family-friendly policies in the private sector, and initiatives focused on skills training, mentoring, and workplace diversity and inclusion. The agricultural, textile and garment, tourism, and hospitality industries are effective targets, alongside other service sectors.

5.6 Sanitation

Government will implement the 2017 National Water Resources and Sanitation Law, with a focus on improving access to clean water and sanitation services for all citizens. In regulating water and sanitation projects, government will review and update standards for water quality and treatment, and establish penalties for violations. Implementation of the 2009 Environmental Protection Law, which regulates the management and disposal of hazardous waste and sets standards for air and

45 https://ncw.gov.eg/Images/PdfRelease/final-version-national-strateg10202312133058257-.pdf

water pollution control, will be strengthened. Thematic bond funds raised through the climate action Sovereign Sustainable Financing Framework will be used to increase access to clean water and sanitation.

Expansion of PPP modality in the sanitation sector will be pursued. According to the PPP MENA Forum, the top PPP projects in sanitation included a US$199 million project to upgrade and expand the Alexandria West Wastewater Treatment Plant in Nagaa Al Arab, planned to be completed by 2025. The wastewater plant, which sits on a 13.6-hectare site, will be upgraded from primary to secondary treatment, and its capacity will be increased from 461,000 cubic metres per day to 600,000. The project is planned to be implemented through a PPP under a design, build, finance, operate, and maintain (DBFOM) contract basis.

A wider range of sanitation PPPs will be developed, to include: (i) PPPs that focus on improving access to safe drinking water; (ii) PPPs that aim to increase access to sanitation facilities, such as public toilets and waste management systems; (iii) PPPs that promote hygiene education and behaviour change campaigns to improve personal hygiene and reduce the spread of diseases; (iv) sanitation-related PPPs that promote wastewater treatment and recycling initiatives; (v) PPPs that promote access to finance for sanitation and water-related projects, particularly in areas where government funding is limited; and (vi) PPPs that leverage technology and innovation to improve sanitation, such as the development of low-cost water filtration systems and innovative waste management technologies. Results-based financing and carbon financing will be explored.

5.7 Transportation

The government will continue to implement the 1973 Road Traffic Law, which governs road safety and traffic regulations; the 1983 Public Transport Authority Law, which regulates public transportation, including buses, taxis and trains; the 2008 Railways Law, which regulates the operation and maintenance of the country's railway system; and a 2014 law to encourage the use of renewable energy in transportation, including the use of electric vehicles. A policy priority is to increase private sector financing wherever possible. The government will focus on improving public funding; private investment (including through PPPs); tolling and user fees; SDG, green and municipal bonds; and tax increment financing to earmark future tax revenues generated by a transportation project to finance its construction and maintenance. Wherever possible, it will also implement asset recycling, such as selling or leasing public transportation assets to private investors and using the proceeds to fund new transportation projects.

5.8 Climate Change Financing

A source of financing for climate change – judiciously applied – will be sustainable debt instruments under the Sovereign Sustainable Financing Framework, which was initiated largely to deal with climate change financing. Through thematic bonds, public funds, vertical funds and a market-based response, the government will continue to execute the National Climate Change Strategy 2050, focused on energy, transportation, agriculture, water resources and waste management, and will support the achievement of Egypt's nationally determined contributions (which were updated in June 2023).[46] Government will expand the range of financing instruments to support execution of the 2014 Renewable Energy Law, with a focus on ramping up incentives for private sector investment. This will be needed to accelerate progress towards achieving Egypt's target of a 42 percent share of renewables in its energy mix by 2030.

Article 11 of the Investment Law, Law 72 of 2017, grants the projects "that run on or produce new and renewable energies and projects operating under the agricultural waste recycling industry" a deduction on the net taxable profits at a rate of 30 percent as a deduction in investment costs.[47]

Deepening the insurance market will play a crucial role in both climate change adaptation and mitigation. Government recognizes that insurance focused on adaptation helps by absorbing risks and distributing losses incurred from weather-related disasters, offering financial protection to individuals and communities. It also encourages risk reduction behaviours, such as building in safer areas or adopting resilient construction methods. For mitigation, certain insurance products incentivize sustainable practices, like discounted premiums for eco-friendly homes or electric vehicles, which help reduce carbon emissions. Thus, insurance serves as both a financial buffer and a promoter of climate-conscious behaviours.

It is crucial to recognize that certain finance mechanisms, while potentially beneficial for SDGs, may have detrimental effects on biodiversity if not implemented carefully. Egypt's National Biodiversity Strategy and Action Plan (NBSAP) should be used as a key strategy in closing the financial gap for the SDGs and averting adverse impacts on biodiversity. The National Biodiversity Strategy and Action Plan not only contributes to SDGs related to life on land and below water but also attracts and directs financial resources towards sustainable initiatives. Serving as a strategic framework, it ensures the alignment of economic development with ecological sustainability, safeguarding biodiversity while pursuing economic growth. It is worth noting that the current National Biodiversity Strategy and Action Plan is undergoing review and update to align with the Global Biodiversity Framework (GBF). Also, the Biodiversity Finance Plan (BFP) which is currently being developed with the support of UNDP is a pivotal instrument for bridging the biodiversity financing deficit.

5.9 Greening the Financial System

The Central Bank of Egypt is a member of the Network for Greening the Financing System (NGFS), through which government aims to mobilize mainstream finance to support the transition toward a sustainable economy. Government will also apply the ILO's Guidelines for a Just Transition Towards Environmentally Sustainable Economies and

46 https://unfccc.int/documents/630376
47 https://mped.gov.eg/AdminPanel/sharedfiles/3fa0c-108df4-97d5d7-8295-d90c743dc8c_EN-Final_Environmental_Sustainability_Standards_Guide.pdf

Societies for All,[48] taking the social aspects of green policies into consideration, including the differential impact of such policies on different demographic groups, with linkages to financial inclusion (and women's empowerment) and a link to microfinance institutions. Government will also target greening the Islamic finance market by incorporating sustainability principles into Sharia-compliant financial products, including setting market ESG standards.

Government will also implement amendments to the Capital Markets Law (Law 95 of 1992) which were passed in December 2022. The new provisions provide for the establishment of a voluntary carbon market platform within the Egyptian Stock Exchange (EGX) for the trading of certified emission reductions (CERs). CERs are tradeable financial instruments for greenhouse gases and will be issued in favour of entities establishing projects reducing greenhouse gas emissions after obtaining the approval of the relevant authorities, with each CER unit representing the equivalent of one metric tonne of carbon dioxide reduced. Government will continue to invest in the carbon footprint labelling system established in 2020 to increase consumer awareness and encourage companies to reduce their carbon emissions.

Following the launch of the Green Financing Framework in 2020, Egypt issued the first green sovereign bonds in the Middle East and North Africa, with a value of US$750 million. In 2021, the first environmental impact report was published, including the size and benefits as a percentage of the financial returns received from the green offerings with regard to financing targeted projects. It also presented and explained all environmental indicators achieved, in order to enhance investor confidence.[49] Panda bonds were issued in October 2023 with a value of US$478.5 million.

In terms of strengthening green and climate financing, the 2019 National Green Banking Committee will continue to guide the process, including the execution of the Central Bank of Egypt's Guiding Principles on Sustainable Finance, to encourage banks to incorporate awareness of environmental and social risk into their lending decisions. Lessons will be drawn from the 2021 Sustainable Banking Initiative, which was launched to encourage banks to adopt ESG principles and finance sustainable projects.

5.10 Private Investment

The government will continue to strengthen policies, regulations and laws to promote public and private investment, in order to attract investment and to facilitate business operations. During the SDG Summit held in September 2023, Egypt renewed its national commitment to the SDGs, and committed to supporting the private sector and increasing its engagement in production and investments as a key priority transition for SDG investment. Egypt committed to increasing the share of private sector in total investments by 132 percent of its initial value in 2020/2021, in accordance with the targets of the updated Egypt Vision 2030.

48 https://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/documents/publication/wcms_432859.pdf
49 https://mof.gov.eg/en/posts/media/63b445d3c20e810008ffe62f/The20%Minister20%of20%Finance20%announced20%the22%20%Sovereign20%Sustainable20%Financing20%Framework20%22%20%in20%Egypt

The government continues to implement the 2017 Investment Law, which provides incentives to local and foreign investors, as well as the 2016 Industrial Development Strategy to enhance competitiveness and support SMEs, and to promote new investment opportunities in sectors like renewable energy and health care. In efforts to ease regulatory constraints, the Supreme Investment Council issued 22 decisions in May 2023, including the approval of a decree on the amendment to some articles of the executive regulations of Investment Law, Law 72 of 2017, some of which were approved later by the Prime Minister,[50] as well as a decree on the amendment to Article 34 of the Investment Law regarding licensing natural gas-based industries projects as one of the production inputs in order to work within the Free Zones Framework, approved in July as per the amendments of the Investment Law.[51,52] The decisions also include reducing the cost of establishing companies, reducing the restrictions imposed on incorporation, and reducing the number of approvals required and the period for obtaining them. Among the decisions, and with the guidance of the General Authority for Investment and Free Zones (GAFI) and related entities, a unified electronic platform for establishing, operating and liquidating companies has been established.[53] In July 2023, the parliament issued and endorsed Law 160 of 2023, amending some provisions of the Investment Law which focus on the revision of private incentives. The 2023 law offers several incentives granted to foreign investors, promotes the distribution of investments across the country, and broadens the range of companies eligible to establish, operate and manage projects in Egypt.

In continuing to simplify business procedures, reduce the number of steps required to register a new company, and streamline procedures for obtaining permits and licences, the government will continue to focus on incentivizing private capital to invest in the priority sectors, including leveraging the 2015 Public-Private Partnerships Law. This legislation established the legal framework for PPPs, defining the roles and responsibilities of the government and private sector in relation to PPP projects.[54] Egypt's rankings on the World Bank's Doing Business index provide an evidential basis for country com-

50 https://www.investinegypt.gov.eg/English/NewsAndEvents/News/Pages/Prime-Minister-Issues-a-Decree-Amending-Some-Provisions-of-the-Executive-Regulations-of-Investment-Law.aspx

51 https://mof.gov.eg/en.

52 https://www.gafi.gov.eg/English/MediaCenter/News/Pages/The-Decrees-approved-by-the-Supreme-Council-for-Investment-Held-under-the-Chairmanship-of-President-El-Sisi-on-May2023-16-.aspx

53 https://www.investinegypt.gov.eg/English/NewsAndEvents/News/Pages/Prime-Minister-Witnesses-a-live-experience-of-the-First-e-incorporated-Company-via-GAFI-E-portal.aspx

54 The 2020 Doing Business report provides the following results. Overall Rank: Egypt ranked 114th out of 190 countries in the ease of doing business. Starting a Business: Egypt ranked 68th. Reforms in this category often involved reducing the number of days, procedures and costs associated with starting a business. Dealing with Construction Permits: Egypt ranked 92nd. The focus was on simplifying procedures, reducing the number of days, and making the overall process more transparent. Getting Electricity: Egypt ranked 77th. Improvements in this category involved reducing the time and costs to get a new electricity connection. Registering Property: Egypt ranked 108th. Efforts in this category were directed towards making property registration quicker and more streamlined. Paying Taxes: Egypt ranked 165th. This category evaluates the number of tax payments per year, time spent on tax compliance, and the total tax rate as a percentage of profit. Trading Across Borders: Egypt ranked 171st. This involves the time and cost to export and import goods, focusing on improving logistical procedures and reducing bureaucratic red tape.

parison.[55] Furthermore, government will implement the Free Zones Law, Law 8 of 1997, which provides tax and duty exemptions on imports and exports in free zones.

The government will implement the 2022 amendments to the Competition Law, which transformed Egypt from a post-closing notification regime to a pre-merger approval regime. The new regime includes a two-phased merger review process of up to 90 working days (with potential extensions). Options to modernize current labour law (flexibility in employment contracts, protection against discrimination, improved maternity leave, etc.) to support private sector employment and investment will be considered given that the current 2003 Labour Law is burdensome for businesses. This will include a focus on a more employee-protective labour law designed to ensure that the Egypt's laws are aligned with the ILO's compliance requirements. Government will continue to strengthen and enforce intellectual property law (for example by reducing infringement of copyright-protected works such as videotapes, audiotapes and computer software), in order to support innovation and protect the rights of inventors and creators. It will do so by implementing Egypt's 2022 National Strategy for Intellectual Property (NIPS), which targets the governance of the intellectual property institutional structure, configuring the legislative framework, optimizing the economic return on intellectual property in achieving the SDGs, and raising awareness of the impact on Egyptian copyright. A review of corporate tax rates (Corporate Income Tax Law, 2008) and policies and regulations to support the growth of the digital economy in Egypt (as part of Digital Egypt) will be undertaken. Box 8 below outlines the importance of the digital finance revolution, drawing upon Malaysia as a useful reference country.

Box 8: Digital Banking Revolution Opportunities

Egypt can learn a great deal from the emerging digital banking revolution taking place in Malaysia, a country heavily invested in innovative SDG financing.

In Malaysia, efforts to embracing digital banking saw a significant step forward with the issuance of digital banking licences by Bank Negara Malaysia (BNM), the country's central bank. This initiative commenced in late 2020 when BNM introduced a licensing regime aimed at facilitating the entry of new digital banking players. This new regime provided a simplified regulatory framework, especially during the initial stages of operations, to foster innovation and the application of technology in the financial sector.

The process culminated in April 2022, when BNM awarded digital banking licences to five successful applicants out of 29 applications received. These licences were categorized under two different acts; three were licensed under the Financial Services Act 2013 (FSA), and two under the Islamic Financial Services Act 2013 (IFSA). The successful consortiums included a mix of established financial institutions and tech companies, such as the consortium of Boost Holdings Sdn. Bhd. and RHB Bank Berhad, that of GXS Bank Pte. Ltd. and Kuok Brothers Sdn. Bhd., and that of Sea Limited with YTL Digital Capital Sdn. Bhd., among others.

55 https://archive.doingbusiness.org/content/dam/doingBusiness/country/e/egypt/EGY-LITE.pdf

Among the recipients, GXBank has emerged as the first digital bank to receive regulatory approval to commence operations in Malaysia. This marked the beginning of a new era in the Malaysian banking sector, promising a blend of conventional banking with modern technological advancements. The initiative to issue digital banking licences is seen as a strategic move to invigorate the financial sector, provide more banking options to citizens, and integrate modern fintech solutions to meet the evolving needs of the economy.

The ICT 2030 Strategy assists in the fulfilment of Egypt Vision 2030 by laying the groundwork for a Digital Egypt. This involves the enhancement of the ICT infrastructure, promotion of digital inclusivity, transition to an economy based on knowledge, capacity building and innovation stimulation, combating of corruption, safeguarding cybersecurity, and bolstering of Egypt's regional and global standing. Digital Egypt embodies a comprehensive plan and vision that sets the stage for Egypt's evolution into a digital society. The Digital Egypt strategy rests on three primary pillars: digital transformation, digital skills and jobs, and digital innovation. These key components are founded on two critical underpinnings: digital infrastructure and legislative framework.

5.11 Capital and Financial Markets

Egypt has several laws governing financial markets, including the Central Bank of Egypt Law (Law 194 of 2020); the Central Bank and Banking System Law of 2003, which established the legal framework for the country's banking system; the Banking Law of 2003, which regulates the operation of banks; the Anti-Money Laundering Law of 2002 (amended in 2018), which aims to prevent and combat money laundering and terrorist financing; the 2018-amended Capital Markets Law, which regulates the issuance and trading of securities; and the Credit Information Law of 2020, which aims to establish a credit information system to provide lenders with information on borrowers' creditworthiness. These laws and their enforcement provide the framework for Egypt's banking and financial systems, promote stability, and aim to prevent financial crimes. The enforcement and financial supervision of these laws will help in combating IFFs, based on the recommended actions outlined below. International PPPs will also be encouraged. Stock exchange regulations can promote SDG investments by mandating sustainability disclosures and incentivizing environmentally and socially responsible business practices.

The current global conditions have spotlighted challenges in the local non-banking financial market, which are echoed in both investment and hedging patterns. Investors' confidence has been shaken by a lack of depth and diversification within the market, limiting their avenues for effective risk management. Concurrently, Egypt's heightened external vulnerabilities have become a source of concern. Its exposure to global financial markets has augmented the risk of capital flight, while the floating debt dynamics and currency fluctuations pose significant challenges, further intensifying the vulnerabilities of the nation's financial health. Amid these strains, liquidity and solvency metrics have shown signs of deterioration.

Companies operating in the non-banking financial sector rely mainly on borrowing from banks to finance their financial operations and are therefore affected by interest rate swings. Microfinance continues to close the “missing middle” in the market, but exogenous shocks remain a risk, impacting debt and currency exchange markets, while liquidity and solvency remain a concern.

Stock exchange regulations will continue to promote SDG investments by mandating disclosure of ESG factors by listed companies, encouraging sustainable practices and transparency in order to attract socially conscious investors seeking investments aligned with the SDGs. As part of the government’s efforts to promote sustainability, the Financial Regulatory Authority issued Decree 107 of 2021, obliging companies operating in non-banking financial activities, with issued capital or net ownership rights of at least 100 million Egyptian pounds (EGP), to comply with ESG disclosures in the board of directors’ report attached to their annual financial statements.[56] Companies with issued capital or net ownership rights of not less than EGP 500 million need to satisfy ESG and Task Force on Climate-Related Financial Disclosures (TCFD) disclosure requirements in their annual financial reports.[57]

Similarly, it issued Decree 108 of 2021, by which companies listed on the Egyptian Stock Exchange are required to comply with ESG disclosure requirements in the board of directors’ report attached to their annual financial statements, and if their issued capital or net ownership rights are not less than EGP 500 million, they are then required to comply with the TFCD disclosure requirements in their annual financial statements.[58]

Regulatory frameworks will also be developed to incentivize companies through benefits such as reduced listing fees for green bonds or sustainable securities. The market will consider creating specific listing segments or indexes for companies meeting SDG criteria, while facilitating capacity building and investor education on the importance and potential returns of SDG investments, enhancing their attractiveness. The financing strategy actions outlined below form the foundation of this strategy, which will be updated following a planned mid-term review to be undertaken in 2026.

56 https://fra.gov.eg/fra_news/%D%8B%1D%8A%6D8%9A%D%8B%-3D%8A%7D%84%9D%8B%1D%82%9D%8A%7D%8A%8D%8A-9
57 Ibid.
58 <Ibid.>

6

FINANCING STRATEGY ROAD MAP ACTIONS

This section provides a summary of actions to be taken forward by MPED, MoF, the Central Bank of Egypt, the Financial Regulatory Authority, the General Authority for Investment and Free Zones, other national entities and agencies, the private sector and civil society. These actions will be undertaken in coordination with the recently established Sustainable Finance Working Group, which is focused on climate action, through sustainable debt instruments and in coordination with international cooperation partners. The UN system will play an important role in terms of oversight and performance monitoring. Specialized UN agencies will assume implementation roles in the road map as relevant to their functions, and in alignment with the UNSDCF 2023–2027.

Establishing new and innovative financing instruments not only closes the SDG financing gap; it also provides a signalling effect to the market and can have a catalytic impact on new ways of financing (right-financing). The central idea behind right-financing is that alternate financing instruments should be considered for each proposed investment. For example, the Government of Egypt can finance infrastructure through domestic revenue, through raising debt, through user payments, by mobilizing private capital through a PPP, by fully privatizing the infrastructure, or by balancing debt, equity, blending and grants. Each SDG investment therefore has its own right-financing strategy.[59] See Annex 3 for an overview of right-financing the SDGs.

In this regard, Prime Ministerial Decree 3,456 of 2022 has been issued, amending some provisions of the executive regulations of the Capital Market Law, including the development of new types of bonds, such as sustainable development bonds, sustainable development-related bonds, social bonds, women empowerment bonds, climate bonds, and transitional brown bonds.[60]

It is worth noting that Egypt's Financial Regulatory Authority allows domestic companies to sell traditional and Islamic bonds — known as sukuk — without the need for a credit rating. Egypt issued its first ever sovereign sukuk in February 2023. The three-year, Sharia-compliant bonds, worth US$1.5 billion and offering an annual profit rate of 10.875 percent, were four times oversubscribed. The issuance is part of a US$5 billion three-year sukuk programme that MoF has established, with the bonds listed on the London Stock Exchange.[61]

59 For more on right-financing, see https://sdgfinance.undp.org/sites/default/files/B4SDGs20%ModularHandbook.pdf

60 https://fra.gov.eg/regulations/%d%82%9d%8b%1d%8a%7d%8b%-1d%8b%1d%82%9d-3456-85%9%d%84%9d%8b%3d%86%9d%8a2022-9/

61 https://www.al-monitor.com/originals/03/2023/egypt-seeks-attract-islamic-investors-debut-sukuk-egx-sharia-index#ixzz7xj9kEd3r

Moreover, the General Authority for Investments and Free Zones, as the national entity responsible for regulating and improving the investment climate in Egypt, promotes investment in the different sectors and governorates of Egypt through its “Investment Map,” with the goal of identifying key investment areas and opportunities. Accordingly, the authority’s mission is in alignment with the financing strategy, as it aims to enable and sustain Egypt’s economic growth through investment facilitation, targeted promotion, efficient business services, and the provision of investor-friendly policies, with the vision of making Egypt the leading market for investment and innovation in the region.

In the context of Egypt Vision 2030, the Medium-Term Revenue Strategy and the Sovereign Sustainable Financing Framework, this financing strategy provides an integrated approach, with a focus on partnerships and collaboration and on results and monitoring impact performance. Risk management is also integrated into the overall approach, with government continuing to make use of innovative and thematic bonds to tap into external capital markets, while managing foreign exchange risk for bonds issued in foreign currencies.

6.1 Financing Strategy Objectives

The strategic objective of the financing strategy is to promote sustainable development, as detailed in Egypt Vision 2030, by mobilizing sustainable finance that closes the financing gap and minimizes future fiscal and debt risks. Sub-objectives include:

- Mobilize necessary financing to support sustainable development priorities.
- Improve alignment and coherence of different types of finance (domestic, international, public, private) with Egypt Vision 2030, including development cooperation.
- Better manage risk in an increasingly complex financing landscape.
- Better articulate needs to the international development community, thus enhancing their voice in global policy processes.
- Streamline the wide variety of tools offered by the international community to support national action.

6.2 Linkages with the National Structural Reform Program

The National Structural Reform Program provides a central reference framework for the implementation of the proposed INFF financing strategy actions, given that it plans reforms to: (i) the legislative system; (ii) government performance systems; (iii) the logistical system; (iv) the financing system; and (v) the demographic system and population characteristics.

The National Structural Reform Program also targets the real sector and three interrelated markets: the capital market, the trade market and the labour market. Given the focus on diversifying the productivity structure of agriculture as a priority sector outlined here, as well as the manufacturing and industry sector and the communications and information technology sector, the National Structural Reform Program will result in increased GDP, an improved balance of payments, and increased employment, all of which are critical to the aforementioned sectors. The foundational elements of the National Structural Reform Program also speak to the E-INFS, which:

- Rebalances the role of the state and the private sector in the business environment;
- Targets an upward trend in exports;
- Boosts domestic savings mechanisms;
- Accelerates digital transformation across the economy;
- Equalizes and localizes governorate-level reforms in accordance with a matrix of governorates, ministries and related entities.

With government now implementing both the Medium-Term Revenue Strategy and Medium-Term Debt Sustainability Strategy (2021–2024) (taking into consideration that there might be a need to revisit the Medium-Term Debt Sustainability Strategy, issued in December 2020, given the new risks and challenges posed by the macro-economic implications of the geopolitical tensions in Europe), these policy and business process reforms combine with rationalizing expenditures to anchor reforms to strengthen government discretionary finances to close the SDG financing gap. In this context, and based on the outcomes of the Development Finance Assessment and work on IFFs and child budgeting, the following road map of actions (see Table 4) is proposed, covering policy and institutional reforms, instruments, and capacity development.

Table 4: Egypt Financing Strategy Road Map of Actions

Source of Finance		Action	Reform Category
Domestic Public Finance	***Implement Revenue and Debt Sustainability Reforms***	Increase tax compliance (reduce tax evasion and avoidance) to close the tax-to-GDP gap.	Policy Reform
		Eliminate exemptions around withholding tax on interest income earned on T-bills, bonds and property tax, among other measures.	Policy Reform
		Increase green and sin taxes.[62]	Policy Reform
		Develop options for online e-commerce taxation.	Institutional Reform
		Expand use of green investment tax allowances.	Policy Reform
		Reduce cost of spending to reduce financing pressure and identify fiscal gaps.	Institutional Reform
		Implement the Medium-Term Debt Sustainability Strategy, reducing debt vulnerabilities, including to thematic bonds.	Instruments
		Divestment and selling of state-owned enterprises, as they pose a major debt risk on one hand, and on the other can provide revenues for financing the gap.	Instruments
		Enhance the efficiency of public procurement processes to reduce corruption and increase value for money.	Institutional Reform
		Publishing a comprehensive annual tax expenditure report that also outlines SDG alignment incentives, to increase fiscal transparency.	Policy Reform
		Introduce a new progressive income tax law to address current loopholes, simplify amendments, provide clearer guidelines and streamline taxation for capital gains, professional and capital income.	Policy Reform
		Further digitalize the tax administration systems, taking into account the e-invoicing system being applied.	Instruments
		Ramp up tax education efforts.	Institutional Reform
		Reduce subsidies and replace them with targeted social safety nets.	Institutional Reform
		Improve surveillance of PPPs and better manage contingent liabilities.	Institutional Reform
	Undertake Bottom-Up SDG Costing and Establish Sector Expenditure Baselines	Review historical SDG expenditure trends.	Business Process
		Introduce national bottom-up SDG costing method for social protection, health, education, gender equality and the empowerment of women and girls, sanitation, transportation, and climate change, based on a three-step approach (see Annex 1).	Policy Reform
		Establish national and governorate SDG baselines, targets, and unit costs.	Institutional Reform
		Identify costing by operational and development spending sub-steps.	Institutional Reform
		Establish SDG cost forecasts; confirm financing gaps and sources of financing.	Institutional Reform
		Establish new SDG expenditure baselines covering public and private contributions.	Institutional Reform
		Identify opportunities for SDG acceleration in target sectors.	Institutional Reform

62 A sin tax is an excise tax on specific goods and services considered to be harmful or costly to society.

Source of Finance		Action	Reform Category
Domestic Public Finance	***Scale Up PPP Pipeline***	Establish an Egypt PPP taxonomy to guide national entities in a wider range of instruments.	Policy Reform
		Strengthen capacities for PPP pipeline, establishing a rolling annual pipeline of large-scale, bankable green infrastructure projects.	Capacity Building
		Incentivize PPP equity participation and de-risking loan funds for improving green and SDG sub-project bankability.	Instruments
		Expand use of syndicated ESG term loans for PPPs.	Instruments
		Introduce regional PPP modalities.	Instruments
		Expand use of international financial participation in PPPs.	Instruments
		Align PPPs with global SDG and sukuk frameworks.	Institutional Reform
	Reduce Fiscal Footprint in Public Spending	Prioritize expenditures based on impact and cost-effectiveness.	Institutional Reform
		Rationalize subsidies and tax expenditures.	Policy Reform
		Privatize state-owned assets and strengthen commercialization of key state-owned assets.	Policy Reform
		Streamline public procurement processes to increase value-for-money and higher rates of return on investment.	Capacity Building
		Leverage new and innovative financing instruments within target sectors.	Instruments
	Greening the Banking System	Introduce sustainable financing and green taxonomies, taking into account challenge of client accessibility for Egyptian fintechs.	Policy Reform
		Develop new instruments (incentives, signalling, pricing) in deploying the green taxonomy and SDG impact standards.	Policy Reform
		Establish guidelines for implementation of sustainable finance in financial services institutions, issuers and public companies.	Capacity Building
	Strengthen the Digital Economy	Undertake a digital economy readiness assessment.	Capacity Building
		Establish a digital economy masterplan.	Institutional Reform
		Ramp up digital skills development.	Capacity Building
		Develop the digital EGP concept and pilot.	Policy Reform
		Ramp up financial literacy training.	Capacity Building
		Establish a Digital Egypt marketplace.	Instruments
		Ramp up PPP financing and develop a digital economy investment pipeline, including blockchain bonds.	Instruments
		Develop a waqf digital platform.	Instruments
	Improve Incentives for SDG Localization Through Ecological Fiscal Transfers	Formulate Egypt's ecological fiscal transfer (EFT) policy.	Policy Reform
		Formulate governorate incentive funds.	Instruments
		Formulate specific allocation funds.	Instruments
		Pilot ecology-based governorate budget transfers.	Instruments
		Strengthen ecology-based national budget transfers; setting and monitoring of ecological indicators.	Institutional Reform
		Build EFT sub-national implementation capacity.	Capacity Building
		Launch communications and change management programmes at the sub-national level to promote SDG awareness.	Capacity Building

Source of Finance		Action	Reform Category
Domestic Private Finance	***Strengthen ESG Investing***	Further incentivize businesses to comply with ESG-related regulations and gender-responsive reporting.	Instruments
		Generate investment opportunities through SDG Investor Maps to target the gap between investing in SDGs and business models for those opportunities.	Instruments
		Introduce more rigorous ESG reporting requirements, develop key performance indicators and build core ESG human resource capacities.	Policy Reform
		Increase transparency of ESG reporting covering corporate ESG strategies, net zero commitments, emissions reduction strategies and comprehensive disclosures and reporting practices.	Institutional Reform
		Strengthen reporting and transparency of ESG ratings and themed indexes.	Capacity Building
		Work with banking/microfinance industry associations towards enhancing capacities of their members.	Capacity Building
	Establish Egypt's Carbon Market	Formulate carbon tax law.	Policy Reform
		Establish regulations on the implementation of carbon economic value.	Policy Reform
		Establish Egypt's local carbon emission trading system (ETS) and offsets for carbon emissions with EGX.	Institutional Reform
		Strengthen result-based payments for initiatives that result in carbon reduction.	Instruments
		Identify tariff and basis of the carbon tax.	Policy Reform
		Development of the carbon cap-and-trade system.	Policy Reform
		Outline the concept for a carbon border adjustment policy.	Policy Reform
		Implement full carbon market.	Policy Reform
		Establish a national inventory of the potential impact of climate change, including fiscal implications.	Institutional Reform
		Implement a climate budget tagging (CBT) system.	Instruments
	Expand Islamic Finance	Strengthen alignment between Islamic social finance (zakat and waqf) and the SDGs, with a focus on improving transparency and proper distribution.	Institutional Reform
		Support/cooperate with Islamic philanthropy organizations to align with SDG targets.	Institutional Reform
		Develop a national digital platform to encourage Islamic finance contributions to SDG projects.	Policy Reform
		Incentivize the establishment of Islamic crowdfunding for SMEs and start-ups.	Policy Reform
		Continue the development of waqf blockchain.	Policy Reform
		Strengthen reporting via the annual Green Sukuk Allocation and Impact Reports to establish a credible green bond market.	Policy Reform

Source of Finance		Action	Reform Category
Domestic Private Finance	***Reduce IFFs***	Strengthen statistical capacities of national authorities relevant for IFF measurement.	Capacity Building
		Address mis-invoicing of up to 4% of total trade of specific commodities through improved process verifications and identification by the Egyptian Customs Authority; upgrade software.	Institutional Reform
		Raise awareness of the holistic objective of introducing IFF measurement as key for freeing funds for sustainable development purposes.	Capacity Building
		Invest in supporting the newly established unit within the Egyptian Customs Authority to measure IFFs using human resources and technical infrastructure,[63] to support anti-smuggling, re-evaluation, anti-money laundering, risk management and post-release audit.	Capacity Building
		Fully mandate the Expert Group[64] on IFF measurement to directly support taking policy actions based on IFF statistics, building upon and enhancing concrete results.	Policy Reform
		Investigate and invest in automated trade asymmetry calculation to guide resource commitment to IFF-risky areas for more effective policy response.	Institutional Reform
		Strengthen data on drug consumption and undertake studies and surveys among users, or wastewater analysis studies, to improve overall knowledge of drug consumption and related policy response.	Capacity Building
		Strengthen understanding of drug trafficking routes (countries of origin, transit and destination) and data through analysis of individual drug seizures.	Capacity Building
		Strengthen data quality on the laundering of proceeds from drug trafficking and other crimes as maintained by Egyptian Money Laundering and Terrorist Financing Combating Unit (EMLCU).	Capacity Building
International Public Finance	***Strengthen ODA-SDG Alignment and Effectiveness***	Deepen alignment of ODA with national and local priorities.	Institutional Reform
		Avoid duplication and fragmentation of development financing efforts.	Capacity Building
		Encourage bilateral and multilateral development partners to support the government in implementation of INFF and scaling innovative financing instruments beyond loans, grants and guarantees.	Policy Reform
		Develop and strengthen the economic cooperation between the Arab republic of Egypt and other countries, as well as international and regional organizations.	Institutional Reform
		Propose the criteria for obtaining external financing, both funds and grants.	Institutional Reform
		Follow up & monitor ministries and national agencies that benefit from foreign financing within the framework of the general economic policy of the country to ensure the achievement of economic development goals.	Institutional Reform

63 A monthly report is submitted by the customs IFF working team to the Egyptian customs head, covering analysis results and meetings with UNCTAD experts for guidance.

64 With 18 national entities involved, the project contributes to strong and efficient interagency collaboration in sharing expertise and knowledge.

Source of Finance		Action	Reform Category
International Public Finance	***Strengthen ODA-SDG Alignment and Effectiveness***	Manage Egypt's economic relations with international organizations of economic cooperation, international financial institutions and specialized agencies of the UN.	Institutional Reform
		Continue focusing on results and impact, and monitoring and evaluating progress, in line with clear and measurable development objectives based on Egypt's development cooperation frameworks and strategies, with various development partners, including the UN.	Capacity Building
		Advocate for just financing principles and build financial literacy and capacity for new instruments into all development programmes and initiatives.	Capacity Building
		Expand the use of multilateral guarantees and insurance to leverage trade credit and investment risk capacities.	Capacity Building
International Private Finance	***Increase Foreign Direct Investment***	Continue to create a conductive business environment for international investors.	Institutional Reform
		Target investments in strategic sectors and expand incentives through The Sovereign Fund of Egypt (TSFE) by deploying the TSFE's (i) Infrastructure and Utilities Sub-Fund; (ii) Health Care and Pharmaceuticals Sub-Fund; (iii) Tourism, Real Estate and Antiquities Sub-Fund; and (iv) Financial Services and Fintech Sub-Fund.[65]	Instruments
		Improve investment guarantees, tax incentives, export credits and loans and international and regional PPPs.	Instruments
		Position Egypt as a regional hub that could facilitate access to other markets, and improve the quality of the labour force to match the demand.	Instruments
	More Effective Use of Remittances Through Increasing Confidence of Egyptian Expatriates	Develop and expand financial instruments, products and platforms for diaspora remittances.	Instruments
		Lower remittance transfer payments to 3% or less as per SDG targets.	Policy Reform
		Improve bankarization rates for diaspora transfers.	Instruments
		Identify financing priorities that are aligned with the priorities of expatriates for direct investments in Egypt.	
		Create a pipeline of investable opportunities for the diaspora through instruments such as diaspora bonds, crowdfunding and equity crowdfunding.	Instruments
		Develop a concept for a diaspora Investment Trust Fund, including identifying the fund's objectives, awareness/interest in the diaspora community, and fund allocation for investment purposes; report on the fund's usage and its contributions towards achieving the SDGs.	Instruments

65 TSFE will adhere to the Santiago Principles, 24 generally accepted principles and practices voluntarily endorsed by the International Forum of Sovereign Wealth Funds (IFSWF).

Source of Finance		Action	Reform Category
SDG Financing Instruments	***Defining Sustainable Finance Notions and Sustainable Finance Working Group (SFWG) mandate***	Develop common sustainable finance definitions taking into consideration the just financing principles.	Institutional Reform
		Broaden scope of the SFWG to include equity, blended and grant instruments.	Policy Reform
	Social Protection	Integrate new instruments into sector investment plans, including consideration of conditional cash transfers, social impact bonds, microfinance, micro and social insurance, social pensions, PPPs and social insurance and risk transfers. Improve the social insurance system so it is more adaptive and provide incentives for informal workers to participate in the system, leading to increased contributions and the financing resources for social protection. Link initiatives for extending social protection to informal workers to policies and programmes that can help to progressively formalize those workers; conduct a fiscal space analysis for extending social protection to informal workers. Cooperation and alignment with philanthropy/civil society organizations.	Instruments
SDG Financing Instruments	***Health***	Integrate new instruments into sector investment plans, including consideration of health impact bonds; expand health insurance, social health insurance, catastrophic health expenditure insurance, medical savings accounts, development impact bonds, new PPPs, results-based financing, out-of-pocket expenditure, health savings accounts and global health bonds.	Instruments
	Education	Integrate new instruments into sector investment plans, including consideration of social impact bonds, education savings accounts, blended finance, income share arrangements, expanding microfinance, education tax credits, philanthropic investments, and new and hybrid PPPs.	Instruments
	Women's Empowerment	Integrate new instruments into sector investment plans, including consideration of gender-responsive budgeting, gender lens investing, women empowerment thematic bonds, gender-responsive procurement, corporate social responsibility programmes, social impact investing, impact bonds, blended finance, and women's entrepreneurship funds, among other instruments. Strengthened access to sex-disaggregated data *ex ante* is essential. Availability of sex-disaggregated data and gender-based analysis at inception of programmes in certain sectors is crucial and it is important to ensure they are explicitly mentioned.	Instruments
	Sanitation	Integrate new instruments into sector investment plans, including consideration of green and sanitation bonds, results-based financing, carbon financing, water and sanitation micro-insurance, community-based finance, new PPP modalities, impact investing and community-led total sanitation (CLTS) financing, among other instruments.	Instruments

Source of Finance		Action	Reform Category
SDG Financing Instruments	***Transport***	Integrate new instruments into sector investment plans, including consideration of green and climate bonds, transit-oriented development (TOD) financing, municipal bonds, value capture financing, carbon pricing, transit-oriented development financing, and international and regional PPPs.	Instruments
	Climate Change	Integrate new instruments into sector investment plans, including consideration of green and climate bonds, voluntary carbon market development, climate-focused venture capital, payments for ecosystem services, carbon offsets, green revolving funds, catalytic use of vertical funds, climate-focused crowdfunding, climate-focused philanthropy, and vertical climate funds, among other instruments.	Instruments
Governance and Coordination	***Strengthen Executive Oversight and INFF Civil Oversight***	Oversight Committee conducts biannual Cabinet meetings on the INFF Road Map's performance to strengthen national ownership and provide strategic guidance, endorse the development priorities and review performance.	Institutional Reform
		Establish SDG finance communication strategy to communicate vision and increase awareness.	Institutional Reform
		Establish parliamentary SDG committees to provide qualified oversight of executive SDG performance.	Policy Reform
Governance and Coordination	***Egypt Open Budget Survey[66]***	Continue to strengthen transparency in budgetary systems (against Open Budget Survey guidelines) through public access to central government budget information, formal opportunities for the public to participate in the national budget process, and the role of budget oversight institutions in the budget process.	
	Promote SDG Mindset Change	Establish SDG centres as enablers, catalysts and think tanks for SDG adoption, including in the governorates.	Institutional Reform
		Identify and establish new public-private collaboration platforms and productivity pacts to deepen public-private dialogue around new instruments.	Institutional Reform
		Launch national education efforts, campaigns, public events and media coverage.	Capacity Building
	Strengthen Partnerships for the Goals	Strengthen public and private dialogue for the SDGs through the national and international platforms and networks.	Institutional Reform
		Establish framework for South-South and triangular cooperation for priority sectors to bring public and private investors together.	Policy Reform
		Establish SDG localization contract groups and financial forums in the regions.	Capacity Building

66 https://internationalbudget.org/open-budget-survey/country-results/2021/egypt

Source of Finance		Action	Reform Category
Monitoring and Review	***Strengthen Monitoring of New Instruments***	Formalize Egypt INFF Macro Performance Monitoring Dashboard and strengthen South-South and triangular cooperation between INFF states, in coordination with MoIC.	Institutional Reform
		Deliver annual report on the implementation of the Egypt INFF to create a focus for learning, change management and monitoring success.	Policy Reform
		Update Voluntary National Review with key SDG financing gains, showing SDG finance gap reduction and instrument diversification.	Institutional Reform
		Undertake a mid-term INFF Review by 2026 to review and update the INFF Road Map and set new priorities.	Institutional Reform
		Develop SDG proxy indicators following UNSTAT standards.	Capacity Building
		Provide capacity building support for statisticians to improve data collection and mainstream use of gender-responsive methodologies.	Capacity Building
		Strengthen monitoring of green and climate bond performance review by an independent third party.	Institutional Reform
		Introduce ESG regulatory compliance with harmonized verifiable market standards.	Institutional Reform
		Improve definitions and indicators for green investments.	Institutional Reform
		Develop ESG reporting standards and develop mechanisms and processes to address green-washing risks.	Institutional Reform

6.3 Managing Fiscal, Market and Debt Risks

MoF remains the central entity responsible for managing fiscal risks, in coordination with other entities such as MPED (the External Debt Committee), MoIC and the central bank, in addition to contingent liabilities emanating from state-owned enterprises. Given the importance of fiscal sustainability in maintaining adequate fiscal space, debt sustainability will continue to be central to the INFF, particularly given issuance of debt instruments through the Sovereign Sustainable Financing Framework. Moreover, in reducing existing public expenditures through allocative and operational efficiency and crowding in private capital, this INFF Road Map contributes directly to debt sustainability and the management of debt risks.

External debt risks will be managed in part through the Medium-Term Debt Sustainability Strategy, while also taking fiscal risks and contingent liabilities (and off-budgeting practices) and exchange rate risks into consideration. Green investment safeguards will also be strengthened through the regulatory enforcements of bond standards and principles.

7

MONITORING AND REVIEW

This monitoring and review plan is integrated into government monitoring and review systems for the SDGs on the revenue and expenditure performance sides, while also being integrated into the ODA SDG mapping framework for international cooperation and the sector monitoring frameworks for tracking performance and impact. The monitoring and review framework is aligned with the approach laid out in the 2021 Voluntary National Review and the baselines established for the SDGs, although its primary focus is on monitoring and reviewing INFF-related funding and financing flows.[67]

The Automated Information Management System (AIMS) will serve as a mechanism to link and consolidate the data on ODA agreements and projects. In tandem with efforts to strengthen development effectiveness on the country level through a robust monitoring process, allowing inclusive dialogue and collective accountability, the Integrated Monitoring and Information Management System aims to facilitate the regular follow-up of ODA projects, including financial and technical data. It also aims to track progress achieved, pinpoint successful practices, identify and resolve bottlenecks, and support evidence-based decision-making.

Monitoring and review of the INFF Road Map will be coordinated with the National Committee for Monitoring the Implementation of the SDGs.

7.1 Monitoring and Review Objectives

The monitoring and review framework builds from a detailed annual INFF Monitoring and Review Plan, which will action the areas outlined in the INFF Road Map. The monitoring and review plan established annual baselines and endlines integrated into the medium-term fiscal and expenditure planning framework. The monitoring and review plan tracks sustainable development finance flows across the domestic and international and public and private domains, and has the following main objectives:

- Monitor INFF Road Map progress;
- Establish baselines, mid-lines and endlines for INFF performance monitoring;
- Establish a framework for identifying gaps, overcoming shortcomings and proposing corrective measures from the sectors to the Oversight Committee;
- Measure public and private flows;
- Generate annual monitoring reports on the outcomes of the initiatives undertaken to achieve objectives linked to the SDGs and the sustainable development agenda.

67 https://sustainabledevelopment.un.org/content/documents/279512021_VNR_Report_Egypt.pdf

7.2 Monitoring and Review Mechanism

The monitoring and review framework is established as part of a detailed annual INFF monitoring and review process. Monitoring is based on both INFF Road Map actions guiding prioritization and sequencing of annual activities, as well as setting annual performance baselines using the INFF Macro Performance Monitoring Dashboard provided in Table 6 below.

Biannually, MPED will convene an interministerial INFF planning meeting with lead sector agencies to agree on the policy, institutional, and capacity building reform priorities for the next 12 months. The INFF Road Map will be updated based on these discussions in order to reflect revised priorities, thereby constituting an annual work plan. At the same time, the annual INFF Macro Performance Monitoring Dashboard targets will be updated to reflect their current status, incorporating annual results. This provides the basis for the Oversight Committee to publish its annual performance report (see Section 8.5).

The strategy's monitoring and review roles and responsibilities are fully aligned with the overall national SDG monitoring mechanism and processes and the National Committee for Monitoring the Implementation of the SDGs. Data will be drawn from across government based on dashboard indicator needs but will also draw from the CAPMAS National Statistical Report for Monitoring SDG Indicators in Egypt, and from Egypt's Voluntary National Reviews.[68]

7.3 Monitoring and Review Roles and Responsibilities

MPED convenes the Oversight Committee, in coordination with the Financing for Development Working Group and the Sustainable Finance Working Group, as well as leading the setting of INFF Road Map dashboard annual baselines. CAPMAS provides SDG-related data, whereas data on domestic and international public flows are provided by MoF, the Central Bank of Egypt, MoIC, and other national entities, as well as other sources such as chambers of commerce and capital and financial market reporting structures. To ensure leaving no one behind, entities such as the National Council for Women, the National Council for Childhood and Motherhood, and the National Council for Disabilities, among others, should be represented.

The INFF Road Map will be integrated into the Electronic Platform for Monitoring and Evaluation and policy reforms will be integrated into the policy tracker. Non-state institutions[69] will be actively involved in monitoring, with direct linkages to be established between the INFF, the Citizen's Plan and Sharek 2030. The primary monitoring and review priorities are developed in Table 5 below, although this framework will be updated on an annual basis as monitoring and review processes further strengthen and localize.

68 http://egyptsdgobservatory.info/#/

69 Non-state institutions usually comprise civil society organizations, private sector and others. There have been previous efforts to engage non-state stakeholders in active monitoring of projects, such as Sharek 2030. Issuing and engaging citizens through MoF's Citizen Engagement Unit, and through issuing Citizen Budgets and governorate-specific Citizen Plans are all important initiatives that can pave the way for a more active monitoring role for non-state stakeholders.

Table 5: Egypt INFF Monitoring and Review Framework

	Decision Maker	Roles and Responsibilities
1	Oversight Committee	Overall INFF Road Map monitoring and review, setting annual baselines and targets, initiating.
2	PMO National Committee for Monitoring the Implementation of the Sustainable Development Goals	Work collaboratively to ensure that Egypt is moving in the right direction towards achieving the 2030 Agenda, ensuring alignment of the INFF and SDGs with the SDA.
3	MPED Integrated Electronic System for Planning and Monitoring	National and governorate project monitoring to strengthen SDG alignment, including entity-specific performance indicators, which will be drafted from the INFF Road Map.
4	Central Agency for Public Mobilization and Statistics (CAPMAS)	Collection, analysis, and dissemination of data related to the SDGs in Egypt, working closely with other government agencies, international organizations, and civil society organizations to ensure that the data collected are accurate, reliable and up to date.
5	Ministry of Finance (MoF)	Monitoring of macro-fiscal, revenue and expenditure flows and budgetary outturns, and public financial management (PFM) performance.
6	Central Bank of Egypt	Collecting and disseminating data on capital and financial markets, financial inclusion, anti-money laundering.
7	External Debt Committee	Monitoring external debt sustainability, particularly in relation to thematic bonds, as part of the ongoing Medium-Term Debt Sustainability Strategy.
8	Ministry of International Cooperation (MoIC)	Leading international development cooperation and multi-stakeholder dialogues with multilateral and bilateral development partners, governments, the private sector and civil society, to support the country's national development agenda, which is consistent with the SDGs. Monitoring and coordination of international cooperation flows through the ODA-SDG mapping framework and the Automated Information Management System (AIMS), which will serve as a mechanism to link and consolidate the data on ODA agreements and projects. Data source for ODA grants and ODA loans. Leading international development cooperation and monitoring ODA and the performance of the line ministries in implementing the projects that benefit from foreign financing provided by bilateral and multilateral development partners. Ensuring optimal contribution of development cooperation projects to the SDGs through ODA-SDG mapping framework.
9	Governorates	Provision of governorate data on revenues and expenditures, budgetary allocations, and flows by financial instruments.
10	Citizen's Plan	Annual MPED report detailing information on Egypt's sustainable development agenda, economic and social indicators for each governorate, public investments directed to each governorate and sectoral distribution, and the most prominent projects being implemented in each sector.
11	Central Auditing Organization	Completion of SDG audits.
12	National Council for Women, National Council for Childhood and Motherhood, National Council for Disabilities, and other specialized national councils	To ensure leaving no one behind during INFF strategic decision-making and resource utilization processes.
13	Sharek 2030	Increasing citizens' awareness of ongoing development plans in each governorate, providing a foundation for civil society feedback.
14	Financial Regulatory Authority	Maintaining stability and soundness of non-banking financial markets. Regulating and developing non-banking financial markets. Protecting rights of stakeholders and issuing various means, systems, and rules ensuring efficiency and transparency of these markets.
15	UN and international cooperation partners	Supporting the Government of Egypt in tracking spending of resources based on various development Interventions, strengthening the national statistical data on development finance.
16	Private sector	Provision of data on private equity investments to the sectors, markets and industries, to support policy formulation and populating the dashboard.

7.4 Macro Performance Monitoring Dashboard

The INFF Macro Performance Monitoring Dashboard, provided in Table 6 below, will constitute the backbone of efforts to monitor the impacts of domestic and international public and private flows, providing the basis for tracking progress and for annual policy review. These efforts will provide the evidence base for policy, institutional and financial market reforms, as well as for monitoring risks related to debt, contingent liabilities and guarantees, among others.

Table 6: Proposed Template for Egypt INFF Macro Performance Monitoring Dashboard (To Be Filled by National Entities)

Action Area	Indicator	Baseline (2022/2023)	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Data Source	Frequency
Domestic Public											
Revenue and grants	% of GDP	16.9	+2							IMF	
Non-sovereign revenue	Ratio of non-sovereign tax to GDP									MoF	
Tax effort	% of GDP (100% = full compliance)	13.83							18.12	MoF	
Expenditures	% of GDP	24.9								MoF/MPED	
Overall balance	% of GDP	-6.2								MoF/MPED	
Public debt	Debt-to-GDP ratio (%)	87.0								External Debt Committee	
Social protection	% of GDP									MOSS	
Health	% of GDP									MoHP	
Education	% of GDP									MoETE	
Women's empowerment	% of GDP										
Sanitation	% of GDP									NOPWASD	
Transportation	% of GDP									MOT	
Climate change	% of GDP									MoE	
Carbon tax	US$									MoE	
Domestic Private											
Gross fixed capital formation	EGP value	12%								CBE	
Credit to private sector	% change	18.0								CBE	

Action Area	Indicator	Baseline (2022/2023)	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Data Source	Frequency
Illicit financial flows	Total inward and outward value US$									CBE/UNODC	
Capital markets	EGP									EGX	
Private equity	EGP										
Microfinance	EGP									Microfinance associations	
Islamic finance	EGP										
Financial inclusion	Banked %									UNCDF	
Social protection	% of GDP									MOSS	
Health	% of GDP									MoHP	
Education	% of GDP									MoETE	
Women's empowerment	% of GDP										
Sanitation	% of GDP									NOPWASD	
Transportation	% of GDP									MOT	
Climate change	% of GDP									MoE	
International Public											
ODA grants	US$									MoIC	
ODA loans	US$									MoIC	
Thematic bonds	US$									MoF	
Other official flows	US$										
Guaranteed borrowing	US$										
International Private											
Foreign direct investment	Net US$ billions	9.7	< 3.0%							CBE	
Personal remittances	% of GDP	7.8%								CBE	
Remittance costs	Transaction cost %	4.93%									
Portfolio inflows	US$										
NGOs, foundations and philanthropy	US$										
Private borrowing	US$										

8

GOVERNANCE AND COORDINATION MECHANISM

The mobilization of public and private financial resources to achieve the SDGs, as envisioned in this strategy, may encounter considerable obstacles. These challenges range from devising and executing financing policies and managing complicated financing instruments to effectively coordinating a diverse range of stakeholders towards a shared objective.

To overcome these challenges, MPED is spearheading the INFF process in coordination with MoF, MoIC, and the relevant national committees and working groups: the National Committee for Monitoring the Implementation of the SDGs in Egypt, the Financing for Development Working Group, and the Sustainable Finance Working Group, along with the various national entities. This collaboration between relevant ministries and national entities lays robust groundwork for whole-of-government ownership, with the decision-making structures outlined here having the capacity to agree on INFF actions and bring them to fruition. In spearheading the process, the Government of Egypt (represented by MPED and national entities) will jointly work on officialization of the Egypt INFF Oversight Committee to become that national platform that is mandated to govern and coordinate delivery.

8.1 Oversight Committee

The execution of this financing strategy is led by the Egypt INFF Oversight Committee, which is housed in MPED. The Oversight Committee is responsible for guiding the process of implementing the INFF, while also coordinating policies across both public and private finance. The committee has the freedom to commission and conduct assessments as necessary to gather evidence on financing needs, including trends, risks and constraints, all of which inform the roll out of the agreed financing strategy elements and financing tools, to ensure alignment with national sustainable development priorities over the period 2023–2030.

The Oversight Committee also ensures that public and private financing policies integrate with sustainable development goals, and it promotes coherence across financing policy areas. The committee determines and proposes any institutional changes necessary to support the monitoring and review frameworks, coordination structures, and dialogue with external stakeholders such as the private sector and civil society, including around cross-cutting issues such as women's empowerment, climate change and leaving no one behind. The committee works closely with the Office of the Prime

Minister, government policymakers, private sector representatives and other non-state actors to deliver the financing strategy.

The committee's central role is to guide the development and implementation of the INFF on an annual basis, setting sequential priorities, shaping the road map across the four building blocks, namely analysis and diagnosis, financing strategy development, monitoring and review, and governance and coordination. Through collaborative efforts, the Oversight Committee facilitates and guides the process, while championing and implementing actions contained in the road map. In this regard, the primary role of the committee is as follows:

- Supervising a range of tasks involved in implementing the INFF, with a focus on delivering the road map.
- Aligning the road map with ongoing or planned reforms around the Medium-Term Revenue Strategy.
- Bringing together stakeholders from different sectors, including government at the national and governorate level, the private sector, and other relevant parties such as international cooperation partners.
- Advocating for the benefits and advantages of the INFF (the business case and value proposition) and communicating achievements.
- Collaborating with policymakers to develop, endorse, and implement the necessary reforms required to operationalize the INFF.
- Liaising with development partners to obtain technical assistance for the INFF process.
- Developing the capacities of national ministries and the local government level to carry out the roles and responsibilities of the INFF once implementation is underway.
- Guaranteeing the mainstreaming of key concerns such as women's empowerment, climate, anti-corruption and reining in of IFFs.
- Supporting and fostering SDG localization across the governorates and municipalities.

It is proposed that the Oversight Committee continue the work of the SDG financing project steering committee, in close connection with the national SDG committee.

8.2 Government Roles and Responsibilities

The implementation of the INFF Financing Strategy is led by MPED, in full coordination with the Office of the Prime Minister, MoF, MoIC, and sector and cross-sectoral ministries. The Oversight Committee has been established within MPED, with a secretariat function, working closely with various stakeholders. The primary roles and responsibilities for delivery are listed below, although dialogue with non-governmental stakeholders such as the private sector, chambers of commerce, civil society and academia are vital for coordination efforts and outreach.

Table 7: Egypt INFF Financing Strategy Roles and Responsibilities

	Decision Maker	Roles and Responsibilities
1	Oversight Committee	Oversight Committee chair, intergovernmental coordination, prioritization, INFF Road Map execution, monitoring and review.
2	Oversight Committee Secretariat	Assists committee in supervision, coordination, meetings, studies, strategic communications and monitoring.
3	Supreme Committee for Structural Reforms	Oversight and coordination of the National Structural Reform Program (2021–2024) and linkages with the INFF.
4	Ministry of Planning and Economic Development (MPED)	Annual review and update of the INFF, leadership of the INFF in Cabinet; overall design, implementation, and management of INFF Road Map actions with national entities, local government, private sector and civil society.
5	Ministry of Finance (MoF)	Leads the Sovereign Sustainable Financing Working Group; manages the country's finances, including taxation, budgeting and government debt.
6	Supreme Committee on Debt Management	Manages external borrowing in coordination with the ministries of international cooperation, finance, planning and economic development, and the Central Bank of Egypt.
7	Ministry of International Cooperation (MoIC)	Leading international development cooperation and multi-stakeholder dialogues with multilateral and bilateral development partners, governments, the private sector and civil society, to support the country's national development agenda, which is consistent with the SDGs.
8	Ministry of Social Solidarity (MOSS)	Leads INFF Road Map social protection actions.
9	Ministry of Health and Population (MoHP)	Leads INFF Road Map health actions.
10	Ministry of Education and Technical Education (MoETE)	Leads INFF Road Map education actions.
11	National Organization for Potable Water and Sanitary Drainage (NOPWASD)	Leads INFF Road Map water and sanitation actions.
12	Ministry of Transportation (MOT)	Leads INFF Road Map transportation actions.
13	Ministry of Environment (MoE)	Leads INFF Road Map climate change actions.
14	Ministry of Housing, Utilities and Urban Communities (MoHUUC) Ministry of Electricity and Renewable Energy (MOEE) Ministry of Higher Education & Scientific Research (MHESR) Ministry of Water Resources & Irrigation (MWRI) Ministry of Agriculture and Land Reclamation (MoA) New and Renewable Energy Authority (NREA) Egyptian Electricity Transmission Company (EETC) Ministry of Manpower (MoM)	Leads sectoral coordination actions in relation to policy development, planning, budgeting and execution. Taken forward by the sustainable development units/task forces in government entities.

	Decision Maker	Roles and Responsibilities
	Construction Authority for Potable Water & Wastewater (CAPW) Ministry of Communications and Information Technology (MCIT) Social Housing & Mortgage Financing Fund (SHMFF) New Urban Communities Authority (NUCA) General Organization for Physical Planning (GOPP) Micro, Small & Medium Enterprise Development Agency (MSMEDA) Ministry of Local Development (MLD)	
15	Central Bank of Egypt (CBE)	Enhancement of the Egyptian economy, primarily ensuring a strong, safe and sound banking system through its regulatory and supervisory role, managing the monetary policy of the Egyptian economic system, the country's foreign exchange reserves, and the issuance of banknotes.
16	Technical Secretariat of the Sub-Coordinating Committee for the Prevention and Combating of Corruption	Anti-corruption and reducing state capture and petty corruption through the implementation of the National Anti-Corruption Strategy in December 2022.
17	Financial Regulatory Authority (FRA)	Supervises and regulates non-banking financial markets and instruments, including capital market, futures exchanges, insurance activities, mortgage finance, financial leasing, factoring and securitization.
18	Central Authority for Public Mobilization and Statistics (CAPMAS)	Collects, processes, analyses, and disseminates statistical data; conducts the census, SDG monitoring and monitoring of SDG localization.
19	General Authority for Investment and Free Zones (GAFI)	Regulates and improves the investment climate in Egypt, while promoting investment in the different sectors and governorates of Egypt through its "Investment Map" to identify key investment areas and opportunities. Provides investment facilitation, targeted promotion, efficient business services, and investors' friendly policies to foster Egypt's position as a leading market for investment and innovation in the region.

Note: The National Council for Women, the National Council for Childhood and Motherhood and the National Council for Disabilities will play a key role in mainstreaming gender- and children-sensitive principles in INFF Road Map decisions, with particular focus on people living in vulnerable situations.

8.3 Coordination with the Sustainable Finance Working Group

The Oversight Committee will coordinate actions with the chair (MoF) and members of the Sustainable Finance Working Group, providing a key vehicle for the execution of the INFF. Despite the working group having a narrower focus on financing climate change actions, given that it has full representation from Cabinet ministries, it will remain the primary channel for sustainable debt instruments to be mobilized under the INFF. As MPED is represented on the SFWG, coordination and communication will be secured through semi-annual meetings as well as day-to-day coordination. Based upon, MPED shall regularly keep the OC updated in this regard.

8.4 Investment and Reform Prioritization and Sequencing

The Oversight Committee will prioritize and sequence SDG investments to ensure that resources are allocated in a way that maximizes impact and sustainability. This involves identifying which SDGs and targets are most urgent and critical in a given context, and then determining the most effective sequencing of investments to achieve those goals over the period 2023–2030. This will be achieved by assessing the interdependencies and trade-offs between different SDGs, as well as the feasibility, costs, and benefits of different investment options. MPED will also engage with relevant stakeholders to ensure that their perspectives and priorities are taken into account as part of the prioritization process. Decisions will also be taken within the context of the medium and annual fiscal and budget planning processes.

8.5 Reporting

MPED will provide for the Oversight Committee's review an annual report on the implementation of the INFF financing strategy, to be made publicly available at the end of each fiscal year. The report will provide details of: (i) all INFF Road Map reforms undertaken; (ii) resources mobilized; (iii) the impact on the SDGs; (iv) the challenges met; and (v) the next fiscal year's priorities. The annual INFF report will provide an input into the Voluntary National Review, and various national reporting mechanisms. The annual report will be coordinated with the annual report of the Sovereign Sustainable Financing Framework and Country's Development Strategies and Frameworks. The annual report is subject for the INFF oversight committee endorsement.

8.6 Strategic Communications

Strategic communications for Egypt's SDG financing strategy will raise awareness about the SDGs and the INFF among different stakeholders, building partnerships and engaging the public in the implementation of the goals. The government will work closely with civil society organizations, the private sector, and other stakeholders to create a comprehensive communication strategy that promotes the SDGs and encourages people to take action towards achieving them.

8.7 Coordination Channels

Government coordination channels are critical for promoting collaboration, efficiency and effective decision-making across government entities, and overall coordination will be the responsibility of the INFF Oversight Committee Secretariat. The Office of the Prime Minister can provide for a biannual deliberation of the INFF in Cabinet, MoIC will lead coordination with bilateral and multilateral development partners and international public engagement, and the Ministry of Local Development will lead sub-national coordination. Coordination actions will need to also include interministerial meetings and sub-Cabinet committees, task forces, joint operations meetings and information-sharing systems.

ANNEX 1

BOTTOM-UP SECTOR COSTING METHOD

SDG costing in Egypt is developed around a three-step process, as outlined in greater detail in Table 8 and Figure 2 below. The process is fully integrated into the existing budget formulation process and is based on bottom-up sector costing. It includes the following three steps:

- ***Step 1: Set Baselines, Targets and Units***: Step 1 requires each ministry seeking to cost, integrate and finance the SDGs to set or confirm sector SDG goals, baselines, endlines, targets and indicators, and integrate targets into each ministry programme or activity, linked to the rolling budget formulation cycle process. During this step, disaggregated unit costs will be developed, in line with exiting unit cost reference points.

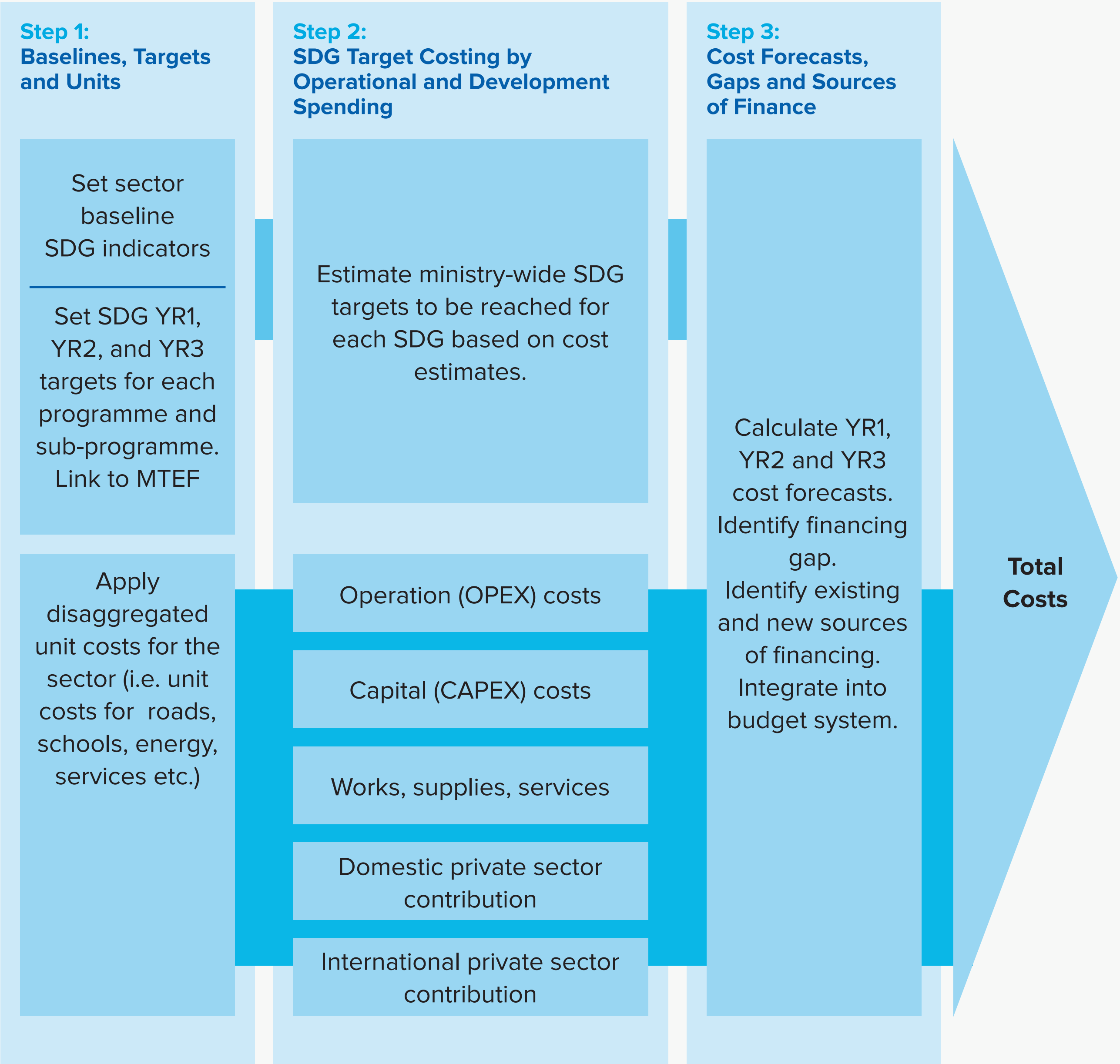
- ***Step 2: Estimate SDG Target Costing by Operational and Development Spending***: Step 2 allows sector-wide costing to be undertaken, to include medium-term forecasts covering national-budget sources and non-national budget sources of financing, including private capital where appropriate.

- ***Step 3: Establish Cost Forecasts, Gaps and Sources of Financing***: Step 3 requires the development of sector and programme cost forecasts for particular SDGs and targets and the identification of financing gaps, while linking this to both existing and potential future resource flows.

Table 8: **Three-Step SDG Bottom-Up Costing Actions**

Step	Primary Step Activities to Undertake	Responsibility
Step 1: Baseline, Target and Unit Cost		
1.1	Review sector SDG goals and targets and confirm data availability/fill baseline data gaps and constitute SDG baselines and endlines	TBD
1.2	Set YR1, YR2 and YR3 and YR 2030 baselines and endlines nationally and at the sub-administrative area level	TBD
1.3	Establish disaggregated unit costs and assumptions for each goal and target	TBD
1.4	Apply disaggregated unit cost	TBD
1.5	Document existing SDG spending composition and patterns	TBD
1.6	Integrate SDG goals and targets into the annual budget process	TBD
Step 2: SDG Target Costing by Operational and Development Spending		
2.1	Use costed baselines to set estimated annual and endline ministry-wide targets linked to the rolling expenditure framework	TBD
2.2	Establish basic spreadsheet-based costing model with assumptions	TBD
2.3	Calculate indicative annual, medium and 2030 operational expenditures (OE)	TBD
2.4	Calculate indicative annual, medium and 2030 development expenditures (DE)	TBD
2.5	Identify public and private sector implementation modalities and apportion relative cost shares	TBD
2.6	Identify the role and value of the domestic private sector's contribution	TBD
2.7	Identify the role and value of the international private sector's contribution	TBD
2.8	Identify the role and value of the development finance sources including ODA contribution in the Egyptian economy	
Step 3: Cost Forecasts, Gaps and Sources of Financing		
3.1	Establish sector-specific governance, coordination and monitoring arrangements for SDG costing	TBD
3.2	Calculate YR1, YR2 and YR3 cost forecasts	TBD
3.3	Identify the financing gap between existing and necessary resources	TBD
3.4	Establish the business case and theory of change for increasing resources to meet SDG goals and targets	TBD
3.5	Identity existing sources of financing (national budget, sub-national budgets, and private flows)	TBD
3.6	Identify new sources of financing, drawing from the INFF	TBD
3.7	Establish sector-specific, integrated SDG costing policy paper and macro-fiscal and market assumptions	TBD

Figure 2: **Egypt Bottom-UP SDG Costing Method**



ANNEX 2

COSTING APPROACHES USED FOR THE SDGS IN EGYPT BY UNDP AND OTHERS

Application of Methodologies for Costing Exercise

This section provides a quick review of the methodologies applied for estimations in drafting the national plans. Several different approaches have been adopted for needs assessments/costing.

Summary of Techniques

Incremental capital-output ratio (ICOR): The ICOR is a frequently used tool that explains the relationship between the level of investment made in the economy and the subsequent increase in GDP. It indicates the additional unit of capital or investment needed to produce an additional unit of output.

Unit cost estimates or input-output elasticities: One of the most used methodologies, particularly in the context of costing interventions and estimating investment to address gaps. Unit cost is simple to calculate, and could be useful for providing a first set of investment needs estimates, with more detailed estimates and use of integrated modelling approaches used to guide implementation. It can be applied to a large group of countries.

Intervention-based needs assessments: A needs assessment is a systematic process for determining and addressing needs, or gaps between current conditions and desired conditions. The discrepancy between the current condition and wanted condition must be measured to appropriately identify the need. The need can be a desire to improve current performance or to correct a deficiency.

Results-based costing: Results-based costing changes the focus of the costs to results rather than activities. The allocation base of the overhead costs is therefore based on outputs rather than inputs.

Incremental budgeting approach: Incremental budgeting is a type of budgeting method that uses either the previous year's budget or the actual results to prepare the new budget. Under this method, planners make marginal changes to the previous year's budget or the actual results to come up with a budget for the current period.

Historical projections approach: The historical projections approach looks at the past trends of government spending related to the specific development target and projects the spending for the future using the historical trend. This differs from incremental budgeting, above, as it builds on detailed historical activity or results-based costs, as opposed to simply making incremental changes.

Modelling-based estimates: Econometric and computable general equilibrium (CGE) models use equations and data to model an economy. These models have computational complexity, and data requirements limit the models' scope to a subset of sectors. However, these models offer the advantage of exploring alternative scenarios and assessing cost effectiveness. In contrast, the stochastic frontier model (SFM) takes a different approach, focusing on estimating production frontiers and measuring efficiency levels in specific production processes. SFM allows for the analysis of technical and allocative efficiencies, providing valuable insights into performance relative to the best-practice frontier. When applied to panel data, SFM can further enhance analysis by assessing efficiency over time. Ongoing monitoring and evaluation contribute to refining estimates, ensuring greater accuracy and reliability.

Techniques Applied by Different Organizations in Costing Exercises

This section provides a discussion on the comparison of different costing exercises conducted so far by various organizations.

UNDP approach: UNDP's approach takes into account the availability of data and accordingly chooses the costing methodology for each SDG/sector depending on the type of data available. UNDP's approach provides the estimates of the business-as-usual (BAU) cost, additional cost, and total cost (BAU + additional). This approach primarily applies the historical projection approach to calculate the BAU cost. To calculate additional costs, this approach primarily applies the unit cost technique, supported by estimated coefficients from econometric models to make them consistent with results-based costing. UNDP's approach takes some synergies into account: it estimates costs of gender equality by assuming parts of the costs expended on social protection, health and education also support women's empowerment. UNDP provides annual cost estimates between 2021 and 2030.

ESCWA approach: The United Nations Economic and Social Commission for Western Asia (ESCWA) provides estimates of the "business-as-usual (BAU) cost" and "required cost." The "BAU cost" refers to the natural course of financing that is expected to be channeled to or invested in the public and private sectors, both domestic and international, to achieve a country's targeted national priorities. It also covers the expenses needed for the country to maintain progress already achieved on those priorities. ESCWA relies on several methods to estimate projections of the BAU cost, including macroeconomic projections sourced from the UN World Economic Forecast Model, machine learning projections, in addition to variations in inflation and population growth, among others, to be able to capture the specific dynamics of each national priority within the different sectors.

As for the "required cost", it implies the total financing requirements (domestic, international, public and private) -irrespective of source or channel of financing- that need to be mobilized each year to achieve each national target according to its stated threshold, while accounting for inflation and national currency fluctuations. This encompasses all spending necessary to meet the objectives outlined in the country's national agenda for sustainable development or national plans, including both the BAU costs and any additional funding to achieve progress to meet government-set priorities or targets. The distance between the level at which the BAU spending and the residual financing needed to reach government-set thresholds by 2030 is considered the cost or funding shortfall. ESCWA provides both annual cost estimates and financing gaps for each national priority from 2020 until 2030 and beyond.

UNCTAD approach: UNCTAD adopts a cross-sectoral approach using translog specification to quantify the cost to achieve 2030 targets of SDG indicators, as it allows the inclusion of multiple fiscal inputs (per capita expenditure by sector) as well as their interactions terms. While acknowledging concerns about relying solely on R-squared and the methodology's ability to capture synergies, a more comprehensive evaluation approach is emphasized. Multiple factors have been considered to ensure a thorough assessment. Evaluating residual value graphs and examining the convergence of the Durbin-Watson statistic provide valuable insights into the validity of the model. Empirical findings, supported by statistical tests such as the Durbin-Watson test, indicate that the residuals exhibit characteristics of white noise and do not invalidate the models. additionally, models are evaluated using the Akaike information criterion (AIC) and economic interpretation to assess the overall significance of synergy between inputs and their direct effects on the cost function. Comparing R-squared and adjusted R-squared values further validates the presence of synergy between variables. Also, breaking the annual data into quarterly data to increase the number of observations in the regression may introduce potential inaccuracies to the model. UNCTAD aims to use annual data exclusively, which would eliminate the need for converting to quarterly data. By recompiling the model and focusing on panel data with annual observations, this approach ensures consistency and effectively addresses the challenge mentioned. It further emphasizes how this approach will enhance the analysis and strengthen the validity of the methodology. A comprehensive understanding of how the estimated figures are linked to the relevant SDG goals and targets are provided in a separate paper.

IMF approach: The IMF's methodology is based on an input-outcome approach, which assumes that development outcomes are a function of a mix of inputs. For each country, the methodology sets the levels of key inputs and the associated unit costs at the values observed in countries with similar levels of GDP per capita that reach high development outcomes.

SDSN approach: The methodology used by the Sustainable Development Solutions Network (SDSN) separates the costs per capita for low income developing countries (LIDCs) into low income countries (LIC) and lower-middle income countries (LMIC), and the estimates are later combined to cover all 59 countries. In general, these estimates are the minimum costs possible to achieve basic coverage of SDG-related services. For example, the SDSN estimates that basic health care in LMICs can be provided for US$134 per person per year. These unit costs are then multiplied by the relevant population projections to estimate annual costs in the period 2019–2030.

The summary of techniques used by different organizations are provided in Table 9.

Table 9: Summary of Techniques Used by Different Organizations

Approach	UNDP	ESCWA	UNCTAD	IMF	SDSN
Incremental capital-output ratio (ICOR)					
Unit cost estimates or input-output elasticities	X	X	X	X	X
Intervention-based needs assessments					
Results-based costing	X	X		X	
Incremental budgeting approach					
Historical projections approach	X	X			
Modelling-based estimates	X	X	X		

Challenges of Costing Development Priorities

This section provides the different approaches, advantages and disadvantages of various organizations under each priority sector of the different costing exercises, in addition to the synchronization issues.

Synchronization Issues

Finding synergies between seven priority areas is difficult. It is important to take into account all of the SDGs in order to address such synergies, especially SDG 8, which is at the heart of economic activities and which has not been considered in the priority areas.

The UNDP approach, in a simpler form, found some synergies between spending on gender equality and spending on social protection, health and education, using a simple assumption.

ESCWA used cross-country panel regression to derive the elasticity values which are used for finding synergies across the SDGs. The ESCWA analysis used a standard template of synergies for all countries.

UNCTAD also uses a translog function to derive the elasticity values which are used for finding synergies across the SDGs. However, it is important to note that UNCTAD's cost estimates, although aggregated, take into account the synergies between different priority areas. While it is possible to cost the areas separately, the advantage of the approach adopted by UNCTAD is to achieve the goals of multiple areas with the most cost-effective allocation of resources, considering the interdependencies between the costed indicators.

It is important to note the need for synchronization of costing across SDGs. Since there are critical interlinkages between different SDGs, it is important to look at integrated costing approaches which can deal with broad cross-sectoral synergies, as opposed to any standalone calculation for specific SDGs. There is no denying that well-designed and integrated multisectoral approaches can be cost-effective, considering the resource constraints in the developing countries.

Table 10: A selected sample of a framework for synchronization of additional costing of different SDGs from country experiences

	SDG1	SDG2	SDG3	SDG4	SDG5	SDG6	SDG7	SDG8	SDG9	SDG10	SDG11	SDG12	SDG13	SDG14	SDG15	SDG16	SDG17	Totals for Unsynchronization Cost
SDG1	Own				Syn								Syn					
SDG2		Own				Syn												
SDG3			Own					Syn						Syn	Syn			
SDG4				Own				Syn										
SDG5					Own													
SDG6	Syn					Own								Syn				
SDG7							Own		Syn									
SDG8	Syn			Syn				Own	Syn			Syn						
SDG9							Syn	Syn	Own								Syn	
SDG10										Own							Syn	
SDG11			Syn								Own							
SDG12								Syn				Own					Syn	
SDG13	Syn												Own					
SDG14			Syn											Own			Syn	
SDG15			Syn				Syn								Own			
SDG16								Syn								Own	Syn	
SDG17									Syn	Syn		Syn		Syn		Syn	Own	
	Totals for Synchronization Cost																	

Note: Own means the cost for that particular SDG and Syn synchronization with any other SDG.

In Table 10, the diagonal cells represent the standalone costing for any particular SDGs, and "Syn" refers to synchronization with another SDG. Through this process, the overlapping of costing between different SDGs has been avoided. Thus, the sum over columns for any particular row shows the total unsynchronized cost for any SDG. In contrast, the sum over rows for any particular column shows the total synchronized cost for any SDG. For example, if we consider the row of SDG 1, the total amount would be the unsynchronized cost amount. However, the column of SDG 1 shows that that costing under this SDG has been synchronized with SDG 6, SDG 8 and SDG 13. The major synchronization has been done between SDG 7, SDG 8 and SDG 9, which are at the heart of this costing exercise.

The Way Forward

The Egypt costing exercise carried out thus far aims to estimate the approximate additional resources required to achieve the objectives of the priority areas, to the extent possible. However, the data are incomplete, and these figures represent a work-in-progress to discuss methodologies and potential new information that could allow estimates to be refined.

The costing exercise is a dynamic process, and in the future the following procedure may be followed for a better estimation of the costing of the plan (Figure 3).

Figure 3: Flowchart of the Workplan for Costing

Step 1 Ensuring appropriate timing and build consensus on the importance of the costing exercise to ensure acting on policy and/or implementation

Step 2 Defining the scope for costing, including level of ambition for results, strategies and actions

Step 3 Desktop review of programmes, historical costs, and consideration of new areas; assessment of the availability of data to define approach and budgeting for the costing

Step 4 Assemble team and identify appropriate methodologies to estimate and refine cost estimates

Step 5 Analysis of costing results with experts and stakeholders to identify synergies, overlaps and scope for joined up actions in programmes, to be reflected in modelling

Step 6 Integration of costed interventions in national planning and budgetary exercises: advocacy on costed programmes, preparation of estimates in appropriate formats; coordination across policy, planning and budgeting entities and stakeholders to ensure joined up action to address financing gaps

1. **Ensuring appropriate timing and build consensus on the importance of the costing exercise to ensure acting on policy and/or implementation**

   Costing should be viewed as an iterative exercise in the context of planning and financing, not as a one-off exercise. Some of the types of costing would be done much more regularly to ensure responsiveness. Initially, it may be useful to consider the use of high-level estimates of investment needs to inform discussions with budgetary and planning authorities to identify the financing envelope. This can be followed by the use of bottom-up costing approaches to come up with granular estimates complemented by the use of integrated modelling to refine them. However, while it is important to do development plan-wide costing, it is also useful to do selected updates and to consider the development and costing of forward-looking risk-informed scenarios which could be used to inform dialogue and priorities for investment for the national plan.

2. **Defining the scope for costing, including level of ambition for results, strategies and actions**

   The scope of the costing needs to be set at the outset, including whether the costing exercise is at the national or sub-national level, for a development plan or a subset of priority initiatives as well as what the level of ambition will be, along with the cost of inaction. If the cost of implementation for each outcome/output had been estimated separately, the total would overestimate the actual cost of implementation. The issue can be addressed using a process of synchronization across goals and targets. Since there are critical interlinkages among different outcomes/outputs, it is important to look at integrated costing approaches which can deal with board cross-sectoral synergies as opposed to any stand-alone calculation for specific outcomes/outputs. There is no denying that well-designed integrated multisectoral approaches can be cost-effective given the resource constraints in the developing countries.

3. **Desktop review of programmes, historical costs and consideration of new areas and assessment of the availability of data to define approach and budgeting for the costing**

   Research is important to identify new interventions, historical trends in terms of costs, and efficacy of programme interventions. Ideally this should be done with sector experts and line ministry representatives. It is also important to prepare a snapshot of the available data, along with the baselines for relevant outcomes/outputs and their indicators. In particular, there is a need to assess the availability of data for the indicators used in the costing exercise. An analysis of the sources of data, the ways to use alternative/proxy data when specific data are not available, is very important. Before costing, the government needs to determine what it is costing, which would presumably start with their national development plan for which ideally baselines and targets have been set. Accurate, timely and comparable data for indicators are essential for a "robust, effective, transparent and integrated" costing framework. Data availability for estimating the resources for implementing national plan is a big challenge. In the case of lack of data for actual indicators, data of some proxy indicators can be used with a proper justification.

4. **Assemble team and identify appropriate methodologies to estimate and refine cost estimates**

   While average unit costs are used to a large extent in costing work, we underscore the importance of not using a one-size-fits-all approach based on fixed coefficients and linear relationships on the grounds that they seldom allow for economies or diseconomies of scale. There is a growing awareness of the need to ensure that budget allocations support cross-sectoral synergies which provide an essential contribution alongside increased fiscal expenditure for the achievement of the development targets.

Building the necessary cross-sectoral and cross-ministerial coordination requires political will and coordination at different levels of government.

Another emerging area is modelling of cost options in the context of scenario-based planning to facilitate risk-informed responses, factor in the costs and impacts of risks materializing, such as in the recent case of the global COVID-19 pandemic, and costing what it will take to shift to more resilient trajectories/pathways. As the risk of intersections between climate, health pandemics, narrow supply chains and financial markets increase in scope and impact in an increasingly interconnected world, it is clear that risk is something that national authorities and their partners will need to increasingly factor into development plans and financing strategies which will need to be more agile, adaptive and iterative in approach and design.

Ideally, costing calls for a specialized cross-disciplinary team comprising economists and sector experts, researchers, data analysts and statistical staff, etc., working within the framework of technical and substantive coordination, as alluded to above.

5. **Analysis of costing results with experts and stakeholders to identify synergies, overlaps and scope for joined up actions in programmes, to be reflected in modelling**

In the initial stages there is a need to undertake consultations and interviews of relevant stakeholders to collect information on the costing and different options and potential pathways. This should not be a one-off process as consultations are also needed to refine estimates and identify synergies and trade-offs. Different methodologies will produce different results, often with a wide degree of variation. It is thus important to be able to work jointly to make sense of the estimates and methodologies to identify the way forward. In addition, sequencing issues can be explored with experts, as reaching a goal or a set of goals can be done in phases which involve different costs at different stages of planning cycle.

6. **Integration of costed interventions in national planning and budgetary exercises: advocacy on costed programmes, preparation of estimates in appropriate formats; coordination across policy, planning and budgeting entities and stakeholders to ensure joined up action to address financing gaps**

It is critical that costing be aligned with the national planning and budgetary processes. For a start, the policies and strategies need to be aligned with the national plan. An exercise needs to be undertaken to assess how the different policies and strategies of budgetary processes are consistent with the national planning. Given the evolving global financial landscape, for financing a national plan, Egypt will have to rely even more on domestic sources and there may be a need for promoting systemic changes in the attitude and mechanisms that govern and channel financing to better exploit the potential options to scale-up and diversify financing commensurate in magnitude with the ambition articulated in the national plan. Egypt needs to explore all possible sources of development financing including public, private, PPPs, blended finance, innovative financial tools, investment guarantees, non-governmental organizations, foreign direct investment, development finance, and remittances.

ANNEX 3

RIGHT-FINANCING EGYPT’S SDGS

The Secretary-General’s Financing Strategy and Roadmap complements the 2015 Addis Ababa Action Agenda (AAAA) on financing for development by prioritizing areas of action for the Secretary-General and guiding the UN’s contribution to implementing the 2030 Agenda. To increase SDG investments at scale, the strategy focuses on: (i) aligning global economic policies and financial systems with the 2030 Agenda; (ii) enhancing sustainable financing strategies and investments at regional and country levels; and (iii) seizing the potential of financial innovations, new technologies and digitalization to provide equitable access to finance.

The concept of right-financing involves exploring alternative financing options for each investment proposal. For instance, a government could fund infrastructure development using national revenue or by taking on debt. The implementation of the project could be carried out by a government agency or outsourced to the marketplace. Infrastructure could be managed by the government or through PPPs, with more than 20 different PPP models available. In addition, infrastructure could be provided as a public good, or users could pay for it, and the resulting revenues could be used to maintain or expand the network. Therefore, a customized financing strategy must be developed for each SDG investment based on the factors outlined in Table 11 below.

Table 11: Right-Financing Egypt's SDGs

Right-Financing Pillars	*Objective*	*Considerations*
Investment Prioritization	Identify the most optimal sequence of activities for a given investment over the medium term, linked to the Medium-Term Expenditure Framework.	Based on fiscal space analysis and government policy priorities, SDGs and targets should be prioritized based on the level of urgency and impact on the principles of leave no one behind or building forward better (BFB).
Source of Financing	Identify the most strategically advantageous source of financing for the proposed investment, crowding in private capital wherever feasible and desirable.	Consider domestic public, domestic private, international public and international private capital.
Financing Modality and Partnership	Identify the preferred financing modality and strategic partnerships for the intended investment based on a ranking of variants.	Consider grants, loans, blended financing (including PPPs), development or social impact bonds, guarantees, debt for nature swaps, catalytic first loss capital, non-governmental organizations, philanthropic capital, vertical funds and conservation financing tools.
Sustainability	Consider the sustainability of the proposed investment, including financing costs, long-term operations and maintained costs and social, gender and environmental multipliers.	Consider the long-term sustainability of the investment once project funds are withdrawn. This would include project governance, operating costs, revenues, social cost-benefit analysis and net present value analysis as appropriate.
Monitoring Impact	Establish output, outcome and impact indicators for the investment, so that one can assess impact.	Link goals, outcomes and outputs to the Medium-Term Expenditure Framework process, allowing SDG investment impacts to be clearly established and the SDG dashboard to be updated based on empirical information.

Source: UNDP Budgeting for the SDGs; A Modular Handbook (2022)