

Key policy recommendations

No poverty, reduced inequalities and social protection

Goal 1: No poverty

Goal 10: Reduced inequality

- Ensure equal access to health, quality education, technology and economic opportunities for all.
- Address gender inequality by ensuring women's equal access to economic opportunities and sustainable sources of income, especially in rural areas.
- Reduce spatial inequality by ensuring adequate investment in social and physical infrastructure of rural and urban areas in all governorates.

Social Protection System

- Expand Social Safety Net programs horizontally by adding new beneficiaries and vertically by increasing the benefit size (inflation indexing), while also revising the targeting methods.
- Improve reach out and targeting through building a comprehensive database using the Unified National Registry and connecting it to the civil registry.

Integrated National Financing Framework (INFF) and public financial flows

Integrated National Financing Framework

- Maintain current efforts on the first and second building blocks of the INFF: assessment and diagnostics and the financing strategy while closing the cycle by activating its third and fourth blocks: monitoring and review as well as governance and coordination.
- Continue the recent path of fiscal consolidation and reduce reliance on foreign borrowing and volatile external inflows to address the twin deficit dynamic of government budget and the current account.

Fiscal policies and public domestic resources

- Reform the public financial management system. On the expenditure side, strengthen program and performance-based budgeting and introduce a medium-term expenditure framework.
- Strategically identify the optimal tax mix and invest in tax administration system in terms of:
 - transparency
 - efficiency
 - compliance
 - collection effort
 - enforcement

External public flows

- Consolidate efforts through the adoption of a national development cooperation policy framework that covers a broader scope of external finance resources: official development assistance (ODA) and beyond, to better support the INFF, increase the coherence and effectiveness of development cooperation, and identify clear roles and responsibilities for all relevant stakeholders.
- Optimize the use of ODA flows for catalytic purposes to leverage private investments and maximize finance for development.
- Create a roadmap for blended finance highlighting national priority development sectors and projects that can benefit from this financing modality.
- Form a dedicated mechanism to support tackling illicit financial flows to effectively coordinate between all entities involved in curbing such flows.
- Enhance technical assistance, capacity development and knowledge transfer associated with development cooperation.
- Strengthen the development cooperation coordination and information management through using advanced information technology and data systems for managing ODA and alike-flows.

Public debt management

- As a rule of thumb for development finance, maintain a priority for investment over borrowing.
- Ensure a declining trajectory for public debt, both domestic and

foreign, as a ratio of GDP as well as for debt service as a ratio of exports of goods and services.

- Within prudent limits, prioritize domestic currency borrowing for lines of finance that do not have foreign returns.
- Increase the tradability and liquidity of the debt instruments and strengthen Egypt's financial markets to fund SDGs spending gaps.
- Develop prudent measures and strengthen the institutional framework to govern the new types of innovative financing instruments; such as sovereign green bonds, Islamic sukuk and climate-SDGs debt swaps.
- Strengthen fiscal risk management and enhance fiscal and debt rules to promote debt transparency, accountability and reporting.

Business and financial sectors

Business sector

- Translate the national planning framework into quantifiable targets to identify gaps and required investments, highlighting the potential for private investment through information sharing.
- Improve the dialogue with the business sector, domestic and foreign, and emphasize knowledge sharing in a dynamic way while focusing on sectoral and geographic potentials.
- Realize the potential of public-private partnership through a new approach based on international best practices and enhance institutional responsibilities, governance and coordination among the public entities and emphasize the investment promotion approach of the public-private partnership framework
- Adopt a clear business engagement model with the private sector based on well-defined "traffic light" signal-system:
 - Areas for full private sector engagement under effective regulations (green).

- Areas for possible partnerships with the State (orange).
- Clearly restricted areas for operations (red).
- Align the mandate of existing zones: economic, investment, free and industrial with development goals, at the national, governorate and sectoral levels, while reinforcing export promotion, private sector engagement, foreign direct investment, and integration into global value chains.
- Ensure that investment and production are green and smart, supported by digitalization, innovation, and effective logistics.
- Enhance the integration of environmental, social and governance considerations into the business sector's core strategies and operations and showcase some of the good examples of firms' compliance in the context of the preparation for COP27.

Financial sector

- With an average share of private sector credit to total credit hovering around 22%, and an average market capitalization ratio to GDP reaching 14%, over the past three years, this demonstrates a critical need for improving private sector's access to finance.
- Improve other areas of financial services such as insurance and leasing based on international standards.
- Develop a comprehensive policy for financial development to support funding Vision 2030 ambitions and the required growth strategy. This is critical to complete the requirement for development finance which is normally based on effective regulations, competitive market and adequate policy framework.
- Promote the role of the financial sector in funding socially responsible and environment friendly investment by:
 - Providing incentives for incorporating environmental, social and governance considerations into their activities.
 - Ensuring financial sector's compliance with new rules related to sustainability, as informed by the Task Force on Climate-related Financial Disclosures.
- Provide adequate investment in digital infrastructure and new modalities for providing financial services through digital platforms and enhancing relevant financial literacy to maximize the benefits of the digital dividends and minimize the challenge of digital divide.

Trade

- Develop and implement an export strategy with concrete measures to achieve the \$100 billion target of exports of goods, while capitalizing on competitive advantage and geographic proximity.
- Diversify exports and raise their complexity and GDP contribution by enhancing policies related to education, labor, governance, institutions, infrastructure, technological readiness and open trade.
- Promote trade with regional partners, including Arab, African and European countries.
- Tap on new markets by promoting connectivity through better transportation systems, effective logistics, easing trade barriers, fostering the adoption of technology and investing in information communication technology to support digitalization.
- Provide institutional support for export finance, advancing credit and improving guarantees, to support export promotion.
- Provide special incentives to foreign direct investment which fosters innovation, R&D, technology transfer and higher value addition to reinforce export orientation.
- Increase domestic and foreign investment in the manufacturing and priority sectors, to better integrate into global value chains.

Science, technology, innovation and digitalization (STI+D)

- Adopt an overarching national innovation strategy that ensures sustainable operationalization by setting measurable targets and enforcement mechanisms.
- Increase investment in digital infrastructure, data systems and platforms in cooperation with the private sector.

- Enhance the primary and preparatory education curricula through introducing science, technology and innovation-enabling subjects, such as, scientific thinking, research methods, artificial intelligence and information technology skills.
- Continue the current path of digital transformation of government services while improving the quality, accessibility, and inclusiveness of the digital ecosystem.
- Strengthen the regulatory framework to address emerging risks associated with digitalization, such as cyber security.

Data and data systems

- Develop capacities in managing data collection and data streaming processes.
- Create binding benchmarks for SDG data updating frequency and level of disaggregation, including data at the governorate level.
- Develop initiatives to use big data to monitor and evaluate the impact of development projects.
- Adopt legislative reforms that contribute to strengthened governance, particularly laws on freedom of information and data security.

Localization

- Capitalize on the investments of Haya Karima by enhancing productivity and competitiveness to guarantee that the newly developed rural Egypt becomes a major contributor to production, job creation, and the export orientation of the economy.
- Adopt a financial ecosystem for localizing the SDGs by ensuring adequate budgetary allocations and strengthening the local revenue mobilization capacity.
- Ensure multi-stakeholder engagement for the ownership of development goals and targets, following the participatory approach adopted by Haya Karima.