

# **Towards Promoting Effective Development Cooperation and Delivering on the Effectiveness Principles: the Opportunities, the Challenges and the Way Forward**

**Ministry of Investment and International Cooperation  
The Arab Republic of Egypt**

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## **Introduction**

Over the past decade, there has been a paradigm shift in development cooperation policies and practices, as well as financing, in realization of the Sustainable Development Goals (SDGs). Additionally, there is rising acknowledgment and international understanding that development is no longer the sole responsibility of governments and that it is an inclusive process that promotes integrated partnerships involving governments, international partners, civil society organizations as well as private sector.

During the past years, the Government of Egypt has adopted a rigorous transformative reform agenda to enhance the country's macroeconomic conditions and further promote national and foreign investments, and ultimately realize more equitable and sustainable economic and social development. In this context, the Ministry of Investment and International Cooperation (MIIC) exerts great efforts to support the reform agenda and is committed to leveraging the necessary financial resources to ensure the realization of the aspired national development objectives.

The Ministry has been consequently leading and managing extensive consultations and activities to promote a development path that is based on private sector led economic growth, while ensuring social inclusion and equitable distribution. It has adopted progressive and comprehensive measures that aim at: mobilizing Official Development Assistance (ODA) to complement national efforts and efficiently integrate and harmonize available funds to contribute to national development; and promoting private sector engagement in development through creating a conducive environment for investments.

In this regard, MIIC has followed practical steps and processes to promote effective development cooperation and deliver on the effectiveness principles. These include:

1. Supporting and strengthening national development cooperation policies.
2. Promoting the role and engagement of the private sector in development activities.
3. Supporting the use and management of information on developing cooperation.

4. Ensuring better understanding of the strategic priorities and funding trends of development partners.

## **1. Supporting and Strengthening National Development Cooperation Policies**

In line with the 2030 Agenda, the Government of Egypt developed the Sustainable Development Strategy (SDS): Egypt's Vision 2030. The SDS follows the sustainable development principle as a general framework and is based on three main pillars: economic, social and environmental. As per the strategy, a monitoring and evaluation mechanism is set to review and update the SDS based on a specific methodology and Key Performance Indicators (KPIs) and would assess and measure the outcomes and the impact of the SDS in order to ensure more effective realization of the aspired outcomes and results.

In this regard, the SDS is considered a main framework for ensuring the relevance and consistency of the ODA projects and programs with the national priorities and needs. This in turn contributes to enhancing shared responsibility, mutual accountability and results. Moreover, all national development plans are incorporated in the SDS and are also linked to and guided by the Sustainable Development Goals (SDGs).

On the other hand, MIIC has been taking practical steps to support the effective use of a national development cooperation policy. Currently, ODA policies and operations are guided by MIIC's mandate that outlines the specific roles and responsibilities of ODA management within the Ministry and in relationship to development partners and stakeholders. Moreover, the Ministry's ODA objectives and priorities are determined and guided by the national plans and strategies, particularly, the SDS 2030, Egypt's Five Year Macroeconomic Framework and MIIC's Work Program 2018-2022.

MIIC clearly acknowledges the collective and integrated efforts and shared responsibility of all stakeholders, including development cooperation. In this regard, building on the strong ties and mutual responsibility with development partners is fundamental in order to support the national policies towards achieving economic, social and environmental sustainability in that respect. MIIC has been hence keen on developing the National Official Development Assistance Strategy, which is expected to be completed in 2019. This would in turn support and strengthen national development cooperation strategy and policies, which contextualize and prioritize the effectiveness principles on the national level and outline strategies for their implementation with the concerned partners and stakeholders.

MIIC has also increased its consultation with Government counterparts in designing and implementing projects, including monitoring and review of projects progress in the different sectors. On the other hand, MIIC conducts regular negotiations and consultations with the

development partners to review the development partners' program action plans and country strategies as well as review the progress and results achieved.

It is worth noting that parallel efforts are in progress to institutionalize a national monitoring framework across line-ministries to follow-up and monitor the progress in achieving national objectives and SDGs. Moreover, a national framework for monitoring and evaluating development cooperation is being developed by the MIIC. Although these two frameworks are in their initial phases, they aim at enhancing the alignment and the contribution of ODA to national priorities.

## **2. Promoting the Role and Engagement of the Private Sector in Development**

With clear and ambitious development agenda, defined by the SDS, increasing demand for fund allocations to contribute to economic, social and environmental welfare is becoming crucial. The Government of Egypt consequently realizes that aligning private sector funds with national priorities would efficiently support this vision and reduce the burden on the government budget. MIIC also clearly acknowledges that development financing is an inclusive and integrated approach, where government resources would not suffice and hence, the collective and integrated efforts and shared responsibility of all stakeholders, including private sector investments are fundamental.

Realizing the vital role of promoting investments in stimulating inclusive growth and development, MIIC sought to address the main concerns and difficulties that the private sector faces and create a more favorable environment to encourage private sector engagement in the development process. In this context, the Ministry identified the main challenges that limit the realization of the full potential of investments and has worked on introducing the necessary interventions and reforms that would provide a more enabling regulatory framework and improved government services. This was noted in the series of reforms and amendments made of the laws and regulations that have direct influence on investment, including the Investment Law, the Capital Market Law and the Companies Law with the objective of easing and facilitating initiation, operation and arbitration, and providing guarantees for local as well as foreign investors.

In particular, the Investment Law No. 72 of 2017 is considered a major step in enhancing the business climate in Egypt as it introduces a new set of incentives and guarantees that complement ongoing economic reforms, aiming at increasing domestic and foreign investment inflows, especially those directed to productive sectors and lagging regions. The main features associated with the new Law include: 1) pro-investor policies; 2) administrative reforms; 3) streamlined business procedures and services and reduced red tape; 4) new investment zones; 5) provisions related to Corporate Social Responsibility (CSR); and (6) conflict resolution. In addition, MIIC

mapped investment opportunities across the country creating incentives to attract investments in strategic sectors and underprivileged regions in-line with the country's development objectives.

The Ministry also recently collaborated with the Global Partnership for Effective Development Cooperation (GPEDC) working group on Private Sector Engagement (PSE) to conduct a case study on Egypt's Private Sector Engagement in development in order to review the effectiveness of PSE and the role of the private sector in supporting the realization of the SDGs on the national level. MIIC led the consultations made and successfully organized a multi-stakeholder workshop in July 2018, which was chaired by H.E. Dr. Sahar Nasr, Minister of Investment and International Cooperation to discuss the main findings of the report and the way forward in further engaging the private sector and developing Public-Private Partnership (PPP) as well as promoting Corporate Social Responsibility (CSR).

The workshop served as a platform for knowledge sharing to move towards an actionable framework for engaging the private sector and developing public-private partnerships to advance sustainable development priorities at the country level and promote inclusive development partnerships and cooperation. It is worth noting that Egypt's case study will be used to prepare a technical note on policy recommendations for private sector participation through effective development cooperation and that the findings and recommendations will then be presented on the sidelines of the High-Level Political Forum 2019 to be held in New York in July 2019.

### **3. Supporting the Use and Management of Information on Development Cooperation**

With the rapidly growing development needs and increased financial flows, transparency became a key element to support the optimal management of ODA activities and programs. In the recent years, MIIC promoted transparency throughout its operations and partnerships. The Ministry has ensured that updated data are continuously disclosed to both national and international development partners and stakeholders. It has also been exerting extensive efforts to set a more reliable and comprehensive information system that would ensure more regular collection and provision of data. In this regard, building the capacity of MIIC to collect, manage and use information on development cooperation, including establishing or strengthening information management systems has become a main priority.

In support to these efforts, MIIC is currently developing an ODA Management Information System. It aims at identifying all relevant fields for reporting on ODA related information, which include and not limited to ODA disaggregation by sector, geographical location and relevant development partners/stakeholders, terms and conditions, disbursement rates, implementation rates, development impact, timeframe, among others. The information system would in turn enhance accessibility of data to the concerned stakeholders. This contributes to improving the follow-up and monitoring system and in turn improves accountability and effectiveness of development cooperation.

#### **4. Ensuring Better Understanding of the Strategic Priorities and Funding Trends of Development Partners**

In light of the rising trend towards enhancing national ownership and shared responsibility of development initiatives, MIIC is committed to designing and implementing programs that are evidence-based and strongly linked to Egypt's national development goals. In this context, the Ministry endorsed a new organizational structure to strengthen and facilitate its role and to integrate and harmonize available funds to contribute to national development. This structure included a specialized team for strategic planning to be in charge of developing long-term plans in addition to actionable strategies to ensure the optimal contribution of financial resources in advancing national development objectives as well as further promote the coordination with national and international development partners.

There are a number of development cooperation frameworks with different development partners that have performance and results indicators on cooperation quality, quantity and effectiveness. These documents are prepared in consultation with the Government of Egypt and account for the national long-term performance indicators outlined in Egypt's SDS 2030. Examples of these documents are: the United Nations Development Assistance Framework (UNDAF), the United Nations Partnership Development Framework (UNPDF) and the World Bank's Country Partnership Framework for the Arab Republic of Egypt. The specified frameworks support the development and implementation of clear objectives and targets as well as the assessment of the relevant results that are in compliance with the national needs and priorities. This contributes to enhancing shared responsibility between the national concerned stakeholders and development partners. It also supports mutual accountability and achievement of results based on the set targets and performance indicators.

MIIC also conducts annual bilateral consultations with the development partners to review the development partners' program action plans and country strategies. Moreover, regular negotiations and consultations, or annual steering committees are carried out to review the progress and results achieved in the development partners' plans and strategies.

The Ministry also established the Planning and Evaluation Department, which is responsible for monitoring and evaluating the ODA activities and their role in supporting the realization of the development targets on the project and program levels as well as on the policy, thematic and sectoral levels. In this regard, a number of evaluations of projects and programs have been carried out in order to assess the effectiveness of activities and their contribution to promoting sustainable development. These assessments ensure more optimal management of ODA activities to achieve the desired objectives through embracing the internationally agreed principles of Effective Development Cooperation and result-based management. Additionally, donor profiles

have been prepared and are regularly updated in order to ensure better understanding of the strategic priorities and funding trends of development partners. Ultimately, these activities support having strong policy recommendations that would potentially guide the development of the new cooperation strategies and plans.