

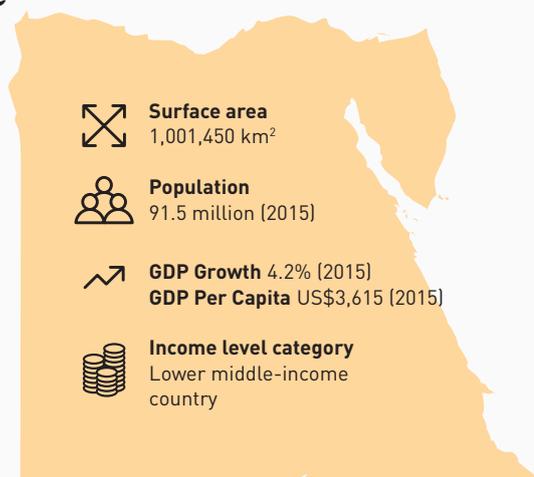


# EGYPT

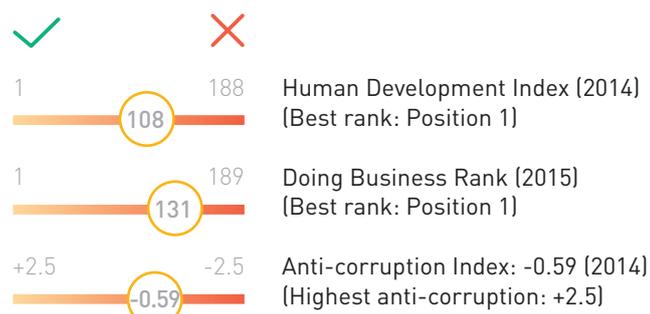
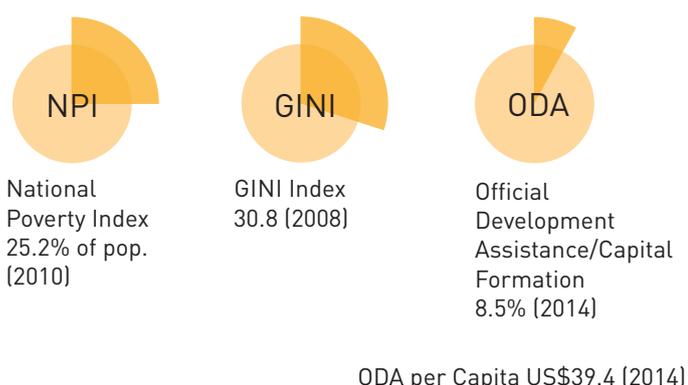
## 1. Country Context

The Arab Republic of Egypt is a lower middle-income country with an HDI of 0.69 as of 2014. The restoration of political stability, structural reforms undertaken by the government along with the presidential and parliamentary elections in 2015 have facilitated economic recovery. The growth rate during the first three quarters of fiscal year 2014 reached 4.7% compared to only 1.6% in the previous year, which could be attributed to the restoration of stability and investor confidence, increased private consumption and growing government public investments. The Egypt Economic Development Conference held in March 2015 revived foreign interest in the country, as evident in the US\$12.5 billion grant from the GCC and US\$38 billion in foreign investments. A tentative agreement with the IMF has been reached for a US\$12 billion loan over three years. It will target the current fiscal deficit and tighten dollar liquidity in the country. On the social level, women's representation in parliamentary seats increased by 15% in 2015 despite low voter turnout. However, the country still faces challenges including security threats and conflict, lack of employment opportunities (especially for youth) and weak regulatory enforcement in public governance.

### Quick Facts

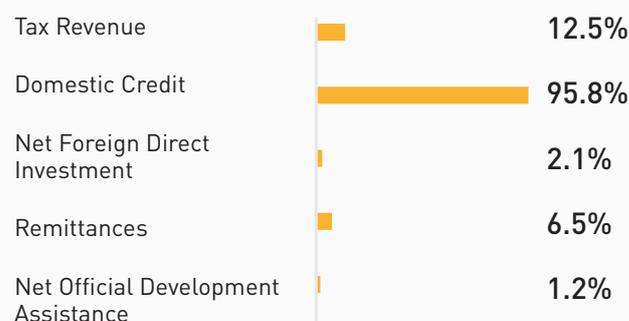


### Key Development Indices:



### Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE



### Key Development Challenges

Over the past three decades, Egypt has made progress in addressing issues of child mortality, life expectancy and education. However, poverty and income inequality remain the most pressing challenges to development, as 25% of Egyptians live below the poverty line and mostly concentrate in rural Upper Egypt. The government budget deficit reached 12.6% in fiscal year 2013-2014, reflecting long-standing structural challenges that have been exacerbated by the difficult political transition, with the resulting cyclical factors pushing the government debt-to-GDP ratio to 95.5%. There have been improvements in public health and education services, but regional gaps and deficient service quality require continued government effort.

## 2. Efforts to Implement the Effectiveness Principles

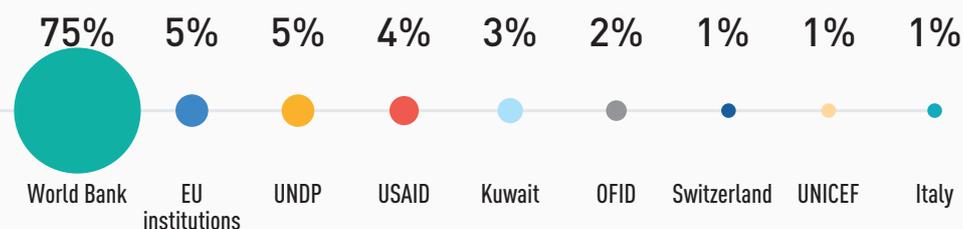
### A. Policies and Tools for Partners' Alignment

Vision 2030 is the key document outlining national development priorities in economic, social and environmental dimensions; sectoral objectives; and measurable key performance indicators. It was developed by the Ministry of Planning through a two-year consultation process with state and non-state actors and launched in February 2016. Sector-specific strategies were

developed based on participatory sectoral workshops with ministries, national entities, CSOs, research institutes and development experts, such as the workshops in the health and education sectors that were organized by the Faculty of Economic and Political Science at Cairo University in coordination with the Ministry of Planning. Vision 2030 has been linked to the SDGs and

Egypt volunteered to be one of the first 22 countries to report on the SDGs at the UN High-Level Political Forum in July 2016. The Medium-Term Macroeconomic Policy Framework 2014-2018 presents targets that aim to improve fiscal sustainability and public service delivery.

#### Major Development Partners of this Round (by Reported Disbursements)



**Participation in 2014 Monitoring**

Yes



**Existence of a National Co-operation Policy**

Yes

### B. Governance and Management of Development Finance and Co-operation

The Ministry of International Co-operation is currently developing Egypt's national ODA policy and strategy consistent with Vision 2030 and the SDGs. A national committee has been established under the leadership of the prime minister and the coordination of the Ministry of International Co-operation to monitor progress made on SDG implementation in line with the national plan. The Al-Ahram Centre for Strategic Studies, a leading independent research centre, also launched an initiative in collaboration with the Ministry of Planning to enhance transparency and efficiency of public institutions in the implementation

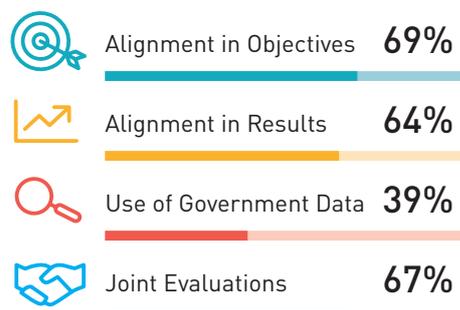
of Vision 2030. The government plans to improve domestic resource mobilization by broadening the tax base, introducing anti-tax avoidance rules, raising tax rates and reducing subsidies. Money transfer programmes were launched in 2014 as part of the social policy reform to mitigate the effects of government reforms on vulnerable groups. In order to attract domestic and foreign investment, the government has prepared a new uniform investment law to streamline the process for investors. Also, regulatory reforms were introduced in 2014 to improve the business environment and encourage development activities.

## 3. Country Ownership

### Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

Egypt is in initial stages of developing a national monitoring network/framework across ministries to monitor progress made in achieving national objectives and SDGs. The Monitoring and Evaluation Unit has been formed under the Ministry of International Co-operation, responsible for monitoring and evaluation of foreign-funded development interventions on the project, programme, sectoral and thematic

levels. Medium-term results frameworks and programmes have been developed between government and development partners. Sector-specific plans or strategies in transport, education and public finance have been established. Capacity-building programmes were launched in coordination with development partners to train public officials on monitoring and evaluation of development results.

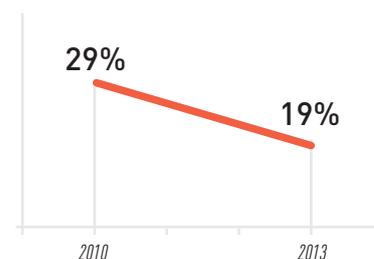


## Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

The Constitution ruled that all official development finance disbursed to the government sector must be recorded by the Ministry of Finance in the budget as a foreign component for financing public projects. According to Article 127 of the 2014

Constitution, the executive authority may not obtain a loan or finance for a project not listed in the approved budget unless so approved by the House of Representatives. There is no available data on this indicator based on results of the 2015-2016 monitoring round.

### Percentage on Budget



## Indicators 9 and 10. Use of Country Systems

Based on results from the monitoring exercise, 29% of development co-operation finance used national public financial management and procurement systems, demonstrating a slight improvement over the 2013-14 monitoring round. Use of national budget procedures improved from 35% to 39% in 2015; use of financial reporting procedures remained at the same

level; use of auditing procedures almost doubled from 9% to 17%; and use of national procurement procedures dropped from 24% to 21%. The 2011 Survey on Monitoring the Paris Declaration recognized progress in strengthening country systems through a number of financial and procurement legislation reforms undertaken at the time. National procurement law No. 89

is currently under review for amendment to enhance efficiency and transparency in government transactions, which could facilitate increased use of national procurement systems. Untying of official development finance deteriorated from 86% in 2013 to 67% in 2014, reflecting the need for development partners' commitment and country ownership.

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	39% ▲	35% ►	17% ▲	21% ▼		
INDICATORS 9A & 10.					N/A	67% ▼

\* Country Policy and Institutional Assessment

## 4. Inclusive Partnerships for Development

### Indicators 2 and 3. Fostering Inclusive Partnerships for Development

Few consultations with large-scale CSOs in the design, implementation and monitoring of national development policies have taken place. However, an institutional structure for consultations and a more systematic coordination mechanism need to be developed. Similarly, there is no formal mechanism that facilitates coordination among CSOs and between CSOs and development partners. Yet, some initiatives were undertaken by development partners to engage CSOs in the development of their policies and programmes. Again, a regular mechanism

is needed to make development partner outreach more inclusive. Interviewed CSOs agreed that they have access to government information on national economy, budget and investment plan, but a legal framework to regulate this access is still needed. There are concerns, however, regarding the timeliness, accuracy and availability of disaggregated subnational data. A new CSO legal framework is being developed to address legal and procedural barriers, facilitate smoother operation for CSOs and promote an enabling environment. The government has recognized the important

role of the private sector in economic development and is willing to engage through meetings and events, but there needs to be a more sustained mechanism for public-private dialogue, especially at the local level. The government also provided continuous support to public-private projects through technical assistance and monitoring of joint project implementation. No potential champion facilitating public-private dialogue has been identified and provision of capacity-building instruments to the private sector has been quite limited.

### Indicator 8. Gender Empowerment

Based on consultation with the National Council for Women of Egypt (NCW), the country has met three of the four criteria of the indicators for gender equality and women's empowerment. Established by presidential decree in 2000, the NCW is an independent national institute promoting women's social, economic and political

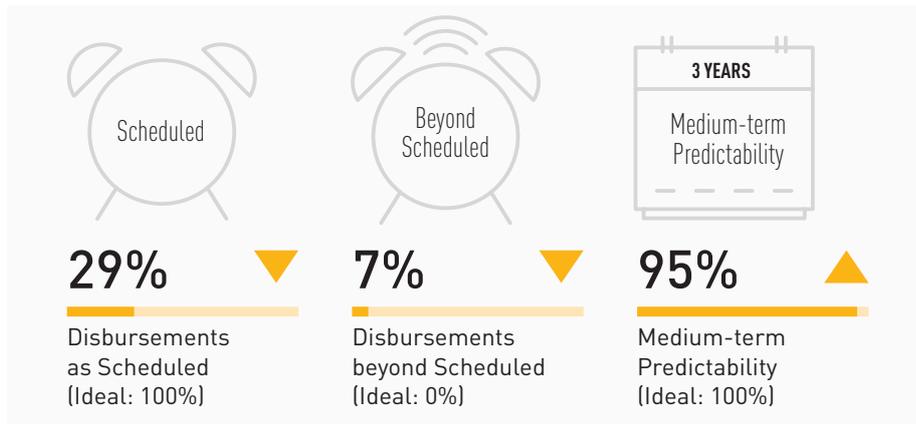
rights and has contributed to Vision 2030, highlighting main areas for improving gender equality. In 2005, the Equal Opportunity Unit (EOU) was formed in the Ministry of Finance to implement gender-focused programmes. In collaboration with the UNIFEM and The Netherlands (EKN), the EOU created a gender-responsive

budgeting initiative that identifies and addresses gender gaps in sectoral and local government policies, plans and budgets. Based on gender-disaggregated data, gaps in resource allocation particularly to education, health, economic empowerment and entrepreneurship must still be addressed.

## 5. Transparency and Accountability

### Indicator 5. Development Co-operation is More Predictable

Medium-term predictability increased significantly, from 34% in 2013 to 95% in 2015, which shows progress in development partners' commitments to annual forward expenditure plans in the next three years. Annual predictability is only 29%, which is an inaccurate reflection of the actual situation due to the lack of data on development partners' scheduled and actual disbursements to the government. One of the challenges to predictability is the frequent political and ministerial changes over the past few years, which affected the implementation of scheduled ODA activities. The inauguration of the monitoring system within the Ministry of International Co-operation since 2015 is expected to improve this indicator. The national monitoring



officers coordinate with all involved parties within each project to ensure that

disbursements and implementation plans are executed as scheduled.

### Indicator 7. Mutual Accountability

Egypt has an official development finance policy or partnership policy defining development co-operation priorities; specific country-level development co-operation targets were established for

development partners and the government; and an assessment towards the targets has been conducted by the government and development partners in the past two years. The Ministry of international Co-operation

reported on the DCF Mutual Accountability Survey 2015, which provided reference for measuring indicator 7 in the current monitoring round.

## National Priorities Going Forward

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The Government of Egypt led an inclusive participatory process to develop a long-term, ambitious national development plan, Egypt's Vision 2030, launched in February 2016. It detailed the main development priorities, sectoral objectives and measurable indicators. It was linked to the SDGs, which will provide more concrete objectives and indicators for ODA interventions to promote country ownership and ensure aligned and inclusive engagement of all concerned stakeholders. Parallel efforts are underway to institutionalize a national monitoring framework across line ministries to monitor progress in achieving national objectives; it will employ a results-based approach to enhance public governance, transparency and accountability. Egypt's development partners have constantly supported government efforts to address structural reforms and development targets. Stronger commitment and integration of efforts of all development stakeholders, grounded on mutual respect and accountability, need to be enhanced to ensure that 'no one is left behind'.

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**Randa Hamza, National Coordinator**  
Ministry of International Cooperation, Government of Egypt

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