

# MAPS Engagement Integrated Report



March 2019

# Table of Contents

## Executive Summary

- I. **Introduction**
  - Background and context: Egypt and the 2030 Agenda
  - Recent economic reforms
  - Existing and new challenges
  - Bringing the SDG narrative in content of the reforms
  - The MAPS Engagement in Egypt
  - Objective of the report
  
- II. **Interlinkages across the SDGs and Key Accelerators**
  - Egypt's past performance
  - Challenges in the short to medium term
  - The International Futures Analysis
  - Key Accelerators for Egypt
  
- III. **Institutional Arrangements for Systematic Collaboration**
  - Context
  - Key findings and Policy Recommendations
  - Next Steps (Annex I)
  
- IV. **Disaggregating and Localizing Data for the SDGs**
  - Context
  - Key findings: Data needs, going forward
  - Policy Recommendations
  
- V. **Leaving No One Behind**
  - Context
  - Review of Literature
  - Findings: specific drivers of poverty and inequality
  - Policy Recommendations
  
- VI. **Way Forward**
  - Next Steps

## Executive Summary

The 2030 Agenda for Sustainable Development represents a transformative set of commitments for ending poverty and protecting the planet. The role of the UN Development System to support implementation of these commitments is framed by the MAPS (Mainstreaming, Acceleration and Policy Support), a common approach adopted by the UN Development Group. Since 2016 UN and partners have been supporting countries for the roll-out of this Agenda and to help countries develop a roadmap for the implementation of the Sustainable Development Goals (SDGs). Support has been extended to over 50 countries where UN agencies have engaged with a range of partners including international financial institutions, NGOs, civil society, private sector and the academia.

In Egypt the government demonstrates a high level of awareness and ownership of the 2030 Agenda. Egypt's national development strategy adopts the sustainable development principle as a general framework for development, and emphasizes balance across its three pillars: economic, social and environmental. Frameworks and mechanisms to support its implementation have been operationalized in different parts of the government; progress has been reported through voluntary national reviews at the global level. Moreover, the country has been undertaking major national reforms supported by IFIs to stabilize its economy, pick up on growth, and create better opportunities for its people.

Given this context, the objective of the MAPS engagement has been to sustain national efforts, and to ensure that the gains from the reforms are widely distributed and inclusive, that they are reflected in the protection of existing and new vulnerabilities that emerges, and that progress is made towards meeting medium to long term objectives in addition to tackling immediate challenges. It is to lend a perspective of looking at the reforms more holistically, across sectors, geography and demographic groups, and analyze the mechanisms through which balanced progress could be achieved. It recognizes that there is no time to ignore the fundamental challenges in the country including – unemployment, poverty and inequality, gender disparity, population growth, water crisis, and environment degradation – and an integrated lens is essential to tackle these multiple, interlinked challenges.

Building on this vision, the MAPS Engagement focuses on four work packages, led and supported by respective development partners and under the close leadership of the Ministry of Planning and Administrative Reform (MoPMAR). Each of the work packages include: (i) an analytical component to provide concrete evidence using data, tools, and qualitative assessments; (ii) a capacity development component to strengthen technical capacities of government to deliver effectively on the SDGs; and (iii) a policy support component to provide clear and concrete recommendations that are actionable. The four work packages are:

1. SDG integration and acceleration led by UNDP (Participating agencies: WB; UNDESA)
2. Institutional arrangement for SDG implementation led by OECD;
3. Localization led by UNFPA
4. Leave no one behind led by UNICEF

Findings and policy recommendations from the MAPS Engagement in 2018 are documented in this report and will be presented to the Inter-ministerial Committee of the SDGs. Analytical reports and policy notes have also been produced for each of the work packages are annexed. It is envisioned that these initial set of findings will chart the way for guiding policy and programmatic interventions around the SDGs in 2019 and beyond.

# 1. Introduction

## Background and context: Egypt and the 2030 Agenda

The Government of Egypt demonstrates strong commitment towards the implementation of the 2030 Agenda. This commitment is reflected in national processes including Egypt's national development strategy which adopts the sustainable development principle as a general framework for development at national/subnational levels; in its voluntary reporting on progress in the implementation of the Sustainable Development Goals (SDGs); and the major policy reforms undertaken between 2016 and 2018 to re-invigorate the Egyptian economy and set a high trajectory to meet the sustainable development goals.

Egypt's national strategy "Sustainable Development Strategy: Egypt Vision 2030" (SDS) is broadly aligned to the 2030 Agenda and the Sustainable Development Strategy for Africa 2063. In fact, the strategy covers the three dimensions of sustainable development. Through the foundations of economic prosperity and improved opportunities for Egyptians, it advocates for balanced development taking into consideration social justice, environment, culture, and equal opportunities for all. The strategy also values the importance of the country's political role and its active participation into the global efforts towards sustainable development. One of the key pillars is to invest in science, technology, and knowledge, that can help stimulate creativity and innovation, and identify new ways for addressing existing challenges.

Egypt was among the first group of countries to present their Voluntary National Review (VNR) to the High Level Political Forum on Sustainable Development in 2016, and one of the seven countries to have presented the VNR for a second time in 2018. The VNR reports notable progresses Egypt has made through its major national reforms, and the overall impact it is having on specific goals and targets of the 2030 Agenda. The VNR describes how the economic reforms were designed with a long-term view of development in addition to addressing the immediate challenges, and how new and expansive social security programs were introduced to counter any adverse impacts on the poor from the reforms, and to ensure no one is left behind. The VNR points out issues related to (i) data availability, desegregation, and accessibility; (ii) financing; and (iii) governance that are all hindering factors that must be tackled to unleash Egypt's potential to make progress on the path to sustainable Development.

## Recent economic reforms

Following the adoption of a new constitution in January 2014 and Presidential elections in May of that year, Egypt started to implement major reforms to help recover from crisis, while also setting the stage for the country to achieve the SDGs. With the objective to recover and stimulate its economy that had slowed in growth (reaching as low as only 1.76 per cent of GDP growth in 2011)<sup>1</sup> and in the creation of jobs, Egypt embarked on a rigorous economic reform program supported by International Financial Institutions (IFIs). The World Bank developed a programme of support of \$8 billion between 2016 and

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<sup>1</sup> <https://data.worldbank.org/indicator/ny.gdp.mktp.kd.zg?locations=eg>

2019<sup>2</sup>, and the IMF adopted an Extended Fund Facility programme of \$12 billion in November of 2016 over 3 years, which is currently the IMF's second largest programme, after Ukraine's.<sup>3</sup>

The deterioration of macroeconomic conditions over the course of 2016 led to the acceleration of these reform efforts. For decades, the country had relied on universal food and energy subsidies, which had redistributive benefits, but were nonetheless rather regressive, and put a strain on fiscal balances which led to accumulation of debt. In addition, the energy subsidies provided incentives for over-investment (relative to what would occur at unsubsidized market prices) in capital-intensive and energy-intensive ventures. A fixed exchange-rate hurt the competitiveness of exports (merchandise non-oil exports from Egypt are very low) and was increasingly difficult to maintain by the Central Bank, depleting foreign exchange reserves and leading to foreign exchange scarcity that hampered trade and investment.

Starting in 2016, the government has progressively removed subsidies to electricity and fuel and, in November of 2016, the Egyptian pound was floated. Along with other efforts, these reforms succeeded in addressing the pressing macroeconomic challenges. Growth picked up and has been increasing, on a year-on-year basis, every quarter, non-oil exports increased, an inflow of capital and remittances built reserves back up (to \$37 billion by November 2017). The country returned to capital markets with two successful placements of Eurobonds, one of \$4 billion in January 2017 and another of \$3 billion in May 2017. With the IMF programme, along with financing commitments by the World Bank, African Development Bank, and countries member of the G7, there will be no financing gap in 2018. As a result, S&P upgraded the outlook on Egypt's credit rating by one notch in May 2018.

### Existing and new challenges

Still there have been challenges, some unexpected, with the implementation of the reforms. The depreciation of the pound was much larger than expected, which contributed to very high inflation (annual headline and core inflation reached peaks of 33 percent and 35 per cent respectively<sup>4</sup>). The Central Bank response was aggressive; lending rates in Egypt averaged 11.24 percent from 2005 until 2019, reaching an all-time high of 19.75 percent in July of 2017 and a record low of 9.25 percent in December of 2013<sup>5</sup>. In 2013 more than 54.7 percent of government spending in grants and social benefits was tied to energy subsidies; in 2014 this dropped to 48.5 percent<sup>6</sup>. In 2015, the government launched an energy subsidies reform program by reducing subsidies and increasing fuel prices in the budget—although they still remained well below international prices. In order to continue with the budget deficit reduction plan, the government announced a reduction in energy subsidies one day after floating the Egyptian Pound (EGP) in November 2016. A second reduction occurred in July 2017. The reduction in energy subsidies was another major factor of consumer inflation<sup>7</sup>. High inflation, together with the removal of food and fuel subsidies eroded purchasing power, especially of the middle class and some vulnerable groups, in particular women, children, youth and the elderly. As core part of its strategy, the Government reallocated part of the subsidies to protect some of the most vulnerable. The composition

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<sup>2</sup><http://www.worldbank.org/en/news/press-release/2016/09/09/world-bank-disburses-1-billion-to-egypt-to-support-inclusive-growth-program>

<sup>3</sup><https://www.imf.org/en/News/Articles/2016/11/11/PR16501-Egypt-Executive-Board-Approves-12-billion-Extended-Arrangement>

<sup>4</sup> <http://documents.worldbank.org/curated/en/124621523639496916/pdf/125251-MEM-April2018-Egypt-EN.pdf>

<sup>5</sup> <https://tradingeconomics.com/egypt/lending-rate> (original source: Central Bank of Egypt)

<sup>6</sup> <http://www.mof.gov.eg/MOFGallerySource/English/Budget2013-2014/Financial-statement2013-2014.pdf>

<sup>7</sup> <https://egyptoil-gas.com/features/energy-subsidy-cuts-the-hardest-part-of-egypts-economic-reform/>

of public debt changed to be much more reliant on the external sector (external debt represented 17 percent of the total in 2016, and this increased to 34 percent in 2017). Even though some of this debt is to the official sector, it does represent a new source of vulnerability to the external context.

These challenges illustrate that the reform process has the risk to create new, or entrench existing, vulnerabilities, even as the reforms evolve, as they have, along an overall successful path. While no household consumption and spending had been conducted recently, some analysts estimate that the national poverty rate might have surpassed 33% from 27.8% in 2015<sup>8</sup>, with rising inflation. Also, as a recent study published by UNICEF, the Central Agency for Public Mobilization and Statistics (CAPMAS) and Ministry of Social Solidarity (MoSS) estimates, 29.5 percent of children under 18 years (10,102 children) were multidimensionally poor in 2014, when considering severe deprivation in two or more of the wellbeing dimensions (multidimensional poverty is particularly alarming for children under age of 5 years standing at a rate 37.1 percent)<sup>9</sup>.

In addition, economic reforms will not directly address, and may even exacerbate, other structural challenges. One is the pressure on the use of land and water, and, more broadly, environmental degradation. A case in point is the how these factors will have a bearing on the agricultural sector, especially with climate change exacerbating threats to agriculture – with virtually no more land available and cereal productivity already quite high. (As 1 kilogram of wheat needs 1000 liters of water, the warmer temperature is expected to optimistically reduce production of wheat by 15 percent in 2050)<sup>10</sup>. Other studies show that climate change can decrease productivity by 30 percent for wheat and up to 50 percent for vegetables within the next decade)The overall cereal (wheat, rice, and maize) import requirements in the 2018/19 marketing year (July/June) are forecasted at about 22.1 million tonnes (represents about 52 percent of the country needs) which is about 10 percent higher than the five-year average<sup>11</sup>. Egypt is also the world’s biggest wheat importer and the General Authority for Supply Commodities (GASC) of the Ministry of Supply and Internal Trade of Egypt (MoSIT) alone is the world’s biggest wheat purchaser. It is thus understandable that wheat is a product of paramount importance to Egypt and wheat policy is a priority for the government<sup>12</sup>.This is highlighted in the national strategic document as one of the main challenges faced by the country, compounded by the concentration of the population along the Nile River and its delta and, increasingly, in urban areas, already feeling the pressure of congestion and pollution. Rapid economic growth – if not well managed to consider these dimensions – can exacerbate these challenges.

Furthermore, challenges in governance related to inter-institutional coordination, policy coherence, collecting and processing evidence/data into policy useful knowledge, limited capacity as well as skills and awareness across levels of government pose risks to the formulation and implementation of appropriate policy responses to existing economic and structural challenges<sup>13</sup>. Evidently, effective and accountable governing institutions are key to address these challenges and to ensure that ongoing reform efforts in different policy areas are sustainable and complementary to each other.

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<sup>8</sup> <http://documents.worldbank.org/curated/en/124621523639496916/pdf/125251-MEM-April2018-Egypt-EN.pdf>

<sup>9</sup> [https://www.unicef.org/egypt/sites/unicef.org.egypt/files/2018-05/eg\\_Children\\_In\\_Egypt\\_2016\\_en%283%29.pdf](https://www.unicef.org/egypt/sites/unicef.org.egypt/files/2018-05/eg_Children_In_Egypt_2016_en%283%29.pdf)

<sup>10</sup> [http://www.eces.org.eg/MediaFiles/Uploaded\\_Files/4fcd3c72.pdf](http://www.eces.org.eg/MediaFiles/Uploaded_Files/4fcd3c72.pdf)

<sup>11</sup> <http://www.fao.org/giews/countrybrief/country.jsp?code=EGY>

<sup>12</sup> <http://www.fao.org/3/a-i4898e.pdf>

<sup>13</sup> Ministry of Planning, Monitoring and Administrative Reform: Egypt’s Voluntary National Review 2018 : [https://sustainabledevelopment.un.org/content/documents/20269EGY\\_VNR\\_2018\\_final\\_with\\_Hyperlink\\_9720185b45d.pdf](https://sustainabledevelopment.un.org/content/documents/20269EGY_VNR_2018_final_with_Hyperlink_9720185b45d.pdf)

Another challenge is that of gender inequality where Egypt performs poorly compared to peer countries. Even though progress has been made towards parity on education enrollment rates, the labor force participation rate of women is still very low. And there is a large gender gap for those in the labor force: while the unemployment rate for men is around 8.9 percent, it is 23.6 percent for women<sup>14</sup>. A third, partially related, challenge is the very rapid population growth, and increase in the fertility rate. This is translating into higher unemployment rates for the youth which stands at 34.3 percent for population between ages 15-24 in 2018<sup>15</sup>. The crosscutting nature of these challenges that are having an impact on diverse policy areas underlines the need to enable a whole of a government approach, which ensures that gender and youth considerations are mainstreamed in the design, development, implementation and evaluation of all policy areas and budgets.

### **Bringing the SDG narrative in context of the reforms**

The proposed narrative approach to the MAPS Engagement is to argue that the pursuit of the 2030 Agenda is not something to be looked into over the long-run while the focus now stays on the reforms, but, rather, that the implementation of the 2030 Agenda and the pursuit of the SDGs is integral to the success of the reforms – in part to ensure that the gains are widely distributed and inclusive, that they are reflected in protection of existing and new vulnerabilities that will emerge, in providing access to quality education and health services. But also because there is no time to ignore the more structural factors and governance challenges – environment degradation, gender inequality, population growth, water crisis, and more - all of which are fundamentally linked and have implications across sectors and SDGs.

The implementation of the 2030 Agenda and the pursuit of the SDGs is integral to the success of the reforms in Egypt because the objectives of the 2030 Agenda are in line with those of the reforms: opportunities for more jobs and inclusive growth, reaping the benefits from investments in health and education, addressing the challenges of natural resources and environmental degradation, creating enabling environment for women’s participation in the economy so they can also give back more in terms of economic growth but also social implications.

### **The MAPS Engagement in Egypt**

The objective of the MAPS Engagement is to create an enabling environment for the country to make progress on the SDGs, in the process of implementing the immediate national reform actions. It is to lend a perspective of looking at the reforms more holistically, across sectors, geography and demographic groups, and over the medium and long-term horizons. It is to better understand interlinkages across the SDGs and to nurture planning and decision-making in an integrated way that supports balanced progress across the three pillars of development. It is also to provide concrete evidence-based policy recommendations that are actionable, to help strengthen the technical capacities of the government to implement the SDGs over the longer term and to support consultation on SDGs implementation.

The MAPS Engagement operates within the premises of the 2018-2022 UN Partnership Development Framework (UNPDF) agreed with the government, supporting the main areas of work, creating synergies and complementarities, and leveraging new programs and partnerships, where possible. It serves as the guiding framework for the implementation of the results emerging from the MAPS engagements.

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<sup>14</sup> [https://egypt.unfpa.org/sites/default/files/pub-pdf/edited\\_Localizing%20SDGs-%20Report-%20English.pdf](https://egypt.unfpa.org/sites/default/files/pub-pdf/edited_Localizing%20SDGs-%20Report-%20English.pdf)

<sup>15</sup> <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=EG>

## **Mainstreaming, Acceleration, and Policy Support (MAPS) Engagements**

The 2030 Agenda with its 17 global Sustainable Development Goals requires an integrated approach to sustainable development and collective action to address the challenges that are complex and interlinked. Interventions in one area has repercussions on another, due to trade-offs and synergies, which implies integrated thinking and joint decision-making is critical to make balanced progress. Governments are requesting for a coherent, coordinated UN that can provide effective support in the implementation of the SDGs.

In response to the call for coordinated support, the UN Development Group (UNDG) adopted 'MAPS (mainstreaming, acceleration and policy support)' – a common approach to support the implementation and mainstreaming of the SDGs in national plans, policies, strategies and budgets with the aim to accelerate critical SDG achievement, drawing on skills and expertise held in the UN development system in addressing new and emerging items on the national development agenda.

Guided by this approach, MAPS engagements seek to address national priorities by bundling the considerate advisory capacities of the UN development system at country, regional and global levels and develop a more integrated practice. UN entities and its close partners, such as OECD and International Finance Institutions (IFIs), working in a coherent, collaborative and synergetic manner should provide the maximum benefit of international knowledge and experience to Member States as they define their national SDG roadmaps and seek to implement catalytic, new, and innovative ventures towards SDG achievement.

Given this background, the MAPS Engagement in Egypt focused on the following four work packages led by and supported by respective agencies under the close leadership of the Ministry of Planning and administrative Reform (MoPMAR). Each of the work packages include:

- an analytical component to provide concrete evidence using data, tools, and consultations with relevant parts of the government
- a capacity building component to strengthen capacities to deliver on the SDGs
- a policy support component to provide clear and concrete recommendations that can help move towards programmatic interventions
- follow-up for continuous engagement on the themes tackled

### [Work Package 1: SDG interlinkages and potential accelerators](#)

The first work package led by UNDP is to better understand interlinkages across the SDGs and to identify potential 'accelerators'. The objective is to provide strategic guidance and inputs to the revision of the SDS, and the national economic reforms, to ensure that these efforts are inclusive, reaches its goals with a longer-term perspective on making sustained progress on the SDGs, and provides quantitative evidence to guide national planning.

The work package involved undertaking a series of effort by UNDP and the World Bank, as described below.

- **UNDP** jointly with University of Denver is making available the International Futures tool, a systems dynamics model that can help understand interlinkages across the SDGs. The model and database provide insights into the current trajectory of Egypt in achieving the SDGs by 2030, and

how alternative policy scenarios can accelerate progress on the SDGs, while balancing them across the three pillars of sustainable development. In addition to developing an analytical paper, the UNDP-Pardee team facilitates training on the understanding of the IFs tool and its database, and enables government officials to undertake their own analysis. Extended follow-up training can be arranged to help governments institutionalize the use of the tool in their policy making bodies.

- **World Bank** developed an SDG trajectory analysis to shed light into on-track and off-track SDG indicators in Egypt. By benchmarking Egypt SDGs by SDGs with “peer countries” based on cross-plots of GDP per capita against several SDG targets and – where the correlation is sufficiently high – using elasticities of those targets to income to project future trajectory of those indicators based on growth assumptions. The analysis provided an in-depth overview of data and progress on the SDGs in Egypt, and challenges and opportunities related to finance.
- Building on the MAPS process, **UNDESA** will be working towards building capacities in national line ministries to inter-link and harmonize sectoral policies, plans and programmes with national sustainable development strategies and the SDGs. DESA’s support, initiated in 2019 through its development account project, will be closely coordinated with the ongoing UN system MAPS process, and will continue through the course of the year.

#### [Work Package 2: Institutional arrangements for systematic collaboration across ministries for SDG implementation](#)

While the Egypt Vision 2030 is based on SDG principles, including the three dimensions of sustainable development, it is structured around 11 separate pillars. Without a systematic institutional approach to consider interlinkages, there is the risk of reinforcing the often monolithic tendencies in development investment, which follows a sectoral strategic orientation and a line ministry focus in decision-making. Cross ministerial work based on inter-ministerial committees and the relevant SDG coordination structures (both horizontal and vertical) are in their nascent stages and could benefit from a consideration of options to strengthen these interactions.

**OECD** will provide guidance to strengthen the institutional architecture and tailor it better to support implementation of the SDGs. This include looking at a range of issues including policy coherence across national policies and global commitments; integration of the SDGs into national processes, with clear mandates and alignment with budgetary frameworks; ensuring vertical and horizontal coordination by working across ministries at national and local levels; and identifying channels to develop integrated policies and joint planning around the SDGs. In particular, the OECD’s assessment underlines the importance of strengthening horizontal and vertical coordination led by the center-of-government<sup>16</sup> and aligning the programme and results-oriented budgeting with the SDS and SDGs and key policy

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<sup>16</sup> The Centre of Government refers to the administrative structure that serves the Executive (President or Prime minister, and the Cabinet collectively). The Centre of Government has a great variety of names across countries, such as General Secretariat, Cabinet Office, Chancellery, Office/ministry of the Presidency, Council of ministers Office, etc. In many countries, the CoG is made up of more than one unit, fulfilling different functions. The role of the Centre of Government is closely linked to the role of the executive branch itself, i.e. to direct the resources of the State (financial, legal and regulatory) to achieve a mission that reflects a political vision and responds to a mandate from citizens.

recommendations based on consultations with government have been laid out in a policy brief provided in the Annex.

### [Work Package 3: SDG Localization](#)

While the SDGs are to be attained at the national level in Egypt, their achievement depends very much on the government and partners ability to make them a reality in the cities and governorates. Given large disparity across the governorates of Egypt with regards to where they stand on poverty, human development, and other socioeconomic indicators, there is a need to understand better how the SDGs targets and indicators should be set at the governorate levels. In this effort this work package focuses on setting targets and monitoring data at the local levels. As example, Population Rates below Poverty Line is only 6.7 percent in Port Said, while it reaches 66 percent in Asyut. The national target is to bring the country's poverty rate to 13.9 percent; at the sub-national level this then translates to an unchanged rate in Port Said, while Asyut will drop to 25.6 percent by 2030<sup>17</sup>.

Jointly with national and local government authorities, the objective of this work will be to put a sustainable development lens to the work at the governorate level and to mobilize local authorities to take action and influence policies. The objective of the work will be to track progress on the SDGs at the subnational level through accountability and transparency, and reach out to the farthest behind.

### [Work Package 4: Leaving No One Behind](#)

The final work package on “leaving no one behind,” considers existing vulnerabilities, but also emerging ones, in context of rising poverty issues and the macroeconomic reforms that could potentially aid and in other cases exacerbate poverty. Government’s commitment to socio-economic reform is accompanied by a strong focus on social solidarity and cohesion. The adoption of new and expansion of existing safety nets as well as the transfer of financial savings from phased-out subsidies to these schemes, speak to the point. While the international poverty indicators have pointed to improvements (from 4.46 percent living on less than \$1.25 per day in 1990 to 1.68 percent in 2008) . However, despite these positive trends in extreme poverty, the national poverty line shows an opposite trend line sharp increases in the poverty rate (increasing from 16.7 percent in 2000 to 26.3 percent in 2013<sup>18</sup>, reaching 27.8 percent in 2015<sup>19</sup>). There could be various reasons behind this discrepancy, but it highlights the importance of having contextualized information and high frequency data disaggregated for various groups to understand the various dimensions and complexities of poverty. Regional disparities continue to be part of the country’s landscape, with Upper Rural Egypt showing poverty rates three times as high as Metropolitan Egypt. However, the poverty rate based on the \$3.2/day (2011 PPP) is projected to decline modestly to 15.21% in 2019 from an estimated 15.63% in 2017 and expected to decline reaching 15 percent by 2020<sup>20</sup>. With a new Household Income and Expenditure Survey being implemented, the concern with new vulnerabilities following the implementation of the reform package, but also the potential resurgence of multi-dimensional poverty in Egypt, needs to be integrated into the SDG debate.

**UNICEF** undertook a review of existing evidence on poverty and inequality based on the new household survey data provided by the government and presents an overview of the current context of poverty and

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<sup>17</sup> [https://egypt.unfpa.org/sites/default/files/pub-pdf/edited\\_Localizing%20SDGs-%20Report-%20English.pdf](https://egypt.unfpa.org/sites/default/files/pub-pdf/edited_Localizing%20SDGs-%20Report-%20English.pdf)

<sup>18</sup> <https://sustainabledevelopment.un.org/content/documents/10738egypt.pdf>

<sup>19</sup> <https://www.worldbank.org/en/country/egypt/publication/economic-outlook-april-2018>

<sup>20</sup> <http://documents.worldbank.org/curated/en/124621523639496916/pdf/125251-MEM-April2018-Egypt-EN.pdf>

inequality in Egypt, based on existing studies, reports and datasets. It examines access to services by wealth quintiles or geographical location and covers evidence on access to services and outcomes for young people and marginalized groups (like older people, persons with disabilities), depending on the availability of such information.

UNICEF also undertook an analytical study on Poverty Dynamics and Determinants on Poverty ‘exits’ and ‘entries’ using the PovRisk methodology using 2 rounds of the HIECS survey of CAPMAS. The technical team comprised a senior expert/professor from national academia, an expert from the National Planning Institute under the MoPMAR, a CAPMAS researcher and UNICEF subject matter specialist. The literature review, the technical note, and a policy note summarizing key findings has been shared with the government.

### Objective of the Report

The MAPS Engagement in Egypt kicked-off with two scoping missions in 2017 led by UNDP and assisted by MOPMAR in identifying the first sets of issues to be subjects of the MAPS engagements. The ceremonial launch of the engagement that took place in July 2018 brought together more than 80 government officials representing all ministries at the national level to learn about the process and to provide strategic inputs in its development. Throughout 2018 and now in 2019 a series of missions, meetings, and workshops led by different agencies have taken place to consult with government officials, gather information, and to inform the various work packages. Original technical reports and policy briefs have been produced as part of the MAPS exercise and shared with MoPMAR at different stages of its development.

#### MAPS Engagement Process



In November 2018 a stocktaking meeting took place with MOPMAR led by Resident Coordinator of the UN system and including the participation of all leading agencies in the MAPS engagement. A UN Country Team MAPs workshop was also arranged in December 2018 to consolidate findings, identify synergies, and brainstorm ideas for its next phase.

As of the latest MoPMAR has invited the MAPS team to share the findings more widely through the inter-ministerial committee on the SDGs, and to draft a path for Phase II of the engagement in 2019.

Complementing the key reports and analysis that has already been shared with the government, this report ties the various pieces together, looking into synergies across the work packages, and highlights the key findings. The findings are highlighted in a way to think strategically on next steps and for the identification of concrete policy instruments and programming effort to move the agenda forward. Each work package findings are summarized in the next sections. The full set of technical reports are available electronically here:

[https://drive.google.com/drive/folders/1aGXsOcMocnZOllanzLohXhJ6IPGoW\\_m9?usp=sharing](https://drive.google.com/drive/folders/1aGXsOcMocnZOllanzLohXhJ6IPGoW_m9?usp=sharing)

A list of these reports is presented in Annex 1.

## Section 2: Interlinkages across the SDGs and key Accelerators

### Complex systems

SDGs cover society, economy and the environment. All three are interdependent in many complex ways. SDGs achievement require policies that comprehend these three pillars and their interlinkages and puts them to work in concert. The objective of the first work package is to better understand these interlinkages, identify accelerators, and gear towards integrated practices for the achievement of the SDGs.

Given SDGs are interlinked across a complex system, there are specific nodes/points which are potential pressure points that could lead to maximum synergetic effects. These 'accelerating' factors have both the potential to tackle important interconnections with and across the SDGs as well as address related trade-offs. This can enable investments, institutions and policies to target impact across the widest range of Goals as quickly and sustainably as possible to boost sustainable development and reach those left behind. An example may be investing in women, that will directly impact Goal 5, but will have indirect impacts on Goals 1, 3, 4, 10, among others.

The concept of integration is of achieving higher levels of connectedness in focus, design, collaboration and operations to improve sustainable development outcomes while reaching those left behind. Successful integration can lift current development pathways – or help recovery from crises - from 'business-as-usual' to a higher development trajectory.

The subsequent sub-sections sheds more light into the issues and challenges in Egypt, and helps identify potential accelerators through qualitative assessment and empirical analysis.

### Background: Egypt's Past Performance and key development issues

Over the past few decades, Egypt has realized major improvements in socioeconomic and human development, including halving extreme poverty (but failing to halve poverty), expanding access to education, reducing the burden of communicable diseases, and increasing life expectancy. Beyond these Egypt also successfully attained the MDG targets related to reducing infant mortality and providing access to clean water to a majority of the population. Still some targets remained unmet, such as those related to MDG Goal 3, gender parity, including equal participation of girls and boys in primary school.

Today, Egypt is one of the largest economies in the Arab world and home to one of the fastest growing middle classes in the Middle East and North Africa region. Between 2000 and 2010, Egypt's economy grew an average of 4.9 percent per annum, and per capita GDP grew from around \$7,400 to \$9,800, around 3 percent per year. However, things took a turn since the political crisis of 2011.<sup>21</sup> Between 2011 and 2014 per capita growth was negative, unemployment rates remained at between 12 and 13.5 percent, and Egypt's public debt-to-GDP grew from a low of 67 percent in 2008 to an estimated 101 percent in 2017 (Meighan, 2017). While the political situation has since stabilized, many of the underlying challenges that

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<sup>21</sup> GDP measured in 2011 US dollars PPP using IFs baseline data.

catalyzed the original protests—including a young population, unemployment, poverty, high perception of inequality, and unequal access to public services—remain.

### Economic challenges

One of the persisting challenges in Egypt, and an instigator of political instability, has been high rates of unemployment and underemployment. Even when economic growth rates have been high they have not translated into job opportunities for its large and growing youth and working-age population. At 11.8% in 2017 unemployment rates have remained in double digits<sup>22</sup>, and a strong commitment of President Abdel Fattah al-Sisi has been to reduce these rates to single digits. To address these challenges Egypt will need to think systematically of the underlying causes of the country's **jobless growth**, as the high growths in capital-intensive sectors and oil has not reached out to the majority, including those in the lower income cohort.

Another key challenge along these lines has been to create better jobs for a higher educated workforce. While the number of university graduates have consistently increased, higher skilled jobs have not. A 2014 report from the ILO found, 44 percent of the youth population with a tertiary education was unemployed, compared to 2.3 percent among those who had not completed primary education (Barsoum, Ramadan, & Mostafa, 2014). As Egypt utilizes its financial packages from the IFIs to stimulate higher growth, it will be key to consider how this can also translate into **more and better jobs** for its growing middle class. Some of the fastest growing sectors in Egypt between 2006 and 2012 has been in telecommunications, construction, and tourism (Said, 2015). The International Trade Administration at the U.S. Commerce Department highlights renewable and traditional energy sectors, the construction industry, and healthcare as important market opportunities for Egypt (International Trade Administration, 2017). The government will need to focus on leveraging private sector growth in labor-intensive sectors. Opportunities could also be expanded through expanding trade and FDI.

With limited formal employment opportunities, many market entrants have been forced to find **informal, irregular work** (Assaad & Krafft, 2013). According to IFs estimates 51 percent of Egypt's non-agricultural labor operated informally, and the informal economy made up to 20 percent of GDP in 2015.<sup>23</sup> A strong entrepreneurial culture, limited financing options, opaque licensing regulations, and weak antitrust laws that favor large firms and politically connected companies while failing to protect small and medium-sized firms are highlighted in the literature as key obstacles to private sector growth (Ghafar, 2016; World Bank, 2014). Studies also indicated that a high degree of informality that was present in the Egyptian economy worsened following the 2011 crisis; further, between 2006 and 2012 the number of laborers who receive irregular payments within the informal sector also increased (World Bank, 2014). A high degree of informality presents a significant obstacle to economic productivity and government revenue generation.

A result of deteriorating labor market conditions inevitably has led to the worsening of **poverty** rates in Egypt. According to the Central Agency for Public Mobilization and Statistics (CAPMAS), Egypt's statistics office, 27.8 percent of the population still lives below Egypt's national poverty line in 2015 (Ministry of Social Solidarity Arab Republic of Egypt, CAPMAS, & UNICEF Egypt, 2017). Projections from IFs, assuming a Business-as-Usual, caution that Egypt is unlikely to meet the goal of halving poverty rates by 2030.

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<sup>22</sup> "[UPDATE 1-Egypt's jobless rate dips to 11.8 pct, private sector growth remains elusive](#)". Reuters, April 2016.

<sup>23</sup> In IFs, informal labor is initialized using data from the International Labour Organization (ILO), and is driven by measures of adult education, business regulation, and corruption. More information about how informality is dealt with in IFs can be found in Bohl et al. (2015) and in the [Pardee Wiki](#).

Egypt's large population means that in 2030 as many as 16.7 million people could be living on less than \$3.10 a day by 2030 and over 340,000 may still be living in extreme poverty.

Even more remarkable is that the population living above the poverty line will remain high (defined here as living on between \$3.10 and \$10 per day), implying that altogether 80% of the population will be either in poverty or among the **vulnerable** group. Approximately 8.8 million Egyptians (9.4 percent of the population) were in the middle class (between \$10 and \$50 per day according to international standards) in 2015. This group is projected to almost triple to 24.4 million (19.9 percent) by 2030. An expanding middle class implies higher expectations for public service delivery and a growing demand for better jobs. A study conducted by UNICEF also demonstrated that nearly one-third of the children (29%) are in **multi-dimensional poverty** (UNICEF, 2017).

Economic opportunity is also very limited for many Egyptian women. Among women, labor force participation rates have hovered at just over 20 percent for the better part of the past decade and a half. In 2015 females made up 23 percent of Egypt's labor force, one of the lowest shares in the world (ranked 171 out of 186 countries). Women's unemployment rates (25 percent) have also been consistently higher than men's (8 percent). This trend has persisted even as female education and access to health care has expanded. High **gender inequality** in labor markets have been attributed to a number of interrelated factors, including legal, institutional and regulatory frameworks that place restrictions on women's mobility, social and cultural norms that favor males in the workplace, skills and private sector labor demand mismatches, limited work-life balance and family-friendly policies and female concerns about safety in the workplace (World Bank, 2013). In addressing these challenges, strengthening the institutional framework governing the implementation of gender equality efforts will be of vital importance (see Work Package 2 for key policy recommendations on the governance of gender equality).

### **Enduring social challenges**

While along traditional measures using the Gini index, Egypt's inequality is relatively low, there is a larger problem related to the '**perception of inequality**'. Citizens feel that Egypt's period of high GDP growth from 2000-2010 did not translate into greater household consumption or improved jobs. Rather, it accrued to private enterprises and nongovernmental organizations, accentuating people's perceptions of a stagnant social situation and growing inequality (Verme et al., 2014). A study by Assaad et al. (2017) found that between 1988 and 2012, wages and income levels of families from a middle-class background converged downward towards wage levels of families from a poorer background, while wages of those from the most privileged backgrounds have remained consistently higher. Going beyond income inequality discontent also rises from the inequality of opportunities with regards to access to quality education, health services and other public services.

With respect to human development Egypt has seen important improvements, such as in education and longevity, although the rate of progress has slowed in recent years<sup>24</sup>. Data from the UN World Population Prospects (UNDESA, 2017b) shows **fertility rates** have also reversed direction in Egypt in the past decade, falling from 4.6 children per woman in 1990 to 3.1 in 2005, before climbing back slightly to 3.3 by 2015. These fertility patterns have been attributed to declining contraceptive use and women becoming

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<sup>24</sup> Between 1990 and 2000, average education increased from 4.4 years to 6, but only increased from 6 to 7.2 years between 2000 and 2010. Similarly, life expectancy grew from 64 to 68 years between 1990 and 2000, but only from 68 years to 70 years between 2000 and 2010.

childbearing at younger ages (Khalifa, Soliman, & Sakr, 2017; Radovich, el-Shitany, Sholkamy, & Benova, 2018; The Economist, 2015).

While the death burden of communicable diseases have fallen, **noncommunicable diseases** by contrast remain the leading cause of death in Egypt, with the greatest share coming from cardiovascular disease (2.5 deaths per 1,000). Egypt also has some of the highest levels of adult obesity in the world, with over 35 percent of adults (19 million individuals) classified as obese (Afshin, 2017), a trend that is projected to continue rise. Studies have attributed Egypt's high obesity rates in part to the food subsidy system, which encouraged consumption of cheap, calorie-rich foods and unbalanced diets (Ecker, Al-Riffai, Breisinger, & El-Batrawy, 2016).

### **Environment**

Beyond human development, Egypt today is facing intersecting challenges at the **nexus of food, energy, and water**. Egypt's growing population, urbanization, and industrial growth implies that the demand for the natural resources are projected to grow rapidly in the coming years. According to data from the FAO (2017b), Egypt already has some of the highest agriculture yields in the world (5<sup>th</sup> highest) with limited room for yield expansions. Consequently, Egypt is projected to become increasingly reliant on imports of food. With 86% of water going into agriculture, and competing demands for drinking water and energy production, Egypt is quickly depleting its water resources. As already groundwater and freshwater sources are being overexploited, Egypt's state statistics agency estimates that water supply per capita has declined by 60 percent (Ezz & Arafat, 2015). Going forward Egypt will have to turn to desalination and waste water treatment, but this will continue to be difficult unless low cost technologies are introduced.

In the meantime, the removal of fuel and electricity subsidies has changed the relative pricing of energy across sources and is already having powerful influence on what type of energy is being produced. In 2018 solar in Egypt already attracted \$1.8 billion through projects initiated by the EBRD, the IFC, and private investors, resulting in a combined capacity increase of 1.4 gigawatts. This is a dramatic change in the investment profile in renewables in the country, and helps the country move towards its target to produce 20 percent of its electricity from renewable sources by 2022. Energy price reform and an appropriate set of energy regulatory action led to significant investments in **renewable energy**, providing for a template of the type of policies that can attract finance towards investments aligned with the SDGs. This kind of narrative brings together several of the elements that add up to a pathway that can accelerate progress towards the SDGs.

Finally, it is worthwhile to stress that all of these challenges are exacerbated by public **governance** issues. The multidimensionality of existing challenges require a whole-of-government policy approach across levels of government. An inclusive institutional framework is essential to address crosscutting challenges across the spectrum of policy areas and to align policies across silos and manage trade-offs. The existing governance challenges stemming from limited institutionalization, efficiency, vertical and horizontal coordination, capacities and quality data as well as challenges related to a lack of transparency and accountability frameworks restricts the ability of the government to implement the Agenda 2030.

This kind of narrative brings together several of the elements that add up to a pathway that can accelerate progress towards the SDGs.

## The International Futures analysis

Work package 1 focuses on assessing interlinkages across the SDGs and looking at policy scenarios that can help Egypt make balanced progress towards the SDGs. UNDP used the International Futures model<sup>25</sup>, a systems dynamics model, that uses historical data, trends and dynamic relationships to assess future trends across different policy scenarios. The model consists of individual sub-modules (economy, governance, finance, demographics, health, education, gender, agriculture, energy, environment, technology, and infrastructure) that are dynamically connected, thereby capturing how changes in one system leads to changes in another.

In close consultations with the Government, the research team modeled future prospects for Egypt and developed five alternative scenarios comparing their quantitative predictions against the baseline scenario. Scenarios were selected and further refined through collaboration with the UNDP Egypt Country Office, MoPMAR, and other stakeholders. Rather than explicitly representing new policies, these scenarios simulate the outcomes of the successful implementation of various elements of Vision 2030. Independently, the scenarios each sketch a pathway of Egyptian development with its unique speed and breadth. In concert, they reveal under which broad orientations Egypt would achieve or makes most progress toward select goals outlined in Vision 2030.

The following five scenarios were designed to contrast relevant policy orientations for Egypt: (1) Economic Development, (2) Social Justice, (3) Female Empowerment, (4) Governance, and (5) Integrated Push. Each scenario comprises interventions lasting the duration of the SDG time horizon (2018 to 2030). In most cases a specific policy is not modelled. Instead, what is taken as quantitative inputs for the model are the desired outcomes of lower level policies in specific sectors. For example, to simulate an improvement in education quality, the model assumes an increase in test scores (see Scenario 2: Social Justice), but the policies implemented to achieve this (e.g. improvements in curriculum, teacher training, or the classroom environment) are not specified. How specific policies should be designed to reach these desired outcomes is to be taken up under MAPS Phase II. The five scenarios modelled, along with the assumptions, are described below:

### Scenario 1: Economic Development

The Economic Development scenario focuses on objectives described in the Economic Development Pillar of Egypt's Vision 2030, modeling a future in which Egypt takes a traditional approach to pursuing economic growth. By 2030, the Egyptian economy is more open and attractive to foreign investors, resulting in increases in trade and inflows of FDI. The government is focused on improving the business environment as well as expanding investments in research and development (R&D). And finally, the population is better equipped for the employment opportunities of tomorrow, with increased enrollment in vocational programs and in science and engineering fields at the tertiary level.

### Scenario 2: Social Justice

In Vision 2030, Egypt's Social Justice Pillar aims to ensure "equal rights and opportunities among all Egyptians and [the] effective elimination of all sorts of social gaps" MOPMAR, 2016, p. 143). It incorporates objectives focusing on issues such as education, access to social services, and the protection of the most marginalized populations. In this report, the Social Justice scenario models increases in access to and quality of education (with a particular focus on tertiary education), improvements in health

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<sup>25</sup> <https://pardee.du.edu/access-ifs>

outcomes (particularly the incidence of NCDs), and provides additional income (via transfers) to poorer households.

### Scenario 3: Female Empowerment

The Female Empowerment scenario models the creation of a more equitable environment for women. UNDP's Gender Empowerment Measure (GEM) improves from a score of 0.3 in 2018 to 0.5 by 2030, a level similar to that of Oman and Qatar today. The scenario models improved access to family planning services leading to a reduction in fertility. It also assumes women's participation in the workforce increases from 23% in 2018 to 38 percent in 2030. This expansion in female labor participation parallels that achieved by Qatar and Spain over a similar period. Both the reduction in fertility rates and increase in female labor force participation assume the successful achievement of targets set by Egypt's Ministry of Planning in the Economic Development Pillar of Vision 2030.

### Scenario 4: Governance

The objective of Governance is to promote security, transparency, and effectiveness to better align governance with public expectations. This scenario corresponds to the Fourth Pillar of Egypt's Vision 2030: Transparency and Efficiency of Government Institutions. The Governance scenario models an improvement in three facets of governance: security, effectiveness, and transparency. The threat of widespread internal conflict is effectually eliminated, whereas in the Current Path it remains a looming possibility through 2030.

### Scenario 5: Integrated Push

While each of the first four scenarios model specific packages of development priorities, the Integrated Push scenario models a combination of all of the interventions described above. This scenario allows to understand the possibilities of a comprehensive development program and explore the trade-offs and synergies both within and between scenarios.

### Model Results

The model predicts that Egypt would attain the largest reduction in poverty through the **Female Empowerment** scenario. Measured by the population living on less than \$3.10 a day, the poverty rate falls from 22 percent in 2018 to 11 percent in 2030. This is driven by the fact that this scenario also predicts the largest growth in GDP per capita, reaching \$14,230 by 2030 – a 7 percent improvement over the Current Path. This is thanks to a combination of a smaller population due to lower fertility rates and high levels of economic growth achieved by more women entering the labor force. By 2030, the demographic dividend of adding more women to the workforce is close to 12 percent larger than in the Current Path, and by 2040 Egypt's demographic dividend is 30 percent larger. Women's employment also has significant positive impacts on families, including the health and education of children, as well as for reducing multidimensional poverty among children.

The **Social Justice** scenario has the greatest impact on the human development index and its various components. Egypt's global ranking of HDI improves from 103<sup>rd</sup> out of 186 in 2015 to 100<sup>th</sup> in 2030.<sup>26</sup> Life expectancy grows due to reductions in the burdens of noncommunicable diseases and child and maternal mortality reduces. It is also the only individual scenario which leads to a notable change in average education years by 2030, with even larger impacts expected later given the economic benefits of improve

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<sup>26</sup> Egypt in 2030 under this scenario would rank 79<sup>th</sup> according to 2015 values of HDI.

education accrue much later as students go through the school system and start contributing to the economy.

Of the four individual scenarios, **Economic Development** leads (together with Women Empowerment) to the greatest growth in GDP, reaching over \$630 billion by 2030. Improving business regulation means that businesses have less incentives to operate and hire informally, leading to a 31 percent drop in informality from 2018 levels – the greatest reduction of the four scenarios. Increases in vocational enrollment as well as science and engineering graduates make for a more capable and productive workforce while investments in R&D and higher levels of trade and foreign investment fuel more productive industries. One outcome of a more capable and formalized workforce is higher labor productivity, increasing to \$15,440, 9 percent higher than the projected Current Path value of \$14,060. Moreover, economic growth and job formalization lead to an expansion in the tax base, resulting in an annual \$17 billion increase in government revenues and a \$77 billion cumulative increase relative to the Current Path by 2030.

Improving **Governance** affects all aspects of economic and social development through a more productive economy and higher government revenues, both of which enhance the government's ability to provide health and education services and improve the country's infrastructure. Thus, it is unsurprising that Governance results in many positive outcomes in 2030, such as GDP growth to \$612 billion, a 6 percent improvement over the Current Path. But in areas of governance, it can take some time for improvements to be fully realized across all areas of the economy and society. This is made clear by looking at the outcomes of Governance in the long run. By 2050, Governance results in the greatest improvements in GDP (26 percent greater than under the Current Path) and GDP per capita (18 percent greater) across all four individual scenarios. Labor productivity doubles from its 2030 projected value to over \$31,000 per worker in 2050. And the government has \$129 billion more in annual revenues (\$1.2 trillion cumulatively) than it would in the baseline. In this sense, good governance acts as an integrator, that is, as a multiplier on development improvements in numerous but will take some time to show its full potential.

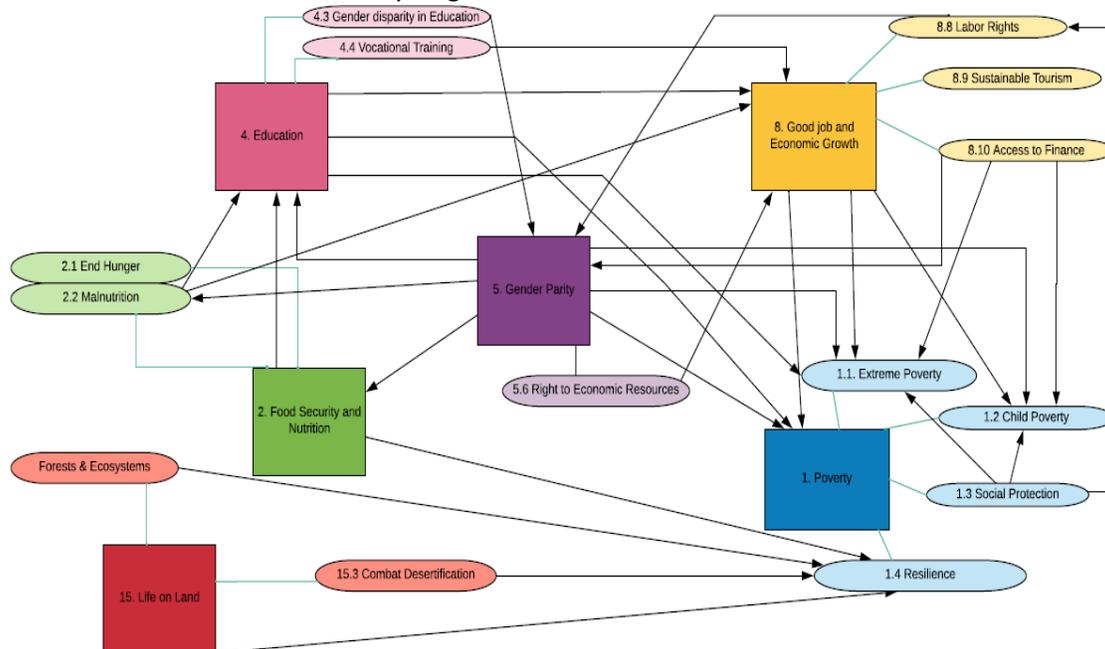
The **Integrated Push**, which is a combination of the above four scenarios, has the strongest impact across nearly all indicators examined in this report. By 2030, Egypt's GDP grows to \$727 billion – the 28<sup>th</sup> highest in the world and a 26 percent improvement over the Current Path. In terms of GDP per capita, Egypt moves from the 100<sup>th</sup> highest GDP per capita in 2015 to the 88<sup>th</sup>, where it is projected to reach \$16,000, roughly the level of Thailand today. 16.2 million fewer people are in poverty in 2030 than in 2015 and 7.6 million fewer than would be in poverty in 2030 along the Current Path. Interestingly in some cases, the improvement shown in Integrated Push far exceeds the sum of improvements in other scenarios. For instance, in Integrated Push by 2030, GDP is \$150 billion higher than under the Current Path, whereas the sum of the gains in the other four scenarios is only \$145 billion. This demonstrates that intervention packages are working together to produce synergies that are only achievable in combination.

### Key Accelerators for Egypt

The analysis presented above provides a deeper understanding of the opportunities and challenges in Egypt. The International Futures model substantiates interlinkages across the SDGs, and quantitatively demonstrates the potential and expected impacts across them. The model empirically deduces how the country can leverage different drivers to reach different development objectives. While increasing women's participation has the largest impact on poverty and income per capita, improving greater access to social justice will have the largest impact on HDI, including longevity, health and education. The long run impacts of improving governance are high (unto 2050); and the impact of making balanced progress across all pillars of sustainable development enables Egypt to move the farthest across all SDGs.

Inspired by these findings, and based on further consultations/roundtables with the government, a UNCT end-of-year workshop (December 2018), and guided by the SDS and the UN Partnership Development Framework, the MAPS team recommends **seven areas of acceleration where Egypt's investments are best targeted in helping reach national objectives**, while also making sustained progress on the 2030 Agenda. These areas of acceleration are prioritized based on their potential impact across multiple SDGs. The schematic diagram below illustrates how some of these interlinkages work in context of Egypt but does not capture the relationships exhaustively.

Accelerators are chosen to maximize synergies and minimize trade-offs in other sectors



Among the seven accelerators presented here, four are *thematic accelerators* that will help tap into key opportunities and challenges in Egypt. The remaining three are *cross-cutting accelerators* that will support 'means of implementation' - areas of work that can in and of themselves help move the development agenda, but that also, critically, are key to enabling the identified thematic accelerators. Table 1 in the Annex takes these accelerators forward and presenting possible focus areas and interventions that was discussed during the UNCT workshop.

### Thematic accelerators

1. **Economic diversification and job growth:** As highlighted earlier, a weak link between economic growth and employment manifests itself from the fact that historically economic activities have not centered around labor-intensive sectors in Egypt. Priority will need to be on fostering policies around economic diversification that can lead to higher-skilled jobs and reduce informality. Increasingly, the trend has been towards low paid, informal and insecure jobs that has kept poverty and vulnerability numbers high in Egypt. Policies around private sector growth, trade and FDI must be promoted with a close link to its prospects for better jobs. Legislation for businesses, industrial policies and labor laws will need

to be improved to allow SMEs and labor-intensive sectors to grow and thrive<sup>27</sup>. Creation of more and better jobs is anticipated to tackle multiple challenges related to poverty, vulnerability, and human development.

2. Strengthen social protection and human capital: With very low tax to GDP ratio at 15% in 2016 Egypt will have to strengthen the tax base to be able to provide expanded social services and social protection. Efforts will need to focus on domestic resource mobilization. Analysis also reveals investments in education, particularly access to tertiary education and vocational training for low income households will be critical. Access to family health services across all governorates, including medical insurance coverage for informal works, and family planning would help tackle the dual challenge of poverty reduction. A stronger social protection system, that reaches out to the furthest behind will strengthen resilience and productivity.
3. Women's Empowerment: A number of analysis, including the modelling using the International Futures, shows that empowering women will have significant impact on economic, social and human development indicators in Egypt. Across the four scenarios examined in Egypt, the scenario around women's empowerment had the largest impact on income per capita growth and poverty; women's socioeconomic empowerment benefits families, particularly with improved outcomes on health and education. This will require a change in work practices, and safety and security for women at workplace and on travel to work. Providing opportunities for women in low-income households, such as through microfinancing schemes – a growing market in Egypt, will help in reducing high fertility rates and reap very substantial wide-spectrum demographic dividends in term of GDP per capita, poverty reduction and reduction in GHG emissions.
4. Natural resource management, including water, energy and agriculture: Across each of the natural systems - food, water, and energy - Egypt is facing a series of choices that will shape future outcomes. Growing demand for food and energy will increasingly run up against challenges stemming from a dwindling supply of water. Given agricultural yields are already at its highest, Egypt will have to look at substituting with imports to meet domestic demand. There is significant potential for renewables, particularly solar power, given the very low prices it commands. Managing these options will imply closely balancing the synergies and trade-offs across sectors, and will largely determine issues around environmental sustainability. Further insights into integrated policies around the nexus could be examined using the CLEWS integrated assessment framework (climate, land-use energy and water systems).

### Cross-cutting Accelerators

5. Improved institutional coordination for the implementation of the SDGs: The IFs analysis shows that Egypt sustainable development (and SDGs achievement) naturally call for policies that are new and multisectoral that cut across narrow sectoral responsibilities. This bears on the institutional arrangements to plan, implement and monitor. While Government of Egypt demonstrates a strong commitment at the highest political level to achieving the SDGs, strengthening institutional arrangements and defining processes that make the work around the SDGs as part of the day-to-day national processes will strengthen its implementation. At the center of this lies policy coherence to ensure ministries take into consideration the impacts across sectors, national and local government,

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<sup>27</sup> See World Bank, 2014 that provides evidence of how industrial policies and labor laws have created barriers to entry/exit of businesses limiting opportunities for entrepreneurship and employment.

as they develop plans, policies, and legislation, and mobilize multiple stakeholders to ensure the process is inclusive and reaches its objectives. The crosscutting nature of the SDGs poses a multidimensional governance challenge that requires a whole-of-government approach. Thus, effective governance is key to deliver successfully on the SDGs.

6. Localization of the SDGs: While the SDGs are to be attained at the national level in Egypt, their achievement depends very much on the government and partners ability to make them a reality in the cities and governorates. Given large disparity across the governorates of Egypt with regards to where they stand on poverty, human development, and other socioeconomic indicators, there is a need to understand better how the SDGs targets and indicators should be set, that can further help to develop mechanisms to implement them at the governorate level.
7. Tackle poverty and ensure no one is left behind: Poverty and Egypt has increased over the last decade, and future projections show that Egypt is unlikely to meet SDG 1 under most scenarios and that aggressive dedicated measures need to be underway. Not enough is known about who is left behind, and why, and how to reach them. Disaggregated data on age, gender, geography, and access to social services (health, education, sanitation, social protection and connectivity) can help better target resources to where it is needed the most. Understanding what makes poverty so enduring in Egypt is key. WP4 tackles this question.

The contention, based on extensive consultations with the government, is that while analytical work can indicate key linkages, and where and how focused policy can help move an integrated development agenda, an additional effort is required to ensure that these efforts have the greatest impact, and importantly, are sustainable. The subsequent three sections provide a dedicated lens into some of the cross-cutting accelerators, and present findings from the related work packages.

## Section III. Institutional Arrangements for systematic collaboration across ministries

### Context

As part of the relevant work package, the OECD committed significant efforts to addressing the dimension on institutional arrangements for systematic collaboration across ministries on the implementation of the SDGs.

This area of work is distinguished by two factors: first that, among the cross-cutting accelerators, it is perhaps the only one where a failure to make progress will stymie sustainable development initiatives entirely, at the point of departure. Clearly, if challenges are not identified and policy is not properly tracked and evaluated, quality is likely to suffer, and public confidence in the efforts being under-taken will diminish.

The second issue is that it is the area of work where the experiences of other governments and policy-makers is perhaps most directly comparable. Government structures tend to follow a shared logic, after-all, as do the administrative and bureaucratic structures within which they operate.

These factors together create the onus, and opportunity, for a more detailed reading and prescription of possible solutions (at least relative to other areas of policy). These are mapped below, linking possible interventions to recommendations to support coordination.

### Analytical Framework

As part of the UN's MAPS Engagement OECD, in collaboration with UNDP, UNFPA and UNICEF, conducted an assessment on Egypt's institutional and decision-making framework governing the implementation of the SDGs. The OECD approached this task through three 'lenses':

- Institutional and decision-making arrangements;
- Governance tools; and
- Monitoring, evaluation and feedback loops.

The analysis carried out under these three governance themes builds on the OECD's expertise and policy knowledge acquired through dialogue among peer-countries in its public governance committees and through its networks in the MENA-OECD Governance Programme, as well as through extensive evidence drawn from its assessment work in crosscutting and thematic public governance reviews. The analysis also seeks to benchmark Egypt's arrangements using the OECD instruments that codify OECD practice and standards in public governance, in particular the 'OECD Recommendations of the Council on Open Government, Regulatory Policy and Governance, Gender Equality in Public Life and Budgetary Governance'.

The assessment points out the advances Egypt has made on the implementation of the SDGs over the past years including through strong commitment and ownership at the highest political level, the preparation of the first sustainable development strategy of Egypt and the launch of institutional coordination mechanisms, monitoring and evaluation systems, data-generation, results-based budgeting and stakeholder consultations.

Despite progress, there is room to continue to strengthen Egypt's institutional framework governing the implementation of the SDGs. In particular, further improvements could be made to strengthening vertical and horizontal cross-government co-ordination led by the Centre of Government; institutionalising these coordination mechanisms; enhancing capacity and skills in line ministries and subnational authorities; increasing the availability of, and accessibility to, quality and disaggregated data and performance indicators; and optimising the use of key governance instruments and tools to increase transparency and accountability (i.e. results-based budgeting, stakeholder consultations and impact assessments).

An inclusive institutional framework is also essential for advancing gender equality, one of the 17 Sustainable Development Goals (SDG 5) and integral to all dimensions of inclusive and sustainable development. In conducting this assessment, the OECD has been asked to pay a specific attention to the implementation of SDG 5<sup>28</sup>. The OECD policy paper therefore presents a cluster of policy messages on gender equality building on what works in OECD countries in the concluding chapter of policy paper (see Annex) and below.

### Key Findings & Policy Recommendations

A detailed policy paper has been prepared by OECD highlighting key areas where further efforts could underpin improved outcomes toward achieving the SDGs. A summary of these findings are presented below:

- Sustain high-level political commitment and support through effective mandates. In Egypt, the 2030 Agenda for sustainable development could be directly reflected within the mandates of all ministers who are expected to deliver on the SDGs. Based on this mandate, consideration could be given to integrating SDGs into the annual performance evaluation of senior public officials, particularly the top ranks including ministers, as a measurement of their performance against the achievement of the SDS and SDGs. Another critical role could be to strengthen the legal and regulatory framework, such as through allocating clear roles and responsibilities to the members of the National Committee for monitoring the implementation of the SDGs and making them accountable for their responsibilities. Information related to the implementation of the SDGs and SDS including decisions taken at the National Committee as well as performance evaluations could be made public in order to generate buy-in and sustain support, commitment and ownership across society and to generate public trust in the ongoing reform agenda. In UAE, for example, the SDGs are integrated in the government's performance management framework and linked to the five-year strategic and operational plans of federal governments.
- Optimise the use of centre-of-government institutions (CoG) in enabling a whole-of-government approach including through the involvement of Prime Minister and Presidential offices. The ongoing efforts to establish "High Council for Planning and Sustainable Development" under the leadership of the President and with the membership of the Prime Minister demonstrates the necessity to involve the offices of Prime Minister and President among the CoG institutions leading the SDG

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<sup>28</sup> SDG 5: Achieve gender equality and empower all women and girls.

implementation, in addition to MoPMAR and MOF. In two-thirds of the OECD countries, the offices of Prime Ministers and Presidents lead the SDG implementation efforts since these institutions have expertise in working on crosscutting policy areas and convening power to mobilise all government bodies across all levels.

- Align sector-based strategies with the SDS, national priorities and the SDGs. For instance, establishing a formal framework of cooperation across government institutions for the development of sector-based strategies could optimise the alignment of all sector-based strategies with the SDS and SDGs. In addition, this could help all ministries to work together, analyse the potential linkages in order to maximise the multidimensionality within sector-based strategies as well as the coherence between them and identify and manage trade-offs and spill-overs successfully. The existing National Committee and the planned High Council could provide a platform for such collaboration and debate.
- Pursue the transition of the National Budget towards an integrated results-based budget. Integrating the SDGs into the budget process helps ensure that the collection and allocation of public resources is carried out in ways that contribute to both the SDGs and to national development goals.<sup>29</sup> For the case of Egypt, this will require strengthening and sustaining institutional coordination between MOPMAR and MOF (and the Presidency). Countries that do not adopt a results-based fiscal framework may face challenges to measure the impact of spending on the pursuit of the SDGs, because line item budgeting does not allow them to measure fiscal performance as a function of the pursuit of strategic goals and outcomes. For example, being able to measure whether public funds earmarked for the construction of a school actually led to the building of the school does not enable a government to measure whether that school has led to better educational outcomes, better jobs and less poverty. Several OECD countries, including Mexico and Norway, have been using results-based budgeting to align all their projects and programmes with the SDGs.
- Strengthen horizontal coordination by ensuring compliance with existing rules, formalise the coordination mechanisms in place and ensure their effective use. It will be important to institutionalise and formalise structure of the existing National Committee and the planned High Council by further clarifying their competences, meeting frequency and working mechanisms. For example, in the Netherlands, Germany and Austria, inter-institutional bodies on the implementation of SDGs meet on a regular basis to address important crosscutting or sectoral issues on a consensus basis.<sup>30</sup> Furthermore, it is also critical to institutionalise SDG and equal opportunity units across all ministries (beyond the initial eight) with coherent, clear and effective mandates, structures and responsibilities for their effective contribution towards the SDG pursuit.

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<sup>29</sup> OECD (2017), Getting Governments Organised to Deliver on the Sustainable Development Goals. <https://www.oecd.org/gov/SDGs-Summary-Report-WEB.pdf>

<sup>30</sup> OECD (2018), Policy Coherence for Sustainable Development 2018: Towards Sustainable and Resilient Societies, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264301061-en>

- Strengthen vertical coordination by enhancing the administrative, policy and data-gathering capacity of the governorates in order to ensure that regional and local priorities are reflected in the national strategy in a bottom-up manner. The ongoing efforts towards establishing a sub-committee at the governorate level would help enhance vertical coordination. Additionally, the participation of governorates in the existing National Committee and the planned High Council could help ensure that specifics of different places in Egypt are reflected in the national strategy and action plans.
- Strengthen the application of governance policy tools such as public consultation mechanisms, impact assessments and results-based budgeting. This also involves an effective and systemic application of regulatory impact assessments (RIA), sustainable impact assessments (SIA), and environmental impact assessments (EIA) as well as institutionalising stakeholder consultation in the formulation; implementation and monitoring of national SDG plans across the government through solid consultation and feedback mechanisms.
- Strengthen the collection, analysis, dissemination and use of quality data. In doing so, consideration could be given to ensuring an effective transition to results-based budgeting and linking the SDGs to programme areas in results-based budgeting; aligning outcome-based key performance indicators to performance-based budgeting; and making full use of the newly created electronic planning, monitoring, and evaluation system to align the budget allocations to the goals and key performance indicators of the SDS and SDGs. Egypt might further consider providing a clear mandate and adequate human and financial resources to the Central Audit Agency to conduct performance and value for money audits. Furthermore, there is room to consolidating a robust coordination across the centre of government institutions (CoG), data-collecting and producing bodies, line ministries and agencies as well as accountability and oversight bodies.
- Build capacities in data and analytics. Provide training, seminars and workshops to strengthen the skills and capacities across the national government and across levels of governments to ensure the availability and accessibility of quality and disaggregated data as well as the analytical capacity to translating the data into policy useful knowledge.
- Set measurable performance indicators aligned with the SDS and SDGs. Ensure the strategic use of performance indicators and data across the public sector in order to support the monitoring and evaluation of the impact of sustainable development strategy and initiatives.
- Report regularly on the implementation of the measures outlined in the SDS. Regular monitoring and evaluation of the implementation allows for measuring the effectiveness of implementation through tracking progress over time; reveals potential bottlenecks and encourages the formulation of appropriate responses. Effective monitoring and evaluation could be ensured through formalising the strategic monitoring and evaluation systems and feedback loops; institutionalising and making full use of the existing National Committee and the planned High Council; and ensuring that the performance evaluation is publicly available.

- Monitor and evaluate the implementation and effectiveness of the institutional and decision-making arrangements on a regular basis. Evaluate the system every three years to measure and analyse the impact and results, adjust course where necessary to improve coherence and performance against outcomes; establish functioning central steering and strategy review processes; and update the national SDS regularly to take account of the progress and structural changes made.
- Pursue gender mainstreaming in the design, development, implementation and evaluation of all policy areas and budgets with a view to make progress in SDG 5, and support the implementation of SDS through a more gender-sensitive lens. Consideration could also be given to institutionalising and formalising the coordination mechanisms between line ministries and the Centre of Government with the National Council for Women to pursue gender mainstreaming across all policy areas. Furthermore, Egypt might consider adopting gender impact assessment tools in support of evidence-based decision-making.
- Bolster the capacity and resources of the National Council for Women and of line ministries to develop, implement and monitor National Strategy for the Empowerment of Egyptian Women 2030, and to enable a whole-of-government approach across policy fields and SDGs. The OECD Recommendation on Gender Equality in Public Life (2015) stresses that gender equality institutions need to have sufficient capacity and resources to be able to coordinate a government-wide initiative and enjoy the visibility and authority that are often obtained by being placed at the highest level of government.
- Strengthen accountability and oversight mechanisms for the effective implementation of the National Strategy for the Empowerment of Egyptian Women 2030 and gender mainstreaming. The 2015 OECD Recommendation underlines that independent institutions shall have adequate mandate and capacity to monitor implementation of government-wide gender equality and mainstreaming policy. For instance, establishment of a gender equality parliamentary committee could serve to this purpose in Egypt. Further consideration could be given to mandating the Central Audit Agency of Egypt to provide oversight for implementing National Strategy for the Empowerment of Egyptian Women 2030.
- Adopt measures to achieve gender-balanced representation in parliaments, judiciary and public administration and improve gender equality in public sector leadership. In public sector, further consideration could be given to the use of proactive gender-sensitive people management policies such as work-life balance and family-friendly policies including flexible working hours, part-time work and maternity, paternal and parental leave arrangements. Additionally, disclosure requirements, target setting or quotas, open competition, clear recruitment standards and wide vacancy advertisements could be used further to promote equal access to opportunities in public sector leadership. As for the representation of women in the parliament, Egypt might consider

reviewing the Law 46/2014<sup>31</sup>, which sets a minimum number of seats for women in the House of Representatives, with a view to increasing the number of women represented in the parliament. Consideration could be also given to introducing measures to ensure compliance with the law such as through the rejection of non-complaint party lists by the electoral management body or financial penalties.

- Eliminate gender pay gaps in the public and private sectors as well as occupational segregation. The efforts could build on the labour law that guarantees equal pay for equal work through introducing systemic and regular pay assessments. In addressing this issue, consideration could be given to performing regular audits and establishing independent complaint and legal recourse mechanisms for non-compliance.

The above key findings and policy recommendations are further elaborated in the Annex (Table 2) to help identify possible interventions.

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<sup>31</sup> The law sets a minimum number of seats for women in the House of Representatives. OECD (2018) Women's Political Participation in Egypt, <http://www.oecd.org/mena/governance/womens-political-participation-in-egypt.pdf>

## Section IV. Disaggregating & localizing data for the SDGs

### Context

Three key aspects are important related to data: *availability*, to ensure development progress is measured, *disaggregation*, to make sure the most vulnerable are known and understood; and *localization*, critical to ensuring that development interventions reach, and are more responsive to, target populations. Fed into effective coordination mechanisms, disaggregated and localized data helps policy-makers produce more effective development policy, for more citizens.

An initial step in better understanding this area of work was undertaken by the World Bank (2018)<sup>32</sup> that looked into data availability in Egypt, and how well Egypt is performing across the SDGs using a trajectory analysis. A second study undertaken by BASEERA and UNPFA looked at SDGs at the governorate levels. The primary focus was to analyse the SDG performance across governorates and set targets to achieve them. Work is currently underway between the government and UNPFA to assist selected governorates to adopt these targets officially.

UNPFA's work around localization takes this one step further and, aims to better understand how the governorates could adapt SDGs at the local levels. In 2017 UNPFA commissioned the SDGs localization exercise to support national efforts on how to apply an SDG lens to Governorates' work. Through consultations with the government and stakeholders 30 SDG indicators related to six broad thematic areas were selected, namely health, gender, poverty, employment, education and environment. Following the initial analysis to better understand disaggregated data at the governorate level, the work has progressed towards identifying key challenges faced by at the local level and provide some directions into ways central and local governments can work together to bring the SDG narrative at the local level and make progress on the ground.

UNPFA is leading this work on localization under the third work package of the MAPS engagement. The ambition is to roll out SDGs Go Local initiative in five pilot governorates - Menia, Assyout, Souhag, Qena and Qaliubia. Three deliverables have been framed by the government in this effort. First is to identify specific projects that could be operationalized to make progress across the six selected SDGs at the governorate level. The project matrix has been presented at national/governorate level workshops. Second effort is to facilitate consultations at central and local levels to localize the SDGs to obtain guidance and strengthen coordination. In this effort national level workshops were held bringing together different parts of the government that can support localization, and three governorate level workshops have been held in January 2019. The third output is a policy note to guide the framework on localization. A draft policy paper has been produced that highlight broad recommendations to move towards localization efforts.

And again, we see a high level of overlap/links between the key approaches identified in other areas of the MAPS engagement, and even within the other cross-cutting accelerator areas: focusing on Upper Egypt, family planning and fertility-rate management as a first step, knowing where the poor are, understanding better how well existing social security programs are being targeted, using technology to

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<sup>32</sup> "Sustainable Development Goals Diagnostics: The Case of Egypt." H. Amin-Salem, M.H. El-Maghrabi, I. Osorio Rodarte, and J. Verbeek. January 10, 2018. World Bank.

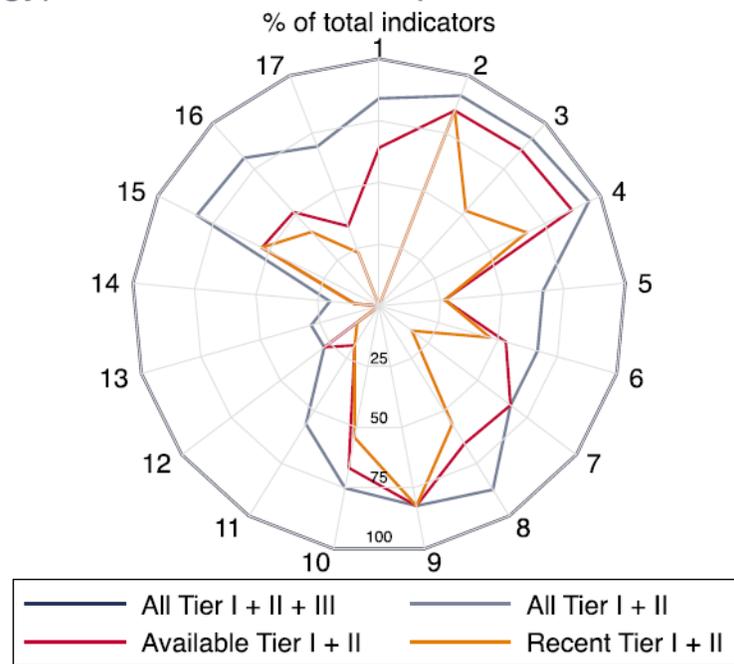
increase access to services, raising awareness around violent social practices, and finally, a national roadmap for localizing SDG implementation.

The next section highlights key findings and policy recommendations emerging from the analytical pieces and consultations.

**Key findings: data needs, going forward**

**Limited availability of data.** A broad general finding is that statistical capacity is limited in Egypt and information is unavailable for many indicators. The chart below summarizes the availability of data. More than 75% of data on Tier I and II indicators are available for only four goals (2, 3, 4 and 9).

**Egypt: Sustainable Development Goal Coverage**



Source: World Bank Staff predictions with UN-SDG Data. March 22, 2017.

**Varied Performance across SDGs.** An SDG Diagnostics analysis by the World Bank benchmarking Egypt SDG by SDG with “peer countries” based on cross-plots of GDP per capita against several SDG targets. Where the correlation is sufficiently high, elasticities to income of those targets are used to project future trajectory of those indicators based on growth assumptions. Findings indicate with respect to eight of the 15 SDGs under study, Egypt is performing better than expected given its GNI per capita vis-à-vis other countries in its peer group. The eight SDG goals in which Egypt is doing comparatively well are listed below:

- SDG 03: Good Health and Well-Being
- SDG 06: Clean Water and Sanitation
- SDG 07: Affordable and Clean Energy
- SDG 09: Industry, Innovation, and Infrastructure
- SDG 10: Reduced Inequalities
- SDG 11: Sustainable Cities and Communities
- SDG 14: Life Below Water

- SDG 15: Life on Land

It is worthwhile to note that while Egypt's GNI per capita worsened as compared to peer countries since 2011, Despite this, Egypt has improved in some important SDG indicators at a rate faster than GNI per capita growth including under-five mortality rate; infant mortality rate; improved drinking water sources; access to electricity; access to improved sanitation facilities; labor share of GDP; population living in urban slums; and protected marine areas.

For SDG 5, Gender Equality, the current projections indicate that Egypt is performing as expected.

For the six remaining SDG Goals for which data are available, Egypt is under-performing. These are:

- SDG 01: No Poverty
- SDG 02: Zero Hunger
- SDG 04: Quality Education
- SDG 08: Decent Work and Economic Growth
- SDG 12: Responsible Consumption and Production
- SDG 17: Partnership for Goals

**Setting targets at Governorate levels.** The UNFPA-Baseera study looked into data disaggregated across the governorates and identified a methodology to set quantitative targets at the national and governorate levels for Goals 2, 3, 4, 5, 8, 16 and 17. Targets at the governorate level were chosen to reflect the national ambition but were also adjusted based on how far the governorates have progressed (using comparisons with peer countries). This way targets were set for 30 indicators across the various goals. Consultations are now underway with governorates and central government to identify whether these targets could be officially adopted and mechanisms be put in place to progressively work towards meeting them and monitoring them.

**Governance challenges.** The OECD's assessment demonstrates that Egypt faces challenges in collecting and processing quality data and translating the data into policy useful knowledge. The prevalent governance challenges relate to difficulties in ensuring vertical and horizontal coordination on the collection and use of data and in determining the kind of data that need to be collected across the levels of the government. Challenges deriving from lack of capacity, skills, resources and public consultations also undermine the availability and use of quality data at the national and sub-national levels.

Furthermore, challenges also relate to the development of SDG indicators. Most of the SDG indicators are only available at the aggregate level, which threatens the availability and accessibility of data disaggregated by geographical location, sex, age, ethnicity and disability. The lack of disaggregated quality data also exacerbates the challenges related to the development of benchmarks and key performance indicators, which tend to be output-based instead of performance-based (see WP 2).

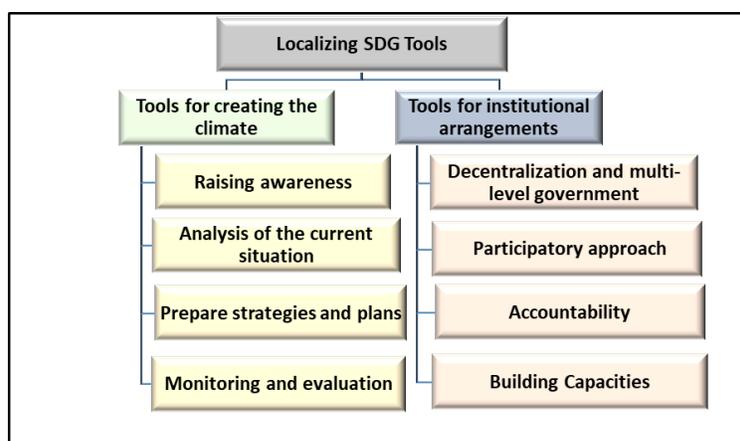
## Policy recommendations

**Data availability.** Egypt's data availability is limited particularly with respect to poverty and education. The table provides a summary of indicators for which data is missing. This poses a serious challenge to both policy-makers and analysts as it precludes a comprehensive picture of the current socio-economic climate in Egypt, and limits information that can enable policy-makers to devise better-targeted interventions and make effective expenditure decisions. Strengthening statistical capacity and making available disaggregated data will be vital to monitoring development progress.

Category	Total	Missing	Available	Over	As Expected	Under
SDG Goal 01: No Poverty	23	9	14	4	1	9
SDG Goal 02: Zero Hunger	16	1	15	4	0	11
SDG Goal 03: Good Health and Well-Being	42	1	41	25	4	12
SDG Goal 04: Quality Education	80	46	34	10	4	20
SDG Goal 05: Gender Equality	7	3	4	1	2	1
SDG Goal 06: Clean Water and Sanitation	9	1	8	7	0	1
SDG Goal 07: Affordable and Clean Energy	4	0	4	3	0	1
SDG Goal 08: Decent Work and Economic Growth	24	0	24	3	1	20
SDG Goal 09: Industry, Innovation and Infrastructure	14	0	14	11	1	2
SDG Goal 10: Reduced Inequalities	27	11	16	13	1	2
SDG Goal 11: Sustainable Cities and Communities	8	5	3	1	0	2
SDG Goal 12: Responsible Consumption and Production	9	1	8	0	2	6
SDG Goal 13: Climate Action	4	4	0	0	0	0
SDG Goal 14: Life Below Water	1	0	1	1	0	0
SDG Goal 15: Life on Land	9	0	9	5	1	3
SDG Goal 16: Peace, Justice and Strong Institutions	33	13	20	14	1	5
SDG Goal 17: Partnership for the Goals	12	4	8	4	2	2

Source: WB 2017

**Localization.** A policy paper notes 8 broad areas of work that will create the necessary environment and institutional arrangements for the localization process. As noted in box below, the first is to raise awareness, part of what is being done through the workshops organized at the governorate level by UNFPA, to familiar government officials on the vision and to align their mandates to include responsibilities that could help make progress on the SDGs. Important also is preparing plans and strategies that can help translate the goals into tangible results. Better data will be needed to monitor progress and evaluate the impacts of social security programs with regards to outreach and impact.



Source: UNFPA 2019. Localization of the SDGs and Planning in Egypt. The Status Quo and Futures Steps.

Under that umbrella, it will be key to **roll out decentralization** ensuring the necessary capacities and financing are in place that can empower local government officials to meet their mandates. A WB study on Upper Egypt is underway to provide further insights into this process. Accountability and mandates, as also highlighted in the OECD policy paper, will be important mechanisms to ensure effectiveness of the

localization effort. Finally, human and institutional capacities will need to be built at local government offices to deliver on this important global initiative.

## Section V. Leaving no one behind

### Context

This third area of cross-cutting policy, for enabling and re-enforcing progress on the thematic accelerators, is the basic framework of leaving no one behind.

Of the many paragraphs, clauses, and annexes, to the 2030 Agenda, few have captured the imagination in the same way as the commitment to leave no one behind, *'recognizing that the dignity of the human person is fundamental,'* and demanding of an *'endeavour to reach the furthest behind first'*.

It remains a challenging parameter however, and the dimensions of who is left behind, and how they can be reached, varies from context to context. Egypt is no different in this regard, and the work led by UNICEF here focused on identifying the particular challenges and vulnerabilities faced by key sub-groups among the population.

Like the other two cross-cutting accelerators, this area of work remains distinct; not least because it is of itself a policy objective. And in so far that it is, it depends, no less than the thematic accelerators identified on the other cross cutting accelerators – effective institutional structures and accurate data systems – to deliver on the objective.

Furthermore, the basic recommendations in terms of target groups maps directly on to the thematic accelerators identified, notably in terms of **social protection systems, access to decent work, and women's empowerment**. Whilst specific proposals related to each are outlined in the Annex, these should be understood as being part of and extensions to the broader efforts under these thematic areas identified earlier in the paper. The point, however, is clearly underscored: in terms of protecting the most vulnerable, and reaching the furthest behind first, driving work in these areas, not least in terms of social protection and women, is essential.

### Review of Literature

The initial step in the analysis, the literature review, highlights stylized facts, findings and recommendations from the body of literature around the topic.

The review underscores how despite sustained growth, poverty and inequality have worsened in Egypt in the last 10 years. The literature explains that partly this has been due to the composition of growth hinging on capital intensive sectors resulting in creation of fewer jobs, and resulting in Egypt being among the countries referred to as having 'grown without changing'.

Key points on the distribution of poverty, inequality and further insights on 'who is left behind' are presented below:

- **Rising poverty:** Poverty rates witnessed a continuous rising trend from 16.7% in 1999/2000 to 27.8% in 2015. Rural Upper Egypt has been relatively the most disadvantaged region in the country representing 778 of 1000 poorest villages, and experiencing worsening of trends; nearly one-third of the villages in Rural Upper Egypt have limited access to sewage, clean water and have high illiteracy rates.

- **Rural vs. Urban:** Poverty in Egypt is mainly a rural phenomenon. In 2009, the poor in rural areas represented 29% of the population as compared to the 11% of the population in urban areas. Poverty in rural areas are also worsening at a faster rate than in urban areas. These divergences are further explained by limited access to social services in rural areas including education, skills development, healthcare, and employment opportunities.
- **Drivers of Poverty:** Low levels of education, being unemployed or working in the agricultural sector, and larger family sizes have been proven to increase the probability of falling into poverty, while working in the public sector would decrease this risk.
- **Higher perceived inequality:** While inequality has slightly worsened, there is an even stronger perception of rising inequality, which is not fully captured by measuring income inequality alone. The 'perception of inequality' is driven by the inequality of opportunities in education and employment, and access to social services, including clean water, sanitation, and healthcare. An example is that free public higher education is mostly accessed by people from the highest wealth quintiles, while the poor are rarely going to universities, demonstrating missed opportunity in the targeting of this program.
- **Who is Left Behind?:** The review shows that larger households living in rural areas, children, women, the less educated, informal sector workers and agricultural sector workers could be considered the left behind in Egypt. Some groups such as larger families are in chronic poverty, while older households including the elderly are likely to be in transient poverty.

The literature also points to the fact that more can and needs to be done in terms of better **understanding who is most vulnerable**. Studies should focus on policy analysis and design for perspectives on places where the left-behind live, and on services delivery (health, education, social protection and connectivity), anti-discrimination programs, institutional and legal reform as well as infrastructure, that affect their well-being.

**Disaggregating data** would lend a closer perspective on disadvantaged population and their circumstances and whether social safety nets are strategically reaching out to them.

More research and analysis would be required to **evaluate the effectiveness of public sector programs** and also to look into the **broader impacts on economic policies** and how they impact poverty and inequality.

The literature review also points to several drivers of poverty, based on findings from CAPMAS' Household income, expenditure and consumption survey (HIECS), as well as other interpretive research. This includes efforts undertaken by UNICEF (Office of Research) with CAPMAS and Ministry of Social Solidarity, in the form of the Multiple Overlapping Deprivation Analysis.

Observing critical characteristics of poverty in the country, the paper found four key drivers:

- **Size of the household:** larger households are at a higher risk of poverty. CAPMAS data indicates in 2015, 53.3% and 37.1% of the total poor male and female headed households were large households (with 6 or more persons).
- **Low educational attainment:** in 2005, 26.8% of the poor were illiterate, which increased to 37% in 2012-13. However, the percentage declines as the individuals receive more education; the percentage of the poor among university graduates reached 5% and 9% in 2005 and 2012/2013

respectively.

- **Food insecurity:** 17.2% of the population (an estimated 13.7 million people) suffered from both income poverty and food insecurity in 2011 compared to only 14% of the population in 2009, suggesting that access to food is compounding rising levels of poverty. <sup>[1]</sup><sub>[SEP]</sub>
- **Informal employment:** the poverty risk increases for those working outside the establishment (proxy for informal sector; 36% in 2012/2013 compared to 30% in 2008/2009) and it is the lowest for those working in the public sector (13% in 2012/2013 compared to 11% in 2008/2009).

### Findings: specific drivers of poverty and inequality

The analytical report takes its main cue from these findings, and is structured around a methodology, PovRisk, looking at transitions in and out of poverty, which, in addition to other factors, also takes greater account of inequality and distributional outcomes, looking at disaggregated groups (namely, different relative income groups). The application PovRisk closely follows the methodology of Dang et. al. (2011) and developed further through UNDP's Regional Human Development Report (2016) assesses these dynamics of poverty.

To understand the main drivers of poverty in context of Egypt the analytical team uses two data points from HIECS: 2012/2013 and 2015.

The exercise examines four categories: the extreme poor, the lower poor, the upper poor, and non-poor. Analysis reveals that between the two periods:

- 20 percent of the non-poor fell into poverty;
- 40 percent of the upper poor moved to the lower poor category;
- 22 percent of the lower poor slid back to extreme poverty; and
- 80 percent of those who were extreme poor remained in that category.

The econometric analysis identifies factors that may make a household more likely to fall into a 'worse condition'. Unsurprisingly, we see a good deal of overlap from the literature review, with three key themes: **job precarity** (typically linked to the informal sector), **high fertility rates** (leading to larger households) being identified as key factors, and **educational attainment** (of the head of the household, but also of other members). Of the others, including **limited access to health insurance protections**, the related issues of **chronic diseases and disabilities**, and **living in Upper Egypt Region** (including urban areas, but rural areas in particular), the first two at least can be clearly linked to social protection on the one hand, and social capital development efforts on the other, as recommended in the literature review. The multidimensionality of underlying policy challenges calls for effective cross-silo institutional coordination to formulate appropriate policy solutions across levels of government.

The determinants that help people 'lift off' poverty are mostly related to protective factors that help families from falling back in poverty, with a few exceptions. For example, **self-employment** reduces the risk of falling back in poverty, but is not enough to exit poverty. While **vocational training** is more important to escape poverty among the extreme and lower power, higher levels of education are more important for the upper poor.

### Policy recommendations

In terms of policy recommendations to address these findings, these are structured around four key areas:

- **Strengthening capabilities** – This consists of an education component, and a health component. As identified through the PovRisk analysis, guaranteeing education is an effective instrument from preventing the non-poor to slide back into poverty. Extending years of education beyond the basic mandatory stage also provide them with diversified economic opportunities to break out of the poverty cycle. Social health insurance schemes and family health care services targeting poor households and lagging areas could also be critical to protect the poor.
- **Expanding economic opportunities** – Another critical effort will be increasing access to productive jobs with regular income, *by facilitating access to formal labor markets and employment opportunities*, including in agricultural projects for harder-to-reach rural areas.
- **Providing social protection** – Egypt should complement the state-administered social security with new methods by integrating market-based and mutual community-based protection mechanisms under the auspices of the government. This would bridge the gap between the mutual support mechanisms, which are based on traditional customs and the modern market-based and state-administered approaches providing several strategies for those under risk as social risk management.
- **Promoting inclusive measures** – The goal here is to empower women, children and the poorest by addressing high fertility rates through social and educational programming, strengthening integrated policies to promote early child development programmes, strengthening integrated family health services and broaching poverty as a multi-dimensional phenomenon. Integrating women in economic sectors are predicted to have direct implications on their families, including children’s education and health.

These are further elaborated, with proposals for specific interventions, in the Annex (Table 3), proposing also a potential sequence, while examples of policies follow in the text box immediately below. As noted above, these should be considered in conjunction with relevant recommendations for the thematic accelerators, as well as key enablers – by properly targeting key vulnerable groups – for those efforts.

## Section VI. Conclusion

This report presents findings from the 2018 MAPS Engagement. It summarizes the analytical findings from the respective work packages; the consultations undertaken by the lead agencies; and presents the policy recommendations emerging from these efforts. While this integrated report provides a big picture narrative, it is important to look at the individual analytical pieces included as Annexes that have been shared with the relevant parts of the government. Key findings and policy recommendations will be presented at the inter-ministerial committee of the SDGs to take the discussion forward.

The idea behind the first year of the MAPS Engagement has been to assess the current state of play, provide insights through modelling and data-driven analysis, and undertake consultations and roundtables with the government to obtain key insights on policy formulation and planning. Taking this evidence forward, the next step in the process is to obtain guidance from MoPMAR and the inter-ministerial committee on the SDGs, that can build on programmatic and policy interventions. Proposed programmatic areas and interventions has been presented in this paper; it is envisioned that further discussion could lead to refining these and identifying joint programmatic areas that can strengthen mechanisms for implementing the SDGs in Egypt.

Taking this work forward in 2019 then means identification of niche areas where the UN system and development partners can work together to support the government in the implementation of the SDGs. Joint programs could be developed around key accelerators identified through the MAPS process. Specific policy recommendations produced under the cross-cutting accelerators, and those emerging from the working packages, could be the set of policies/programmatic efforts undertaken. The MAPS process is not an end in itself but marks the beginning of a journey towards making strategic progress on the SDGs for Egypt.

**Annex 1**  
**A Compilation of Reports produced during the MAPS Engagement in 2018**

**Working Package 1**

- Sustainable development Goals Report. Frederick S Pardee Center and UNDP. 2018.
- Sustainable development Goals Diagnostics. The case of Egypt. World Bank. January 2018.

**Working Package 2**

- Integrated governance for coherent implementation of the SDGs in Egypt

**Working Package 3**

- Localizing the Targets of the Sustainable development Goals on Governorate Level. Baseera and UNFPA. December 2017.
- Localization of the Sustainable development Goals and Planning in Egypt. The Status Quo and Future Steps. Baseera and UNFPA. January 2019.

**Working Package 4**

- Poverty and Inequality in Egypt. A Review of Evidence. UNICEF. November 2018.
- Moving In and Out of Poverty in Egypt. An analysis of poverty dynamics between 2012 and 2015. UNICEF. November 2018.
- A Policy Note on Leaving No One Behind. UNICEF. December 2018.

## Annex 2

**Table 1: Accelerators – Focus areas, and possible programmatic interventions**

<b>Proposed Accelerator</b>	<b>Focus Areas</b>	<b>Possible Programmatic Interventions</b>
<b>Economic diversification and job growth</b>	Promote SMEs/labor-intensive sectors	Promote business climate for SMEs including legislature, access to finance, tax benefits, etc.
	Diversify economy towards job-creating sectors	Expand domestic/foreign investments in Tourism, Healthcare and ICT
	Invest in higher-skilled jobs	Promote FDI, and trade in services, that will create higher skilled employment
<b>Tackle poverty and ensure no one is left behind</b>	Reduce geographical disparity in poverty	Develop targeted programs in few governorates of Upper Egypt
	Extend outreach to population who are being left behind	Reduce exclusions and promote social safety nets
	Reduce the risks of falling back in poverty	Target programs for vulnerable population (medical insurance schemes, programs for seasonal workers/farmers, etc)
<b>Strengthen social protection</b>	Improve revenue collection efforts	Programs to strengthen tax collection (e.g. <u>Tax Inspectors Without Borders</u> <sup>33</sup> )
	Improve access to health and family planning services	Increase access to medical services and family planning
	Reduce inequality in access to education	Vocational Training and access to tertiary programs for low income households
<b>Invest in women</b>	Increase women’s participation in the workforce	Promote legal/regulatory framework to increase women’s safety to/at work
	Support women in low-income households	Expand microfinance access to poor women in Upper Egypt
	Reduce gender-based violence	Improve access to justice and legal aid

<sup>33</sup> <http://www.tiwb.org/>

<b>Natural resource management, including water, energy and agriculture</b>	Meet NDC target of 20% energy from renewable sources	Promote solar energy
	Improve access and promote sustainable use of water	Water management program
	Improve integrated planning around natural resources	Undertake modelling to better understand intersectoral linkages (e.g. Climate, Land, Energy, and Water Systems modelling ( <a href="#">CLEWS</a> ) <sup>34</sup> ).

**Table 2: Institutional coordination mechanisms – Policy recommendation areas, and related possible interventions**

<b>Policy recommendation based on analytical findings</b>	<b>Proposed stakeholder leading the implementation</b>	<b>Possible interventions ('quick wins' highlighted in bold)</b>
<b>Strengthen institutional and decision-making arrangements for SDG implementation</b> (e.g. vertical and horizontal coordination)	The centre-of-government institutions (MoPMAR, Ministry of Finance, Prime Minister and Presidential offices) and the Ministry of Local Development	<b>Sustain high-level political commitment and support through effective mandates</b>
		Optimise the use of the centre-of-government institutions (CoG) in enabling a whole-of-government approach including through the involvement of Prime Minister and Presidential offices
		<b>Align sector-based strategies with the SDS, national priorities and the SDGs.</b>
		Pursue the transition of the National Budget toward an integrated results-based budget
		<b>Strengthen horizontal coordination by ensuring compliance with existing rules, formalise the</b>

<sup>34</sup> <https://un-modelling.github.io/modelling-tools/#clews>

		<p><b>coordination mechanisms in place and ensure their effective use</b></p> <p>Strengthen vertical coordination by enhancing the administrative, policy and data-gathering capacity of the governorates</p>
<p><b>Make effective use of governance tools for SDG implementation</b> (e.g. more and better data, including from impact assessments and results-based budgeting; greater capacity to transform data into policy-useful evidence, including by ensuring that the High Council and its various committees and sub-committees oversee this process)</p>	<p>The centre-of-government institutions (MoPMAR, Ministry of Finance, Prime Minister and Presidential offices) the Ministry of Local Development and CAPMAS</p>	<p><b>Strengthen the application of governance policy tools such as public consultation mechanisms, impact assessments and results-based budgeting</b></p>
		<p>Strengthen the collection, analysis, dissemination and use of quality data</p>
		<p>Build capacities in data and analytics</p>
		<p><b>Set measurable performance indicators aligned with the SDS and SDGs</b></p>
<p><b>Enable sound monitoring, evaluation and feedback loops for SDG implementation</b></p>	<p>The centre-of-government institutions (MoPMAR, Ministry of Finance, Prime Minister and Presidential offices) the Ministry of Local Development and CAPMAS</p>	<p><b>Report regularly on the implementation of the measures outlined in the SDS</b></p>
		<p><b>Monitor and evaluate the implementation and effectiveness of the institutional and decision-making arrangements on a regular basis</b></p>
<p><b>Strengthen the institutional framework governing the implementation of gender equality and SDG 5</b></p>	<p>The centre-of-government institutions (MoPMAR, Ministry of Finance, Prime Minister and Presidential offices) the National Council for Women, the Ministry of Local Development and CAPMAS</p>	<p>Adopt measures to achieve gender-balanced representation in parliaments, judiciary and other public institutions and improve gender equality in public employment</p>
		<p><b>Mainstream gender considerations and SDG 5 in the design, development, implementation and evaluation of all policy areas and budgets</b></p>

		Bolster the capacity and resources of central gender equality institutions and of line ministries to develop, implement and monitor gender initiatives
		Eliminate any gender pay gap in public and private sector as well as occupational segregation

**Table 3: Localising the SDGs**

Findings	Policy Recommendations	Proposed Interventions	Opportunities
<b>Unaware of SDGs</b>	<b>Initiate Programs to raise awareness on SDGs</b>	Raise awareness of the SDGs among local actors and translate the global goals into local actions. Utilize technology, available training, mobile application and build on what is available to show their role in realizing the goals	Ownership and strong commitment at the highest political level Existing application: EgySDGInf – <a href="https://play.google.com/store/apps/details?id=org.communitysystemsfoundation.egysdginfo">https://play.google.com/store/apps/details?id=org.communitysystemsfoundation.egysdginfo</a>
<b>Disempowered Localities</b>	<b>Move toward decentralization &amp; empowerment</b>	Prioritize subnational planning capacities and engagement in the planning process.	State planning law (Draft) - Joint decree between MoPMAR & MOLD
<b>Unequitable distribution of Investment</b>	<b>Shift from centralized investments in infrastructure solely to strengthen local accountability</b>	Improve quality of public investment by linking it with the spatial dimension of development (grounded on empirical evidence of each governorate)	Integrated electronic system for the preparation and follow-up of the investment plan (MoPMAR & MIIC)
		Focus on the comparative advantage of governorates in planning projects to reach economic development	Economic Development Pillar-V2030 Constitution

<b>Inadequate governance framework</b>	<b>Institutional arrangements for localization</b>	Strengthen RBM skills at central level and importance of localization to reach the goals. Most of national budget is allocated to central level (its like 15% local :85% Central) even with decentralization the big chunk will continue to be at the central	Investment in Human Resources, Social Justice Pillar-V2030
<b>Weak Coordination (Vertical Horizontal)</b>	<b>Improve Institutional coherence</b>	Strengthen institutional arrangements for cross-government coordination & activate the role of regional planning offices	Ongoing Local Development Program for Results is an example (MoLD)
		Strengthen capacities of central people	
<b>Limited Data, M&amp;E system</b>	<b>Improve accountability and participation</b>	Disaggregate data to influence policy, avoid duplication and form new integrated interventions to achieve multiple targets	Technology
		Data disaggregation enables adoption of effective interventions to reduce inequality	
<b>Weakness in Legal Framework</b>	<b>Update and expedite Laws issuance</b>	Harmonize the different planning laws, and the legislative amendments to support decentralization	State Planning law and Local Administration Law - Drafts
		Social accountability and engagement of citizens /parliament	

Table 4: Leaving no one behind – Policy recommendation areas, and related possible interventions

Policy recommendation based on analytical findings	Proposed stakeholder leading the implementation	Possible interventions ( <i>'quick wins' highlighted in bold</i> )
Strengthening capabilities		<p><b>Partnerships</b> between government and civil society to identifying the illiterate and developing effective ways to make them literate could lead to better accountability to community associations in teacher hiring and compensation which will improve quality of education.</p>
		<p><b>Creation of Multi-purpose programs</b> that are successful in eradicating illiteracy by combining education, training, health, nutrition and family planning practices could also be a viable solution to improve education.</p>
		<p>Adjusting the school calendar to avoid having children in school during peak periods of labor demand (e.g., during a particular season) may be important for seasonal workers in rural areas. Stipends for poor children may also reduce the opportunity cost.</p>
		<p><b>Ensure financial protection to Egypt's most disadvantaged groups would be key to reduce poverty.</b> This coverage should be: (i) state funded for a package of essential family health services; and (ii) supportive of the enrollment in social health insurance (SHI) covering higher levels of services. The premium structure of the SHI financing must be correlated with income, with the lowest income groups' costs paid for by the state. This is very much in line with the directions of the current health insurance reform.</p>
		<p><b>Attracting adequate numbers of local professional healthcare to work in underserved areas in addition to supporting an effective incentive system ensuring equitable distribution of health workforce.</b></p>

		<i>Increasing quality of healthcare</i> through performance-based incentives and accreditation; and improving citizen’s engagement in delivering, financing, and monitoring services with a focus on service delivery to disadvantaged groups.
<b>Expanding opportunities</b>		<b>Developing agriculture:</b> <ul style="list-style-type: none"> <li>- <i>Encouraging small farmers to depart from traditional crops and get into horticulture, where Egypt (and especially Upper Egypt with the highest poverty levels and tendencies to fall into poverty) has a strong comparative advantage;</i></li> <li>- <i>Improving access to markets and supporting services, access to water at the right times for horticulture crops;</i></li> <li>- <i>Reforming the cooperative law,</i></li> <li>- <i>Increasing agriculture land and/ or rural productive assets ownership through access to credit or other interventions for households living in poor villages;</i></li> <li>- <i>Providing access to micro-insurance products to farmers and small businesses operating in both the formal and the informal sectors.</i></li> </ul>
		<b>Financial and physical infrastructure:</b> <ul style="list-style-type: none"> <li>- <i>Creating basic infrastructure focused on the needs of the poor such as rural roads, irrigation, electrification, housing and mass transit systems;</i></li> <li>- <i>Harnessing the potential of innovative and inclusive finance through mobile phones to increase access to financial services for the poor, uneducated, rural dwellers and women.</i></li> </ul>
<b>Providing social protection</b>		<b>Three key ways to promote social protection among informal sector workers are suggested: (i) to extend the coverage of formal social insurance schemes to informal workers, (ii) to increase social assistance budgets and (iii) to build up specially designed insurance schemes for the informal sector</b> <a href="http://datatopics.worldbank.org/aspire/">(http://datatopics.worldbank.org/aspire/)</a>
		Micro-insurance products, which combine the advantages of low contributions can protect informal workers NGOs can have an important role in establishing local systems for insuring informal people. The Indian Self-Employed Women’s Association (SEWA) model might be the most successful example of it. <i>A special insurance</i> should

		<p>be taken into consideration to provide pensions in cases of divorce or abandonment as divorced and abandoned women are one of the groups more at risk in Egypt.</p>
		<p>Transform the widespread occupational and professional pension schemes into competing private defined-benefit funds. This would free some funds in the public insurance system to be used to (i) providing basic protection for all of the population in all age groups (ii) fighting poverty through minimum pension provisions to those most in need. Voluntary additional insurance could be a third tier of actions useful to phase out social assistance.</p>
		<p><b>Expanding targeted approaches, including: categorical targeting, geographical targeting and proxy mean testing (currently being used in the T &amp; K programme).</b></p>
<p><b>Promoting inclusive measures</b></p>		<p><b>Integrating and expanding existing services:</b></p> <ul style="list-style-type: none"> <li>- Continued financial support for the National Acceleration Plan for Child and Maternal Health (MCH), with a focus on disadvantaged groups. This plan aims to ultimately achieve universal coverage of cost-effective MCH interventions including: <ul style="list-style-type: none"> <li>- <i>Strengthening integrated policies to promote early childhood development</i> with programmatic linkages between interventions in health, nutrition, education and child protection.</li> <li>- <i>Strengthening integrated family health services (FHS)</i>(e.g., increasing contraceptives use; encouraging exclusive breastfeeding; and providing tetanus toxoid vaccines and contraceptives, especially in Upper Egypt and treatment interventions (e.g., delivery by skilled birth attendants).</li> <li>- As far as nutrition programs are concerned <i>vouchers for MCH or conditional cash transfer schemes</i> for nutrition have been proven to be successful, which should be continued. <i>In fact, fortifying subsidized wheat flour with iron and folic acid</i> and subsidized cooking oil with Vitamins A and D are effective policies to improve the nutritional status of targeted poor populations.</li> <li>- <i>Improving educational programmes on the consequences of high fertility.</i> This can be achieved by strengthening motivation for couples to plan their families, facilitating access to reproductive health services or contraceptive methods.</li> </ul> </li> </ul>

		<p><b>Women's empowerment:</b></p> <ul style="list-style-type: none"><li>- Productive transfers and low-cost credit to promote female engagement in new (or expansion of old economic activities;</li><li>- Training to improve female aspirations and household participation in economic decisions, and</li></ul> <p>Creation of communal banks to promote economic and entrepreneurial development are very important.</p> <ul style="list-style-type: none"><li>- Social interactions among beneficiaries throughout implementation pairing, mentoring and coaching. These interactions may impact human capital investments and income diversification.</li><li>- Supporting women organizations to monitor the progress in implementing various national and international projects which are specifically designed for promoting the interests of women and work with the government to take the necessary steps to empower women.</li></ul>
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