



**PERMANENT MISSION OF THE ARAB REPUBLIC OF EGYPT  
TO THE UNITED NATIONS**

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**CHAN/109/15/RE**

The Permanent Mission of the Arab Republic of Egypt to the United Nations presents its compliments to the Permanent Mission of Guyana to the United Nations and to the Permanent Mission of Norway to the United Nations, Co-Facilitators for the preparatory process of the Third International Conference on Financing for Development, and has the honour to send Egypt's remarks regarding the First Drafting Session of the Informal meetings of the Plenary as part of the Preparatory process for the Third International Conference on Financing and Development.

The Permanent Mission of the Arab Republic of Egypt to the United Nations avails itself of this opportunity to renew to the Co-Facilitators for the preparatory process of the Third International Conference on Financing for Development the assurances of its highest consideration.

24 February 2015

H. E. Ambassador George Talbot, Permanent Mission of Guyana  
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of the Third International Conference  
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**Egypt Position regarding the issues raised during the  
First Drafting Session of the Informal meetings of the Plenary as  
part of the Preparatory Conference on Financing for Development  
January 28-30, 2015**

**General Remarks**

1. The zero draft should be structured on the chapters of Monterrey. Thus, by allocating separate chapters for Private Financing, we miss the spirit of Monterrey by providing too much emphasis on Private Financing. I would thus encourage you to restructure the zero draft within these lines; and also encourage you to provide further clarity on the relation between the FFD process and other process such as the UNFCCC, Post 2015 Agenda and WTO.
2. Egypt has recognized the role of Domestic resources in financing development; Egypt has taken measures to widen tax base, increase corporate tax, enhance tax administration and rationalize public spending.
3. Official Development Assistance ODA will play a central role, and remain indispensable in financing and implementing sustainable development. Thus, my delegation calls for the fulfilment of the 0.7% of GNI target, bearing in mind that such funds, are highly demanded to support sustainable development in LDCs, LLDCs, SIDS, Countries under conflict, as well as Middle Income Countries where three quarters of the world's poor currently reside. We propose a more balanced reference to the role of both Domestic resources and ODA in financing sustainable development.
4. Any effort to redefine ODA and its indicators must not be done in silo, but rather through an open and transparent process that allows an exchange of views from both donors and recipients.
5. The characteristics and nature of Private Financing are an impediment to the demand side of sustainable development, along with the lack of knowledge and appropriate schemes to attract such resources to sustainable development, which makes it hard to attract private investment to areas like health care, or contemplate and how the drop in global oil prices will reflect on the direction of Private Financing towards Renewable Energy and Recycling projects.
6. Further consideration must be provided for the categorization of remittances as sources of private finance due to their nature and characteristics, the majority of remittances aim at enhancing the lives of families, and address vulnerabilities associated with the increased prices of

commodities and decreasing levels of subsidies in developing countries.

7. Serious reforms must be undertaken to ensure a more inclusive framework of global economic governance to improve the function, stability and resilience of international financial institutions
8. The Elements-paper does not properly address the issue of sovereign debt and current efforts undergoing within the UN to establish an Ad Hoc Committee on Debt Restructuring Mechanism. The paper also requires further consideration on ways to enhance the international environment on combating Illicit Flows of Funds and repatriation of stolen assets. The paper also provides a proposal on the establishment of a dedicated follow-up mechanism to monitor FFD commitments, I would seek your indulgence in providing further clarifications in this regard, taking into account its convergence and or divergence with the High Level Political Forum.

## **On Domestic Resource Financing**

1. The role of domestic resources in financing sustainable development has been recognized; Egypt has taken measures to widen tax base, increase corporate tax, enhance tax administration and rationalize public spending policies to ensure better allocation of resources.
2. The elements paper includes an extensive set of proposals in this regard, which we think is beneficial but one that requires further emphasis on supporting the enhancement of domestic capabilities, and the need to provide more solid figures on the impact of increasing taxes on the level of private investments and the implications of carbon taxes on the competitiveness of domestic industries, and the relationship between adopting such taxes with the availability of environmentally sound technologies.
3. Discussions on domestic resources should not happen in isolation of the discussions of the need for a fairer global trading system that allows developing countries goods market access that reflects positively on their bottom line and consequently on the level of national taxes, it should not also happen in isolation of the need to address the systemic issues that hinder developing countries ability to access international finances.
4. Combating Illicit financial flows and repatriation of stolen assets, further commitments must be taken that should address both sides of the equation, studies estimates IFF from Africa at 50 billion dollars, these funds are not channeled to a vacuum but into the developed world financial systems and more concrete commitments must be adopted in this regard. Furthermore, international cooperation in the area of repatriation of stolen assets remains to be an elusive target, a more facilitated approach must be adopted by the developing world.

## On Private Financing

1. The over emphasis on remittances neglects its nature and characteristics that is highlighted in any analysis of its ways of spending, which shows that the majority of remittances aims at improving the living conditions of families in the recipient countries, by financing food and energy purchases, and as the level of subsidies provided decrease and the increase in commodity prices, it means little is left for investments.
2. The reduction of the cost of transfers needs to also tackle the political challenges associated with transfers and also the need to address systemic issues specifically the issue of ratings, which negatively impact financial institutions ability to reduce costs. REMITTANCES ARE NOT A REPLACEMENT FOR PUBLIC FINANCING.
3. The role of private resources in financing sustainable development we need to understand that impediments exist on both sides of the equation, on the demand side, the profit driven private investments will more likely be able to invest in a power generation project or a transport project, but it will find it hard to invest in areas like healthcare for example, or actually engage in a renewable energy project as oil prices plunge, all are factors that highlight the role of public financing.
4. The world has not yet accumulated enough knowledge on how to further develop mechanisms and tools to support private financing, with PPPs experiences in some European countries showing that this business model has negatively impacted sovereign ratings at times of crises.

## On International Public Financing

1. Official Development Assistance ODA will play a central role, and remain indispensable in financing and implementing sustainable development as highlighted in the report of the Intergovernmental Committee of Experts on Sustainable Development Financing, and we call for the fulfillment of international commitments in this regard; bearing in mind that ODA is needed to support sustainable development in LDCs, LLDCs, SIDS, Countries under conflict, as well as Middle Income Countries where three quarters of the world's poor currently reside
2. We also believe if we are to provide the necessary Means of Implementation for a transformative and ambitious post 2015 development, we should consider increasing ODA commitments to 1.0 of GNI to match the ambitious nature of the agenda.
3. We reaffirm that Climate Change financing should be new and separate from ODA budgets, as agreed within the framework of the UNFCCC.
4. South-South cooperation will play an important role in providing much needed support on issues such as technical cooperation, among other things, but South-South cooperation is not a substitute for North-South cooperation.
5. Any effort to redefine ODA and its indicators must not be done in silo, but rather through an open and transparent process that allows an exchange of views from both donors and recipients, such ideas cannot be included in the zero draft, without having gone through serious consideration by member states and allowed for a transparent exchange of views between donors and recipients.
6. Ideas of carbon taxes and transport taxes bring more divergence than convergence, Carbon taxes negatively impact international trade reducing the competitiveness of developing countries' products, moreover there are no global guidelines on calculating emissions; Carbon taxes can only be discussed following the establishment and operationalization of a clean technology transfer mechanism. Transport taxes not only affect competitiveness but also increase the cost of food imports in Net Food Importing Countries, there are also difficulties of who collects this tax, my delegation would propose the consideration of imposing a tax on financial transactions which is easier to collect and will bring more revenue.

## **On Monitoring, Data and Follow-Up**

1. There seems to be a mix with regards to the role of the Statistical Commission in assessing the adequacy of international statistics related to FfD, while the same commission is currently undergoing discussions on a matrix for indicators that does not include indicators for goal 17 up until now. This needs to be addressed in line our goal of achieving coherence between the Post 2015 process and the FfD. The proposal to request business forums to report on their members' implementation of FfD commitments, which we have not been detailed here and our group is working on the basis of the Strengthened Global Partnership.
2. The proposals contained in the Elements-paper on the establishment of a dedicated intergovernmental or expert body to monitor FfD commitments, and the complementarity and integration of the FfD follow up mechanisms with other related process, and convergences and divergences with the role of HLPF.