

Fact Sheet

Title of the proposed Joint Programme Catalyzing private investments for a green and competitive Egyptian economy

UNCT Egypt

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Relevant UNDAF Outcome/s and Output/s

United Nations Partnership Development Framework (UNPDF) 2018-2022

- UNPDF Outcome 1 Inclusive Economic Development: By 2022 Egypt has adopted inclusive and sustainable development pathways and remains on track to achieve agreed targets for sustainable, resilient and job rich economic development.

Output 1.1: Entrepreneurship and MSMEs are effectively promoted with inclusive and sustainable strategies, programmes and mechanisms.

Output 1.3: Economic policies are effectively stimulated for inclusive and sustainable industrialization, investment, job-rich growth and

trade.

- UNPDF Outcome 3 Environmental Sustainability and Natural Resource Management: By 2022 Egypt's natural resources, and its urban environments, are managed in an inclusive, sustainable and productive manner to mitigate environmental hazards and reap the benefits of a greener economy and society.

Output 3.2: Strengthening resilience and adaptation to climate change.

Output 3.3: Strengthening water and biodiversity management.

Output 3.4: Supporting climate change mitigation and transition to a green and circular economy.

Output 3.5: Supporting sustainable and efficient agriculture, food security and safety.

- UNPDF Outcome 4 Women's Empowerment: By 2022, women are fully contributing to Egypt's development and all women and girl's rights set forth in the 2014 Constitution, are respected, protected and responded to with no discrimination.

Output 4.2: Women Economic Empowerment - Women, particularly marginalized groups, have increased access to decent employment, economic opportunities and access to and control over economic resources.

Relevant objective/s from national strategic document/s

The Sustainable Development Strategy (SDS)- "Egypt Vision 2030" is the government road-map to achieve the SDGs. The proposed joint programme (JP) is aligned with almost all SDS pillars:

- Economic Pillar, which aims at achieving sustainable inclusive growth,
- Energy Pillar, which seeks to maximizing the efficient use of various traditional and renewable resources contributing to economic growth and protecting the environment, and
- Environmental Pillar, which intends to preserve natural resources and ensure next generations' rights.

Moreover, the JP is consistent with the financing approach of the SDS: "The strategy developed depends on [...] the issuance of new financial tools such as the securities to finance the development and infrastructure projects, to expand the investor base by attracting more investors including both individuals and non-banking financial" (SDS, 2016); as well with more recent initiatives whereby the Ministry of Planning and Economic Development shall: "Work to diversify the sources of funding for development plans and programs and motivate the partnership mechanisms with the private sector, civil society and development partners to enhance funding for development" (Prime Minister's Decree No. 193/2020 of January 2020).

Additionally, the JP will contribute to the GoE's efforts in providing clean and affordable energy. In order to meet the growing demand for energy, the Egyptian government has developed the "Integrated Energy Strategy 2035" to diversify energy sources and ensure the stability of energy supply. The strategy aims at strengthening the role of renewable energy and increasing energy efficiency in addition to rehabilitation and maintenance programmes in the electricity sector.

SDG targets on which the progress will be accelerated (includes targets from a range of SDGs and development pillars)

Goal 1: End Poverty

Goal 2: Zero Hunger	2.4
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Goal 3: Good Health and Well-Being	
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Goal 4: Quality Education	
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Goal 5: Gender Equality	5.5
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Goal 6: Clean Water and Sanitation	6.4
	6.a

Goal 7: Affordable and Clean Energy	7.2
	7.3
	7.a

Goal 8: Decent Work and Economic Growth	8.2
	8.3
	8.4
	8.10

Goal 9: Industry, Innovation and Infrastructure	9.2
	9.3

Goal 10: Reduced Inequalities	
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Goal 11: Sustainable Cities and Communities	
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Goal 12: Responsible Production and Consumption	12.2
	12.4
	12.5
	12.b

Goal 13: Climate Action	13.2
	13.3

Goal 14: Life Below Water	
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Goal 15: Life On Land	
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Goal 16: Peace, Justice and Strong Institutions

Goal 17: Partnerships for the Goals	17.3
	17.7
	17.9

Self-Assessment

The proposal reflects the integrated nature of the SDGs	Yes
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The proposal is based on an inter-agency approach (two or more UN entities involved), with RC coordinating Joint Programme preparation and implementation	Yes
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The proposed results are part of the UNDAF and aligned with national SDG priorities	Yes
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The proposed Joint Programme will be led by government and include key national stakeholders	Yes
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The proposal is based on country level consultations, as explained in the Concept note, and endorsed by the government (the letter of endorsement)	Yes
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The proposal is based on the standard template for Concept Notes, it is complete, and it includes:	Yes
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- **Theory of Change demonstrating contribution to SDG acceleration and transformation to implement the 2030 Agenda and awareness of relevant financial policy efforts at regional or national level,**
 - **Results-oriented partnerships, including a strategy to engage and partner with IFIs/MDBs,**
 - **“Quick wins” and substantive outcome-level results, and**
 - **Initial risk assessment and mitigation measures.**
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The proposal is expected to leverage resources for the SDGs at scale	Yes
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Proposal for Joint Programme

1. Summary of the Joint Programme

Major private and public investments are needed to enable Egypt's economy to grow sustainably. According to the Minister of Planning and Economic Development, achieving high and sustainable growth rates requires the realization of an investment volume amounting to at least 19.4% of GDP or about USD 60 billion (of which 45% or USD 27 billion through private investments). An important part will need to be directed to socially and environmentally sustainable activities. As a matter of comparison, public spending on environmental protection is very constrained (about 0.3% of the national budget) while at the same time although Egypt's economy is still dependent on fossil fuels (90% of energy sources) as well as on a scarce and shrinking natural resource base. Similarly, to take the example of only one investment tool, green bonds market in Egypt is estimated to potentially reach USD 500 million, which is very far from the USD 27 billion needs estimated. An accelerated investments shift is needed.

Fostering Egypt's growth and decoupling it from environmental degradation is the objective of the proposed Joint FAO-UNDP-UNIDO Programme (thereafter JP), which will support the Government of Egypt (GoE) efforts to attract private sectors and mobilize required investment towards green investment opportunities, i.e. low-carbon, climate-resilient, energy- and resource-efficient, circular technologies and businesses, as well as environmental services. A particular focus will be given to investments in small and medium enterprises (SMEs) as key players of the fledgling green economy. Targeted support will be provided to women-led/owned SMEs.

The Government has in the last few years markedly improved access to finance for SMEs in Egypt. Moreover, a potential market exists in Egypt for investments in SDG-relevant green ventures that are financially profitable and have positive social, economic and environmental impact. However, various obstacles limit the potential to unlock public and private capital specifically for financing green SMEs.

By the end of the JP, a market for green SMEs financing is expected to be catalyzed, where the demand for green investment meet supply through a market-based ecosystem of intermediaries, investors, and financial institutions.

To this end, the JP will support the co-development of:

- Matchmaking mechanism to connect green SMEs with investors [proof of concept];
- Blended finance through leveraging public/private investment vehicles (guarantees, debt, equity) [pre-design stage];
- Seed grants as prototyping support to early-stage green SMEs [pre-design stage].

2. Thesis and theory of change of the Joint Programme

Various financial and non-financial barriers limit the potential to unlock public and private capital for financing green SMEs. On the demand side, such investments are constrained by SMEs' limited knowledge and capabilities to develop green investment proposals with high-SDG impact. High up-front costs of such investments pose an additional challenge. On the supply side, such investments are constrained by limited incentives and limited capacity of financial institutions and investors to prioritize green investments and offer dedicated financial products and services. Moreover, private and institutional intermediaries have limited capacities to address this mismatch through the provision of services dedicated to green SMEs and impact measurement.

FAO, UNDP and UNIDO will build on previous and ongoing successful experiences in Egypt and worldwide to help remove barriers to

market and catalyze private capital flows and blended finance – credit enhancement such as guarantees, debt, equity – for SMEs to invest in clean energy and resource efficiency (SDGs 6, 7, 9), low-carbon emissions (SDG 12, 13) and circular economy (SDG 6, 9, 12), with the ultimate aim to close the financing gap and accelerate the achievement of SDGs and national sustainable development goals.

To this end, the proposed JP will provide technical assistance (TA) to strengthen knowledge and capacities about green investments with high-SDG impact, leverage investment vehicles from IFIs/MDBs and the Government. The proposed JP will also provide seed grants as prototyping support to early-stage SMEs. The above will contribute to reducing risks for investors.

The JP will target the following: A. SMEs (demand side), B. Investors (traditional and non-traditional), banking and non-banking financial institutions (supply side), as well as C. Private and institutional intermediaries, i.e. experts, support institutions, investment promotion agencies. The sectors of focus will be sustainable agri-food, industry, and tourism. The JP will provide dedicated support to women-led/owned SMEs in terms of tailored TA and financial instruments (SDG 5, 8).

Egypt made improvements in 27 out of 106 indicators with regard to SDGs 5 to 9, 12, 13 and 17. Nevertheless, measuring the progress towards achieving the SDGs is very challenging in Egypt: only 106 indicators are available, 128 are not, and only 87 are regularly updated .

The theory of change is as follows:

IF de-risking is provided in the form of inclusive and gender-responsive information and knowledge, technical and business capacity building and advisory, systematic due diligence and SDG impact measurements, seed grants, matchmaking, and strengthening of intermediaries' capacities;

THEN a market emerges that connects demand for green investment from SMEs with supply of suitable financing facilities from investors and financial institutions;

THEN additional financing flows to SDGs that are under-financed;

THEN progress towards these SDGs is accelerated.

The main assumptions underlying the Theory of Change are as follows:

- Seed grants are sufficient to bridge funding from angel investment for early-stage enterprises
- SMEs are mature enough and to meet green eligibility criteria of existing financing facilities;
- Investment in green SMEs translate into positive SDGs implementation according to the predicted SDGs impact measurement.

3. What are the expected results of the proposed Joint Programme?

The JP aims to contribute to GoE efforts to fill financing gap and accelerate achievement of national development goals set out in Egypt's Sustainable Development Strategy (SDS): Egypt Vision 2030 - Economic dimension that prioritizes inclusive and sustainable growth, renewable energy and efficient resources, decent and productive jobs; Environmental dimension that prioritizes preserving natural resources, supporting their efficient use, green investment. The JP is in line with Egypt's UNPDF 2018-2022 - Inclusive Economic Development, Environmental Sustainability and Natural Resource Management, and Women's Empowerment outcomes.

The JP outcomes are as follows:

- A. Green SMEs in sustainable agri-food, industry and tourism develop financially viable investment proposals with high-SDG impact;
- B. Public and private investors are willing and capable to invest in green SMEs with high-SDG impact;
- C. Private and institutional intermediaries are capable to connect SMEs with investors and financial institutions.

Expected results include both quick-wins and longer-term results.

- Quick-wins:

- Assessment of and awareness raising on green investment opportunities with high-SDG impact;
- Awareness raising of SMEs on existing financing facilities;
- Leveraging partner MDBs' financing facilities for green SMEs and experience (result-based financing and blended finance);
- Leveraging pipeline of investment-ready SMEs through PUNOs projects;
- Providing TA to SMEs, investors and financial institutions while capacitating national intermediaries;
- Providing seed grants to early-stage SMEs.

- Longer-term results:

- Diversification of sources of finance for green SMEs with high-SDG impact;
- Provision of specialized services by national intermediaries for SMEs, including women-led/owned ones, and financial institutions;
- National and international financiers access larger pipeline of green SMEs with verified SDG impact.

Core to the JP sustainability is the empowerment of national intermediaries, including through Innovation and Impact Units to be embedded in existing public/private partners in Cairo, Delta and Upper Egypt. The JP will build national intermediaries' capacities to 1. profile green investment opportunities with high-SDG impact, 2. provide specialized services for green SMEs with high-SDG impact, 3. connect them to investors, financial institutions, public/private investment vehicles, and facilitate matchmaking.

Furthermore, the JP sustainability will be ensured by enhanced capacities of existing investors and financial institutions, as well as the market-proven potential of the investments promoted and supported.

With the aim to measure contribution towards SDGs acceleration, PUNOs will build on their role of custodian of SDG indicators to deliver a package of impact measurement services, as well as use IRIS+ metrics of the Global Impact Investing Network.

4. Describe the innovative nature of the Joint Programme

The JP will promote innovative ways to mobilize public and private capital and (re)orient it towards inclusive and gender-responsive green investment opportunities with high-SDG impact:

- Supporting green SMEs in target sectors, currently less served by existing investors and financial institutions due to information asymmetry, perceived high risks, and unforeseen risks for "first mover" or pioneer investors. The maturity of the market for green businesses is only becoming evident in the last few years;
- Securing finance along all enterprises development stages through providing seed grants to early-stage SMEs as prototyping support, while mobilizing partners' financing facilities for growth- and mature-stage SMEs;
- Targeting Cairo, Delta and Upper Egypt with the aim to both upgrade the existing financial and non-financial services in the capital city and decentralize support beyond Cairo;
- Strengthening capacities of banking and non-banking financial institutions (traditional and non-traditional), angel investors and impact

investors to 1. embed sustainability considerations in financial decision-making e.g. through awareness on third-party sustainability certification schemes, 2. screen and assess SDG-relevant green investment opportunities in the target sectors, 3. develop, market and provide financial products and services dedicated to green investments targeting SMEs such as lending conditions tied to adoption of sustainable practices, as well as innovative financial solutions, such as fintech, blended finance, and gender-smart financing instruments;

- Assessing opportunities for the provision of blended finance solutions to growth-stage and mature-stage green SMEs with high-SDG impact, including 1. credit enhancement mechanisms e.g. guarantees; 2. debt, e.g. subordinated and concessional debt; and 3. equity, including junior equity. Blended Finance is new for Egypt, for climate and nature-based solution and for the UN;
- Promoting gender equality and social inclusion through building capacities on gender-smart financing tools, supporting women-led/owned green SMEs with high-SDG impact, and engaging women investors (angel investors, high net worth individuals, etc.);
- Addressing the mismatch between the supply and demand side, as elaborated above.

As confirmed by IFI/MDB partners through the consultations held, while finance is theoretically available in Egypt, it is not being effectively channeled towards green SME investments. Moreover, while programmes addressing one or some of the above elements are being implemented in Egypt, the integration of the above elements in one programme is new and highly needed. To this end, the JP will capitalize on PUNOs' and partners' expertise, as elaborated in the following sub-sections.

5. Expected added value of the UN and the Joint SDG Fund

UN organizations, private sector actors, investors are involved in SDG Financing in Egypt. However, the focus is only on one or some of the above-mentioned aspects. If it were not for the SDG fund, isolated green ventures would seek support from financiers in a scattered manner without opportunities for de-risking and blended finance, with little leverage and no catalytic effect.

An integrated JP, as described above, can act as a catalytic platform, bringing together actors, helping them complement services and providing a wider range of financial mechanisms, products and solutions. PUNOs are uniquely positioned to play this role by leveraging ongoing partnerships with Government, investors and financial institutions, SMEs, as well as IFIs/MDBs to introduce new financing modalities and build on existing investment vehicles, and providing the proof of concept for SDG financing and tracking. The JP will act as a springboard for other public/private partnerships to emerge and bridge the SDG financing gap.

PUNOs build on the following experience in investment promotion, specifically impact and green investment:

FAO Investment Centre and its partnerships with IFIs/MDBs, the leading role in the partnership for Capacity Building in Rural Finance together with IFAD, GIZ/BMZ, UNCDF, WFP, and WB, and the RuralInvest Toolkit and Ex-Ante Carbon-balance Tool;

At global level, UNDP global SDG Impact project to develop standards for investors and enterprises to measure their contributions to SDGs, in Indonesia, leveraging islamic financing and fostering the first issuance of "Green sukuk" (USD 2 billion worth). In Egypt, UNDP Innovation lab focuses on promoting impact management and investment with multiple stakeholders

UNIDO global SDG Impact Investment Platform (SIIP), Private Financing Advisory Network (PFAN), the Network of Investment and Technology Promotions Offices and COMFAR tool, as well as support to green MSMEs, resource efficiency and cleaner production in industry, and sustainable value chains in Egypt.

6. Leadership and implementation of the Joint Programme

The JP Convening/Lead Agent is UNIDO, which will be accountable for coordination among PUNOs, and will bring to the Programme its specialized expertise in accelerating inclusive and sustainable industrial development. The other two PUNOs, FAO and UNDP, will bring to the Programme their long-standing sectoral (agri-food and tourism, respectively) and thematic expertise (climate technologies / investment and impact investment, respectively). PUNOs expertise will be leveraged through engaging field and HQ staff.

The RCO will contribute to forging additional partnerships, including for co-financing, around the proposed JP by convening UNCT members and IFIs/MDBs. The RCO will be involved in the strategic engagement of the Government counterparts and steering of the JP.

The JP main Government counterpart is the Ministry of Planning and Economic Development.

Other partners include:

Line Ministries, such as Finance, International Cooperation, Environment, Trade and Industry, Communication and Information Technology, Agricultural and Land Reclamation, Water Resources and Irrigation, Tourism and Antiquities;

General Authority for Free Zones and Investment;

Micro, Small and Medium Enterprise Development Agency;

Financial Regulatory Authority;

Central Bank of Egypt;

National Bank of Egypt and commercial banks;

Federation of Egyptian Industries;

Businessmen associations (e.g. Egyptian Junior Businessmen Association and Alexandria Business Association) and investors associations;

Angel and impact investors;

Investment banks;

Venture capital firms/funds;

International financial institutions (IFIs);

Multilateral development banks (MDBs) (further details in sub-section 10).

The envisaged partnerships are multifaceted: the JP will strengthen the capacities of some of the above-mentioned partner institutions, while at the same build on the pipelines of investment-ready SMEs, screening procedures and tools and guidelines for sustainable investments developed by some of the other above-mentioned partner institutions.

In addition, capacities on impact measurement through e.g. the Global Impact Investing Network (GIIN), and blended finance solutions through e.g. IFIs and MDBs will be sought.

7. Expected period of implementation

The JP planned implementation period is 4 years.

Previous programmes' implementations demonstrate that this timespan will allow the JP to provide the proof of concept of implemented approaches, pilot them, and disseminate results achieved among new partners from private sector, financiers, national institutions,

IFIs/MDBs to crowd them in.

Moreover, this timespan will allow the JP to phase its intervention, whereby the JP will inject intensive direct support to SMEs, investors and financial institutions in the first half of the programme, and then gradually move towards a more indirect support to be provided through the capacitated private and institutional intermediaries under the supervision and coaching of PUNOs.

The most critical JP milestones are as follows:

Partnerships with IFIs/MDBs, Egyptian banks, corporations and their associations;

Green investment promotion campaign (in synergy with UNIDO campaigns on circular economy investments opportunities in the textile value chain in Egypt and green growth opportunities in Upper Egypt);

Closing the 10th green investment deal which will conclude proof of concept and herald the phase of scaling up;

Reaching one million dollar of blended finance (guarantee/debt/equity) will mark a new phase, trigger a first comprehensive assessment;

Innovation and Impact Units embedded into partner institutions are up

8. Cost, co-funding, and co-financing of Joint Programme

The total amount requested from the Joint SDG Fund is 5,000,000 USD. In line with the phased approach above, the proposed yearly breakdown is as follows:

Year 1: 1,400,000 USD

Year 2: 1,400,000 USD

Year 3: 1,200,000 USD

Year 4: 1,000,000 USD

This amount represents 80% of the overall implementation cost. The overall implementation cost amounts to 6,250,000 USD.

The 20% co-funding is to be leveraged from PUNOs in coordination with the RCO.

Resource mobilization efforts in the framework of UNIDO newly developed Programme for Country Partnership (PCP) for Egypt (Components of Investment Promotion and Green Industries), FAO Country Programming Framework (Outcome 3 on sustainable use of natural resources) will be leveraged in this regard. UNDP has an ongoing project for impact investment promotion that can be also leveraged for funding/overlap in relevant activities

The GoE will also share the costs of implementation, mainly through availing premises and provision of supporting staff.

The JP is expected to provide direct TA to 200 early-stage, mature-stage and growth-stage green SMEs with high-SDG impact (of which at least 30% are women-led) to become market- and investment-ready. The TA consists of a full-fledged package of intensive support (technical and business capacity-building, advisory, mentoring, due diligence and impact measurement, investment facilitation, business linkages, networks building). This will result in indirect support to clusters and value chains in which the target SMEs operate, hence improving the competitiveness of additional enterprises. Previous experience by PUNOs in Egypt shows that, for each innovative SME directly supported, on average 4 enterprises grow organically, and that each SME is linked in a backward or forward manner to 10

enterprises. This means a x40 multiplication effect.

Moreover, the JP will provide direct TA to 30 financial and non-financial service providers to provide services tailored to the profiled green investment opportunities.

Therefore, in addition to the SMEs receiving direct and indirect TA, the larger business and investment community in Egypt will be reached through the planned investment promotion campaigns and also through the partners engaged in the JP implementation.

The JP is also expected to provide seed grants as prototyping support to early-stage green SMEs with high-SDG impact. The seed grants will range between 2,000 and 7,000 USD per enterprise according to the SME needs. A maximum number of 15 early-stage SMEs per year will receive seed grants according to specific criteria to be set out in the full-fledged proposal.

9. Risk assessment

The main risks identified and the JP response strategies are as follows:

1. Risk: Current global health crisis causes economic slowdown and job losses;

Response strategy: The JP will provide SMEs with access to more and diversified sources of finance, which will support entrepreneurs to mitigate the effects of the crisis and maintain their operations, while promoting entrepreneurship as an alternative to employment especially in the Egyptian context where informal and casual labour prevail. The promotion of fintech and digital finance will also help address this and similar circumstances.

2. Risk: GoE prioritizes economic growth over environmental protection, which might delay the JP progress.

Response strategy: The Ministry of Planning and Economic Development, JP main Government counterpart, has been consulted during the formulation of the present concept and will be engaged throughout the various development stages of the JP. National ownership and strong buy-in will be ensured through building on established partnerships and continuous dialogue with strategic Government partners, the convening power of the RCO, and evidence-based policy advice. Moreover, the JP will organize regular meetings to ensure periodic updates between the Government representatives and the project team.

3. Risk: Staff of implementing partners have limited know-how and experience on green investment.

Response strategy: The JP will provide intensive training to selected implementing partners, especially intermediaries/investment promotion agencies. Moreover, the JP will engage experienced implementing partners that are part of a pool of experts built under complementary projects.

4. Risk: Climate shocks.

Response strategy: the JP will provide tailored technical assistance to SMEs, financial institutions and intermediaries to promote green investments that increase the national capacity for climate resilience. The JP will also assist financial institutions to design financial products that can respond to such shocks (e.g. weather-index insurance linked to Early Warning System).

The general assumptions underlying the above-described risk and mitigation assessment are the following: political stability and

continuous commitment of national and local authorities to collaborate to the JP, ensured by the ability of PUNOs to act as neutral and trusted broker, as well as long-standing partnership with national and local institutions as well as IFIs/MDBs.

The JP implementation will respect PUNOs due diligence tools for engaging with the private sector, UN principles and international norms and standards, without posing any reputational risk to the UN. By strengthening multi-stakeholder partnerships for the goals and ensuring well-coordinated efforts, the JP will accelerate progress towards SDG 17.

10. Convening the private sector and engaging IFIs/DFIs

PUNOs have long-standing experience in engaging and crowding-in private sector. UNIDO and UNDP engage private sector as 1. Recipients of TA provided, 2. Partners bringing in their know-how, and establishing linkages with supported businesses, 3. Investors in businesses supported through TA. In addition, the JP will build upon relevant expertise and experience of UNIDO PFAN and SIIP, FAO-CFS Principles for Responsible Investment in Agriculture and Food Systems; OECD-FAO Guidance for Responsible Agricultural Supply Chains. UNDP can also leverage the network of American Chamber of Commerce subcommittee on Impact Investment which it leads.

Aware of the critical role played by IFIs/MDBs in mobilizing international green finance and contributing to a sustainable and competitive economy in Egypt and the region, the JP will engage them to enable access to their investment vehicles and private sector finance. Moreover, the JP will be further supported by technical involvement and assistance from these IFIs/MDBs.

During the formulation of the present concept note, PUNOs conducted consultation with the African Development Bank (AfDB), African Export-Import Bank (Afreximbank), European Bank for Reconstruction and Development (EBRD), Islamic Development Bank (IsDB). They have all showed high keenness and readiness in taking part in the JP design and implementation.

11. Leverage and catalytic function

The proposed JP will leverage additional capital from both private sector and IFIs/MDBs.

The JP will leverage private finance in a ratio of 1:2 - 1:4, based on PUNO similar experiences in Egypt and literature reviewed (Roots of Impact).

Moreover, the JP will leverage co-finance from partner IFIs/MDBs, which are likely to bring new resources whereby SDG Fund could in time represent only 10 to 50% of the funding for the proposed mechanisms, solutions and products.

Based on consultations held during the present concept note formulation, the JP will leverage MDB co-finance through the following: Synergies with AfDB "Tanmia Wa Tatweer" programme to mobilize AfDB technical assistance and seed grants, and with Afreximbank SME development programme (under development) to complement JP technical assistance with Afreximbank financing facilities; Capitalizing on Afreximbank financing tools and products dedicated to green investments and blended finance solutions, as well as EBRD green investment facility and value chain facility for SMEs that meet EBRD energy efficiency criteria; Leveraging AfDB lending facilities to catalyze investment in green SMEs with high-SDG impact through, for example, national commercial banks' and/or credit facilities;

Leveraging EBRD inclusive financing facilities for women and youth in business and exploring potential to develop a new mechanism for green investment (e.g. risk-sharing or inclusive financing facility that targets women- and/or youth-led green businesses);
Complementarities with EBRD technical cooperation and advisory programmes targeting green SMEs;
Seeking opportunities to mobilize IsDB SMEs financing facilities.

The proposed JP has a high potential for scaling-up and replication, both in and outside Egypt.

PUNOs experience in Egypt with other similar scheme for innovative sectors shows the demand within one sector grows very fast after the first application, due to the interconnectedness of actors, the information they share, and their business models. Thus, selecting early champions in several sectors is important to plant the seed. Transfer from one sector to another requires acquisition and dissemination of learning in a simplified way that is portable to other sectors with different business models. As elaborated in sub-section 8, a x40 multiplication effect has been observed in similar PUNO interventions in Egypt.

Furthermore, scaling-up and replication of financing mechanisms, solutions, products resulting from a successful JP will be fostered in collaboration with IsDB Reverse Linkage program, which promotes South-South transfer of knowledge and experience across IsDB member countries, as well as in collaboration with Afreximbank in the African continent.

12. Technical support and seed funding

To complete the drafting of the JP, PUNOs would like to seek technical support with regard to the following:

- Assessing capacities and mapping of Egyptian SMEs, especially their readiness to green transition and related financing needs;
- Assessing international good practices in promoting blended finance solutions as impetus to the market and financing for SDGs, including credit enhancement of SDG-related deals, as well as assessing the potential to adapt the identified good practices to Egypt;
- Assessing international good practices in providing seed grants for early-stage green SMEs as prototyping support.

The budget required for the above preparation work amounts to 300,000 USD.

Signatures

Signed Signature Form

[Egypt Integrated SDGs Financing_Signature page.pdf](#) 504.95 KB

Government Endorsement

Letter of Endorsement

[Clarification_1.docx](#) 25.43 KB