Implementation of activities on financing for development and of recommendations made by the Committee at its second session

Summary

Since the second session of the Committee on Financing for Development in the States Members of the Economic and Social Commission for Western Asia (ESCWA), held in Cairo on 8 and 9 December 2021, the ESCWA secretariat has produced a new range of knowledge products and implemented initiatives under its subprogramme 3 on economic development and integration. It has also organized and contributed to 15 dynamic workshops that offered analytical insights and triggered discussions on the next steps towards developing integrated financing strategies for Arab countries. Additionally, ESCWA has played a pivotal role in delivering 15 advisory services, providing crucial technical assistance and spearheading five projects – all dedicated to surmounting the financing challenges in the Arab region, including funding shortfalls, fiscal space constraints and debt build-up. Notably, 18 toolkits have been designed, presenting new opportunities for financing sustainable development in the Arab region and beyond.

The present document provides an overview of those activities and initiatives. The Committee on Financing for Development in the States Members of ESCWA is invited to take note of them and provide comments and suggestions for future work.
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Introduction

1. Following the second session of the Committee on Financing for Development in the States Members of the Economic and Social Commission for Western Asia (ESCWA), held in Cairo on 8 and 9 December 2021, the ESCWA secretariat undertook several activities to provide a quantitative diagnostic of the financing landscape in the Arab region. This involved estimating costs of national sustainable development strategies, monitoring financing for development (FfD) trajectories, and developing dynamic tools to enhance the mobilization of domestic public resources, stimulate private assessments, and offer a range of solutions to support the implementation of Sustainable Development Goals (SDGs) in Arab countries. The work also addressed challenges in taxation, illicit financial flows (IFFs), and the fallout from the war in Ukraine and post-COVID-19 recovery. Simultaneously, the subprogramme provided technical support, contributing to the implementation of integrated national financing frameworks (INFFs) and effective strategies for achieving national priorities.

2. The present report provides an overview of FfD activities and initiatives undertaken since December 2021, in alignment with the recommendations made by the Committee at its second session. The figure shows increased attention by the ESCWA secretariat to such activities, which are crucial to support member States in increasing the available fiscal space to finance the 2030 Agenda for Sustainable Development. The Committee is invited to review the present document and provide recommendations as necessary.

Financing for Development activities of the ESCWA secretariat, 2015–2023
I. Implementation of FfD activities under the ESCWA programme plan in 2022–2023

A. Publications and reports


3. The report analyses global macroeconomic challenges intensified by COVID-19 and the war in Ukraine. It underscores the need for international cooperation, innovative financing and debt restructuring as well as the need for long-term investments aligned with the SDGs. Three actionable considerations aim to bridge the “great finance divide”, addressing financing gaps and improving the international financing architecture. Recommendations focus on the mobilization of domestic resources, tax reforms and tackling IFFs to support sustainable development.


5. The 2023 report offers a comprehensive analysis of global financing conditions and the challenges impeding global recovery and resilience. ESCWA contributed to the report, addressing the impact of COVID-19, particularly on Arab tax systems, providing insights into the distributional consequences of taxation, and shedding light on the efficiency of taxation. In addition, ESCWA showcased its analysis of the impact of global tax reforms on the Arab region and developed an integrated Budget Intelligence Toolkit (iBIT) using machine learning to support public financial management, enhance spending efficiency and optimize budget credibility.


6. ESCWA contribution to the 2024 edition of the report highlights the potential impact of tax competition and leakages on the Arab region’s IFF exposures. The analysis also presents the potential impacts of excessive tax expenditures, low effective tax rates, corporate tax abuse and profit shifting, as well as the potential outcomes of raising average effective tax rates. Additionally, in collaboration with the Government of Egypt, results of the debt sustainability analysis, focusing on the current account debt-stabilizing balance and twin deficits, are showcased.

4. *Survey of Economic and Social Developments in the Arab region 2020–2021 (E/ESCWA/CL3.SEP/2021/1)*

7. Issued in January 2022, this ESCWA publication offered analytical insights into taxation in the Arab region, covering revenue generation potentials, tax progressivity and efficiency. It included assessments of prevalent tax abuses that compromised the integrity of tax systems. Furthermore, the report highlighted enforcement challenges, including the potential implications of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) along with the two-pillar blueprints proposed to address the tax challenges arising from the digitization of the global economy. The report put forward a tax reform agenda to preserve the role of taxation in revenue generation and macroeconomic stability in the region.
5. **Survey of Economic and Social Developments in the Arab region 2021–2022**  
(E/ESCWA/CL3.SEP/2022/1)

8. Issued in February 2023, the 2021–2022 edition of the Survey analysed economic and social challenges with a focus on the impact of the war in Ukraine on the region's COVID-19 recovery. It explored the triple nexus between corporate taxation, foreign direct investment and multinational corporation dynamics. The report also presented evidence-backed recommendations for enhancing tax revenues in the region through strengthening institutions and fostering regional cooperation.

6. **Inequality in the Arab region: a ticking time bomb**  
(E/ESCWA/CL2.GPID/2022/2)

9. The first edition of ESCWA report on inequality in the Arab region analyses various forms of inequality exacerbated by global and regional developments. It offers practical policy solutions to help Arab countries substantially reduce inequality, with a focus on addressing the challenge of youth unemployment. Chapter 6 explores alternative financing opportunities at both the regional and national levels, offering pathways to alleviate the inequality pandemic.

10. In addition to the proposed establishment of a regional solidarity fund, the report introduces the Arab Financing for Development Framework, a regional alternative financing option supported by ESCWA member States. It outlines sources like public, private, domestic, international, traditional and innovative financing to address the region's $6 trillion SDG-financing gap. The proposal involves allocating ten per cent of newly acquired Arab Special Drawing Rights (SDRs) for a regional trust, creating an Arab social and cohesion fund, and reassessing the outcomes of the 2015 International Monetary Fund review of Arab financial institutions. Nationally, the report suggests improving public spending, eliminating unwarranted subsidies, adjusting spending priorities, rationalizing tax incentives and addressing revenue leakages. Additionally, it explores social impact bonds, debt restructuring and reducing remittance transfer costs to address inequality.

11. **Report of the Secretary-General on the promotion of inclusive and effective international tax cooperation at the United Nations**  
(A/78/235)

12. ESCWA played a critical role in the preparation of the Secretary-General's report on the promotion of inclusive and effective international tax cooperation. ESCWA provided insights on inclusivity, effectiveness and the United Nations role in international tax matters, addressing challenges and opportunities. ESCWA also provided recommendations on regulatory frameworks, transparency and capacity-building to tackle tax abuses, evasion and jurisdictional challenges, emphasizing the need for collaborative global efforts. The report incorporates several policy recommendations to tackle tax disparities, evasion and jurisdictional challenges. These suggestions cover regulatory frameworks, information sharing and capacity-building measures, emphasizing the importance of comprehensive efforts in international tax cooperation.

13. **Report of the Secretary-General on international coordination and cooperation to combat illicit financial flows**  
(A/77/304)

12. ESCWA contributed to this report by presenting the cost of IFFs associated with tax and trade-related money-laundering and illegal markets in the Arab region. The report calls for concerted actions in three broad areas: better implementation of existing norms; strengthening of international norms to close gaps and respond to evolving risks; and improvement of national enforcement capacity.

9. **SDG Summit and SDG Transitional Pathways reports**

13. ESCWA delivered three SDG Transitional Pathways reports, highlighting specific recommendations, actionable steps and investment paths to advance SDG implementation in Egypt, Jordan and Oman. The reports
provided an analytical guide, synthesizing key insights drawn from the financing tools and national financing strategies. They captured the scale of investments needed, identified untapped financing sources and instruments, highlighted unexploited efficiency gains and elucidated how SDG synergies manifested themselves in national contexts to transition to strategic public financial management. Furthermore, the reports quantified the lost opportunities in financing, pinpointed the priority sectors capable of catalysing the delivery of other SDGs and provided a quantified roadmap for expected SDG progress by 2030.

14. The reports provided Governments with the means to leverage recent national development planning exercises, voluntary national reviews, existing regional/subregional frameworks and the latest available data on national progress towards the SDGs. Conducting an integrated SDG transformation analysis helps to pinpoint priority areas for SDG investment and identify policy changes that would have the most significant multiplier effects across the Goals. This approach allows for a strategic and targeted approach to advancing sustainable development and supports Governments in submitting their national SDG commitments at the Summit.

10. _Financing for Development Gateway_ (booklet)

15. This booklet highlights the Financing for Development Gateway's distinctive role as a comprehensive platform for in-depth analysis and simulation of FfD trajectories in the Arab region. It offers insights into the features of ESCWA interactive tools, empowering policymakers to assess the impact of financing decisions, identify needs and estimate potentials.

11. _Towards integrated national financing framework (INFF): financing the SDGs at the national level_ (booklet)

16. This booklet unveils the power of INFFs, offering a strategic guide to boost and align financing with national sustainable development priorities. The booklet provides insights into the INFF building blocks and design and presents Governments with a snapshot on how to improve and formulate risk-informed financing strategies.

### B. Policy briefs

17. In response to the Committee's recommendation, ESCWA developed and widely disseminated thematic policy briefs on fiscal policies, taxation, IFFs and debt. These briefs analyse the impact of global developments on the Arab region, providing member States with recommendations for designing effective financing policies to tackle associated challenges.

1. _Arab policy choices and financing opportunities in a new world tax order_ (E/ESCWA/CL3.SEP/2022/PB.2)


2. _Secretary-General’s policy brief on reforms to the international financial architecture_ (May 2023, Our Common Agenda, Policy Brief 6)

19. Within its support to the United Nations Common Agenda, ESCWA contributed to the preparation of the Secretary-General’s policy brief on reforming the international financial architecture. ESCWA inputs to the policy brief highlighted action-oriented recommendations addressing critical aspects of the international
financial framework. By providing strategic insights, this brief contributes to ongoing discussions on shaping a more robust and equitable international financial architecture, including in debt management.

3. **ESCWA-UNDP policy brief on the expected socioeconomic impacts of the Gaza war on neighbouring countries in the Arab region**  
   (E/ESCWA/UNDP/2023/Policy brief.2/Summary)

ESCWA and the United Nations Development Programme (UNDP) jointly prepared a policy brief examining the potential socioeconomic impacts of the Gaza war on neighbouring Arab economies. The brief offers a preliminary assessment of the expected economic and human consequences on the State of Palestine, analysing potential adverse spillovers for neighbouring countries, including Egypt, Jordan and Lebanon. The key finding suggests that if predicted output shocks materialize, the financing and fiscal space available for neighbouring Arab economies will shrink, exacerbating existing macroeconomic and financial vulnerabilities.

4. **Secretary-General’s policy brief on illicit flows: Global Pact for T.R.U.S.T and Financial Integrity**  
   (forthcoming)

ESCWA led the workstream tasked with the preparation of the Secretary-General's policy brief advancing a Global Pact for T.R.U.S.T and Financial Integrity. The brief proposes a vision to combat IFFs by enhancing Transparency, promoting responsible Regulations, advocating for Universal systemic reforms and Taking concrete action. Focus areas include urgent action in taxation, international trade and the environment, involving a thorough review of existing measures and commitments globally and nationally. The brief emphasizes the need for inclusive rules, ensuring a fair playing field for all countries, with special attention to the circumstances of developing nations and robust information exchange. The brief concludes with over 20 recommendations at national and international levels, suggesting a potential transformation of how Arab countries position themselves when it comes to reforms addressing IFFs, digitalization and the evolving global tax landscape.

5. **Addressing public debt challenges to effectively pursue the Sustainable Development Goals: regional perspectives**  
   (April 2023)

The policy brief delves into the intricate link between increasing public debt and the successful pursuit of the SDGs. ESCWA provided insights into the challenges posed by rising public debt, outlining how financial constraints affected the region's capacity to achieve the SDGs. The brief explores strategic measures to mitigate the adverse effects of mounting public debt, offering tailored recommendations to enhance fiscal sustainability and effective SDG implementation.

6. **United Nations Economist Network (UNEN) policy brief on taxing for tomorrow: aligning fiscal policies with Sustainable Development Goals**  
   (forthcoming)

As a member of UNEN, ESCWA has actively contributed to the policy brief titled 'Taxing for tomorrow: aligning fiscal policies with Sustainable Development Goals'. The brief assesses current mechanisms, contextualizes discussions in the global landscape and explores the repercussions of tax competition on national systems. It addresses critical issues like tax abuse, gaps, non-double taxation, preferences and untapped potentials, offering actionable recommendations. Emphasizing the ESCWA innovative artificial intelligence tool (iBIT), the brief advocates comprehensive reforms and international collaboration to leverage taxation for a sustainable and inclusive future in the Arab region, enhancing public spending efficiency and ensuring optimal delivery of public goods.
C. Technical papers

Annual SDG Review 2023: the private sector and the SDGs in the Arab region
(E/ESCWA/CL5.SDGs/2023/TP.1)

24. The second edition of ESCWA Annual SDG Review examines the contributions of the private sector to sustainable development in the Arab region. Chapter 2 on mobilizing private finance for the SDGs explores the role of the private sector in bridging the SDG financing gap through investments in the real economy and capital markets in the Arab region and identifies key actions to address the current gaps.

D. FfD Gateway, toolkits and simulators

25. ESCWA launched the Arab Financing for Development Gateway, a leading online platform and repository showcasing extensive knowledge on financing development in the Arab region. It hosts all ESCWA secretariat publications, reports and analyses in this field, providing policymakers with easy access to data, quantitative diagnostics and analytical assessments of financing channels at national and regional levels. ESCWA integrated the Arab Financing for Development Gateway with the INFF, positioning it as a global resource. ESCWA also developed a series of national SDG-costing calculators, financing simulators and synergy network maps and introduced artificial intelligence-powered tools to address key financing challenges, enhancing policymakers' decision-making. These tools provide real-time assessments, analytics and evidence-based insights to tackle issues like insolvencies, funding shortfalls and debt-financing overhangs. By promoting sustainable financing trajectories aligned with national development goals, these tools support the mobilization of resources, incentivize private investments and enhance the efficiency of public spending.

26. Furthermore, ESCWA developed a portal on Key Trends in the Arab Region to provide up-to-date analysis of challenges facing the region as well as a snapshot of progress towards major development indicators and policy recommendations at the regional and national levels. ESCWA also contributed to the development and launch of the United Nations SDG knowledge portal on SDG finance resources, which showcased ESCWA interventions in the field of INFFs and served as a platform to support resident coordinators and United Nations country teams (UNCTs) in the Arab region to advance INFFs at the national level. ESCWA tools are also showcased in the UN System SDG Implementation Database hosted by the Department of Economic and Social Affairs (DESA). The database serves as a repository of actions, initiatives and plans by more than 50 United Nations entities on their implementation of the 2030 Agenda for Sustainable Development.

E. Meetings and workshops

1. Global meetings

United Nations Economic and Social Council (ECOSOC)

The 2022 ECOSOC Forum on Financing for Development
(Virtual, 25–28 April 2022)

27. ESCWA actively contributed to the seventh session of the ECOSOC Forum on Financing for Development, providing insights during the session on 'Building a fair and effective tax system and combating illicit financial flows'. ESCWA recommendations focused on reforming the international tax architecture, ending trade and tax-based illicit flows, revamping the multilateral trading system and calling for a Global Pact to address IFFs. The proposed Pact emphasizes transparency in fiscal, tax, trade and beneficial ownership, as well as reporting multinational corporation profits.

ECOSOC Special Meeting on International Cooperation in Tax Matters
(Virtual, 8 April 2022)

28. ESCWA actively participated in the ECOSOC Special Meeting on International Cooperation in Tax Matters. ESCWA intervention – delivered on behalf of the Economic Commission for Latin America and the
Caribbean (ECLAC) and the Economic Commission for Africa (ECA) – provided a comprehensive perspective on the future of corporate taxation in a digitalized and globalized world, and delved into matters related to the application of the G20/OECD two-pillar solution. ESCWA emphasized the critical need to address tax dimensions of IFFs for sustainable development, proposing measures on national and international levels, including enhancing transparency, responsive regulation and systemic reforms. The intervention also advocated for a reconsideration of fragmented approaches to combatting IFFs, alongside internationally supported investments targeting tax evasion, aggressive tax avoidance and money laundering.

United Nations Department of Economic and Social Affairs
United Nations Workshop on Practical and Policy Aspects of Taxation
in a Digitalized and Globalized Economy
(Virtual, 13–15 September 2022)

29. ESCWA participated in the United Nations Workshop on Practical and Policy Aspects of Taxation. The workshop aimed to explore policy and administrative strategies for the efficient taxation of profits derived from engaging with an increasingly digitalized and globalized economy. The workshop participants learned about tax challenges in the digitalized and globalized economy and the available solutions and proposals to tackle those issues by addressing multilateral, regional, bilateral and domestic law dimensions. ESCWA intervention focused on challenges and opportunities facing the Arab region in the new global tax architecture, and presented ESCWA gravity estimates of the impact of corporate taxation on foreign direct investment (FDI) and new empirical assessments of tax expenditures in Arab countries. ESCWA also presented a set of policy implications and recommendations for Arab countries to level up the equity and effectiveness of their corporate tax systems and improve their position in the new world tax order.

2. Regional meetings

High-level dialogue: Ministries of planning and finance in conversation: towards greater coherence for building back better and delivering the SDGs
2022 Arab Forum for Sustainable Development (AFSD)
(Beirut/Hybrid, 15 March 2022)

30. At the eighth session of the Arab Forum for Sustainable Development, a high-level dialogue aimed to enhance coordination between planning and finance ministries throughout the SDG implementation cycle, exploring diverse approaches and mechanisms. During the dialogue, participants stressed the need for improved coordination with international financial institutions, advocating for strengthened partnerships, defined roles and the use of blended finance. This emphasis was crucial, especially considering challenges posed by the COVID-19 pandemic and the war in Ukraine. The importance of INFFs as essential tools for supporting development plans and financing the SDGs was also underscored.

High-level plenary: Planning and financing sustainable development in recovery and crises
2023 Arab Forum for Sustainable Development (AFSD)
(Beirut/Hybrid, 15 March 2023)

31. As Arab Governments expedite recovery from COVID-19 and grapple with the impacts of the war in Ukraine and climate crisis, ESCWA convened a high-level plenary during the ninth session of the AFSD. Building on discussions from AFSD 2022, the plenary aimed to deepen political commitments and enhance coordination between planning and financing processes. Discussions emphasized the need for increased coordination with international financial institutions and focused on strengthening partnerships, improving public finance management, gaining efficiency through digitization of planning, monitoring and taxation processes, and utilizing blended finance. ESCWA also organized a special session to deliberate on and launch Egypt’s first financing sustainable development report, including ESCWA contributions and analysis.
Tax and investment policy dialogue in a new world tax order
(forthcoming)

32. ESCWA is partnering with the United Nations Conference on Trade and Development (UNCTAD) to host a policy dialogue on a new world tax order. The meeting will evaluate the advantages and drawbacks of proposed global reforms (Chatham rules), share estimates of Pillar-II proposals, analyse their impact on FDI and tax revenues, and outline vulnerabilities and characteristics of the evolving investment-taxation nexus, with a specific focus on the Arab region.

3. National meetings

Meetings of the National Expert Group for statistical measurement of IFFs in Egypt
UNCTAD and the Ministry of Planning and Economic Development
(Virtual, 21 February 2022 and 30 November 2022)

33. At the request of the Government of Egypt, ESCWA actively engaged in the second and third meetings of the National Expert Group for statistical measurement of IFFs, organized by UNCTAD. During those sessions, ESCWA made substantial contributions, sharing expertise and insights to enhance the collective understanding and measurement of IFFs. This collaborative effort paved the way for the preparation of an independent development account project to support the measurement of illicit flows at the global level.

National training workshop on the statistical measurement of IFFs in Egypt
UNCTAD and the Ministry of Planning and Economic Development
(Hybrid, 27–31 March 2022)

34. A national workshop on the statistical measurement of IFFs was organized in Egypt in cooperation with the United Nations Office on Drugs and Crime (UNODC) and ESCWA. ESCWA contribution to the training centred on issues related to trade misinvoicing and tax-based illicit finance. Additionally, regional knowledge was shared to present a roadmap for advancing the work on IFFs.

Special event on the Report on Financing for Development in Egypt
Ministry of Planning and Economic Development and the League of Arab States
(Hybrid, 16 March 2022)

35. On the sidelines of AFSD 2022, ESCWA organized a special event led by the United Nations Special Envoy on Financing the 2030 Agenda, to launch Egypt’s national report on FfD. The event highlighted key findings of the report, focusing on the current state of SDGs, INFF, public financial flows, debt management, trade and the localization of sustainable development in Egypt. During the event, ESCWA introduced the next phase of coordinated efforts for financing sectoral development plans in the framework of an INFF in Egypt. The report was launched as part of the activities of the 4th Arab Sustainable Development Week (13–15 February 2022), held under the theme ‘Together for a Sustainable Recovery’.

National workshop on integrated national financing frameworks and tools developed in support of the Egyptian Government
Ministry of Planning and Economic Development
(Beirut, 8–9 March 2022)

36. In collaboration with the Ministry of Planning and Economic Development in Egypt, ESCWA organized a national workshop to introduce global INFF guidance and building blocks, discuss the Ministry’s leadership role in the national process, and foster a shared understanding of the value and methodologies for empirical assessments within the costing and financing framework. ESCWA highlighted its work on five operational tools designed to support Egypt’s INFF process in alignment with Egypt’s 2030 Vision, structural adjustment programme and sectoral development plans. Those efforts included transitioning to SDG-centric budgeting.
37. ESCWA organized a national workshop in Oman on 17 May 2022 to showcase the technical support that could be provided to Oman in the FfD field, among others. During the workshop, ESCWA presented a set of dynamic empirical tools and artificial intelligence-powered modules to support SDG costing, financing and budgeting. The workshop offered an opportunity to inform national stakeholders of the intricacies involved in the design of the country’s financing strategy.

Integrated national financing framework for Mauritania
Ministry of Economic Affairs and Development
(Nouadhibou, 10–14 July 2023)

38. At the request of the Ministry of Economic Affairs and Development in Mauritania, ESCWA conducted a mission to provide advisory services and enhance the capacity of national stakeholders in implementing best practices for resource allocation, mainstreaming the SDGs and addressing structural economic challenges in Mauritania. ESCWA engaged with stakeholders, presenting integrated SDG costing calculators and financing simulators as key tools to advance the INFF in Mauritania. Those tools aimed to support the implementation of national development plans and related targets in alignment with the 2030 Agenda.

Financing for development tools for the United Arab Emirates
Ministry of Foreign Affairs
(Virtual, 27 October 2023)

39. ESCWA held a virtual meeting with representatives from the Ministry of Foreign Affairs in the United Arab Emirates to showcase a set of dynamic costing and financing tools including an innovative artificial intelligence tool (iBIT). The meeting offered an opportunity to explore the application of ESCWA tools and adaptability of the iBIT to the context of the United Arab Emirates.

High-level financing dialogue on Egypt’s INFF strategy
Ministry of Planning and Economic Development
(Virtual, 17 December 2023)

40. ESCWA provided strategic insights to Egypt’s INFF strategy at the high-level financing dialogue. Given the broader scope of financing, ESCWA emphasized the need to mobilize international capital while addressing risks related to regional instability and environmental concerns. ESCWA recommended a tailored financing strategy for Egypt, focusing on the significant role of public expenditures, and advocated for dynamic tools to assess the impact of budget lines. ESCWA also emphasized the multifaceted nature of financing that involved public, private, domestic and international sources. A comprehensive matrix approach was recommended to evaluate diverse financing options, considering various factors for holistic outcomes.

F. Technical cooperation activities

Integrated national financing strategy for Egypt
Ministry of Planning and Economic Development

41. At the request of the Ministry of Planning and Economic Development in Egypt, ESCWA established a joint team to validate actions related to SDG costing, financing, budgeting and localization in order to develop Egypt’s INFF. As a result, a report titled 'Towards an evidence-based integrated national financing strategy for Egypt' was developed, synthesizing three years of collaborative work with the Ministry. Leveraging 30 analytical diagnostics and ten dynamic tools, the report provided a comprehensive understanding of Egypt's financing landscape, addressing inequalities, fiscal constraints and funding gaps. National stakeholders utilized ESCWA toolkits to enhance budget distributive impacts, improve public expenditure efficiency, optimize investment
planning for maximal SDG impact and strategically target structural reforms. This laid the groundwork for Egypt’s first evidence-based integrated national SDG-financing strategy.

Meetings between ESCWA and the Ministry of Planning and Economic Development in Egypt

42. Following the second session of the Committee on Financing for Development (Cairo, December 2021) and the national INFF workshop for Egypt (Beirut, March 2022), the Ministry of Planning and Economic Development in Egypt assumed the role of national coordinator for financing and INFF initiatives. At the request of Egypt, a joint team with ESCWA Financing for Development Office was formed to conduct analytical assessments on key tools, advancing the INFF.

43. In 2022, three virtual meetings refined ESCWA-Egypt dynamic tools, creating an empirical SDG-budgeting network, heatmap and compass. Outcomes were consolidated into the draft report ‘Towards an evidence-based integrated national financing strategy for Egypt’, offering insights for optimized public financial management and the transition to programme-based budgeting.

44. In 2023, ESCWA continued its collaboration with Egypt, aligning an integrated financing strategy with Egypt’s Vision 2030 and sectoral plans. Informed by 30 tailored tools, the strategy enhanced Egypt’s budgeting and investment plans, and was acknowledged by the United Nations Secretary-General at the SDG Summit and featured in the Financing for Sustainable Development Report (2023).

National workshop titled “Towards an evidence-based integrated national financing strategy for Egypt”
ESCWA and the Ministry of Planning and Economic Development
(Cairo, 28 February–1 March 2023)

45. The workshop was organized at the request of the Ministry of Planning and Economic Development to discuss policy findings of the joint work undertaken by the Ministry and ESCWA. It aimed to advance actionable steps towards the implementation of the Ministry’s technical cooperation request to develop Egypt’s INFF and first evidence-based financing strategy. At the workshop, ESCWA highlighted several dynamic tools for forecasting and simulating Egypt’s financing flows, and advanced an artificial intelligence tool to assess the direct and indirect impact of budget lines and national investment plans on sustainable development indicators. This ground-breaking approach aligns financial allocations with Egypt’s development goals, as per the Unified Public Finance Law of 2022.

National workshop titled “Towards an integrated national financing framework in Jordan: tools, diagnostics and foresight”
Ministry of Planning and International Cooperation
(Amman, 15–16 March 2023)

46. At the request of the Ministry of Planning and International Cooperation in Jordan and following high-level bilateral discussions, ESCWA organized a national workshop on 15–16 March 2023. The workshop showcased ESCWA set of integrated and dynamic FfD tools with interactive features. Those tools aimed to assist policymakers and national stakeholders in designing an evidence-based financing strategy aligned with Jordan’s development goals, as outlined in the 2022 economic modernization vision and the 2025 sustainable development vision, and in conducting ongoing structural reforms, including the transition to SDG-centric budgeting.

Jordan: Financing climate action response to support the Paris Agreement
2022 OPEC Fund Development Forum
Ministry of Planning and International Cooperation
(13 June 2022)

47. ESCWA prepared a paper for Jordan’s Ministry of Planning and International Cooperation on financing climate action response to support the Paris Agreement on the occasion of the OPEC Fund Development Forum
convened in 2022 under the theme “Driving Resilience and Equity”. ESCWA paper proposes a series of actions aimed at achieving an integrated reform of the international financial architecture to support the Paris Agreement. These actions include fulfilling the $100 billion climate finance target from new and additional sources; establishing a post-2025 climate finance goal; moving towards climate-smart investments; catalysing private investments in adaptation and resilience; dedicating additional international public financing through multilateral development banks and expanding lending through capital increases and balance sheet optimization; and enhancing access to the Green Climate Fund.

Strengthening strategic planning and financing in Oman: mid-term evaluation of the tenth five-year development plan

48. At the request of the Ministry of Economy in Oman, ESCWA prepared a comprehensive project proposal to conduct a mid-term review and evaluation of the tenth five-year development plan (2021–2025). The project aims to estimate the cost of achieving national indicators and targets outlined in the tenth five-year plan. It also aims to monitor and track available financing sources encompassing public, private, local, international and innovative channels. Moreover, the project extends its scope to offer a guiding framework for the preparation of the eleventh five-year development plan (2026–2030) and aspires to develop an INFF tailored to support the plan implementation and align with Oman Vision 2040.

G. Support to the G20 Presidency (2022)

49. In 2022, ESCWA provided substantive support to highlight regional priority areas for the G20 presidency held by Indonesia. ESCWA prepared a brief outlining the Arab region’s key priorities that included ending financing inequalities, promoting sustainable finance through the Arab Financing for Development Framework, addressing taxation and digital economy issues, combating IFFs and corruption, fostering domestic resource mobilization and INFFs, and tackling liquidity and SDR concerns.

50. In this context, ESCWA reaffirmed its commitment to providing capacity support and fostering knowledge exchange among member States, in alignment with the G20 framework for voluntary support to INFFs. ESCWA actively promoted knowledge on the building blocks for effective INFFs, following the guidance set by the Inter-Agency Task Force on Financing for Development, and led INFF initiatives in pilot countries identified within the scope of the Financing for Development in the Era of COVID-19 and Beyond Initiative.

H. High-level Advisory Board on Economic and Social Affairs
   (Hybrid, New York, 6–7 November 2023)

51. ESCWA Executive Secretary participated in the fifth meeting of the High-level Advisory Board on Economic and Social Affairs, a vital component of the United Nations development reform system dedicated to supporting Member States in achieving the 2030 Agenda. The meeting focused on providing guidance to DESA for evidence-informed international cooperation and coordination, shaping a narrative for inclusive and resilient societies. ESCWA highlighted financial challenges in the Arab region, offering actionable recommendations to address funding shortfalls and financing inequalities for the SDGs.

I. Support to Inter-agency FfD workstreams

1. Inter-agency global FfD workstreams
   Support to ECOSOC
   Secretary-General report on the repercussions of the Israeli occupation in Palestine and the Golan: intensified repression, human suffering, and a fragmented Palestinian economy dependent on Israel
   (A/77/90-E/2022/66)

52. ESCWA prepared the annual report to ECOSOC, assessing the economic and social impacts of the Israeli occupation on the living conditions of the Palestinian people in the Occupied Palestinian Territory,
including East Jerusalem, and of the Arab population in the occupied Syrian Golan. The report outlines socioeconomic conditions and their impact on development, highlighting significant economic challenges, including IFFs. It discusses issues such as the mislabelling of products from illegal Israeli settlements, resulting in trade complications and IFFs. Notably, the report addresses the improper issuance of Israeli certificates of origin, leading to substantial revenue losses for the Palestinian National Authority. It also highlights Israel's incentives to settlers, including under-priced land acquisition and tax benefits. Nearly 40 per cent of Palestinian imports are misclassified as Israeli, posing complex economic challenges and raising concerns about fair resource and revenue distribution in the region.

2. **UNSDG principals meeting: positioning the UNSDG to support SDG acceleration through key transitions**

53. As a member of the United Nations Sustainable Development Group (UNSDG), ESCWA participated in the UNSDG principals meeting held on 3 May 2023. During the meeting, ESCWA presented three SDG Transitional Pathways reports for Egypt, Jordan and Oman.

3. **Inter-agency exchange on SDG transformation pathways costing**
   (Virtual, 25 May 2023)

54. ESCWA actively engaged in inter-agency discussions on SDG costing methodologies, organized by UNCTAD, DESA and UNDP. ESCWA emphasized its commitment to SDG costing, presenting tools such as the SDG costing simulator for 13 Arab countries and the SDG costing framework for estimating costs related to national sustainable development priorities. Additionally, ESCWA introduced the SDG financing simulator to assess financing needs and gaps, along with the iBIT that linked national budgets with SDG performance. The meeting facilitated the exchange of information on ongoing work in SDG costing methodologies and estimates, including discussions on United Nations contributions to the SDG Summit 2023. ESCWA contributed to the inter-agency document on SDG costing, which served as a foundation for showcasing the work of United Nations entities during the SDG Summit 2023.

4. **Memorandum of understanding between ESCWA and UNCTAD**

55. In April 2022, ESCWA and UNCTAD signed a memorandum of understanding to strengthen collaboration in supporting the Arab region. The memorandum provides a general framework of cooperation and facilitate and strengthen collaboration in areas of common interest. These areas include, but are not limited to, enhancing domestic public resource mobilization capacities, including by curbing tax leakages, tax evasion/avoidance, reforming the international tax system and reviewing related bilateral tax and investment treaties.

5. **United Nations Economist Network (UNEN)**

56. In its capacity as a member of UNEN, ESCWA contributed to the network by providing inputs and analysis to support the drafting of the New Economics for Sustainable Development overview. ESCWA also contributed insights to the working groups focused on taxation for the SDGs. These collaborative efforts aim to enhance the economic foundations for sustainable development and address pertinent issues related to taxation and informal economic activities.

6. **United Nations Executive Committee on Economic and Social Affairs**

57. ESCWA contributed technical inputs on financing to the United Nations Executive Committee on Economic and Social Affairs, collaborating with DESA, five regional commissions, nine United Nations specialized agencies and other research/training institutes. In 2023, ESCWA provided information and a series of updates on its actions, initiatives and plans to the UN System SDG Implementation Database.
7. Inter-agency regional FfD workstreams
Regional Collaborative Platform for Arab States

58. ESCWA maintained its co-leadership role in the Issue-based Coalition focused on macroeconomic management and FfD, operating within the framework of the Regional Collaboration Platform. The Coalition serves as a strategic initiative to leverage regional assets effectively, facilitating the implementation and dissemination of INFF guidance material in the Arab region. The continued co-leadership of ESCWA underscores its commitment to fostering regional collaboration and optimizing resources to advance macroeconomic management and financing strategies aligned with the developmental needs of the Arab countries, thereby enhancing inter-agency collaboration with Resident Coordinators’ Offices (RCOs) in the Arab region.

J. Support to the Department of Economic and Social Affairs and United Nations country teams

1. At the global level

59. ESCWA held several technical meetings with the Financing for Development Office at DESA to showcase interactive policy and empirical tools developed for the Arab region for potential inclusion in the global guidance material on INFFs. The aim was to broaden the application of those tools in the Arab region and beyond. Additionally, ESCWA represented the Arab region at the United Nations Workshop on Practical and Policy Aspects of Taxation in a Digitalized and Globalized Economy (13–15 September 2022).

60. Additionally, ESCWA brought new perspectives into the global guidance material on INFFs by integrating the innovative tools and analyses into the INFF building blocks, elevating their overall effectiveness and giving them a distinct regional dimension. ESCWA machine learning-powered tool (i-BIT) earned a prominent position in the budget credibility note, positively complementing the global guidance.

61. ESCWA also participated in the Secretary-General’s Task Force on Digital Financing of the SDGs, supporting the development of training materials to advance the application of INFF guidance materials at the regional and global levels.

2. At the regional level

62. At the regional level, ESCWA organized a virtual region-wide webinar on 30 March 2022, to introduce RCOs and UNCTs to its online policy tools. Additionally, a dedicated briefing took place on 25 November 2022, for Mr. Richard Dictus, the Regional Director of the Development Cooperation Office in the Middle East, and ten resident coordinators in the Arab region to inform them about the costing, financing and optimization tools developed by ESCWA to support the development of INFFs.

3. At the national level

Support to the Resident Coordinator Office and the United Nations country team in Egypt
Inter-agency task team for FfD support to Egypt

63. ESCWA took part in a retreat organized by the RCO and the country team in Egypt on 6 February 2022. The purpose was to discuss the United Nations coordination mechanisms in supporting the Government of Egypt. ESCWA presented an analytical mapping of Egypt’s Sustainable Development Strategy and highlighted the FfD tools designed to support Egypt’s INFF.

64. ESCWA actively engaged in the technical meeting of the Inter-Agency Task Force on Financing for Development, convened in Cairo on 2 August 2023. This meeting was part of the collaborative efforts with UNSDG entities in Egypt to deliver coherent and unified support to the Egyptian Government in the FfD field.
ESCWA contributed substantive inputs and presented its developed costing and financing tools for supporting the INFF process in Egypt, along with the associated methodologies and results.

National task force on IFFs in Egypt

65. ESCWA took the initiative to establish a joint national task force in collaboration with the RCO and UNCTAD in Egypt. This task force is dedicated to leading efforts in the statistical measurement of IFFs and demonstrates a commitment to addressing and comprehensively understanding this critical aspect of economic governance.

Support to the Resident Coordinator Office and the United Nations country team in Jordan

Integrated national financing framework for Jordan

Collaboration with UNDP and the Resident Coordinator Office in Jordan

66. ESCWA collaborated with UNDP and the RCO in Jordan to develop an INFF, supporting the country's post-pandemic recovery and the 2030 Agenda. Through consultations, ESCWA shared its tools and explored joint efforts with the RCO and the UNCT in Jordan to formulate a national financing strategy. Additionally, ESCWA provided an updated SDG costing manual and report for Jordan, outlining the methods and tools used to estimate costs for national sustainable development strategies, sectoral plans and the economic modernization vision.

67. ESCWA actively contributed to the validation workshop on Development Finance Assessment (DFA) in Jordan on 23 and 24 July 2023, presenting crucial tools supporting the INFF process, including the SDG costing calculator, optimization tool, financing simulator, financing solver, the integrated budget intelligence toolkit and the food price transmission modules. The presentations detailed methodologies used to derive funding estimates, with both upper and lower bounds, for nationally defined sustainable development priorities. Furthermore, ESCWA introduced the national SDG pathfinders-synthesized shrinkage model, encapsulating key indicators influencing SDG performance.

68. ESCWA streamlined technical discussions, virtual meetings and consultations with the UNDP Regional Office for Arab States to foster collaboration, prevent overlaps and maintain clear communication with the Jordanian Government. A dedicated workshop updated the RCO, UNCTs and the United Nations Development Operations Coordination Office (UNDO) on the INFF progress and the national dynamic tools developed by ESCWA in collaboration with Jordanian authorities. As a result, ESCWA and UNDP jointly committed to leading the submission of Jordan's DFA and INFF, featuring ESCWA dynamic tools.

69. ESCWA significantly contributed to the DFA initiative by developing comprehensive worksheets for assessing the costs of achieving Jordan's national sustainable priorities and improving the country’s financing landscape. This contribution involves a detailed breakdown of the financing needs linked to Jordan’s economic modernization vision and prioritized sectoral development plans. ESCWA also provided baseline financing landscape estimates. In response to the ongoing conflict in Gaza, ESCWA has committed to utilizing its dynamic tools to assess the impact of various scenarios on Jordan's financing needs.

Support to the Resident Coordinator Office in Mauritania

70. During ESCWA mission to Mauritania, ESCWA met with the Resident Coordinator in Nouakchott on 13 July 2023. Discussions focused on collaboration with the RCO in Mauritania to initiate the INFF process and apply ESCWA tools to the national context.

Support to the Resident Coordinator Office in Bahrain

71. ESCWA collaborated with Bahrain's RCO to advance the financing of the sustainable development agenda. Several technical meetings were held to explore entry points and the application of ESCWA
frameworks and dynamic tools to Bahrain’s context, including FDI and tax-related issues, and the iBIT framework adaptability. ESCWA shared materials for an upcoming national workshop, aiming to showcase dynamic tools and artificial intelligence toolkits for evidence-based financing strategies. The workshop targets policymakers to enhance budget impact, optimize spending efficiency and maximize the SDG impact.

**Support to the Resident Coordinator Office and the United Nations country team in Lebanon**

72. ESCWA formulated a project proposal to develop a country-led INFF for Lebanon. This initiative is designed to support the Reform, Recovery and Reconstruction Framework (3RF) and foster resilience through the achievement of SDGs at the national level. ESCWA engaged in a series of meetings with the RCO and UNCT in Lebanon to develop a joint project aligned with the United Nations Sustainable Development Cooperation Framework for Lebanon (2023–2025).

**K. Projects**

1. *United Nations Development Account project titled “Towards integrated national financing frameworks”*

73. In collaboration with DESA, ESCWA is implementing the project titled "Towards integrated national financing frameworks". Egypt and Jordan have been selected as pilot countries as they expressed interest during the regional intergovernmental sessions of the Committee on Financing for Development and the eighth meeting of ESCWA Executive Committee in December 2021. Discussions focused on the development of approaches and tools for supporting the INFF implementation.

2. *United Nations Development Account project titled “Measuring and curbing illicit financial flows”*

74. In collaboration with the United Nations regional commissions (ESCAP, ECLAC and ECE), ESCWA developed the project proposal titled “Measuring and curbing illicit financial flows”. The project aims to enhance countries' statistical capacity in measuring components of indicator 16.4.1 on IFFs (tax abuse, investment-based capital leakages and trade-based IFFs). The project consolidates methodological guidelines, produces relevant estimates and supports beneficiary countries in developing evidence-based responses to curb these leakages, fostering domestic resource mobilization for national development objectives.

75. ESCWA co-organized a regional webinar on 27 June 2023, showcasing success stories in measuring IFFs. National experts and policymakers shared lessons critical for regularizing data production on SDG indicator 16.4.1, emphasizing practical applications in national policies. Additionally, a global workshop held in Geneva on 20–21 September 2023, facilitated the exchange of experiences and lessons on measuring IFFs as well as policy recommendations and strategies to curb them. In collaboration with custodian agencies, ESCWA prepared a baseline paper and work plan for Egypt's participation in the project.

3. *ESCWA Climate/SDGs Debt Swap and Donor Nexus Initiative*

76. ESCWA collaborated with an inter-agency working group in Jordan to implement its Climate/SDGs Debt Swap mechanism in the country and prepare a proposal for a debt swap programme for submission to Germany and other creditors. ESCWA also began preparing a proposal for Tunisia, at the request of the Tunisian Government, and entered into a partnership with the Open Society Foundations to expand the scope of the initiative to include many other Arab countries in the following two years.

77. Assessing the effects of climate change and developing adaptation measures, ESCWA continued its relevant activities under the Arab Center for Climate Change Policies and the Regional Initiative for the Assessment of the Impact of Climate Change on Water Resources and Socio-Economic Vulnerability in the Arab Region (RICCAR). ESCWA also responded to dozens of data requests from Arab countries by providing
78. ESCWA also provided support to member States to enable them to participate effectively in the twenty-eighth Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 28), held in the United Arab Emirates from 30 November to 12 December 2023. This included organizing several activities and events, which can be viewed at https://www.unescwa.org/events/escwa-cop-28.

II. Implementation of recommendations made by the Committee at its second session

79. At its second session held in Cairo on 8 and 9 December 2021, the Committee on Financing for Development in the States Members of ESCWA issued nine recommendations addressed to the ESCWA secretariat to guide its work during the years 2022 and 2023. The table includes these recommendations along with the activities undertaken by the ESCWA secretariat to implement them, identified using paragraph numbers of the present document in which they are detailed.

<table>
<thead>
<tr>
<th>Recommendations to the ESCWA secretariat</th>
<th>Related ESCWA activities: paragraphs of the present document</th>
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<tr>
<td>(a) Continue to prepare technical reports on regional and global developments in the area of financing for development, analyse their regional implications and use them to convey the concerns and positions of the Arab region on different tracks of financing for development.</td>
<td>Paragraphs 3-32, 35, 49-54, 56-63</td>
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<td>(b) Analyse the implications of the global corporate tax agreement, support Arab States’ efforts to prevent base erosion and profit shifting and conduct an integrated analysis of the challenges facing tax policies in the Arab region.</td>
<td>Paragraphs 3-12, 18-19, 21-23, 27-29, 31-34, 56, 65-74-75</td>
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<td>(c) Develop and continuously update the Arab financing for development portal as an effective tool to support national efforts towards the achievement of the 2030 Agenda for Sustainable Development and to develop integrated national financing frameworks.</td>
<td>Paragraphs 5, 15, 21-22, 25-26, 28, 38-48, 61-62, 64-66, 68-75</td>
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<td>(d) Continue to publish the findings of the Arab Financing for Development Scorecard to support decision makers in developing financing for development policies.</td>
<td>Paragraphs 3-14, 18-19, 21-25, 28-31, 34</td>
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<td>(e) Work to develop pillars for integrated national financing frameworks, in order to contribute to the development of voluntary national reviews on the progress of the implementation of the 2030 Agenda and to strengthen national capacity in adopting policies to mobilize financing for the implementation of the SDGs.</td>
<td>Paragraphs 15-16, 32-33, 37-48, 50-52, 55, 61-66, 68-75</td>
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<td>(f) Promote the Arab financing for development framework in international and regional forums and update it in light of the progress in financing for development at the global and regional levels, and leverage it as an integrated vision that helps to convey the voice of the region in the international forums concerned with financing for development.</td>
<td>Paragraphs 9-10, 49-50</td>
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<td>(g) Continue to provide technical support and training to member States on issues related to financing for development, especially to countries affected by or emerging from conflicts and crises, including financial and tax cooperation to reduce harmful tax practices, tax avoidance/evasion and the erosion of tax bases, the formulation of integrated national financing frameworks, and financing climate action.</td>
<td>Paragraphs 2, 8, 11, 13-16, 21, 24-26, 30-50, 52-53, 55, 59-78</td>
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<td>(h) Continue to identify opportunities for financing climate action in the Arab region, in particular in the area of adaptation to climate change in vulnerable countries, promote inter-State projects in that area and support debt relief and fiscal space expansion for financing climate action and the SDGs through the ESCWA Climate/SDGs Debt Swap and Donor Nexus Initiative.</td>
<td>Paragraphs 47, 76-78</td>
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<td>(i) Continue to explore the possibility of establishing an Arab financing for development forum to harmonize financial and fiscal policies notably on illicit financial flows, mobilize various regional sources of financing for national sustainable development plans and related regional strategies, and deepen regional integration in the areas of financing for development.</td>
<td>Paragraphs 30-31, 35</td>
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