

# آراء فى القضايا الاقتصادية المعاصرة

حالة التنمية في مصر - تحليل عالمي مقارن

عدد رقم (5) - مايو ۲۰۲۵

# CONTEMPORARY ECONOMIC PERSPECTIVES

The State of Development in Egypt A Global Comparative Analysis

No. 5 - May 2025





# CONTEMPORARY ECONOMIC PERSPECTIVES

State of Development in Egypt A Global Comparative Analysis

# 1. Background

This issue draws from and replicates findings and recommendations presented in a joint report published by the Institute of National Planning (INP) and the United Nations Economic and Social Commission for Western Asia (UNESCWA). The original assessed study Egypt's development trajectory using the Global Development Index (GDI), а composite measure **UNESCWA** developed by evaluate to progress across three core dimensions: quality-adjusted human development, environmental sustainability, governance. Drawing on comparative data, GDI provides dynamic and policy relevant insights into Egypt's long-term development path. The assessment reveals that while Egypt has made incremental progress since the early 2000s, its overall development performance remains modest. Among the three GDI dimensions, governance emerges as the most critical area requiring reform and improvement.

The report identifies three overarching priorities to guide national reform efforts:

- 1. Strengthening government effectiveness,
- 2. Improving water and food security, and
- 3. Enhanncinng economic resilience.

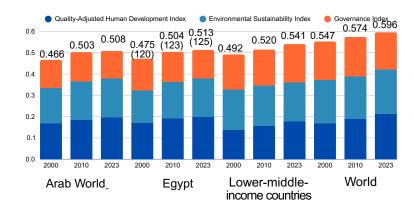


Reforms in governance will require a rethinking of the State's role and comprehensive restructuring of public institutions. Addressing water and food security challenges will need the adoption of innovative, technology-based solutions that respond to the pressures of urbanization, population growth, and climate change. Boosting economic resilience hinges on improving the weak pass-through of national economic growth to household income. This calls for advancing structural transformation and supporting industries that can generate decent employment opportunities.

# 2. Key Messages

1) Despite improvements since 2000, Egypt has a low level of development achievements, ranking 125th out of 160 countries globally on the Global Development Index (GDI). The relatively low ranking on the GDI compared to the Human Development Index (HDI) is primarily due to low achievements in the governance dimension.

Figure 1: GDI scores and rank for Egypt (Out of 160) for 2000, 2010 and 2023



#### CONTEMPORARY ECONOMIC PERSPECTIVES



The State of Development in Egypt - A Global Comparative Analysis

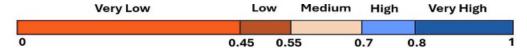
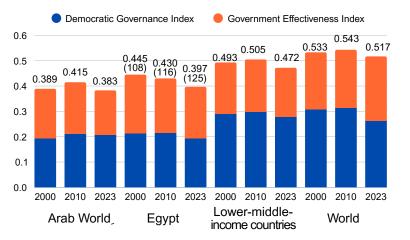


Figure 2: GDI score categories

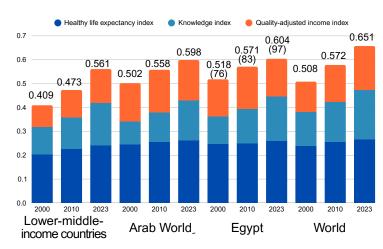
2) Within governance, both democratic governance and government effectiveness contribute equal shares to the Governance Index (GI), but the gap between Egypt and the rest of the world has deteriorated more significantly for the latter.

Figure 3: Governance index scores and rank of Egypt (Out of 160)



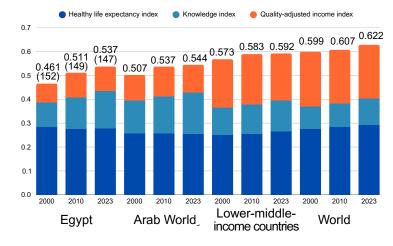
- To address the government effectiveness deficit, it is necessary to improve the quality of in public services. especially health and education, and the efficiency of public expenditure, which has been driven unsustainably rising debt levels over the past decade.
- 4) The Quality-adjusted Human Development Index (Q-HDI) is the leading contributor to overall progress on the GDI, with gains in its knowledge component being the main source of improvement. However, **Egypt** still faces heightened gaps in two crucial components related to quality education and income poverty.
- 5) Addressing the root cause of the regression in the Quality-adjusted Income Index requires a separate and more extensive line of inquiry that is more focused on measuring the resilience, rather than the aggregate growth performance, of the Egyptian economy.

**Figure 4:** Quality-adjusted Human Development Index scores and rank for Egypt (Out of 160)



- 6) Water and food security are the two main priorities for policymakers in the environmental sustainability dimension, and the gaps in these two indicators are the most serious, as the global analysis presented in this report shows that Egypt is a distinct global outlier.
- 7) Addressing these gaps requires an immediate shift to more water-saving agricultural practices and at the same time rural support programmes that would enhance food security at the local level. Enhanced cooperation in the Nile Basin countries is also crucial for the long-term sustainability of the scarce water resources in Egypt.

**Figure 5:** Environmental Sustainability Index scores and rank for Egypt (Out of 160)





#### CONTEMPORARY ECONOMIC PERSPECTIVES

The State of Development in Egypt - A Global Comparative Analysis

### 3. Policy recommendations

## A. INCREASING GOVERNMENT **EFFECTIVENESS**

- Reform public institutions to improve transparency, responsiveness, service delivery, justice, participation, and the rule of law.
- Launch national comprehensive а reforms, dialogue on governance engaging government, civil society, and international actors.
- Design a governance reform roadmap based on three pillars:
- 1. Promote transparency and participation freedom through legislation on information institutionalized and stakeholder engagement.
- 2. Improve the quality of public services (e.g., education, health, transportation), especially through digitalization simplification of procedures.
- 3. Enhance debt governance by ensuring transparency, strengthening fiscal management, and improving reporting and oversight mechanisms.

#### SECURING WATER B. AND FOOD FOR THE FUTURE

- Promote water-saving agricultural practices and invest in rural support programs to bolster local food security.
- Strengthen regional cooperation in the Nile Basin to ensure sustainable use of scarce water resources.

Improve water governance and food import resilience, leveraging technology to combat the pressures of urbanization, climate change, and population growth.

## C. BUILDING A STRONGER AND FAIRER ECONOMY

- Address the low pass-through rate between economic growth and household income by investing in quality jobs and inclusive economic sectors.
- Expand industrial sectors that offer decent, sustainable employment, with a focus on including women in the labor force.
- Implement labour market reforms to reduce informality and improve working conditions.
- Strengthening social protection systems through both contributory (e.g., as social and health insurance) and non-contributory cash transfers. subsidies) (e.g., mechanisms.
- Prioritize investment in education and health to build human capital and reduce inequality.
- Adopt progressive taxation to create fiscal space for redistributive social spending and development.

This issue of "Contemporary Economic Perspectives" was prepared by Prof. Hala Abou-Ali, Professor of Economics at the Faculty of Economics and Political Science, Cairo University based on the INP-ESCWA report May 2025. The findings, interpretations, conclusions, and opinions expressed in this series

do not necessarily reflect the views of the Department of Economics at the Faculty of Economics and Political Science, Cairo University but are the responsibility of

About CONTEMPORARY ECONOMIC PERSPECTIVE: The series aims to present diverse viewpoints on contemporary economic issues and delve into multiple perspectives to enhance the understanding of various modern economic topics.
All rights reserved. No part of this publication may be reproduced in any form or

by any means, electronic or mechanical, including information storage and retrieval systems, without written permission from the publisher. Copyright © Department of Economics, Faculty of Economics and Political Science, Cairo University 2025.