



آراء فى القضايا الاقتصادية المعاصرة

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CONTEMPORARY ECONOMIC PERSPECTIVES

The State of Development in Egypt
A Global Comparative Analysis

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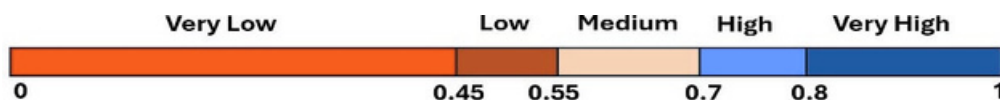
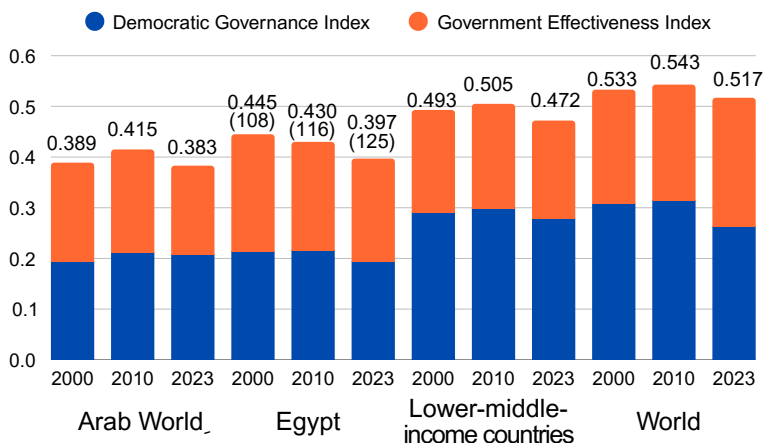


Figure 2: GDI score categories

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)

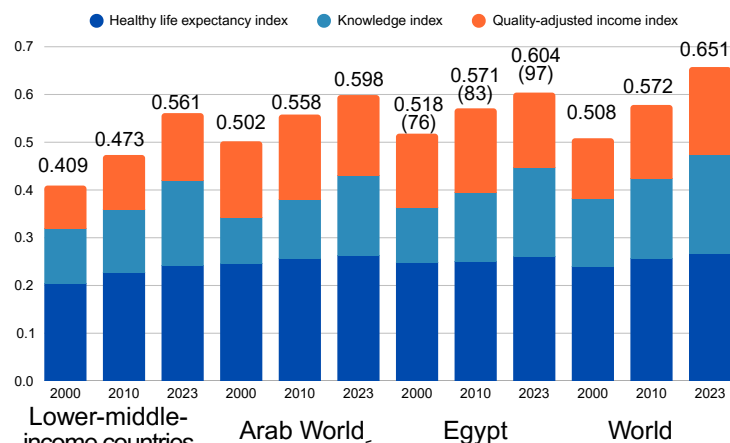


3) To address the government effectiveness deficit, it is necessary to improve the quality of public services, especially in health and education, and the efficiency of public expenditure, which has been driven by unsustainably rising debt levels over the past decade.

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.

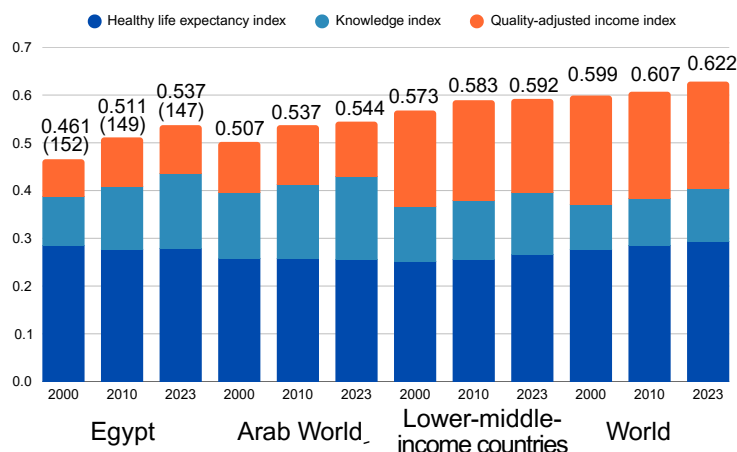
Figure 4: Quality-adjusted Human Development Index scores and rank for Egypt (Out of 160)



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)



3. Policy recommendations

A. INCREASING GOVERNMENT EFFECTIVENESS

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

B. SECURING WATER 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 (e.g., cash transfers, subsidies) 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-Alli, Professor of Economics at the Faculty of Economics and Political Science, Cairo University based on the INP-ESCWA report May 2025.

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