



# Egypt

## Introduction

Stellah Kwasi, Jakkie Cilliers and Kouassi Yeboua

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## Introduction

Chart 1: Political map of Egypt



Egypt is Africa's third largest economy and is classified by the World Bank as a lower middle-income country. It has seen significant progress in many human development indicators but still experiences a number of challenges. According to the 2020 Human Development Report, Egypt ranked at a lowly 116th out of 189 states.[1]

In 2019, Egypt's population surpassed the 100 million mark, most of which is concentrated in cities, along the fertile soils of the Nile valley and in the delta that constitutes about 4% of its total arable land area. Cairo is reportedly the fastest growing city in the world. The rapid population and urban expansion will further strain the provision and access to basic services like water and sanitation, especially to the 10 million to 12 million Egyptians living in informal settlements in cities.

The country is projected to experience a critical water shortage by 2025. This is a particularly troubling development as Ethiopia recently started filling the massive Grand Ethiopian Renaissance Dam (GERD) on the upper reaches of the Blue Nile on which Egypt depends for its water supply.[2]

Egypt's economy has largely stabilised since the tumultuous events of 2011. Recent macroeconomic reforms have also promoted resilience even amid the COVID-19 pandemic. The size of the economy in 2019 was approximately US\$348.8 billion (2017 US\$), making it the third largest economy in Africa after Nigeria and South Africa. Gross domestic product (GDP) per capita in 2019 stood at about US\$11 816 (2017 US\$ at purchasing power parity, or PPP) and by 2050 it is projected to increase to about US\$19 910.

Despite reduced labour force participation, relatively high unemployment rates and challenges in key sectors like tourism, manufacturing, transportation (particularly revenues from the Suez Canal) and oil and gas industries, the economy is expected to rebound to about 5.8% GDP growth between 2021 and 2022. This is an improvement from 3.6% in 2019/20[3] and as COVID-19 vaccines are rolled out.

Egypt has also made great efforts to alleviate poverty in addition to providing subsidies on basic commodities. The country first started testing conditional cash transfer programmes in 2009, a process that was interrupted by the Arab Spring uprising of 2011. Since 2015, the government has allocated significant expenditure in budgetary allocations for subsidies, grants and social benefits, which have played an important role in poverty reduction.

Despite this effort, almost a quarter of Egypt's population (22.8 million) survives on less than US\$3.20 a day (the poverty level for lower middle-income countries),[4] thus earning or consuming less than they need to achieve adequate nutrition, shelter and other basic necessities.

Educational outcomes are generally good, but bottlenecks have emerged at secondary and higher education levels. The country has a 0.49 score (the index ranges between 0 and 1) in the Human Capital Index of 2020 — a score slightly lower than the Middle East and North Africa's average at 0.51 and slightly higher than that of sub-Saharan Africa (0.40).

The government has plans to reform the education system by improving teaching and learning conditions and better regulating and designing higher learning to meet the needs of the labour market.

The health system in Egypt is set to get a boost with the introduction of the Universal Health Insurance System to facilitate access to primary universal healthcare in the country. However, Egypt already suffers from a high prevalence of non-communicable diseases. Inadequate health facilities and poor working conditions for its medical personnel have also instigated the emigration of many of its trained doctors to the detriment of the country's public healthcare system.

Although Egypt has increased agricultural production, the sector needs major reform to focus and incentivise production of goods in which Egypt has a comparative advantage, like vegetables and fruits. Over 40% of food needs are met by imports, mostly wheat, which is the primary raw material facilitating Egypt's food subsidy scheme.

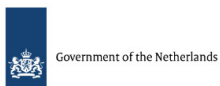
In light of its huge population, shrinking agricultural land, water scarcity and other effects of climate change, Egypt remains food insecure and vulnerable to international price shocks and disruptions in supply chains.

Overall, achieving prosperity and development envisioned in Egypt's Vision 2030 and beyond is unsustainable, if not impossible, without adequate water supply. Resolving upstream water supply issues regarding the Nile and the GERD, as well as better water management within the country, are critical if Egypt is to meet its national needs and goals.

## Endnotes

1. United Nations Development Programme, [Human Development Reports 2020](#)
2. URBANET, [Urban Development In Egypt-Infographics](#), 22 October 2019
3. S Nehal, [Egyptian Economy to rebound in FY 2021/2022 supported by vaccine rollout: IMF](#), Daily News Egypt, 11 April 2021
4. France24, [Egypt's GDP grows despite pandemic, but so does poverty](#), France24, 8 November 2020

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## About the authors

Dr Jakkie Cilliers is the ISS's founder and former executive director of the ISS. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the ISS. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

Dr Kouassi Yeboua is a senior researcher in African Futures and Innovation programme in Pretoria. He recently served as lead author on ISS studies on the long-term development prospects of the DR Congo, the Horn of Africa, Nigeria and Malawi. Kouassi has published on various issues relating to foreign direct investment in Africa and is interested in development economics, macroeconomics, international economics, and economic modelling. He has a PhD in Economics.

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