



Egypt

Combined scenario

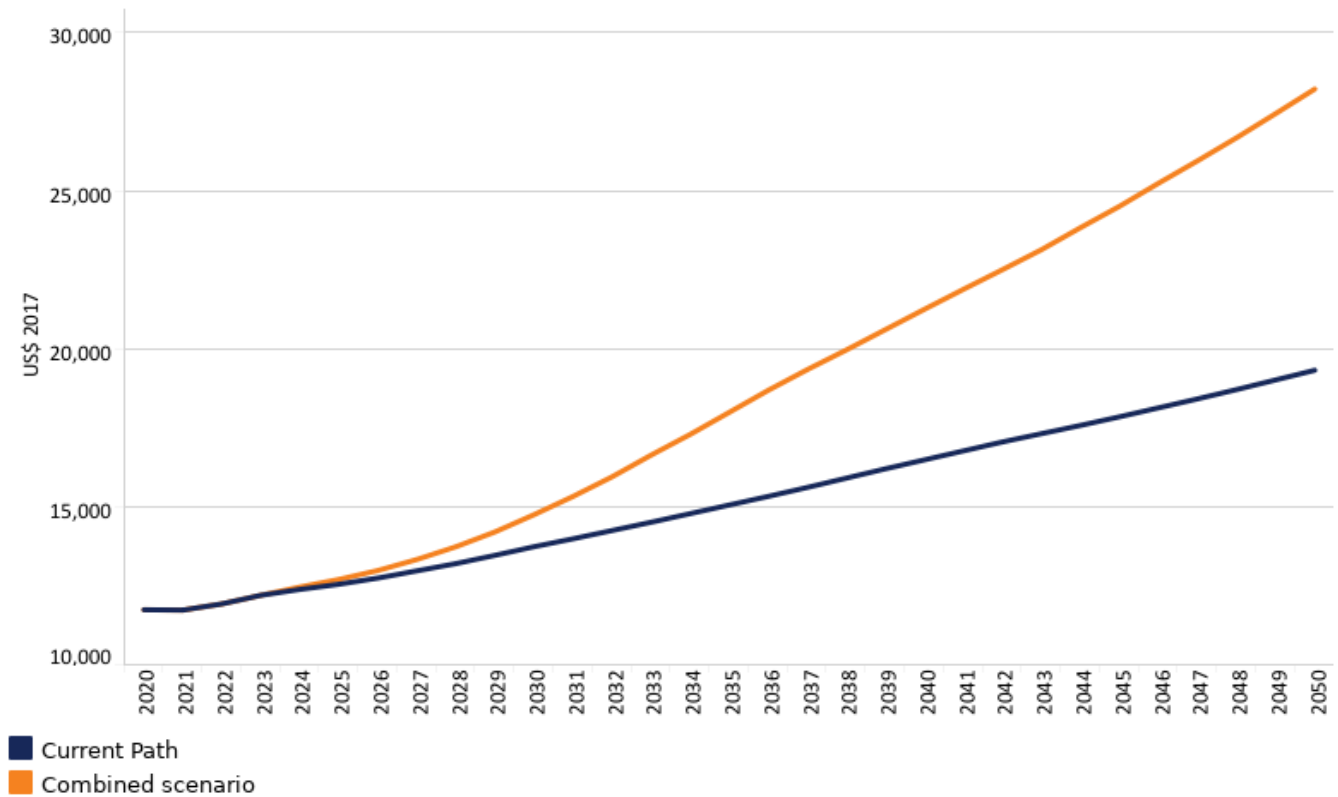
Stellah Kwasi, Jakkie Cilliers and Kouassi Yeboua

Last updated 03 June 2024 using IFs v7.63



Combined scenario

Chart 41: Impact of Combined scenario on per capita income relative to the Current Path



Source: IFs version 7.63, historical data from World Development Indicators

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This section integrates all the scenarios into one combined scenario. The change envisioned by this scenario is predicated on a future where there is genuine political will to reform the system and create a society that works for everyone.

The vision for a new future is formulated in a participatory way and shared with the citizenry to establish and reflect a new social contract between the state and the people. This scenario therefore simulates a future where the Government of Egypt makes a concerted and sustained holistic policy push on all sectors.

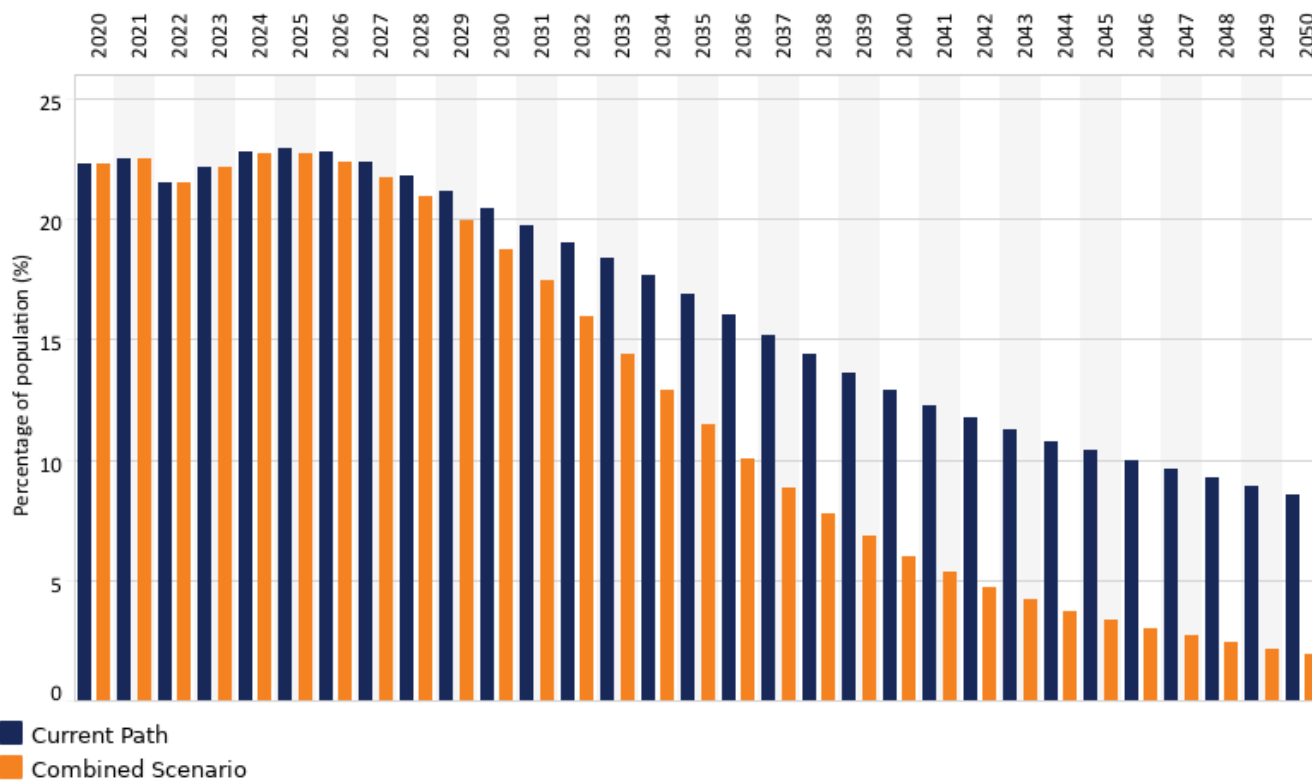
In the Combined scenario, Egypt's total population is just over 123 million in 2033. This is approximately 2 million fewer people than in the Current Path trajectory. By 2050, the country is projected to have around 144.3 million people, a 3.7% drop below the Current Path forecast at 149.9 million.

The GDP size is much larger than in the individual scenario components. Egypt's GDP is larger by US\$135.7 billion at around US\$781 billion compared to the Current Path at US\$645.7 billion in 2033. This represents an over 22% increase in GDP over the Current Path in that year.

By 2050, the size of the economy would be worth roughly US\$2.3 trillion, about a 72% increase from the Current Path at US\$1.3 trillion. In fact, the Combined scenario nearly doubles the size of the economy relative to the Current Path forecast by 2050.

As a result, per capita income also rises and the average Egyptian can expect to earn about US\$2 126 more in 2033, compared to the Current Path at US\$14 508. By 2050, per capita income is projected to reach US\$28 209 and represents a 46% increase from the Current Path at US\$19 315 (US\$8 894 more).

Chart 42: Impact of Combined scenario on rate of extreme poverty (US\$3.20) compared to the Current Path



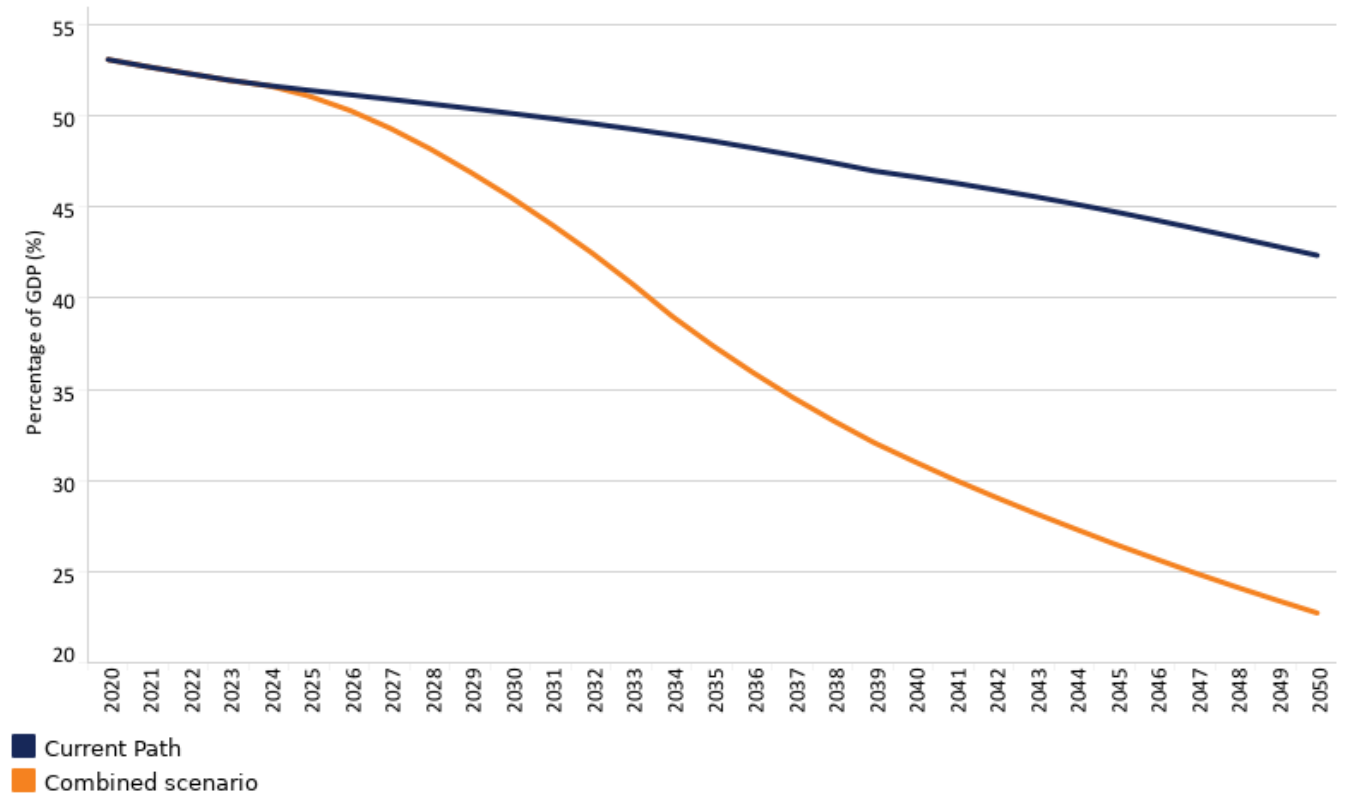
Source: IFs version 7.63, historical data from World Development Indicators

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Extreme poverty at US\$3.20 would also decrease by significant margins, although initially the poverty rate will be more or less on par with the Current Path forecast due to the intensive capital required to invest in the economy.

By 2033, only about 14.4% of the population will be living in extreme poverty (approximately 17.7 million people) compared to nearly 18.4% (22.9 million people) in the Current Path in that period. By 2050, Egypt can expect to record just nearly 2% of extreme poverty (2.8 million people). This will be a significant difference from the Current Path's rate at 8.5% (12.8 million people) and represents about 10 million people still in poverty.

Chart 43: Impact of Combined scenario on informal economy as % of GDP



Source: IFs version 7.63, historical data from International Labour Organisation

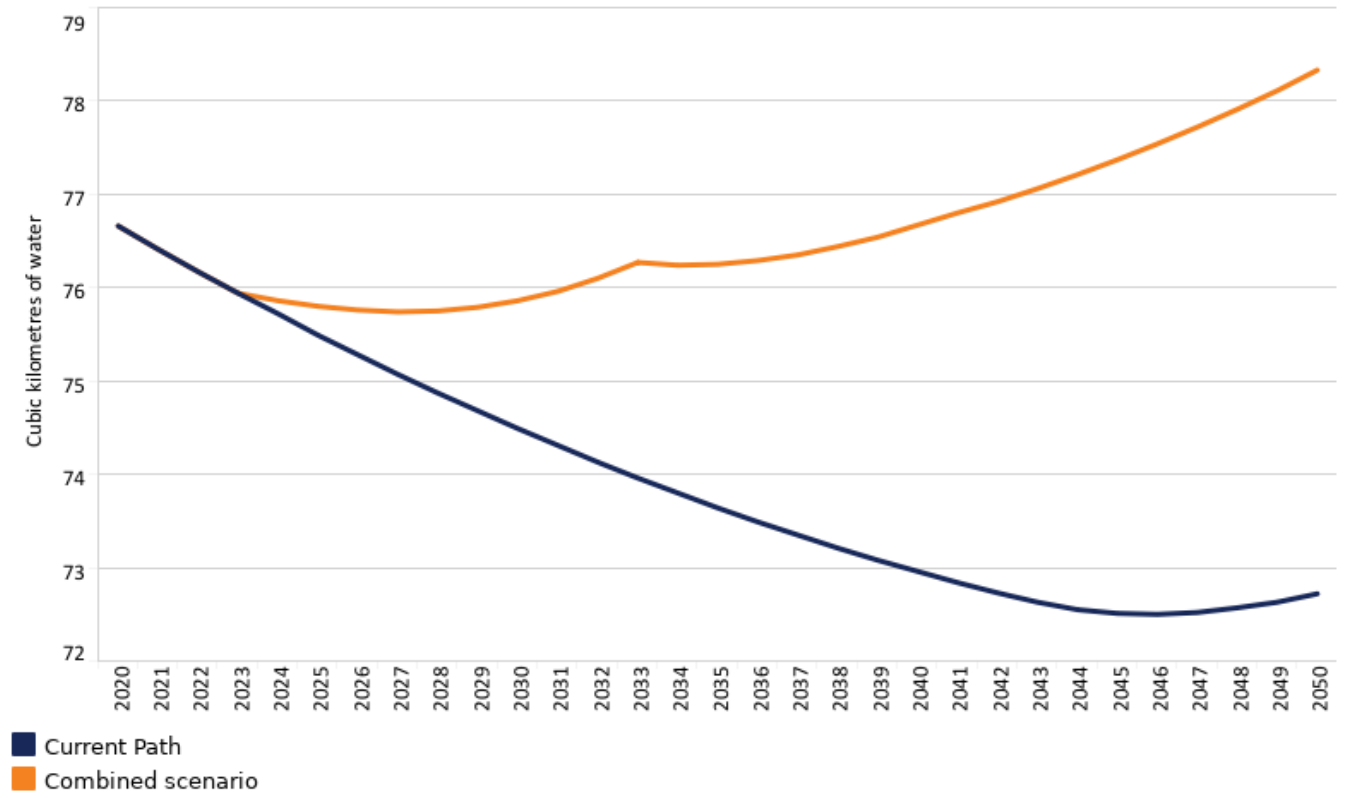
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The Combined scenario also has an impressive impact on the size of the informal economy which is currently estimated to constitute over 53% of GDP. By 2033, the informal economy will shrink to about 41% of GDP compared to about 49% in the Current Path. By 2050, the share of the informal economy in this scenario will be about 23% of GDP, nearly half that of the Current Path at 42% of GDP.

A reduction in the size of the informal economy would mean that many Egyptians are able to find formal employment and that many firms and businesses are compliant with labour laws. This includes providing work contracts and benefits like social security. This would also increase revenue for the government owing to the larger portion of Egyptians and firms that would be eligible for taxation.

Agricultural import dependence (on crops) would also slightly decrease and by 2050, imports would account for nearly 43% of net demand against approximately 46% in the Current Path. Although Egypt would still be reliant on imports, it would be able to divert some of its foreign exchange for other productive investments in the economy.

Chart 44: Impact of Combined scenario on water supply compared to the Current Path

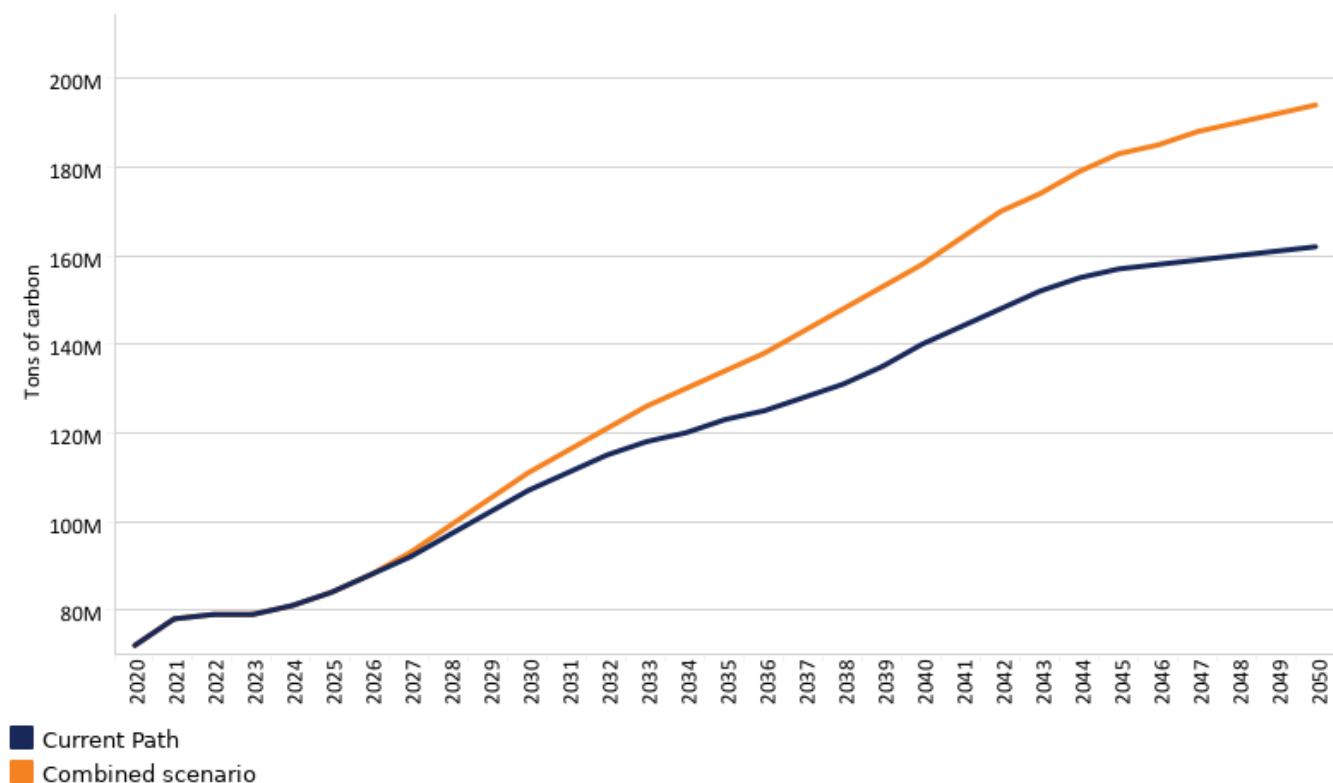


Source: IFs version 7.63, historical data from AQUASTAT

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Owing to conservation efforts, scale-up of water treatment and reuse, Egypt can expect to modestly increase its water supply.[1] The country would still not meet the annual national water requirement of 90 billion cubic metres. This would probably also rise in the face of rapid population growth and the pursuit of increased economic activity outlined in Egypt’s Vision 2030 and 2050. However, such efforts would enable the country to manage its water crisis as it seeks to resolve the Nile dam dispute and the effects of climate change on its water supply.

Chart 45: Impact of Combined scenario on carbon emissions compared to the Current Path



Source: IFs version 7.63, historical data from Carbon Dioxide Information Analysis Center
 Note that IFs uses carbon and not CO₂ equivalent

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With increased economic activity and a much larger economy in the Combined scenario, Egypt is projected to release significantly more carbon emissions. Although the country would have instituted some measures to reduce its contribution to carbon emissions and climate change, by 2050 it is projected that Egypt will produce 194 million tons of carbon (not CO₂) compared to the Current Path at 162 million tons of carbon, which represents an almost 20% rise over the Current Path.

Although carbon emissions in Egypt are driven by the energy sector,[2] according to 2019 data the country only contributed a meagre 0.37% to global CO₂ emissions.[3] And while Egypt and Africa must transition to a greener economy towards renewables, the developed and emerging economies that contribute the most to CO₂ emissions must play their part to alleviate the impact of climate change on Egypt and the continent.[4]

The government does not meet its target of 45% renewable production by 2035. But the share of renewables to the energy mix rises steadily over the forecast horizon to account for nearly 37% of energy production by 2050. This is over eight percentage points lower and 15 years over the Government of Egypt’s target.

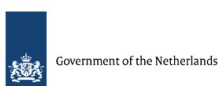
In summary, the Combined scenario integrates all the critical development areas identified in the analysis, but Egypt needs to systematically push on key priority sectors while accounting for the associated financial implications and trade-offs of various policy decisions.

However, encouraging greater family planning, spurring economic prosperity for all, good governance and efficient management of the country’s water resources should be at the forefront of the government’s sustainable development agenda.

Endnotes

1. The model does not increase Egypt's water supply when an intervention on desalination is carried out. This is because the model always chases an equilibrium, and given the data on Egypt's exploitable water resources, as well as environmental and financial trade-offs associated with desalination, the intervention does not work, and in fact slightly reduces water supply in Egypt over time. It is however possible that the government can increase Egypt's water supply through desalination.
2. L Abdallah and T El-Shennawy, [Evaluation of CO2 emission from Egypt's future power plants](#), Euro-Mediterranean Journal for Environmental Integration 5, 2020, 49
3. Our World in Data, [Egypt, CO2 Country Profile](#)
4. N Okonjo-Iweala, [Africa can play a leading role in the fight against climate change](#), Brookings, 8 January 2020

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Dr Jakkie Cilliers is the ISS's founder and former executive director. 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 Institute. 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.

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