

The State of Development in Egypt

A Global Comparative Analysis



E/ESCWA/CL6.GCP/2025/TP.1/Policy brief



Executive Summary

This policy brief is based on a joint report, between the Institute of National Planning (INP) and the United Nations Economic and Social Commission for Western Asia (ESCWA) which evaluates Egypt's development trajectory using the Global Development Index (GDI), a new composite measure developed by ESCWA. The index evaluates countries across three key dimensions: quality-adjusted human development, environmental sustainability, and governance. It draws on comparative data from a broad sample of countries to generate dynamic insights and policy-oriented conclusions. Despite some progress since the early 2000s, Egypt remains at a low level of development achievements. Among the three dimensions, governance emerges as the area in greatest need of improvement.

A set of policy recommendations is presented and grouped under three overarching priorities: strengthening government effectiveness, improving water and food security, and building economic resilience. Enhancing governance in Egypt will require a rethinking of the State's role and far-reaching reform of public institutions. Ensuring water and food security calls for innovative solutions that harness technology to address the pressures of urbanization, population growth, and climate change. As for economic resilience, a key issue is the weak pass-through of national economic growth to household income. Addressing this will require a shift toward structural transformation and support for industries that can generate decent and sustainable employment opportunities.



Key Messages



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.



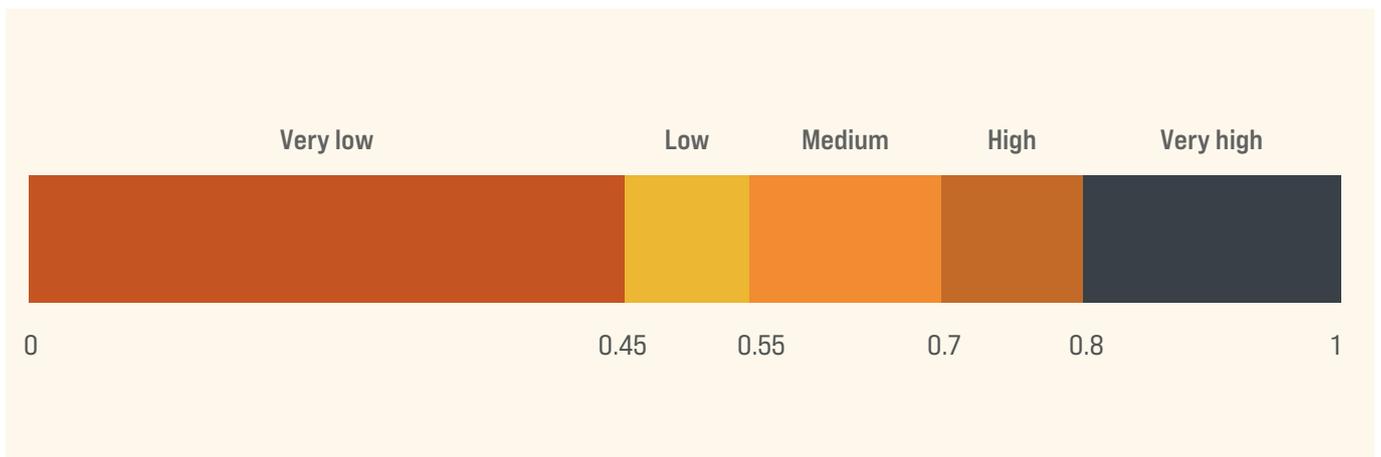
Within governance, both democratic governance and government effectiveness contribute equal shares to the Governance Index (GI), but the gap between Egypt and the rest of the world has deteriorated more significantly for the latter.

Figure 1. GDI scores for 2000, 2010 and 2023



Source: ESCWA calculations.

Figure 2. GDI score categories



Source: ESCWA calculations.

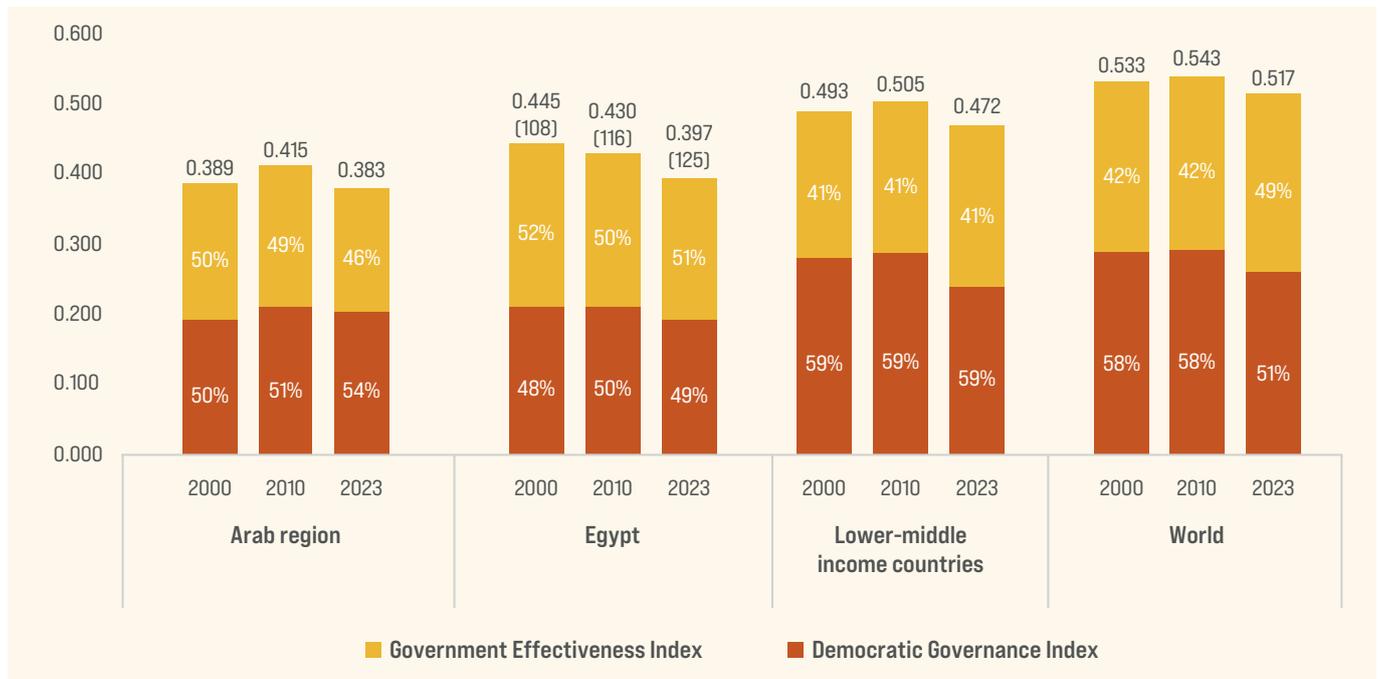


To address the government effectiveness deficit, it is necessary to improve the quality of public services, especially in health and education, and the efficiency of public expenditure, which has been driven by unsustainably rising debt levels over the past decade.



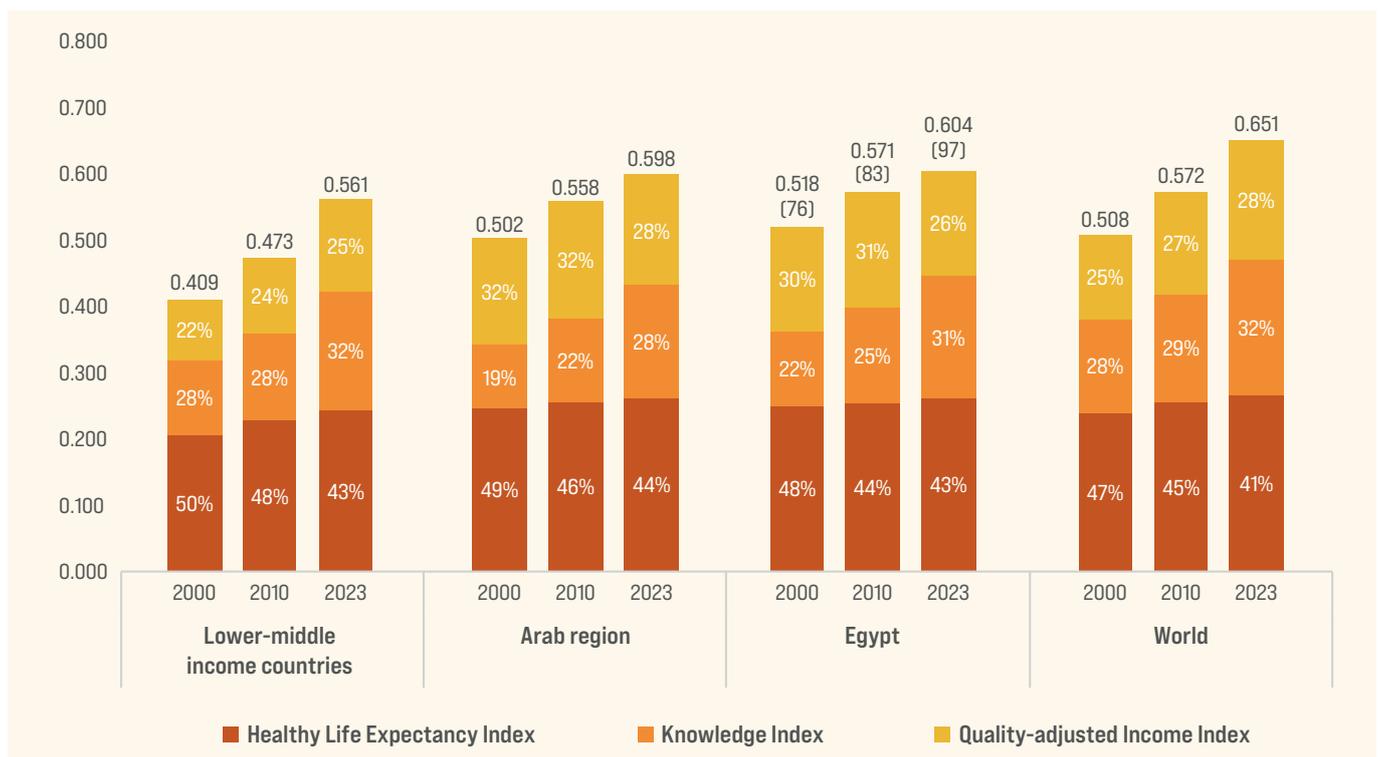
The Quality-adjusted Human Development Index (Q-HDI) is the leading contributor to overall progress on the GDI, with gains in its knowledge component being the main source of improvement. However, Egypt still faces heightened gaps in two crucial components related to quality education and income poverty.

Figure 3. Governance Index scores and rank for Egypt (Out of 160)



Source: ESCWA calculations.

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



Source: ESCWA calculations.



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.

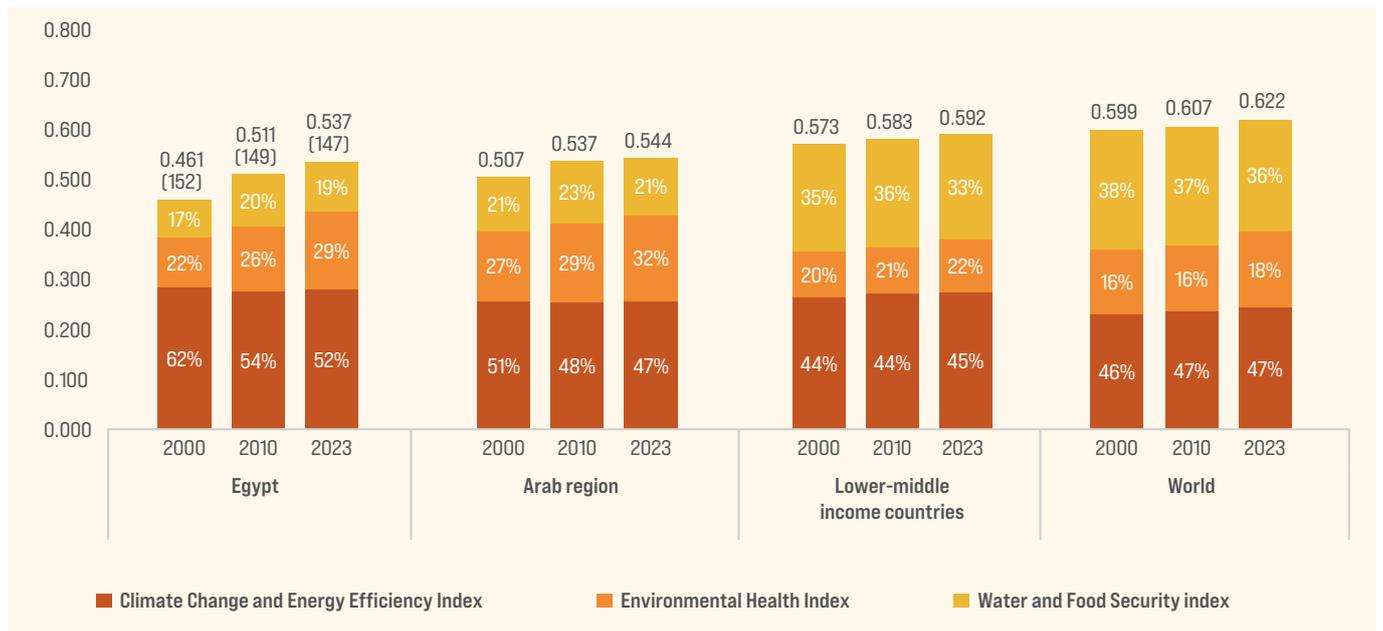


Water and food security are the two main priorities for policymakers in the environmental sustainability dimension, and the gaps in these two indicators are the most serious, as the global analysis presented in this report shows that Egypt is a distinct global outlier.



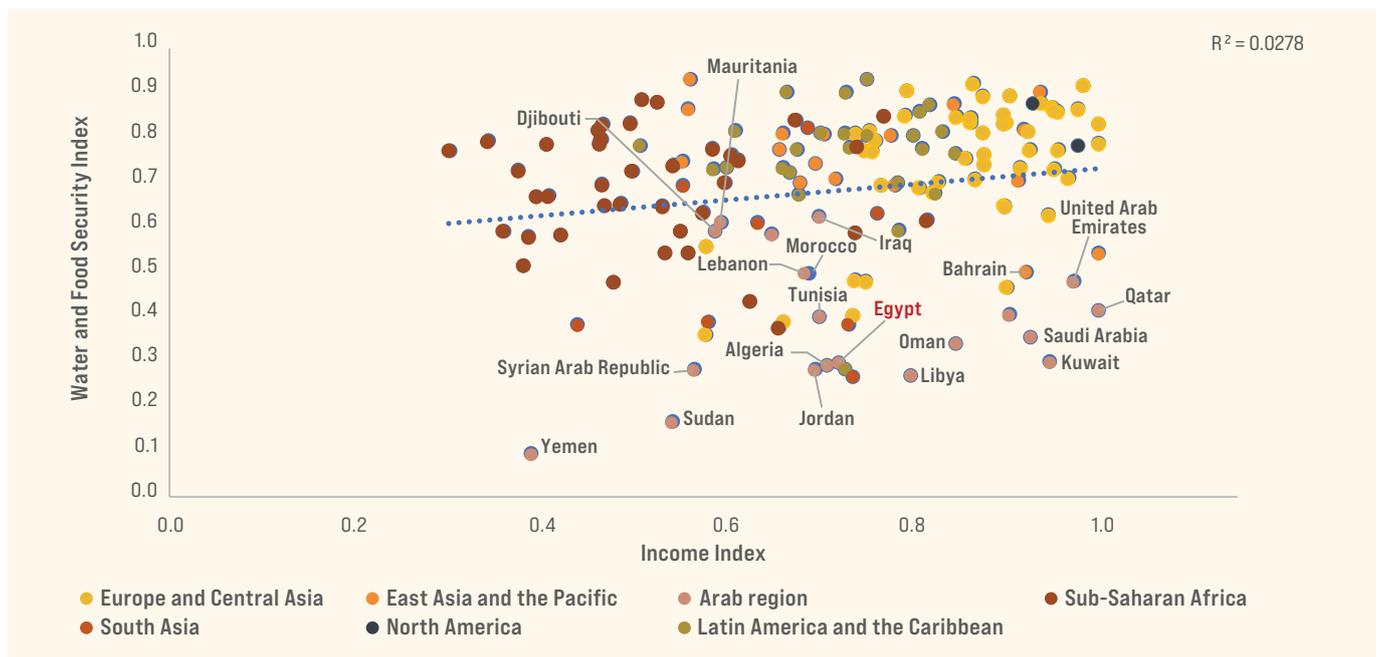
Addressing these gaps requires an immediate shift to more water-saving agricultural practices and at the same time rural support programmes that would enhance food security at the local level. Enhanced cooperation in the Nile Basin countries is also crucial for the long-term sustainability of the scarce water resources in Egypt.

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



Source: ESCWA calculations.

Figure 6. Income Index versus Water and Food Security Index



Source: ESCWA calculations.

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. Addressing water and food security deficits

- Promote water-saving agricultural practices and invest in rural support programmes 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. Enhancing economic resilience for sustained and accelerated quality human development achievements

- 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 labour 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.





Shared Prosperity **Dignified Life**



VISION: ESCWA, an innovative catalyst for a stable, just and flourishing Arab region

MISSION: Committed to the 2030 Agenda, ESCWA's passionate team produces innovative knowledge, fosters regional consensus and delivers transformational policy advice.

Together, we work for a sustainable future for all.

www.unescwa.org



2500325E