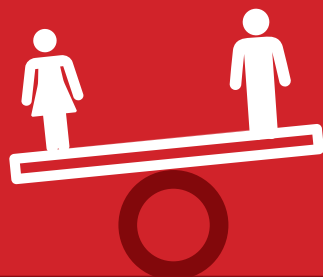


The state of the Sustainable Development Goals in Egypt: focus on poverty and inequality

by Racha Ramadan



01







The outbreak of COVID-19 and the economic slowdown may increase poverty and inequality and erode progress made in the development agenda.



Background

Egypt is committed to achieving the Sustainable Development Goals (SDGs) by 2030, and progress had been made under many indicators since 2015. According to the Sustainable Development Report 2021, the country has received an SDG Index Score of 68.6 per cent and is ranked eighty-second among 165 countries.¹

Nevertheless, significant challenges remain, especially in the context of the coronavirus pandemic (COVID-19). The economic growth that Egypt had achieved did not create enough decent jobs for participants in the labour market and adversely impacted Egyptian households. Individuals working in the informal sector and in poor working conditions were more vulnerable to the economic impacts of the pandemic. Although the percentage of individuals living in extreme poverty decreased to 4.6 per cent, the national poverty headcount ratio was 29.7 per cent in 2019/20. Furthermore, the country's moderate Gini coefficient conceals spatial and gender inequality in several areas, such as education and economic opportunities.²





The outbreak of COVID-19 and the economic slowdown may increase poverty and inequality and erode progress made in the development agenda; however, the economic reforms implemented in 2018 to achieve higher economic growth, macroeconomic stability and sustainable public finance have increased the Egyptian economy's resilience to the pandemic.³

National development priorities should guide the achievement of the SDGs since solutions will differ based on the constraints and initial conditions of the indicators. Eradicating poverty (Goal 1) and reducing inequalities (Goal 10) are prioritized in the national development agenda, as these issues continue to face significant challenges.⁴ They are connected to a number of other SDGs, such as quality education (Goal 4), gender equality (Goal 5) and decent work and

economic growth (Goal 8). The Sustainable Development Strategy: Egypt Vision 2030 reflects the national development goals, which consider the national context and development priorities and are interlinked with the SDGs.⁵ The objective of the Strategy is to address the constraints hindering development and increase the economy's resilience to any shocks. The Egyptian Government works to build and strengthen capacity and awareness for achieving the SDGs by promoting analytical tools to measure progress and encouraging multi-stakeholder partnerships through the Strategy.

This chapter provides an overview of the status of the SDGs in Egypt and the policies that have been implemented to achieve them. It focuses on eradicating poverty and reducing inequalities, given the impact of these issues on the development process in Egypt. Section A tracks the changes in several SDG indicators since 2015 using the most recent available data. The indicators were selected based on their potential interlinkages with poverty and inequality, as well as data availability. Section B addresses poverty in Egypt, both money-metric and multidimensional poverty, as well as the characteristics of the poor. Section C discusses the different types and dimensions of inequality: income inequality, inequality of outcomes and inequality of opportunities. Section D provides an overview of the different programmes and policies implemented by the Egyptian Government to eradicate poverty and reduce inequality, and section E concludes with policy recommendations.

A. The Sustainable Development Goals in Egypt

The progress Egypt has made towards achieving the SDGs is not uniform across all Goals. While progress has been achieved in many indicators, major challenges remain in various development

targets, and the country is underperforming in achieving some Goals.⁶ Major challenges persist in 7 of the 17 SDGs, including zero hunger (Goal 2); good health and well-being (Goal 3); gender

equality (Goal 5); decent work and economic growth (Goal 8); life below water (Goal 14); life on land (Goal 15); and peace, justice and strong institutions (Goal 16). Goals 2, 3, 8 and 16 have seen moderate improvement over the years, while Goals 5, 14 and 15 have stagnated. Several indicators are on track, such as the proportion of urban population living in slums, the maternal mortality ratio, the need for family planning satisfied with modern methods, and the proportion of the population covered by at least a 4G mobile network. Stagnant indicators include the number of researchers per million inhabitants, the proportion of seats held by women in Parliament, the proportion of the population using basic sanitation services and carbon dioxide emissions from fuel combustion and cement production.⁷

Moreover, significant challenges remain concerning Goals 1 and 10,⁸ which are prioritized in the national development agenda. As the SDGs are not isolated objectives, progress in some SDGs may reveal synergies with others. For instance, eradicating poverty would ensure zero hunger and good health and well-being. Reducing inequalities would provide equal access to education, services and economic opportunities, and it would benefit the entire economy. Ensuring gender equality would yield lower levels of poverty, higher economic growth and increased investments in health and education. Additionally, promoting economic growth and providing decent jobs is essential to reducing poverty and inequalities.⁹

This section explores the progress achieved in some of the SDGs, chosen for their potential interlinkages with poverty and inequality. The indicators used to track these Goals were primarily chosen based on data availability.

1. Goal 2: zero hunger

Egypt has achieved progress in many of the indicators under Goal 2, but some challenges remain. Since 2015, the prevalence of undernourishment (Indicator 2.1.1) has

remained stagnant at approximately 4 per cent of the total population, even during the pandemic.¹⁰ The prevalence of severe food insecurity in the adult population decreased from 8.4 per cent during the period 2014–2016 to 7.8 per cent during the period 2017–2019.¹¹

But some challenges remain. Egypt suffers from the triple burden of malnutrition (Indicator 2.2.2): obesity, stunting and micronutrient deficiencies (anemia). Stunting is the primary challenge. In 2015, 16.6 per cent of children under 5 years of age suffered from stunting in male-headed households, with 15.8 per cent in female-headed households. The prevalence of underweight and wasting among children under 5 years of age was less than 10 per cent in 2015, with a higher prevalence among male-headed households (figure 1).

In children under 5 years of age, the prevalence of stunting decreased from 22.7 per cent in 2014/15 to 17.5 per cent in 2017/18. Similarly, the prevalence of wasting decreased from 8 per cent to 3 per cent over the same period, and the prevalence of anemia decreased from 27 per cent to 22.3 per cent.¹² The prevalence of anemia among women aged 15 to 49 years, both pregnant and non-pregnant, (Indicator 2.2.3) decreased between 2015 and 2019 but remained above 25 per cent (figure 3).

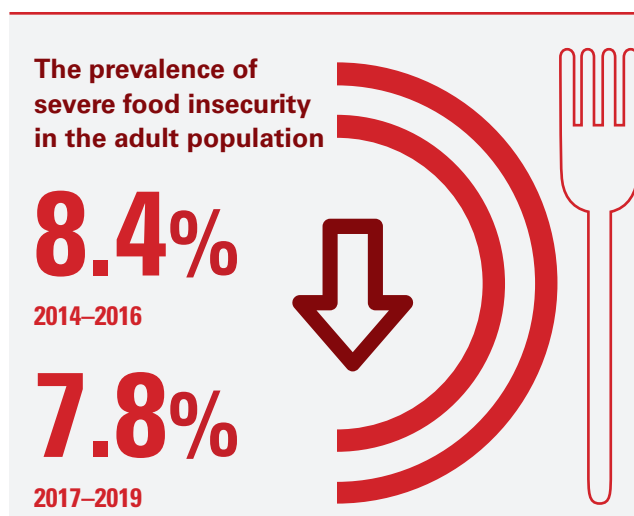


Figure 1. Prevalence of malnutrition among children under 5 years of age, by gender of the head of household as determined using the 2015 Household Income, Expenditure and Consumption Survey

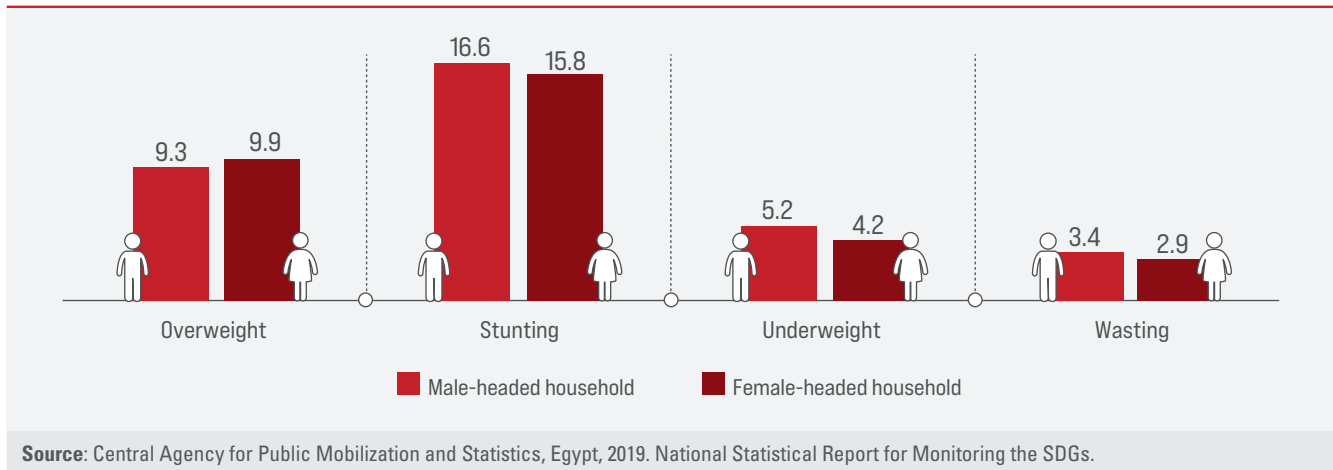


Figure 2. Prevalence of stunting, wasting and anemia for children under 5 years of age

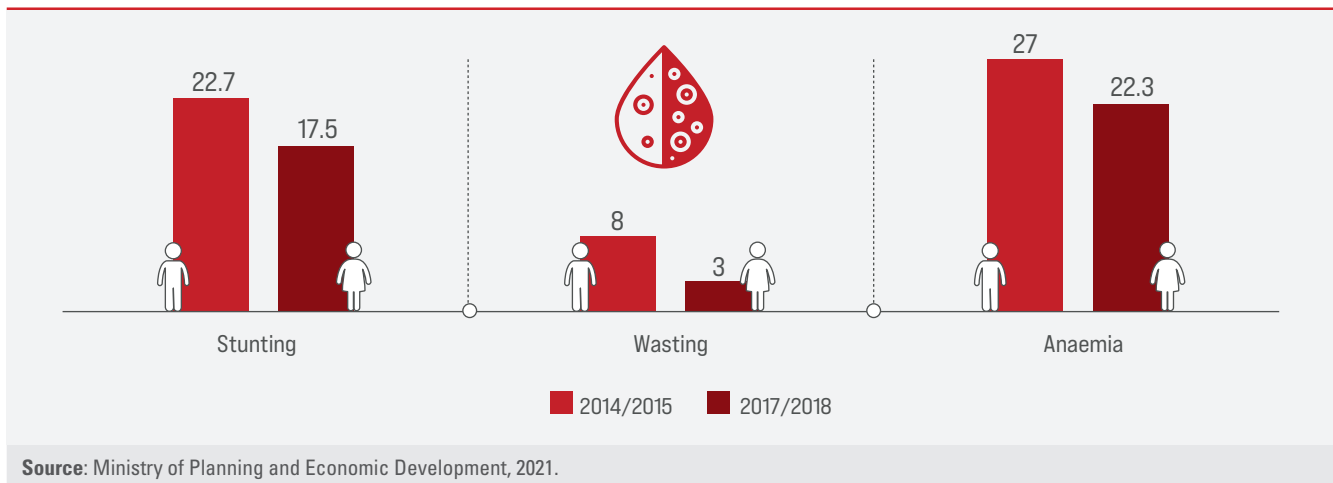
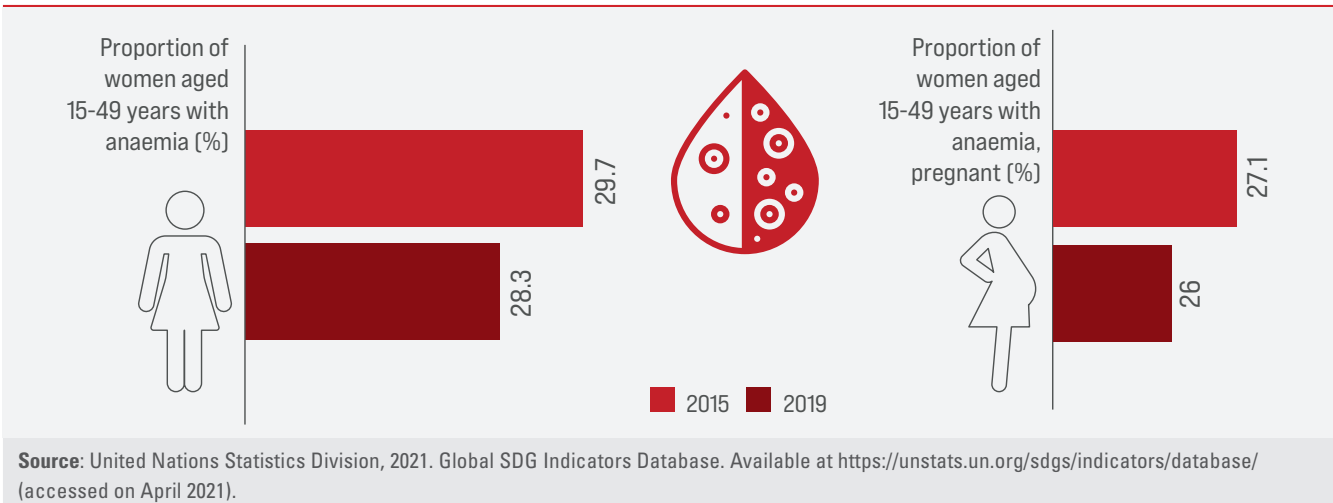


Figure 3. Prevalence of anemia among women (pregnant and non-pregnant)



2. Goal 3: good health and well being

Egypt succeeded in reducing the maternal mortality ratio (Indicator 3.1.1) between 2015 and 2019. The neonatal mortality rate (Indicator 3.2.2) per 1,000 live births increased from 6.8 in 2015 to 7.5 in 2019, and the mortality rate for children under 5 years of age (Indicator 3.2.1) remained almost constant (figure 4).¹³

Over the same period, there was a decrease in indicators concerning tuberculosis incidence; the adolescent birth rate; and the mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease. The number of deaths attributed to non-communicable diseases increased by approximately 1 per cent between 2015 and 2019 (table 1).

The COVID-19 pandemic sheds the light on the importance of the health sector. A substantial increase in health financing and the development of the health workforce (Target 3.c) is critical to ensuring the resilience of the health sector and its ability to face the current pandemic and any future

health crises. It is worth noting that the universal health coverage (UHC) service coverage index for Egypt increased between 2015 and 2017 (table 1).

Figure 4. Trends in selected indicators under targets 3.1 and 3.2

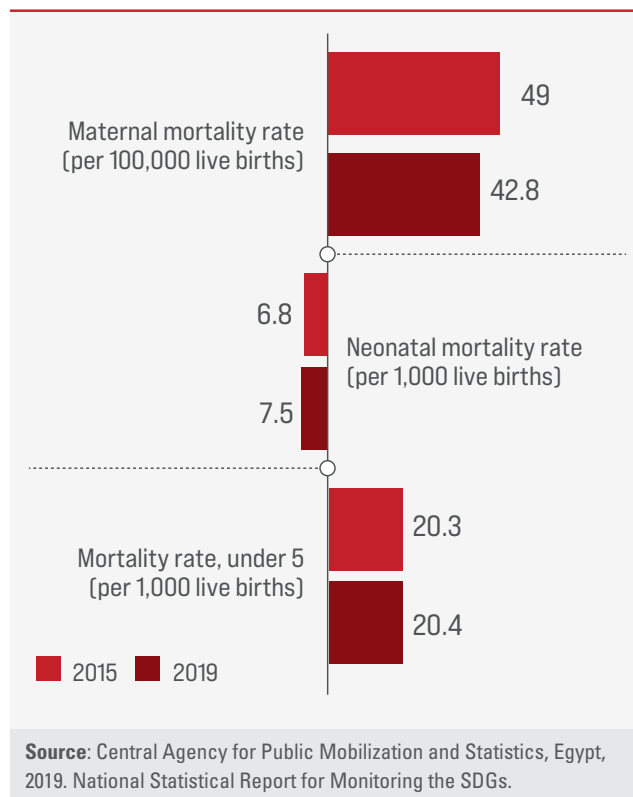


Table 1. Selected indicators for Goal 3

Target	Indicator	Description	2015	Latest value	Year of latest value
3.3	3.3.1	Number of new HIV infections per 1,000 uninfected population, by sex and age (per 1,000 uninfected population)	0.03	0.05	2019
3.3	3.3.2	Tuberculosis incidence (per 100,000 population)	15	12	2019
3.3	3.3.5	Number of people requiring interventions against neglected tropical diseases (number)	1,640,557	6,894,411	2019
3.4	3.4.1	Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease (probability)	28.2	27.7	2016
3.4	3.4.1	Number of deaths attributed to non-communicable diseases, by type of disease and sex (number)	383,328	386,184	2019
3.7	3.7.2	Adolescent birth rate (per 1,000 women aged 19–15 years)	59.0	51.8	2018
3.8	3.8.1	Universal health coverage (UHC) service coverage index	65	68	2017

Source: United Nations Statistics Division, 2021. Global SDG Indicators Database. Available at <https://unstats.un.org/sdgs/indicators/database/> (accessed on April 2021).

3. Goal 4: quality education

Ensuring quality education is a key determinant and one of the strongest and most stable mechanisms for sustainable development. Better education leads to reducing poverty, empowering women and achieving food security and healthy lifestyles. Gross enrolment in primary and secondary education has increased in Egypt since 2015, reaching over 100 per cent and 85 per cent,

respectively (figure 5). With regard to tertiary education, the gross school enrolment rate was 35.78 per cent and 34.58 per cent for women and men, respectively.

The gender gap in education has decreased over the years, with females performing better than males at all levels. The female to male ratio of school enrolment at pre-primary, primary and secondary levels is over 95 per cent (figure 6).

Figure 5. Percentage of gross school enrolment

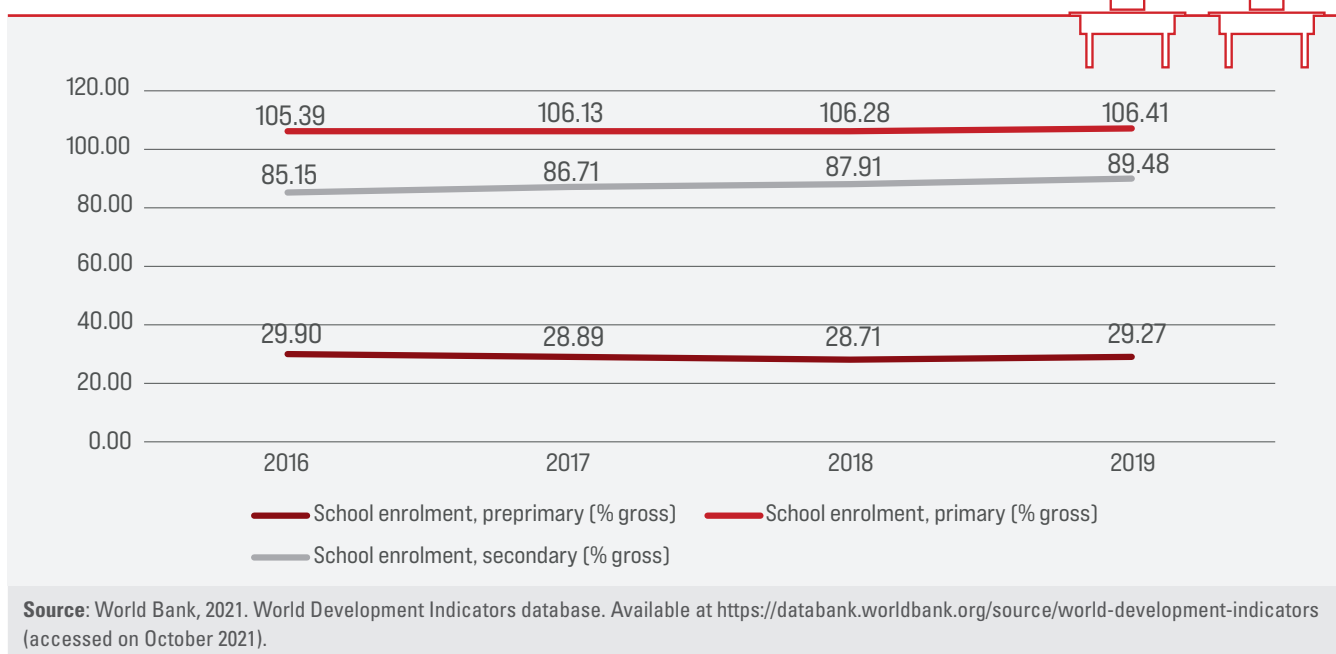
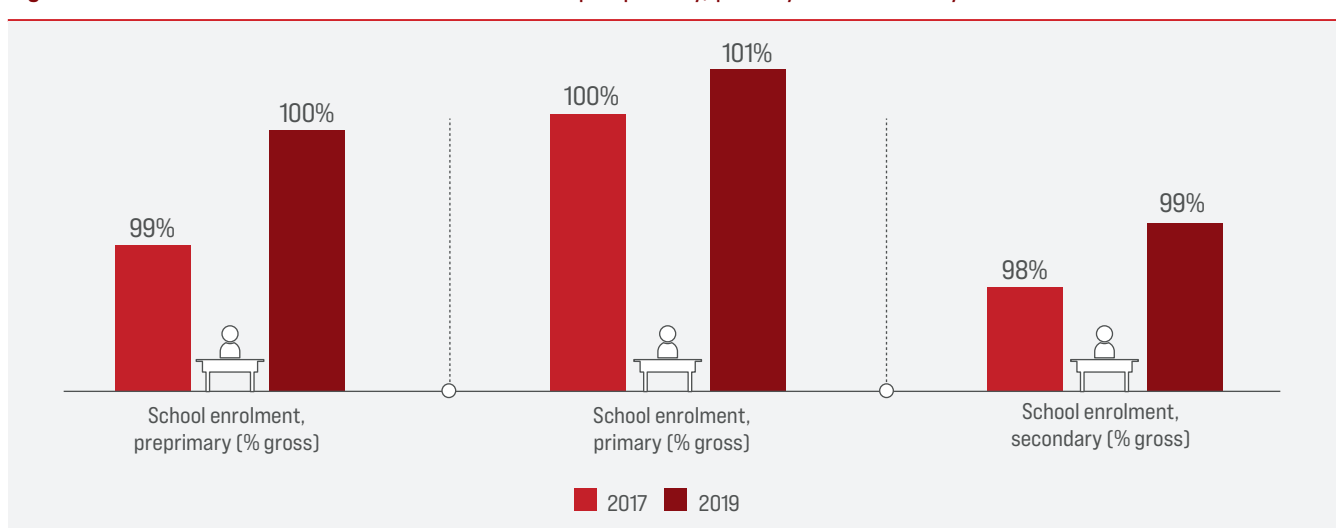


Figure 6. Female-to-male ratio of school enrolment at pre-primary, primary and secondary levels



4. Goal 5: gender equality

Egypt faces significant challenges in achieving Goal 5 and has not seen improvement in a number of indicators. Gender equality is not only a basic right but also a necessary condition for development, peace and prosperity. In order to empower women, all forms of violence against them must be eliminated in public and private spaces. Approximately 18 per cent of Egyptian women between the ages of 18 and 64 years have been the victim of domestic violence, resulting in a total cost of LE 2.17 billion (Egyptian pounds) borne by the women and their families.¹⁴

Target 5.3 is to eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation. According to the latest available data, 20.6 per cent of women aged 20 to 24 years were married before the age of 18 years, and 89.5 per cent of girls and women aged 15 to 49 years have undergone female genital mutilation.¹⁵

At the economic level, female labour force participation in Egypt is among the lowest in the world, at only 18.46 per cent in 2019.¹⁶ Egyptian women are prevented from having equal access to economic opportunities, owing to society's gender roles and the fact that they are often the main caregiver in the household. Women spend more time in unpaid care work, regardless of their employment or marital status. Employed married women spend approximately 28 hours per week in care work, compared to only 4 hours spent by

men.¹⁷ The responsibility to provide care work is expected to increase with the pandemic and lockdown measures, particularly in the context of e-learning and remote work.

Limited access to economic opportunities may also be explained by limited access to assets such as agricultural land and digital assets. According to the Central Agency for Public Mobilization and Statistics,¹⁸ 99 per cent of the male population had agricultural holdings, compared to 1 per cent of women, in 2009/10. In 2017, only 25 per cent of the female population aged 15 years or older had access to the Internet, compared to 44 per cent of men in same age group.¹⁹ The COVID-19 pandemic has enhanced the use of enabling technology through e-learning and remote work. As a result, ensuring equal access to technology and digital assets is a key factor in promoting women's empowerment. Lastly, Egyptian women also face challenges in the political sphere; only 15.1 per cent of the seats in the Egyptian Parliament were held by women in 2020.²⁰

5. Goal 8: decent work and economic growth

The promotion of sustained, inclusive and sustainable economic growth; full and productive employment; and decent work for all is a critical condition to inclusive growth and poverty reduction. Nevertheless, the economic growth achieved in Egypt did not produce enough decent jobs for new entrants to the labour market, resulting in an increase in informal employment. Informal workers, defined as those employed without social insurance, accounted for 55.3 per cent of total employment in 2020, with 28.4 per cent of women and 59.8 per cent of men working in the informal sector. Unemployment decreased to 7.2 per cent in the fourth quarter of 2020, compared to 11.3 per cent in the same quarter of 2017.²¹ These informal workers, who work in poor conditions with no social protections, were most affected by the



pandemic and are more likely to fall into poverty as a result of job loss and income reduction.

Women are another vulnerable group. Although the gender gap in education has nearly closed, it has not translated into better access to economic opportunities for Egyptian women. Female

labour force participation in Egypt is the lowest in the world, with only 18.46 per cent of women, compared to 71.17 per cent of men, participating in the labour force (figure 7). Women who are in the labour force are primarily unemployed, with a 21.33 per cent unemployment rate in 2019, compared to only 6.73 per cent for men (figure 8).

Figure 7. Female and male labour force participation rates (modelled ILO estimate)

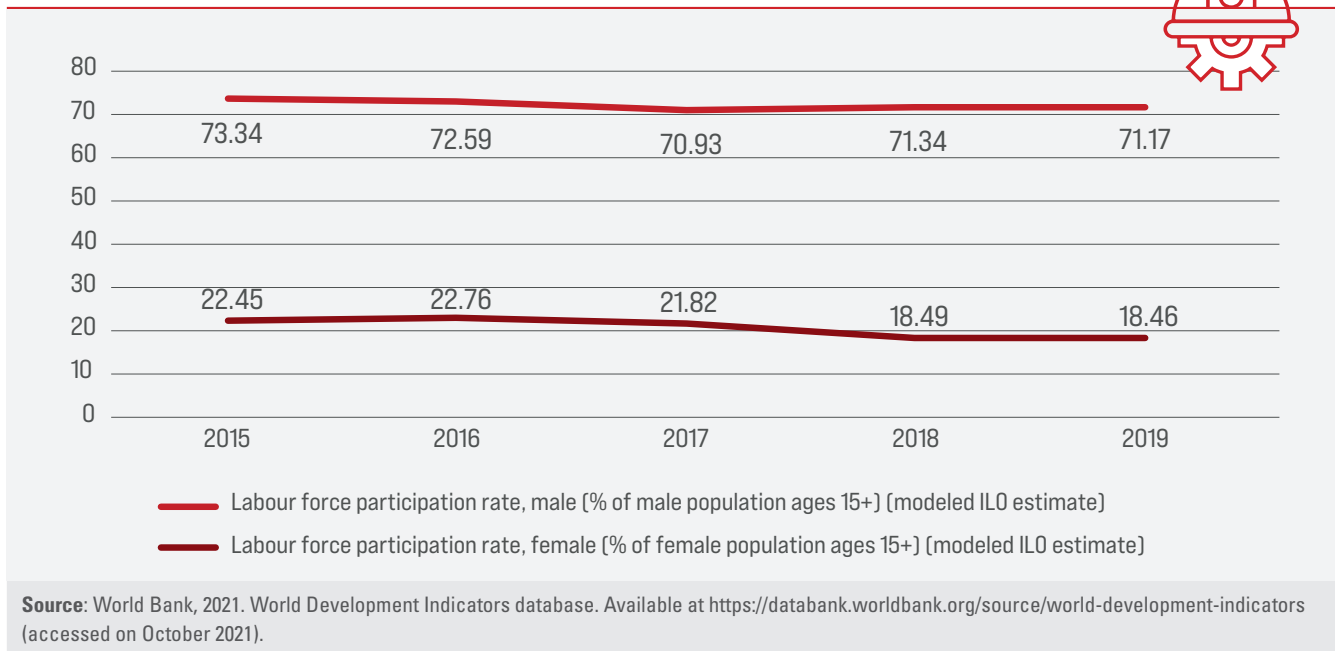
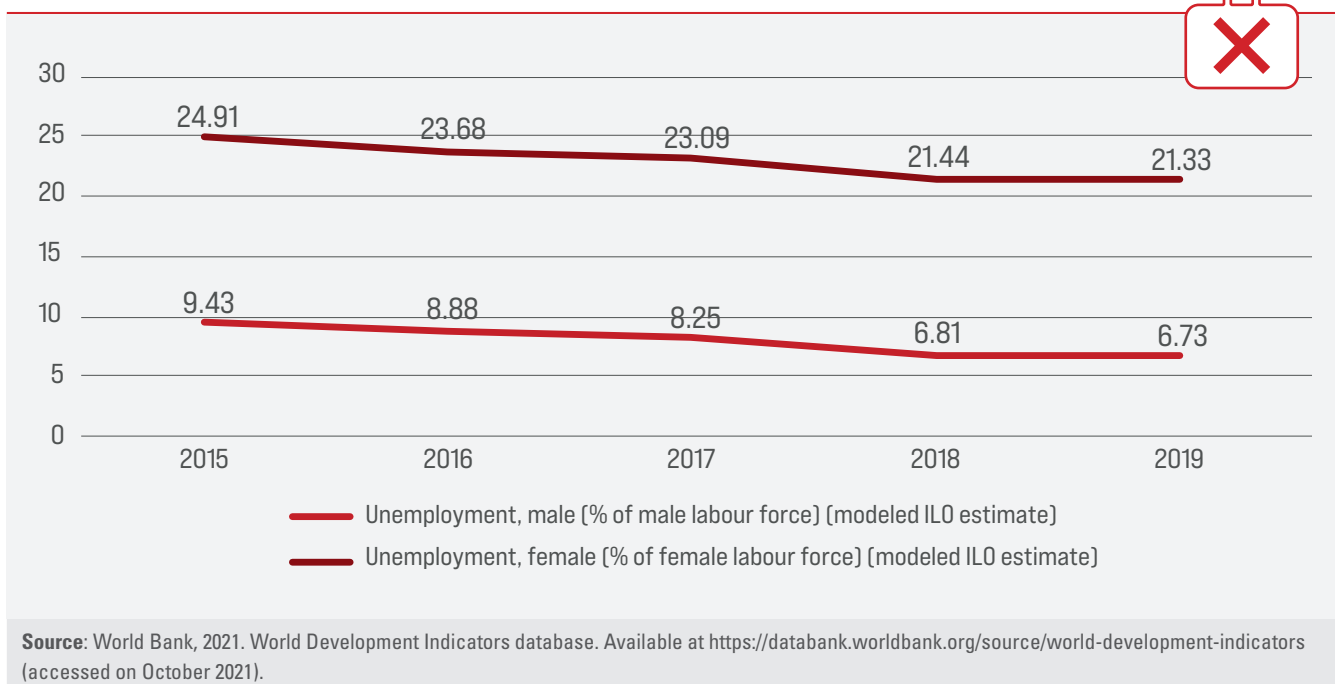


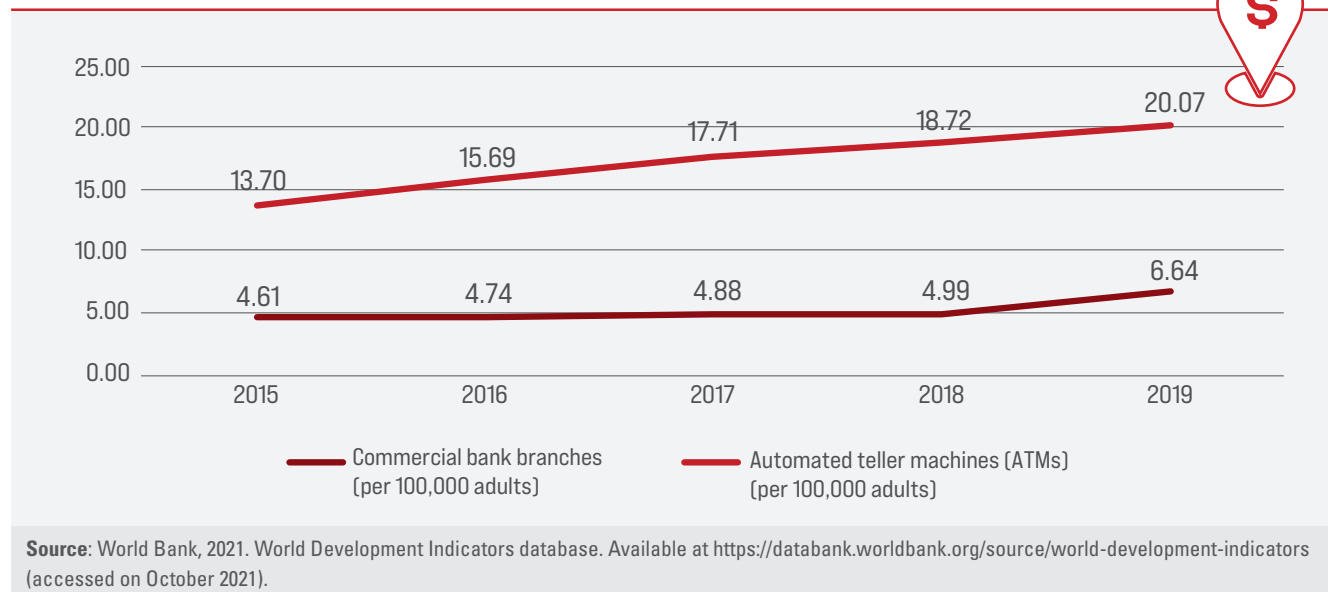
Figure 8. Female and male unemployment (modelled ILO estimate)



Egypt achieved progress in the two indicators under Target 8.10: strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all. Since 2015, the number of commercial bank branches and automated

teller machines (ATMs) per 100,000 adults has increased to 6.64 and 20.07, respectively (figure 9). Additionally, the proportion of adults with an account at a financial institution or with a mobile-money-service provider increased from 14.13 per cent in 2014 to 32.78 per cent in 2017.²²

Figure 9. Commercial bank branches and automated teller machines per 100,000 adults



B. Goal 1: end poverty in all its forms everywhere

For money-metric poverty, Egypt succeeded in reducing the proportion of the population living in extreme poverty (on less than \$1.90 per day) from 6.2 per cent in 2017/18 to 4.6 per cent in 2019/20. Similarly, the poverty headcount ratio at \$3.20 per day decreased from 16.94 per cent in 2015 to 9.5 per cent in 2019. In addition, 2.2 per cent of the employed population lives below the international poverty line. While the poverty headcount ratio at the national poverty line increased from 27.8 per cent in 2015 to 32.5 per cent in 2017/18, it then decreased for the first time in 20 years to reach 29.7 per cent in 2019/20.²³

According to Sen's capability approach, poverty is a multidimensional phenomenon, and money-metric poverty is not sufficient to understand the

poverty situation. The Multidimensional Poverty Index captures multiple deprivations and the ways in which they overlap in terms of basic services and capabilities, such as education, health and standard of living. The indicators used in the calculations are interlinked with the SDGs. The Index is relevant to policy implementation, as it helps understand the characteristics of the poor and the contribution of each socioeconomic factor (or indicator) to total poverty.

According to the latest Egyptian Demographic and Health Survey, conducted in 2014, 5.2 per cent of the Egyptian population is considered multidimensionally poor, 6.1 per cent are vulnerable to multidimensional poverty and 0.6 per cent live in severe multidimensional

poverty. Insufficient education is a key factor in multidimensional poverty and contributes to 53.2 per cent of overall multidimensional poverty, followed by poor health (39.8 per cent) and a low standard of living (7 per cent).²⁴

Figure 10. Multidimensional Poverty in Egypt, 2014

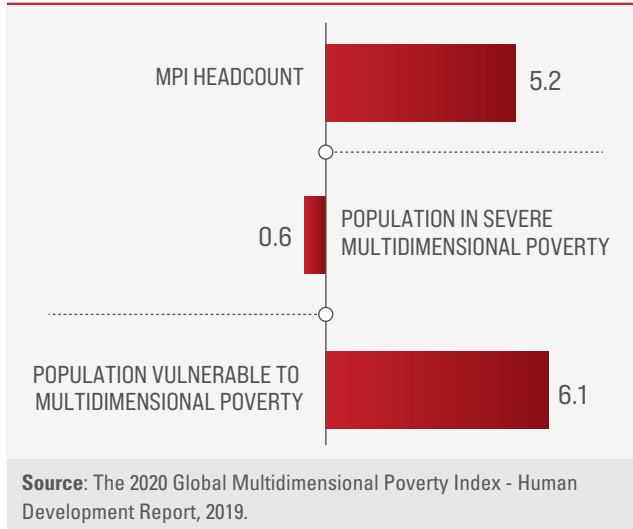
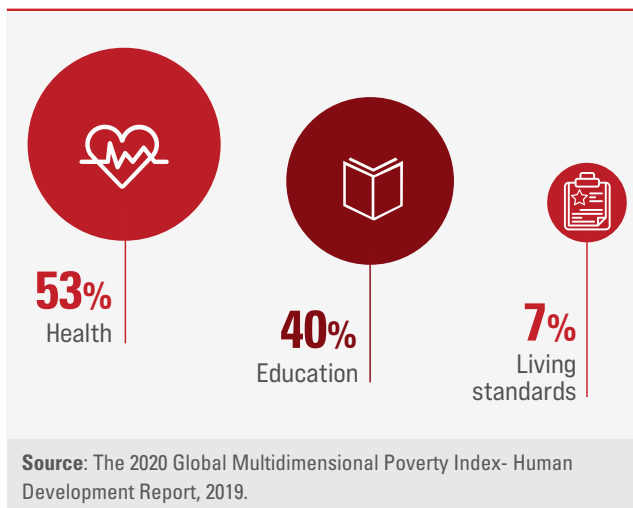


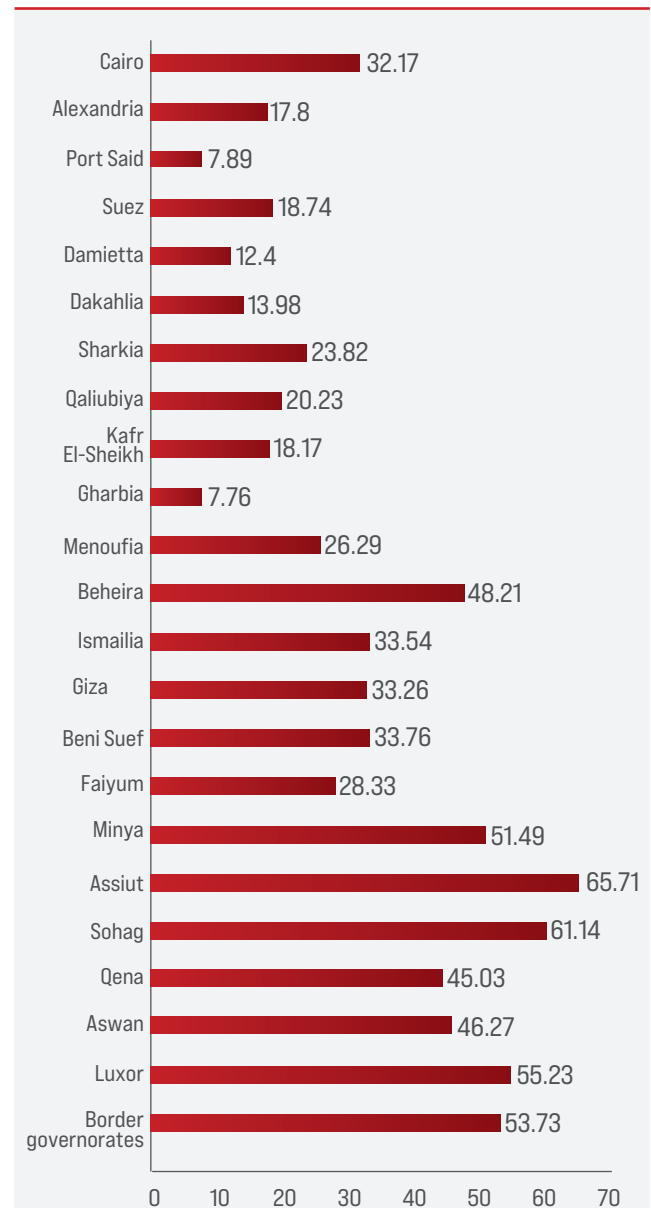
Figure 11. Contribution of deprivation in different dimensions to overall multidimensional poverty (MPI) (percentage)



In order to eradicate poverty and make progress in the 2030 Sustainable Development Agenda, the Government must identify vulnerable groups and understand their main characteristics. According to the 2017 Household Income, Expenditure and Consumption Survey,²⁵ approximately 48 per cent of the poor are female. Poverty is concentrated in rural areas, with 67 per cent of the poor population. The

unequal geographical distribution of income and services is reflected in the concentration of the poor in Upper Egypt governorates; poverty prevalence is higher than 40 per cent in Minya, Assiut, Sohag, Qena, Aswan and Luxor (figure 12). Education is essential to reducing poverty, as 39.48 per cent of the illiterate are poor, compared to only 11.50 per cent of those with a higher university degree.

Figure 12. Prevalence of poverty (national poverty line) by governorate, as a percentage



Source: Author, based on the 2017 Household Income, Expenditure and Consumption Survey, conducted by the Central Agency for Public Mobilization and Statistics, Egypt.

Poor individuals are primarily employed in the informal sector. According to the Survey, approximately 74 per cent of the poor are employed with no contract (figure 13). They work primarily in construction (27.62 per cent), manufacturing (21.28 per cent), accommodation and food services (9.36 per cent) and agriculture (6 per cent) (figure 14).

Figure 13. Distribution of the poor by contract type

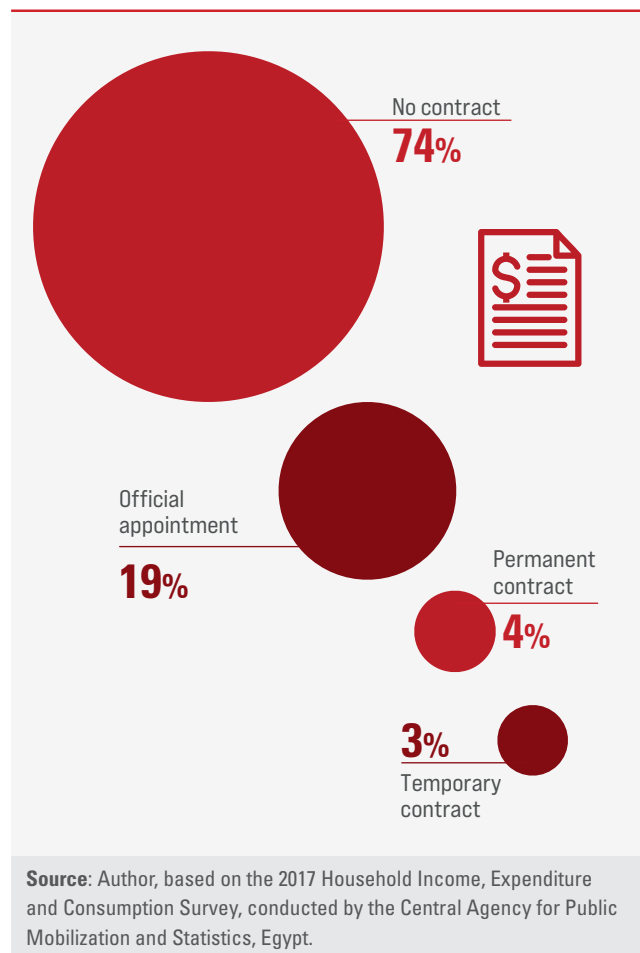
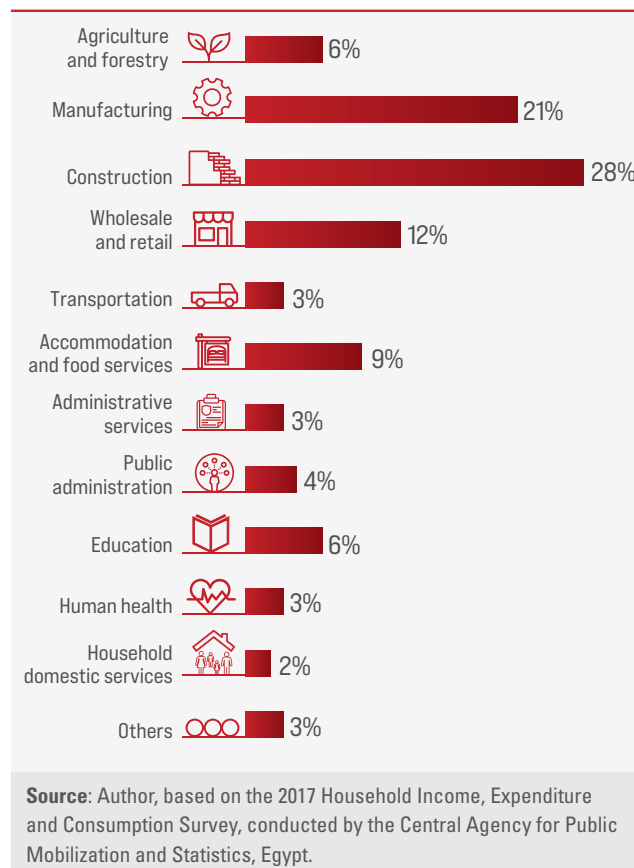


Figure 14. Distribution of the poor by economic sector



In the current context of the COVID-19 pandemic, both money-metric and multidimensional poverty are expected to increase; 73.5 per cent of households declared a decrease in their income, primarily as a result of the preventive measures, unemployment or a reduction in wages. The negative impact of the pandemic is higher in rural areas. Estimates of extreme poverty rates were revised in 2020, with an expected decrease to 4.4 per cent rather than 4.1 per cent, compared to 4.6 per cent in 2019.²⁶

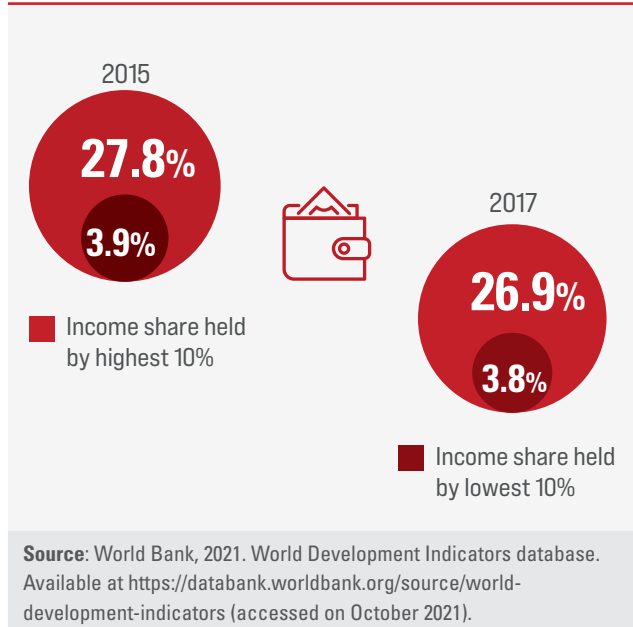
C. Goal 10: reduce all types of inequalities

Income inequality in Egypt is perceived as relatively low and has been decreasing over the years. The country had a Gini coefficient of 29 in 2019, compared to 33.7 in 2017.²⁷ Nevertheless, the income gap between the lowest 10 per cent and

the highest 10 per cent has been consistently large; the income share held by the highest 10 per cent is over five times the income share held by the lowest 10 per cent (figure 15). In 2017, the annualized average growth rate in per capita real survey mean

consumption (or income) of the bottom 40 per cent of the population (Indicator 10.1.1) was -2.5 per cent, compared to -1.14 per cent for the total population.²⁸ In addition, 5 per cent of individuals live on less than 50 per cent of the median income (Indicator 10.2.1).²⁹

Figure 15. Income share held by the highest 10 per cent and the lowest 10 per cent



Sociodemographic characteristics such as gender, geographical location, education level and employment status are key factors in explaining inequalities in Egypt. In 2019/20, the growth rates of household income and expenditures in urban areas were 16.3 per cent and 19 per cent, respectively, and 13.2 per cent and 12 per cent in rural areas.³⁰

Similarly, non-economic inequality based on gender and geographical location is persistent. Regarding geographical location, the prevalence of caloric deficiency in rural areas is twice that of urban areas (figure 16); however, malnutrition among children under 5 years of age is higher in urban areas, particularly the prevalence of overweight, stunting and wasting. This geographical gap may be explained by a difference in dietary habits and access to services such as clean water and sanitation in the two geographical areas (figure 17).



Sociodemographic characteristics such as gender, geographical location, education level and employment status are key factors in explaining inequalities in Egypt.

Regarding the gender gap, the under-five mortality rate has decreased since 2015 for both males and females but is higher among males (figure 18). The prevalence of caloric deficiency is lower among female-headed households, compared to male-headed households (figure 19). This confirms that a mother who has access to sources of income and has the power to make decisions might invest more in food security and human capital for her household.

Figure 16. Prevalence of caloric deficiency by region, 2015

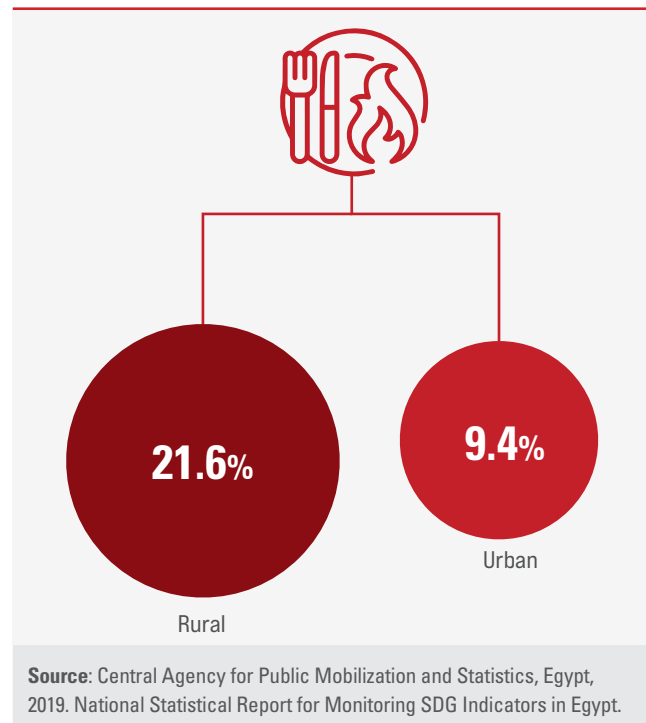


Figure 17: Malnutrition among children under five years of age by geographical location, as a percentage, 2019

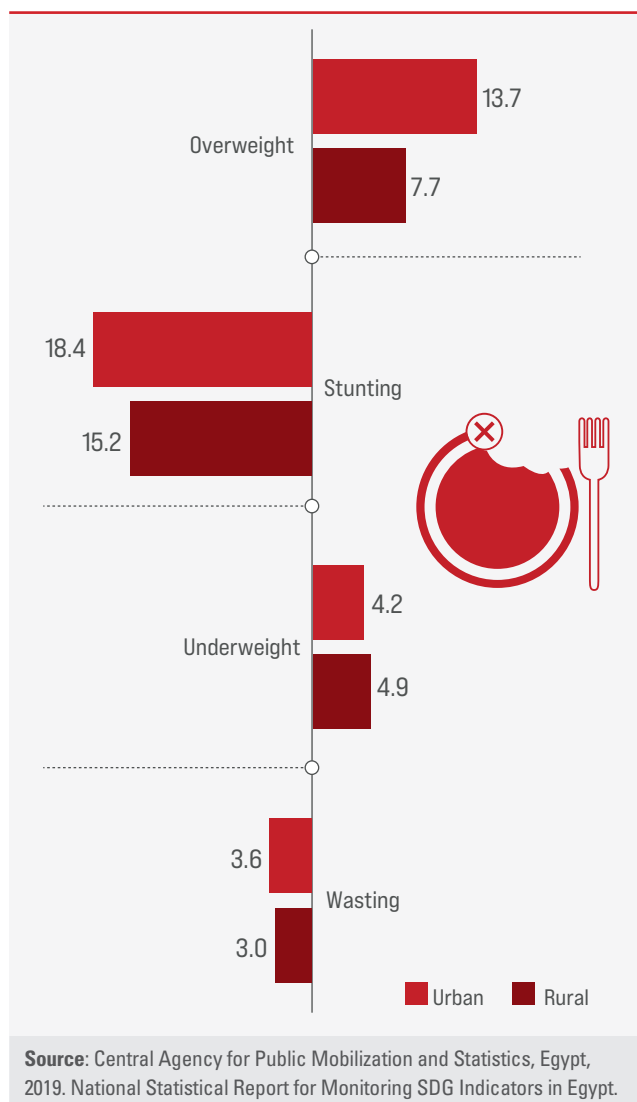
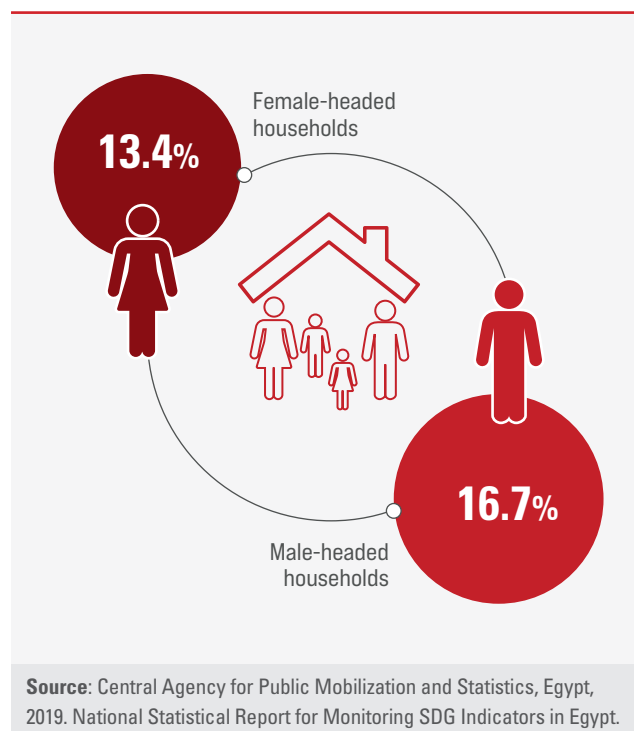
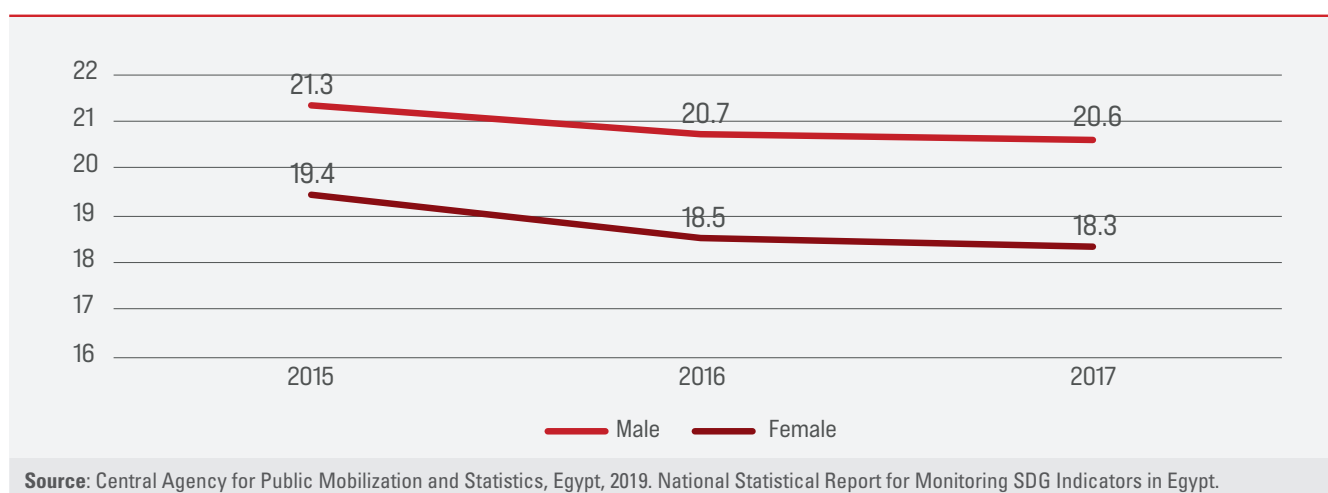


Figure 19: Prevalence of caloric deficiency by gender of the head of household, 2015



Lastly, there is growing consensus that promoting equality of opportunities is a key factor for social and economic justice. Inequality of opportunities arises from circumstances beyond the control of individuals, such as their gender, place of birth, wealth and the level of education of their head of household. It correlates to inequality of outcomes because the standard of living where individuals are born may affect their future outcomes.

Figure 18: Under-five mortality rate per 1,000 individuals, by gender



Inequality of opportunities and inequality of outcomes are not moving in tandem. For example, inequality of opportunities increased with respect to higher educational attainment.³¹ The two main contributors to inequality of opportunity in terms

of health and education are wealth and the level of education of the head of household. When examining the gender of the head of household, educated mothers play a strong, positive role in the health and education of their children.

D. Government programmes and policies to eradicate poverty and reduce inequality

Recent economic reforms implemented by the Egyptian Government resulted in economic growth of 5.6 per cent in the fiscal year 2018/19, compared to nearly 2.92 per cent in 2014. As a result, the Egyptian economy is more resilient to the current health and economic crisis. Economic growth was 3.57 per cent in 2019/20 and is expected to be nearly 2.8 per cent in 2020/21. Egypt is considered the best performer in the Middle East and North Africa (MENA) Region and among emerging economies.³²

The reforms aim to achieve macroeconomic stability and sustainable public finance. The main components of these reforms include exchange rate liberalization, fiscal consolidation and subsidies reforms. Various megaprojects and several programmes were implemented in the energy sector, such as increasing electricity production using efficient technology and reforming the regulatory framework of the electricity sector. In the housing sector, they include housing projects targeting various income groups and cities. In the water sector, projects seek to promote efficient use and expand the availability of clean water.

The policies implemented by the Government of Egypt take into consideration national development priorities. The national Sustainable Development Strategy is the governing framework for all the development projects and programmes implemented to eradicate poverty; promote equality; ensure social justice; empower women, youth and persons with disabilities; and achieve

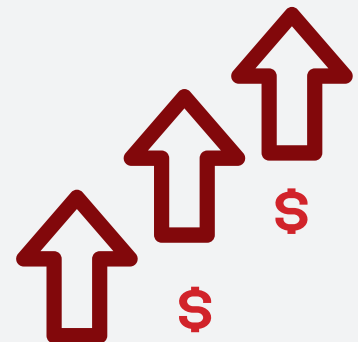
balanced regional development.³³ The eight goals of the Strategy are aligned with the SDGs and the Agenda 2063 of the African Union. The first goal of the Strategy aims to raise the standard of living and ensure a decent life for all Egyptians. It consists of eradicating poverty, providing a social safety net, controlling population growth and ensuring equal access to education and other services, such as clean water and sanitation.³⁴

Social protection programmes³⁵ in Egypt play a key role in reducing poverty and ensuring food security, especially during periods of crisis. Food subsidies reduced the poverty rate by three percentage points in 2019.³⁶ Implemented in 2015, the conditional cash transfer “*Takaful*” ensures investments in the human capital of future generations and empowers women. According to an impact evaluation study conducted by the International Food Policy Research Institute (IFPRI), *Takaful* beneficiaries increase their food consumption and improve the quality of their diets, compared to those who do not receive the

Economic
growth of

5.6%

in the fiscal year
2018/19



cash transfers. Additionally, beneficiaries spend more on school supplies and transport to school.³⁷

Beneficiaries of *Takaful* may benefit from other social protection programmes, such as food ration cards and the programme “No illiteracy with Takaful”. Other programmes include “Two is enough”, to control population growth, and “*Sakan Kareem*”, to improve infrastructure and access to basic housing needs such as sanitation and clean water.³⁸ The latter targets 67,000 households in poor rural areas in Minya, Assiut, Sohag, Qena and Luxor.³⁹

Pro-poor growth that creates decent jobs and provides poor individuals with income-generating activities is necessary to ensure that poor individuals graduate from social protection programmes. The programme “*Forsa*”, implemented by the Ministry of Social Solidarity, is intended to help be the *Takaful* graduation tool. It links *Takaful* beneficiaries to employment services, employability trainings and asset transfers. *Forsa* offers various activities to improve access to economic opportunities and promise financial inclusion.⁴⁰

Financial inclusion is another key factor in reducing poverty and fostering economic growth. In that connection, the Central Bank of Egypt (CBE) has introduced several regulatory reforms, which include launching a microfinance initiative that serves the unbanked and underbanked; mapping demand-side and supply-side data that cover households as well as micro-, small and medium-sized enterprises (MSMEs); and launching a mortgage finance initiative targeting low- and middle-income beneficiaries. Furthermore, some reforms and initiatives have been implemented to ensure women’s financial inclusion. These include the promotion of village savings and loan associations and the creation of mobile money products specifically tailored for divorced women to receive electronic alimony payments in cooperation with Nasser Social Bank.⁴¹ CBE issued guidelines to banks for collecting and reporting gender-disaggregated data in order to track progress in women’s financial inclusion.

Other reforms include harmonizing the definition of women-owned businesses and issuing new mobile banking regulations.⁴² To include underserved segments in financial services, CBE succeeded in empowering marginalized groups by collaborating with banks and service providers to propose more advanced products and projects tailored to persons with disabilities, in addition to smart cards for Egyptian farmers.⁴³

Another initiative aiming to eradicate poverty and eliminate spatial inequality is “*Haya Karima*”, which means “decent life”. It was implemented in 2019 with the goals of providing a decent life in rural villages with a high poverty rate by offering support for health, education, housing and infrastructure, in addition to promoting microenterprises and economic empowerment. The initiative has reached 186,000 beneficiaries.⁴⁴

With the outbreak of COVID-19, the Government of Egypt reacted quickly to protect the population from the painful health and economic impacts of the pandemic. It expanded the coverage of the programmes “*Takaful*” and “*Karama*” to mitigate the impact on vulnerable households, extending benefits to an additional 411,000 families.⁴⁵ Furthermore, the Government provided monthly cash transfers of LE 500 for three months to irregular workers in the most hard-hit sectors, reaching approximately 1.6 million beneficiaries.⁴⁶

Additionally, the Government announced a stimulus package of LE 100 billion (\$6.13 billion) to boost the economy. Other measures include postponing loan repayment, rescheduling taxes and reducing the price of utilities.⁴⁷ To support hard-hit sectors, CBE reduced the preferential interest rate from 10 per cent to 8 per cent on loans in the tourism, industrial, agriculture and construction sectors, as well as for housing that targets low- and middle-income families.⁴⁸ CBE deferred all customer payments for corporations, individuals and small and medium-sized enterprises (SMEs), and facilitated the use of electronic payment methods to encourage cashless transactions.⁴⁹

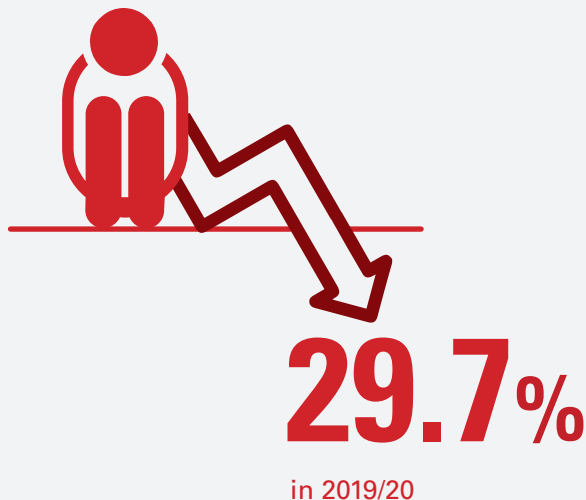
E. Concluding remarks and policy recommendations

Egypt is expected to achieve several development goals by 2030; however, challenges remain in terms of eradicating poverty, reducing inequality, empowering women and creating decent jobs. These challenges increased with the outbreak of COVID-19, given the related health cost and economic slowdown.

This chapter provides an overview of the current status and trends of selected SDG indicators since 2015, which represent development priorities and constraints in Egypt. It focuses primarily on Goal 1 on eradicating poverty and Goal 10 on reducing inequalities.

Egypt achieved progress in reducing the number of individuals living in extreme poverty. According to the latest available data, the proportion of individuals living below the national poverty line decreased for the first time in 20 years, to 29.7 per cent in 2019/20. Poor individuals are mainly concentrated in rural Upper Egypt. They are illiterate, informally employed and work primarily in the construction

The proportion of individuals living below the national poverty line decreased to



The Government implemented several economic reforms and expanded its social protection programmes to protect vulnerable households against the health and economic impacts of the pandemic and to ensure that the Egyptian economy is resilient to any future shocks.

sector. Income inequality as measured by the Gini coefficient is considered moderate and has been decreasing over the years. Nevertheless, the income gap between the highest 10 per cent and the lowest 10 per cent is consistently high. Similarly, the gender gap in economic opportunities and the geographical gap in access to services are persistent. Moreover, inequality of opportunities has increased; wealth and the level of education of the head of household are the two main contributors.

The outbreak of COVID-19 and the economic slowdown may increase poverty and inequality and erode any progress made in the development agenda. In this context, the Government implemented several economic reforms and expanded its social protection programmes to protect vulnerable households against the health and economic impacts of the pandemic and to ensure that the Egyptian economy is resilient to any future shocks.

The Government's policies will determine the path for achieving the SDGs. An integrated, long-term approach should be implemented to address the main development constraints and target various Goals simultaneously, taking into consideration the interlinkages and trade-offs among the Goals. The following recommendations may be considered to eradicate poverty, reduce inequalities and achieve other SDGs:

1

Ensure equal access to education, which is the main contributor to poverty. With the increase in remote work and e-learning as a result of the COVID-19 pandemic, unequal access to digital devices may increase inequality in terms of access to education and income. Government policies must ensure equal access to education, technology and economic opportunities for all individuals, regardless of their income group, gender or geographical location.

2

Tackle gender inequality by ensuring that women have equal access to economic opportunities and sustainable sources of income. This would close the gender economic gap and increase investment in the education and health of future generations.

3

Reduce spatial inequality by ensuring equal investment in the social and physical infrastructure of rural and urban areas in all governorates.

4

Increase investment in the manufacturing, infrastructure and agribusiness sectors to ensure economic diversification and resilience and to generate additional decent jobs.

5

Reform and expand social protection programmes and ensure their effectiveness using evidence-based research to analyse the distributive and fiscal impacts of the various programmes.



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