

ERF Policy Brief

Sustainable Development in Egypt: Challenges, Priorities and the Way Forward

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About the authors

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In a nutshell

- A lot of heterogeneity is observed as Egypt managed to implement several SDGs, others are lagging behind.
- Given the reduced fiscal space and the complex trade-offs facing the government, different SDGs should be prioritized considering their socioeconomic impacts.
- No poverty (SDG1), zero hunger (SDG2), inequality (SDG10), climate action (SDG13), and peace, justice and strong Institutions (SDG16) will require immediate actions

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Overview of SDGs in Egypt

Sustainable development can be defined as an approach to growth and human development that aims to meet the needs of the present without compromising the ability of future generations to meet their own needs at the economic, social, and environmental levels. Its assessments is complicated and relies on a host of indicators. In fact, a lot of heterogeneity is observed as Egypt managed to implement several SDGs especially those related to health (*SDG3*), responsible consumption, and production (*SDG12*), clean water (*SDG6*) and energy (*SDG7*). However, other SDGs especially no poverty (*SDG1*), zero hunger (*SDG2*), inequality (*SDG10*), climate action (*SDG13*), and peace, justice and strong Institutions (*SDG16*) will require immediate actions to address remaining and significant challenges.

Regarding *SDG1*, poverty indicators are generally stagnating. Indeed, while the headcount ratio at 2.15USD/day is 2.1%, that at 3.65USD/day is almost five times higher. In addition, while this measure focuses on monetary poverty, non-monetary poverty is even more challenging as the multidimensional poverty indicator (Alkire et al., 2024) in Egypt is around the median value compared to other countries. Addressing this SDG is of top priority in the short term to protect vulnerable people through more inclusive social policies that providing the universal basic services and financing the appropriate social safety nets. The

zero hunger goal (*SDG2*) is more challenging as the prevalence of stunting in children under 5 years and the prevalence of obesity are still high. Clearly, while most of the quantitative targets have been achieved, more efforts are needed to make children and the Egyptian population in general healthier with a more diversified diet. However, this is highly correlated with poverty that can affect both hunger and the quality of food. In addition to poverty, inequality is also a serious issue in Egypt (*SDG10*) as the Gini index is stagnating and the middle class is declining.

On health and education, *SDG3* that is related to good health and well-being is, globally, much better than the previous goals with the exception of two indicators which are the Age-standardized death rate due to cardiovascular disease, cancer, diabetes, or chronic respiratory disease in adults aged 30–70 years and the subjective wellbeing that is low and decreasing. As per *SDG4*, more policies are needed to focus on education as the participation rate in pre-primary organized learning represents only 32.5% of children aged 4 to 6. In addition, the literacy rate is high and the completion of lower secondary education is low.

In *SDG5* on gender equality, the main challenge remains in the low ratio of female-to-male labor force participation rate. As it was mentioned before, there is a large disconnect between females' education and labor force participation. This will need more gender friendly labor policies that encourage female participation.

Figure 1. SDG status in Egypt



Source: SDG dashboard (<https://dashboards.sdgindex.org/rankings>)



For water and energy, *SDG6* on clean water and sanitation is doing relatively well when it comes to the share of population using at least basic drinking water services and sanitation services. However, freshwater withdrawal as percentage of available freshwater resources is high and points out the water stress that Egypt is going to face in the medium and long run. A similar observation applies to *SDG7* as all the population has access to electricity and to clean fuels for cooking. Yet, the share of renewable energy in total final energy consumption is still low (3.3% in 2020).

Regarding SDGs related to work and industry, *SDG8* (decent work and economic growth) shows that the main challenges pertain to the adults with an account at a bank or other financial institutions as well the fundamental labor rights. Hence, an easier access to banking services is needed to increase the coverage for remote areas. *SDG9* (industry, innovation and infrastructure) is overall performing relatively well compared to other SDGs. The main challenges are related to the low level of expenditure on research and development that affects innovation and thus the competitiveness of the industrial sector and the upgrade in global value chains.

As per *SDG11* (sustainable cities and communities), investing in public transportation must be a top priority as the share of population with convenient access to public transport in cities is relatively low (24.1% in 2020). In addition, *SDG12* shows that, overall, most of the indicators are doing relatively well when it comes to the responsible consumption and production as the production based nitrogen emissions, nitrogen emissions associated with imports and municipal solid waste are low. More efforts are needed to reduce the production based air pollution.

On the environment-related SDGs, *SDG13* shows that CO₂ emissions embodied in fossil fuel exports and from fossil fuel combustion are still characterized by some challenges. This is why improving the technology of production to make it more environment friendly is a must to reduce CO₂ emissions. This can take place by imposing a carbon tax on polluting industries. Life below water (*SDG14*) is still facing many challenges, as the area that is protected in marine sites is low, the clean waters score is average, and fishing practices are not environment-friendly. Finally, the life on land (*SDG15*) target is mainly challenged by the low level

of the mean area that is protected in terrestrial sites (38.8%) and freshwater sites (26.1%). This is a key issue for biodiversity.

At the institutional level (*SDG16* related to peace, justice and strong institutions), more efforts are needed to improve the quality of institutions, press freedom and streamlining administrative proceedings. Compared to other SDGs, this one is not performing well and will require deep reforms that aim at reforming the institutional setting that is a necessary condition for long term growth. At the international level, *SDG17* (partnerships for the goals) shows that Egypt needs to improve its spending on health and education (which are key for all SDGs) and to better support the UN-based multilateralism.

The way forward

Against the previous background, and given the reduced fiscal space and the complex trade-offs facing the government, different SDGs should be prioritized considering their socioeconomic impacts (anchored on the SDG Gaps) and their feasibility from a financial perspective. The following figure summarizes the urgency and the importance of each SDG over the short, medium, and long term. In addition, it suggests some concrete policy measures to be implemented.

In the short term, it is important and urgent to address *SDG1, 2* and *10* as they directly affect people's lives and their policies can address short term problems such as social safety nets, social protection and provision of universal basic services. *SDG13* related to climate action is also urgent and important given that climate change challenges require immediate actions to avoid long term losses.

In the short term as well, *SDG3* and *SDG4* are considered important but less urgent as Egypt is performing relatively well in most of the indicators. However, revisiting spending priorities (reducing investment in infrastructure and interest payments to increase health and education spending) must be a top priority.

Finally, institutional reforms related to *SDG16* are essential and will need more time than other SDGs but are a necessary condition to achieve all SDGs. This is why they are equally urgent and important.



Urgent and important in the short term	SDG1	No Poverty	Inclusive social safety nets. More structural policies that generate jobs
	SDG2	Zero Hunger	Tackling food security in a more comprehensive approach
	SDG10	Reduced Inequalities	Providing universal basic services, especially for the middle class.
	SDG13	Climate Action	Streamlining environmental laws to better tailor mitigation and adaptation policies
	SDG16	Peace, Justice and Strong Institutions	Improving the quality of institutions, press freedom, and streamlining administrative proceedings.
Important in the short term	SDG3	Good Health and Well-Being	Revisit the spending priorities to increase public spending on health. Reallocate spending from current to productive spending
	SDG4	Quality Education	Revisit the spending priorities to increase public spending on education. Reallocate spending from current to productive spending
Urgent and important in the medium term	SDG8	Decent Work and Economic Growth	Promoting the services and the manufacturing sector to generate more jobs
			Reducing the cost of hiring formal workers
	SDG9	Industry, Innovation and Infrastructure	Providing security to those who are outside the workplace . Adopting a formalization through promotion approach by giving informal firms incentives to formalize Structural and deep reforms are needed to improve the business environment, increase competition, and attract FDI in the manufacturing sector to foster innovation and the competitiveness of the industrial (non-oil) sector.
Important in the medium term	SDG5	Gender Equality	Gender-friendly labor policies to increase female labor force participation
	SDG6	Clean Water and Sanitation	Construction of new water treatment plants
			Implementation of water conservation measures. Development of new water resources
	SDG7	Affordable and Clean Energy	Investing in renewable energy
	SDG14	Life Below Water	Reducing the reliance on oil Laws for protection of marine sites is low
SDG15	Life On Land	Regulations for more sustainable fishing practices Enforceable laws to protect area that terrestrial and freshwater sites	
Important in the medium and long term	SDG11	Sustainable Cities and Communities	Invest in public transportation for more inclusive cities.
	SDG12	Responsible Production and Consumption	Imposing a carbon tax to reduce emissions from the manufacturing sector.
	SDG17	Partnerships for the Goals	Stronger support for the UN-based multilateralism

Source: Author's own elaboration.

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