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## Human Development Report 2021: Egypt succeeded in improving macroeconomic indicators



After a 10-year break, Egypt was able to issue the Human Development Report 2021; considered one of the most important reports monitoring the status of human development worldwide. Egypt was one of the first countries keen on documenting the state of human development, and has issued 11 reports since 1994, with this year's report being its 12th.

[Link to the News Story](#)

### Our Views

- The reissue of Egypt's Human Development Report (EHDR), is certainly promising; its first international edition in 1990 helped introduce a different approach, combining

countries across the world in one indicator to measure the wellbeing of many lives, focusing on their opportunities and choices.

- The identity and structure of the 2021 EHDR differs from the standard form discontinued since 2010. This year's report focuses more on the projects and initiatives that have been implemented concerning some human development dimensions at the macro level.
- The composite human development index, a key pillar of Egypt's Human Development series reports since 1994 till 2010, is absent in EHDR 2021. It combines health, education, and income level through a fixed formula at the local level. This was replaced in this year's report by addressing each of them separately.
- Due to the absence of the local human development index, it has become difficult to track the time sequence of its performance, and to identify the most important features of Egypt's economic and social development at the local level during the period 2010-2021.
- Despite the importance of designing comprehensive social protection programs and service projects targeting the poorest segments, **which have been reviewed in detail through the various chapters of the report**, what is most important is to evaluate the results of these programs and their positive impact on the conditions of the most

economically vulnerable, especially as some of them have not yet been implemented. For example, have the working class moved from their income level to a higher level as a result of these programs? Have these programs been reflected on the quality of services they received in terms of health, education and housing? Do these programs reflect their actual needs? To what extent are these contributions sustainable?

- The country comparators used to assess Egypt's human development status are of limited benefit, as they are not the countries Egypt economically competes with, such as South Africa, Morocco, and Turkey.
- Since tracking the development performance of Egypt depends primarily on analyzing its macroeconomic position against preceding levels, the following analysis monitors this development at the governorate level through tracking some other indicators that reflect human development pillars in Egypt from a decade ago. The analysis compares between 2008 and 2018 as shown by the EHDR 2010 and the Sustainable Development Goals (SDG) indicators included in EHDR 2021, respectively.

This edition of “Views on News” is specifically concerned with the poverty rate as the most important indicator that summarizes the state of human development, for the following reasons:

1. The issue of poverty is at the heart of other development goals, as the level of poverty affects access to good health

services, education services, and decent work opportunities; but it also is affected by them at the same time. Thus, poverty is widely reflective of the state of human development.

2. The eradication of poverty and hunger come at the forefront of development goals (the first and second goals).
  3. The Egyptian Human Development Report of 2010 discussed the issue of poverty as one of the main pillars that affect youth and their quality of life, especially with regard to its close relationship with unemployment<sup>1</sup>.
- Figure 1 below shows the geographical distribution of poverty rates between 2008 and 2018 on the left axis. We find that, apart from Fayoum and Beni Suef, the situation of all governorates has worsened concerning the spread of poverty. It is worth stating that a number of governorates did not experience widespread poverty in 2008 (such as border governorates)<sup>2</sup>, and enjoyed a high level of human development according to the local human development index in 2010 (0.73-0.79). However, the poverty rate has increased significantly among them to range between 13%-53%, which is more than the general average (32.5%)<sup>3</sup> by about 20 percentage points.

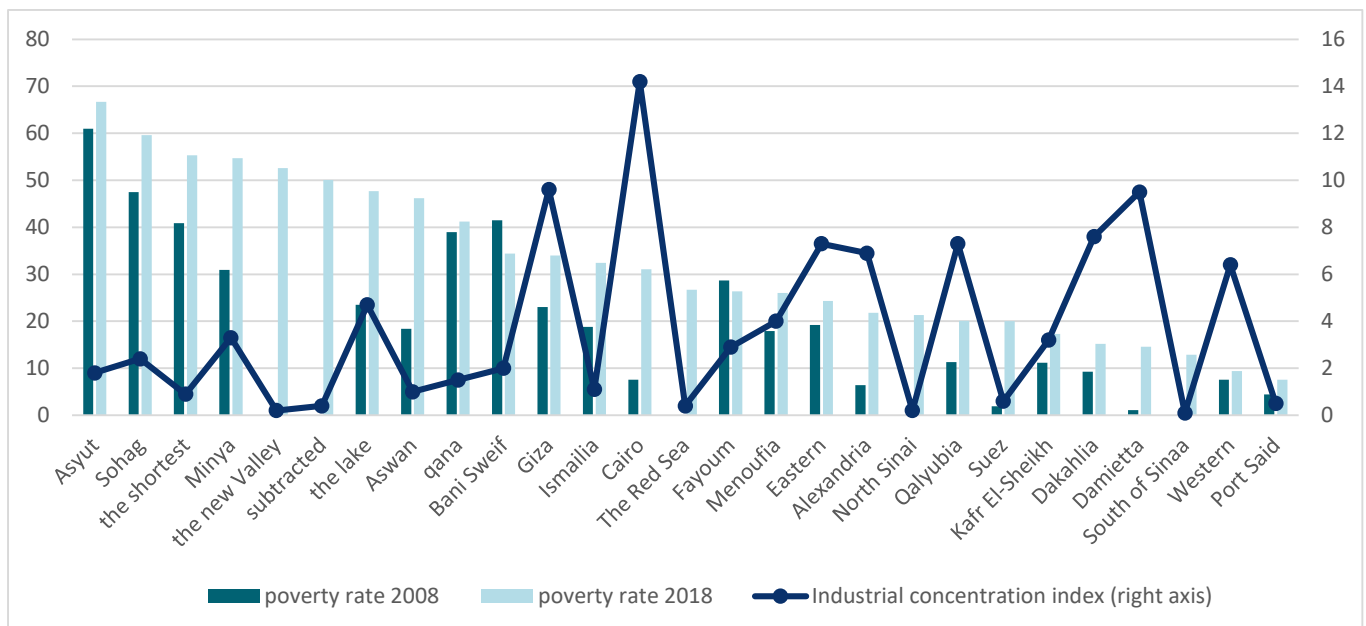
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<sup>1</sup> The issue of youth and building their future was the main theme of the report.

<sup>2</sup> New Valley, North Sinai, South Sinai, Red Sea and Matrouh.

<sup>3</sup> Poverty rate at the state level.

Figure 1. Geographical distribution of poverty (2008-2018) and the industrial concentration index (2019)



Sources: Poverty Rates: Egypt Human Development Report 2010 and 2021;

Industrial concentration index: ECES's analysis of CAPMAS' latest statistics on manufacturing industries (2019).

- Poverty increased in some urban governorates such as Cairo and Alexandria by more than three times the rate in 2008, and by ten times in other governorates such as Suez and Damietta, while still lower than the general average, after recording 0.81 and 0.78 in the local Human Development index (2010), respectively.
- Upper Egypt governorates such as Sohag, Assiut, Luxor, Aswan, Minya and Qena continued to witness high rates of poverty but at an even higher rate, exceeding the average by 20-30 percentage points. As for the Lower Egypt governorates, which witnessed relatively low levels in 2008;



some of them recorded a double increase in 2018, such as Beheira, which exceeded the general average by about 17 percentage points, and less than doubled for the rest, such as Menoufia and Ismailia, with rates lower than the general average.

- These trends in geographical poverty levels are accompanied by a very important pattern that monitors the levels of **industrial concentration of economic activities in the governorates for the year 2019** as shown by the right axis in Figure (1) above. The figure confirms the existence of an inverse relationship between poverty rates and the extent of industrial activity concentration, so that the governorates with high rates of poverty lack manufacturing industries. These include border governorates, Upper Egypt, and some of the Lower Egypt governorates. On the contrary, industrial activities are more concentrated in governorates with low rates of poverty.

This analysis reflects an important fact in the reform prescription to break the cycles of increasing poverty. Namely, increasing economic activity in the **poor governorates**, especially the manufacturing sector within its comprehensive framework<sup>4</sup> due to its ability to create job opportunities, as;

- The manufacturing sector is the largest employer, absorbing a large percentage of workers, especially blue-collars, technical education graduates - who represent the largest percentage of the poor and low-income segments - and a large percentage of females. Thus, it is more important for poor regions, especially in rural areas, where there is a high percentage of households headed by women.

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<sup>4</sup> The comprehensive framework of industry includes manufacturing and its related trade and services.

- Stimulating manufacturing activity, from a comprehensive perspective, contributes to activating industries within the governorates and related trade and services, which would motivate economic growth in a way that enhances the stance of human development in other fields.

## Worthy of Note:

- Chapter 4 of the report, discussed the situation of Egyptian women, and has presented an important project prepared by the Egyptian Center for Economic Studies (ECES) on empowering Egyptian women, that is the "[Egyptian Women's Guide to Entrepreneurship](#)", within the review of programs and projects that target the economic empowerment of women. The Guide is now utilized by the Enterprise Development Agency and the banking sector.
- The report introduced some important indicators that reflect some of Egypt's sustainable development goals in areas such as partnerships for the initiative, strong institutions, justice, and others; which can be monitored and periodically assessed for Egypt in the upcoming reports.

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