



EGYPT: ECONOMIC DEVELOPMENT AND POLICIES CONFERENCE

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The Political Economy of Infrastructure Development in Egypt

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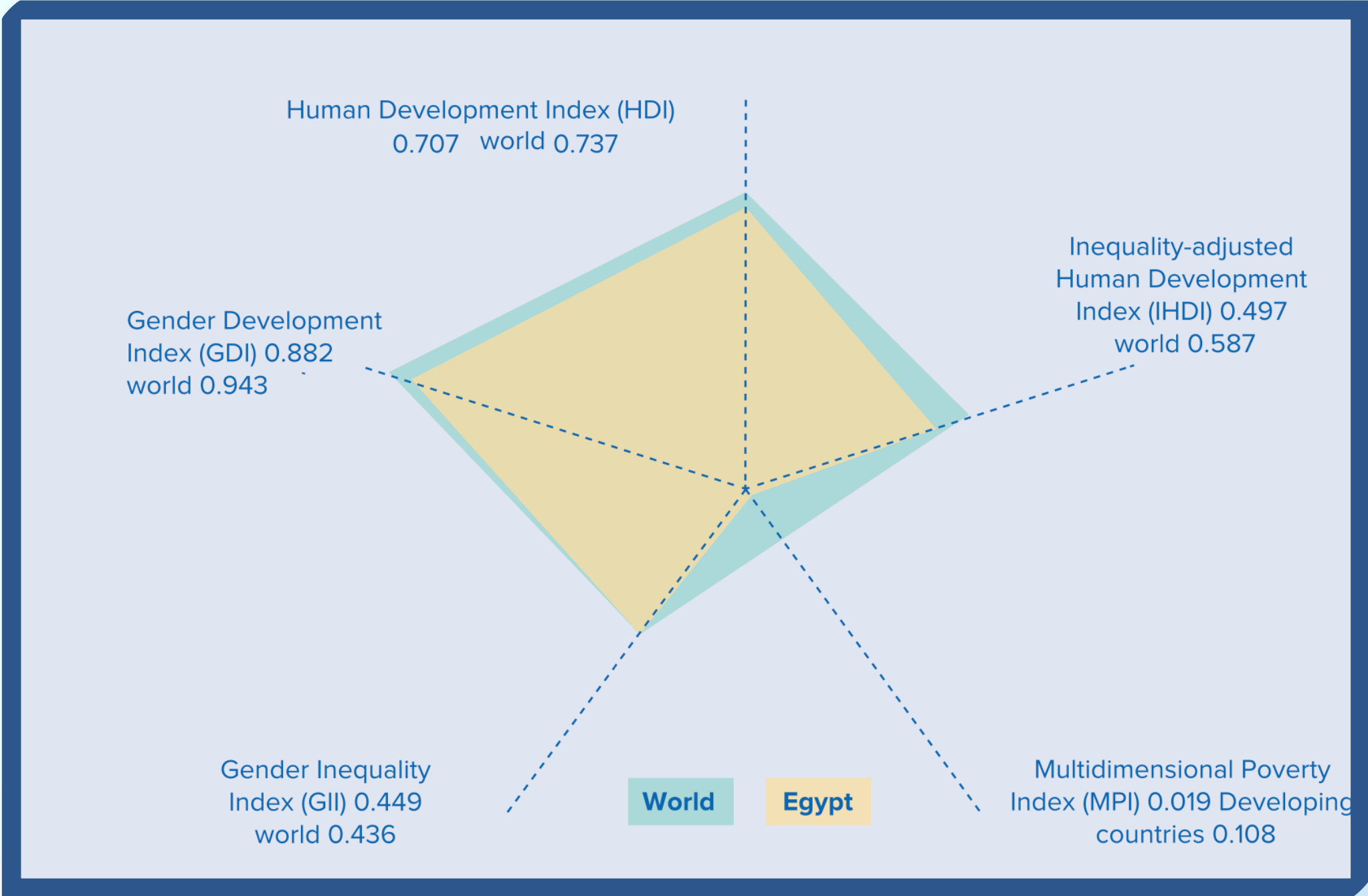
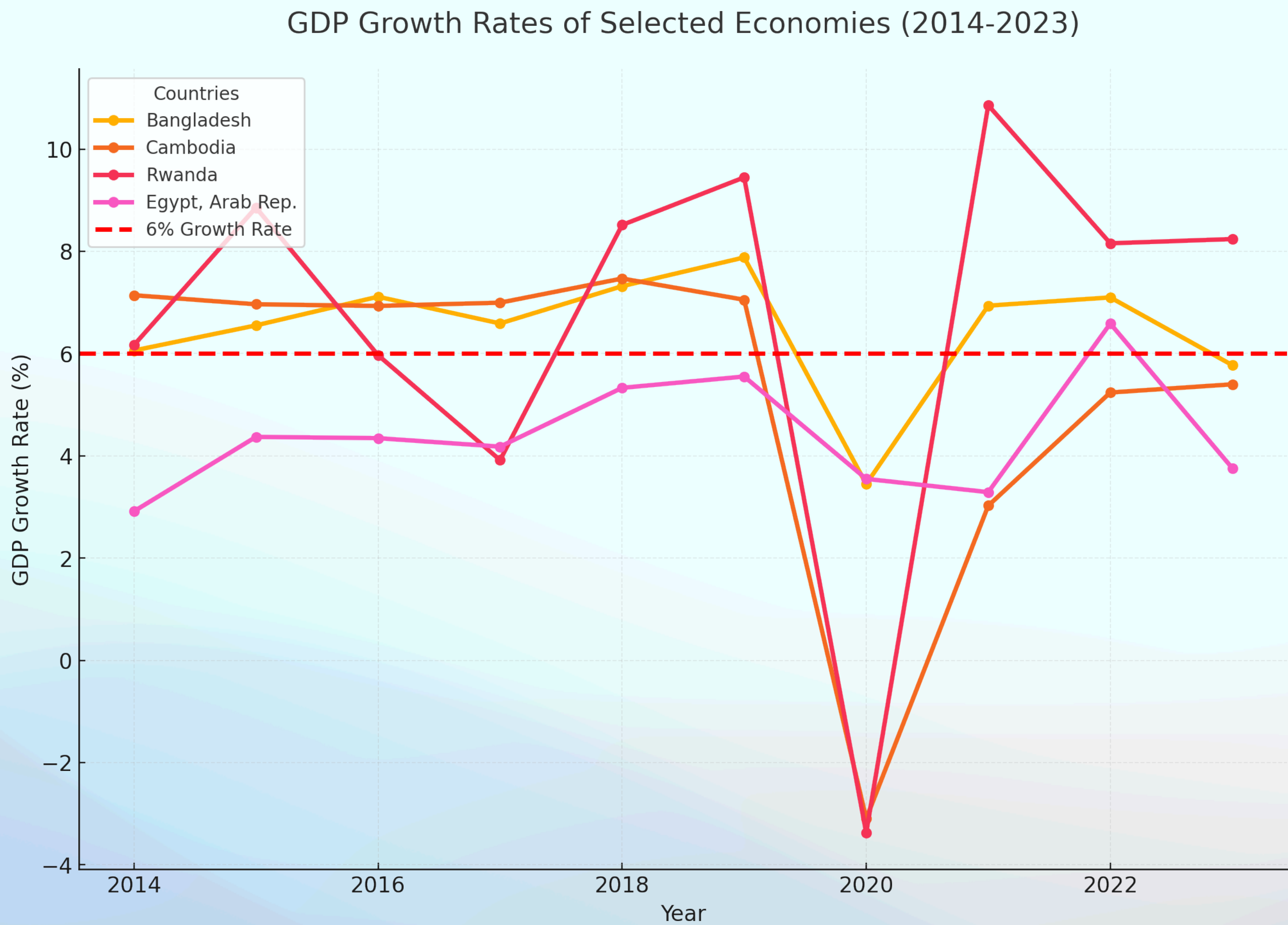
Mansour, S. A., & Hassan, M. (2024, November). The Political Economy of Infrastructure Development in Egypt [PowerPoint slides].

The Political Economy of Infrastructure Development in Egypt

Dr. Sarah Mansour & Ahmed Zaki

Motivation: Egypt's Infrastructure Puzzle

Egypt invests \$300 billion in infrastructure development over 10 years, says minister



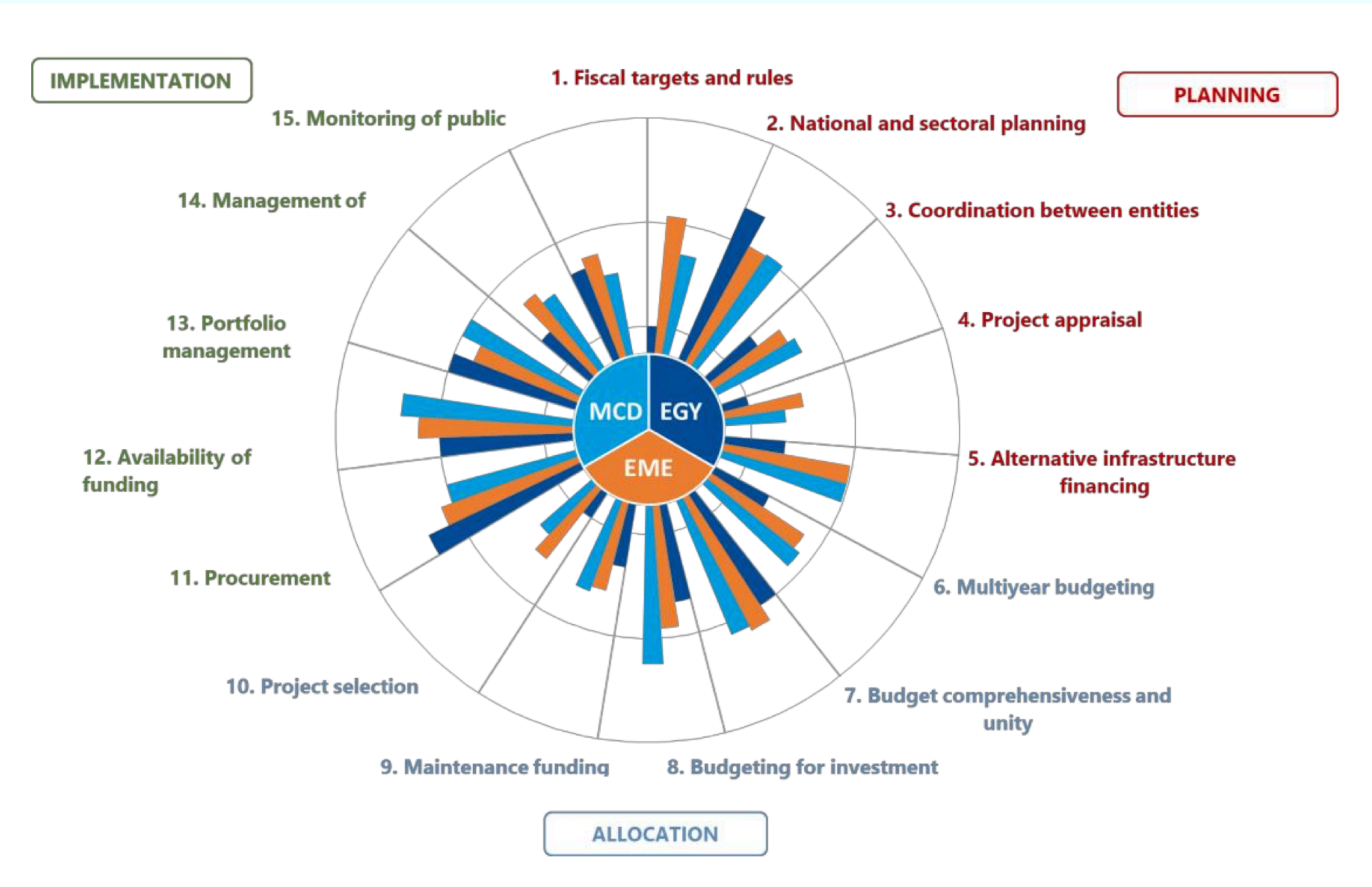
Source: World Development Indicators, Egypt Human Development Report 2021

Outline

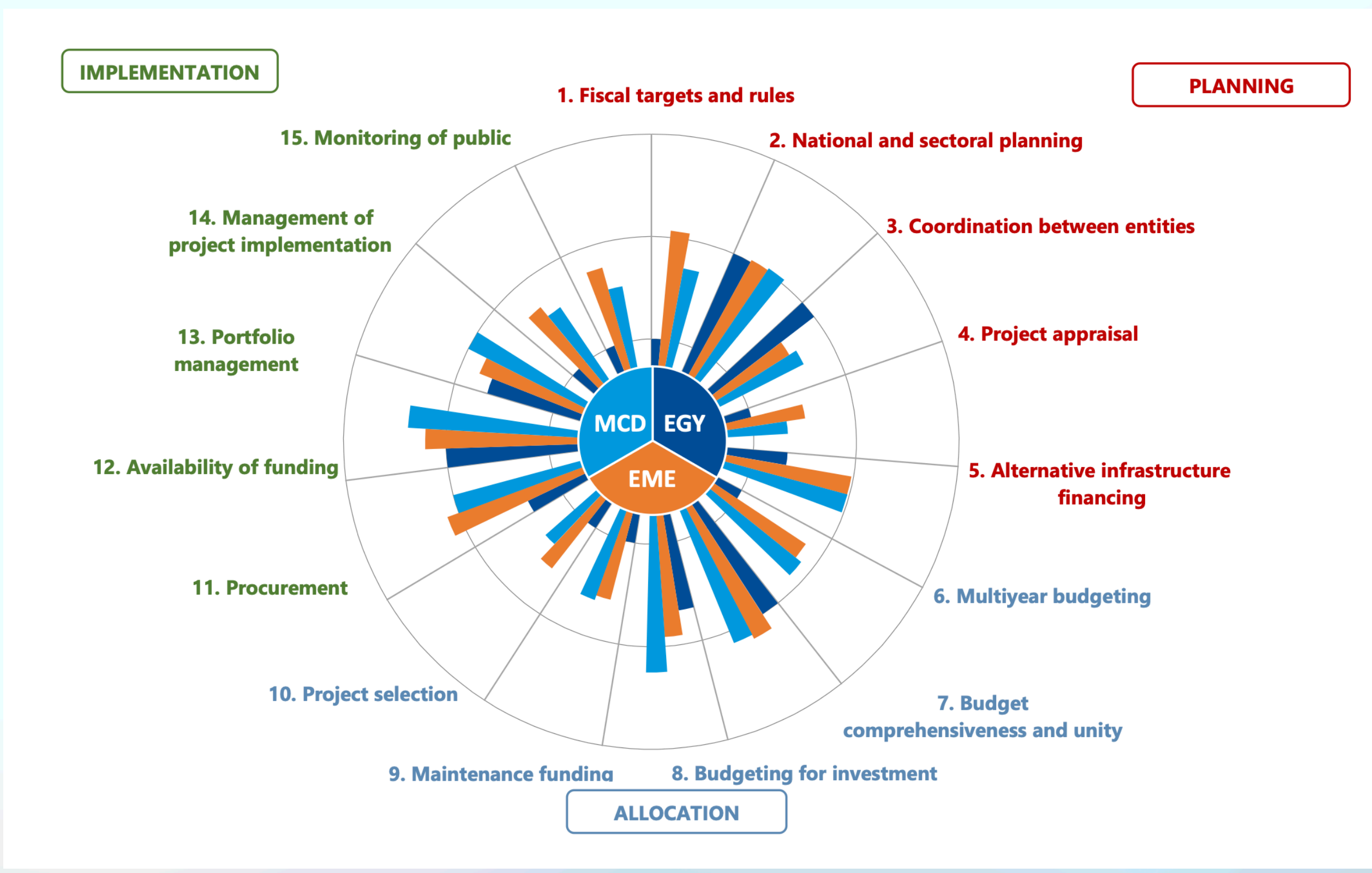
- Motivation: Egypt's Infrastructure Puzzle
- Defining Infrastructure
- Theoretical Underpinnings
- Evidence:
 1. Incomplete Ideological Shifts and Infrastructure Decay
 2. Myopic financing and allocation choices
 3. Spatial Inequalities and Public Investment Choices
 4. Sectoral Inequalities and Uneven developments
 5. The Way Forward

Motivation: Egypt's Infrastructure Puzzle

Institutional Design



Effectiveness



Theoretical Underpinnings

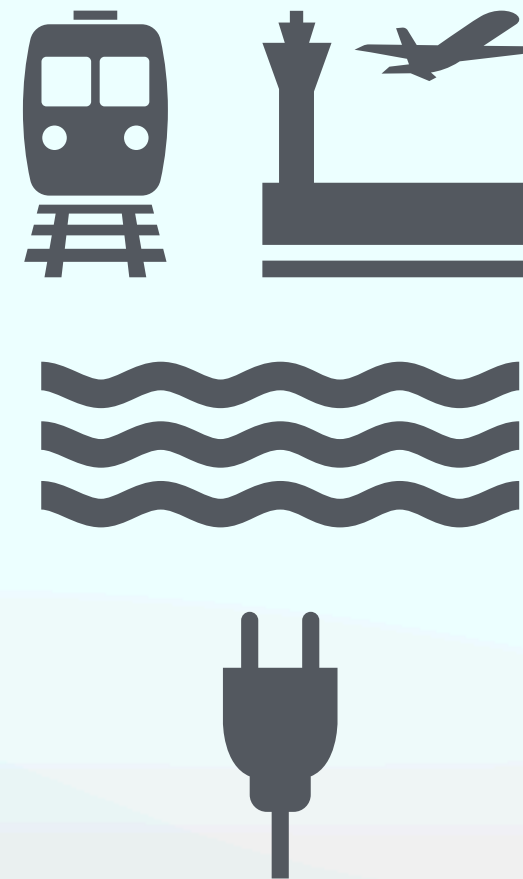
- Criticality of Infrastructure to Economic and Social Development (Calderon & Serven 2004; Srinivasu & Rao 2013; Bajar, 2020)
- Defining and delineating infrastructure (Buhr, 2003)
- The vital role of institutions and the spillover effects on infrastructure development (Voigt, 2019; Olson, 1996, Acemoglu and Robinson, 2012)
- The institutional setting in modern Egypt and concentrations of power (Helal, 2005; Perlmutter, 1972)
- Incomplete, Incoherent and Inconsistency in ideological shifts (Alissa, 2007)
- Weak local governance and decentralization frameworks in Egypt (Ivanyna & Shah, 2012)
- Proliferation of parallel structures in government and project implementation (Elbaradei, 2011)
- Spatial Inequality in the era of state led development (Warden, 2007)
- The link between spatial and sectoral inequalities with regime type and institutional setting (Lake & Baum, 2001; Lipton, 2019)

Defining Infrastructure

Institutional Infrastructure

Material Infrastructure

Physical Infrastructure



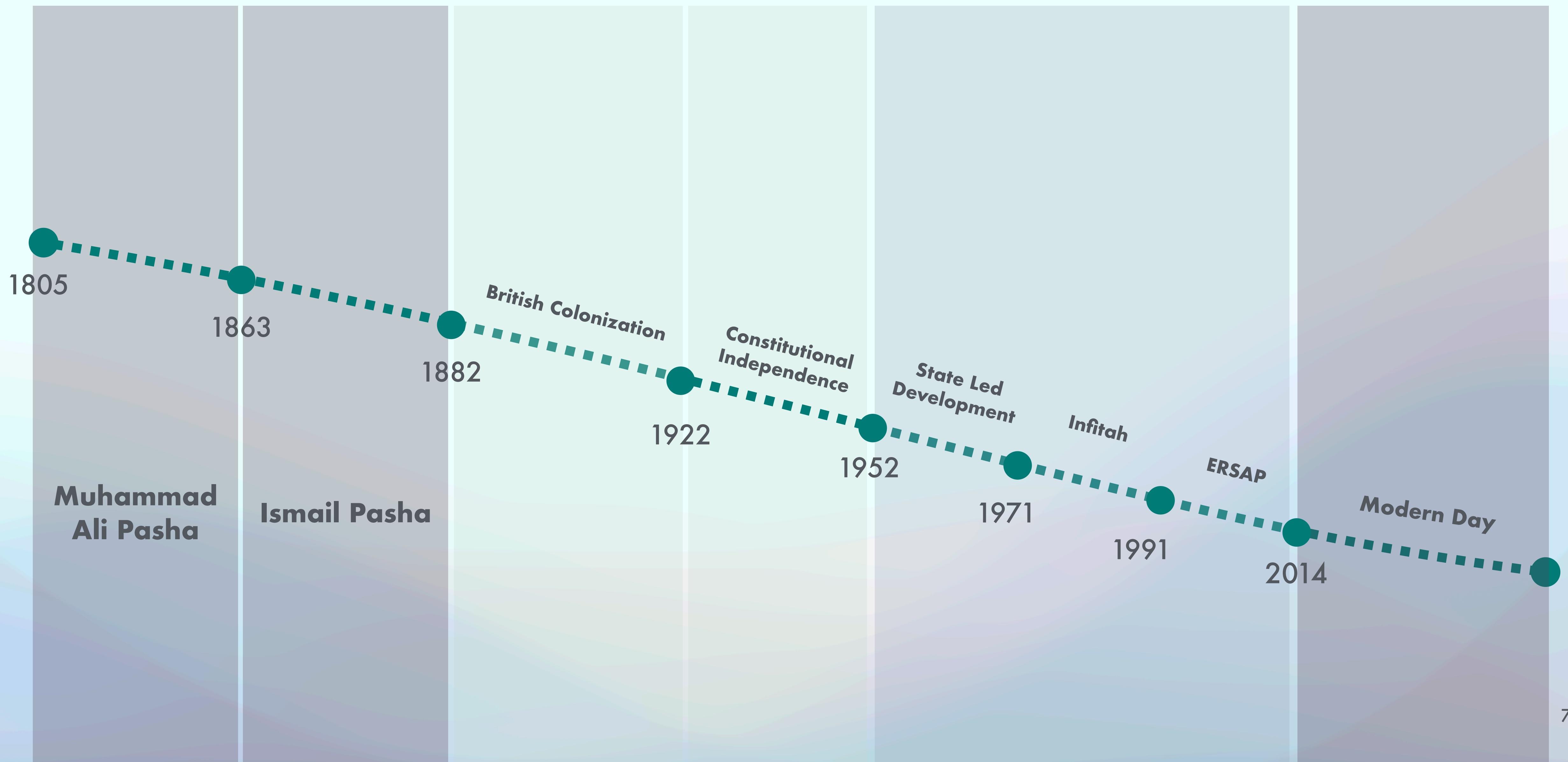
Social Infrastructure



Personal Infrastructure
(Human Capital)



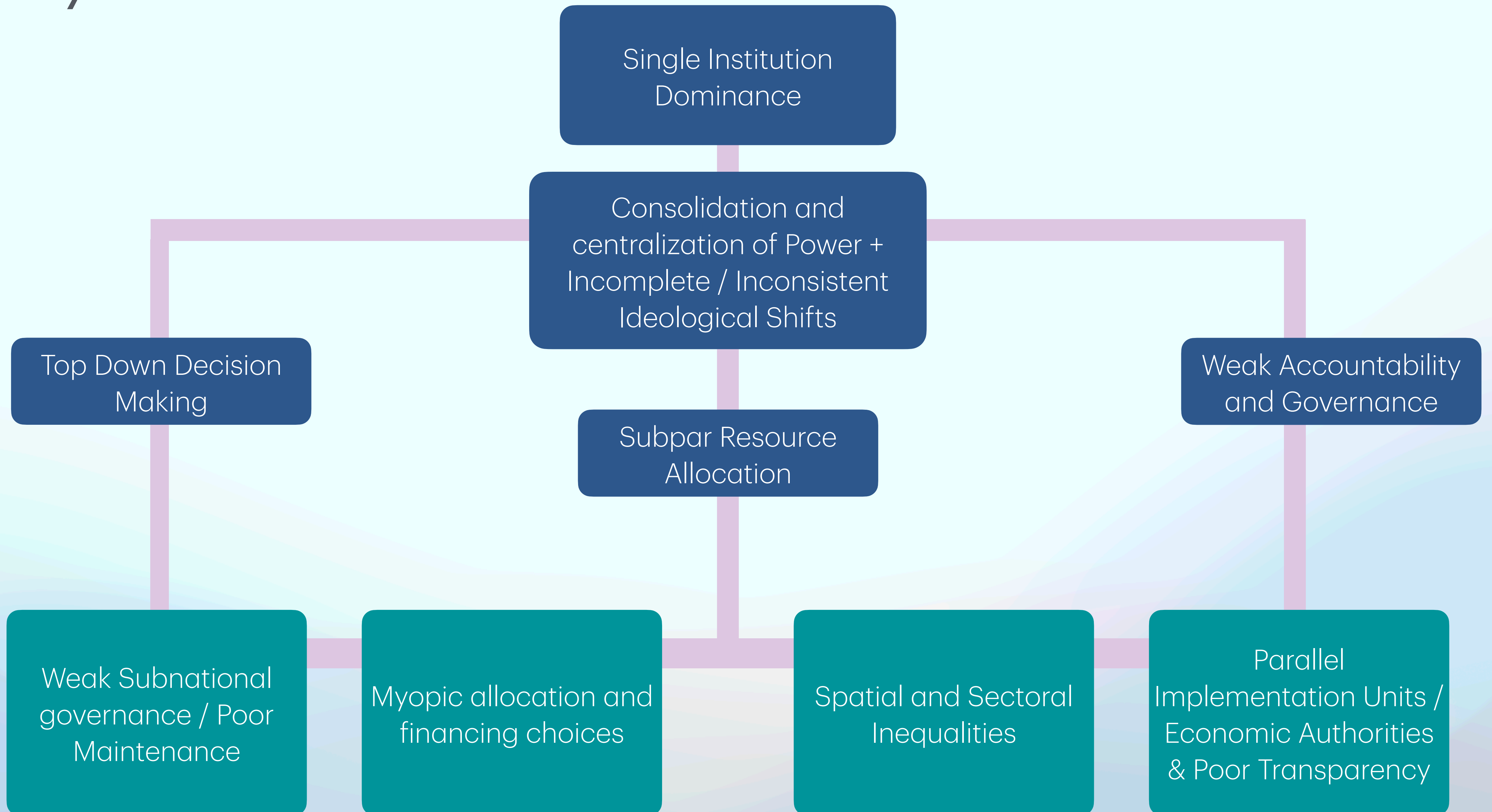
A Chronological Overview



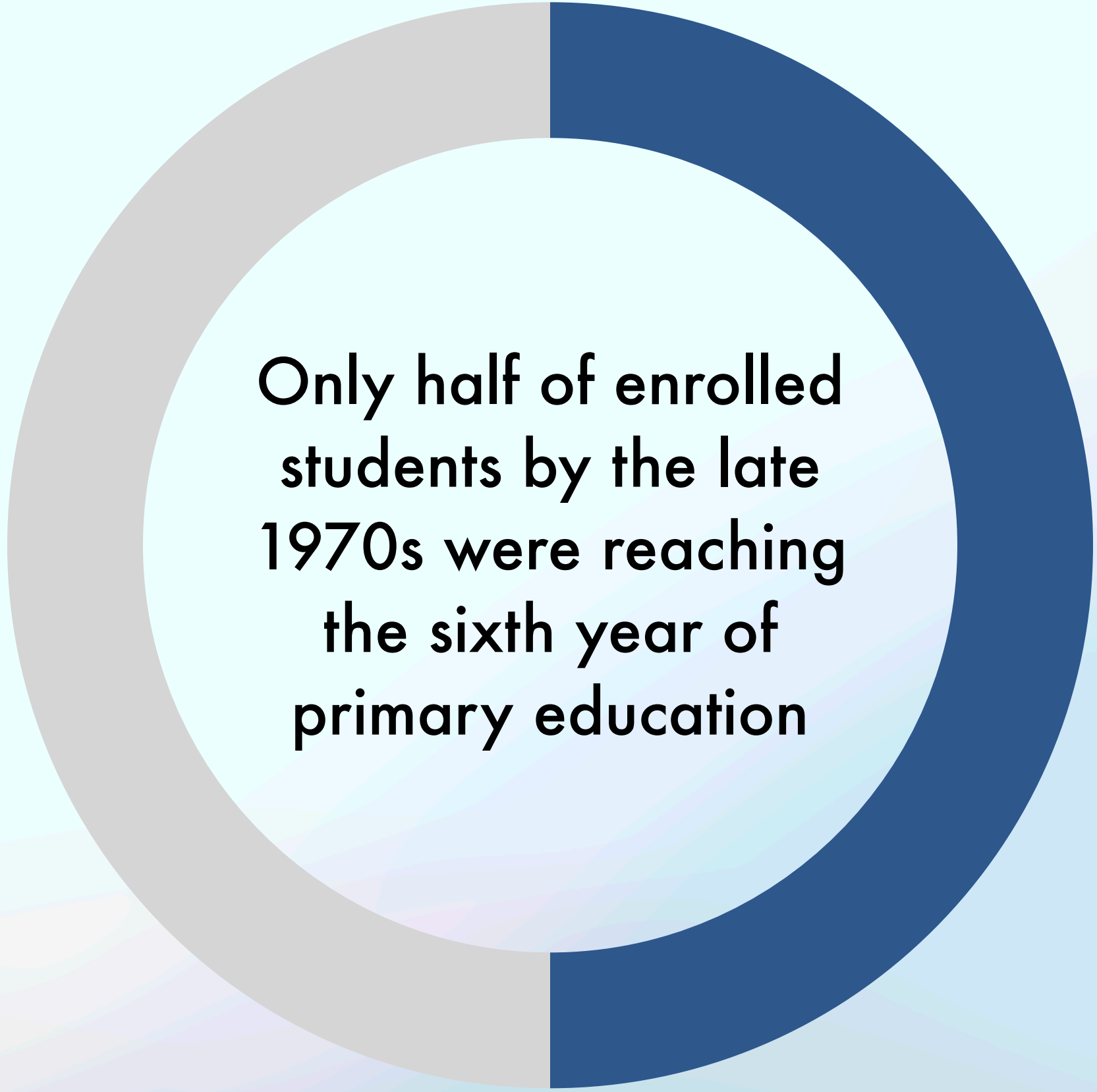
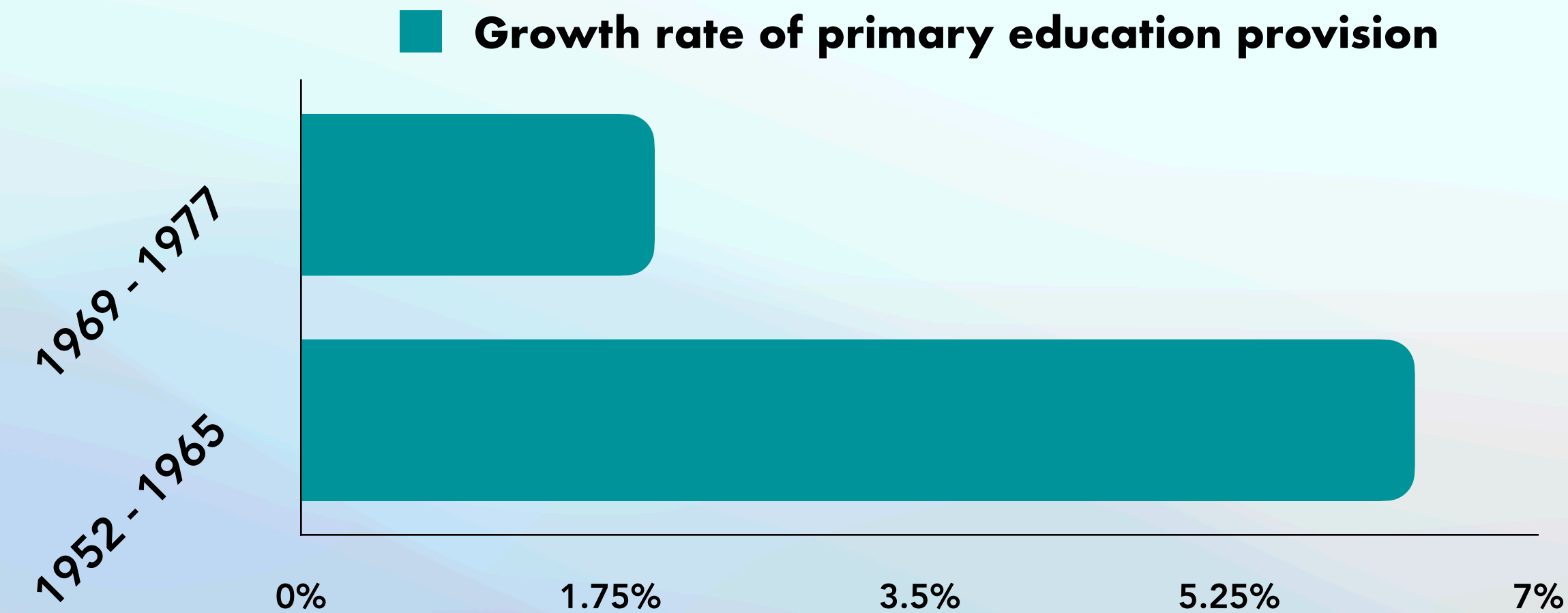
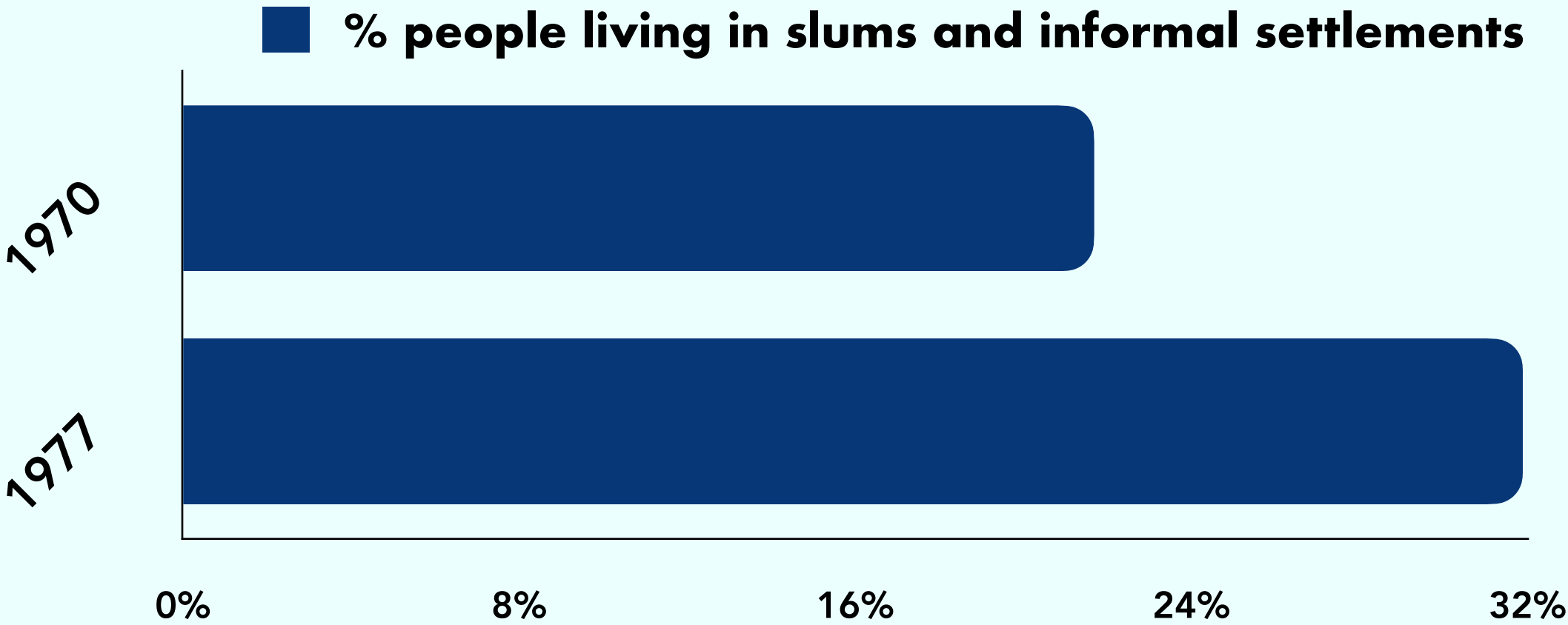
Key Arguments

1. Poor institutional environment which resulted, and is still resulting, in an inefficient process of
 - Prioritizing infrastructure projects,
 - Allocating Resources
 - Designing, implementing and evaluating chosen projects
2. Spatial inequality between Egypt's largest urban governorates and its frontier and rural ones with regards to provision of both physical and social infrastructure
3. Disproportionate investments in infrastructure, with a clear emphasis on physical at the expense of social infrastructure

Analytical Framework



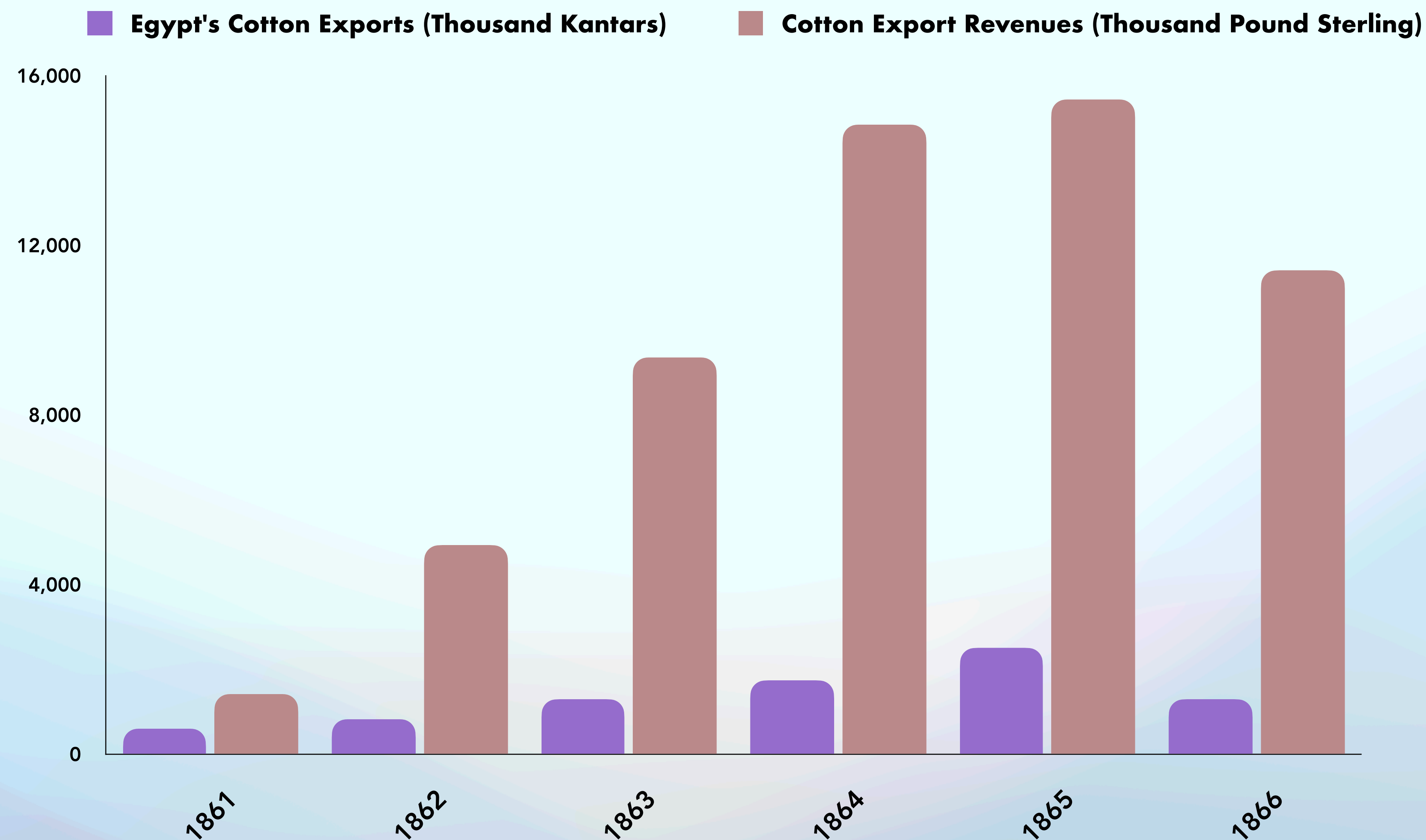
Incomplete Shifts and Infrastructure Decay



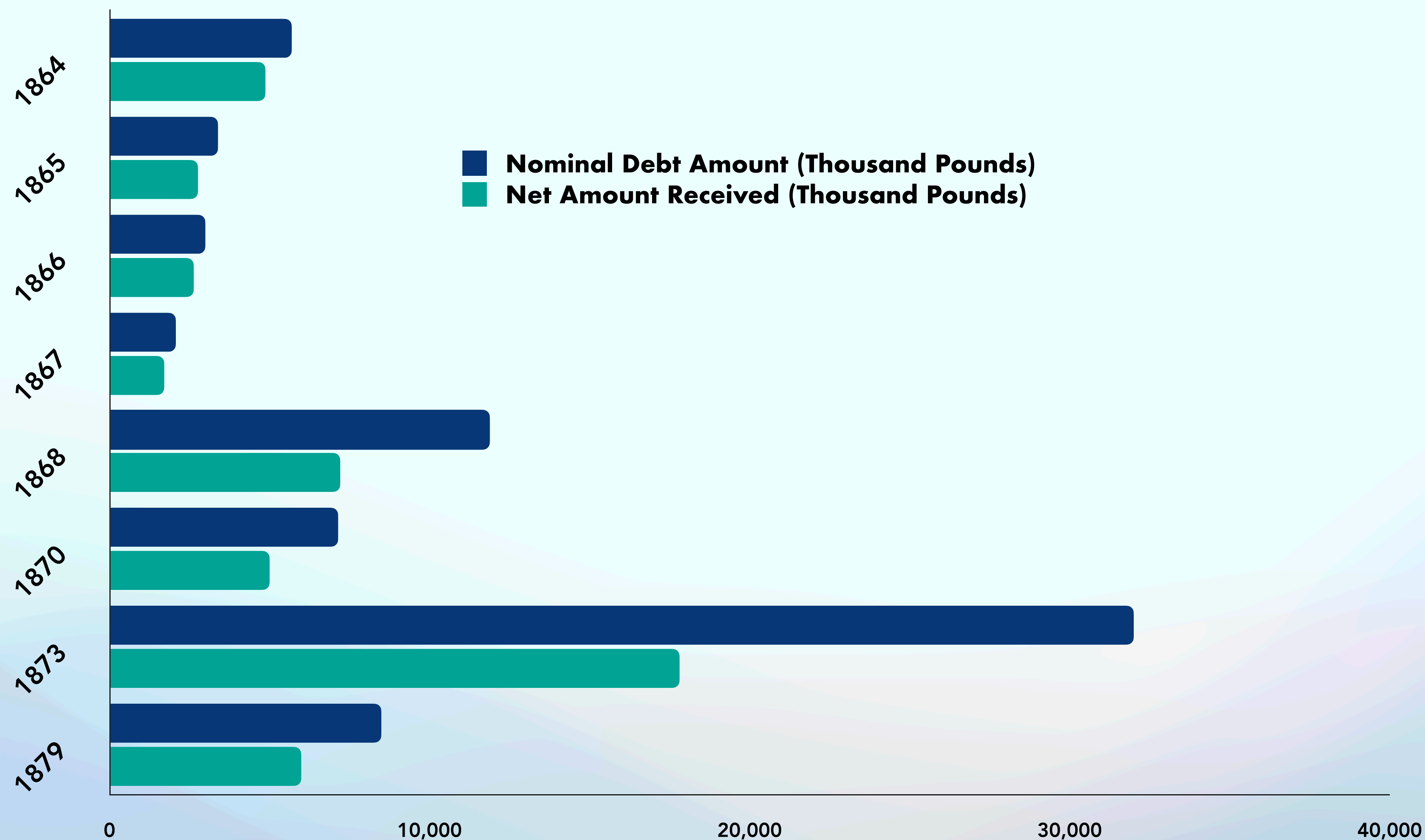
Hinnebusch, R. A., Jr. (1988). *Egyptian politics under Sadat: The post-populist development of an authoritarian-modernizing state* (Updated ed.). Lynne Rienner Publishers

Waterbury, J. (2014). *The Egypt of Nasser and Sadat: The political economy of two regimes* (Vol. 515). Princeton University Press.

Myopic Allocation and Financing Choices



Myopic Allocation and Financing Choices

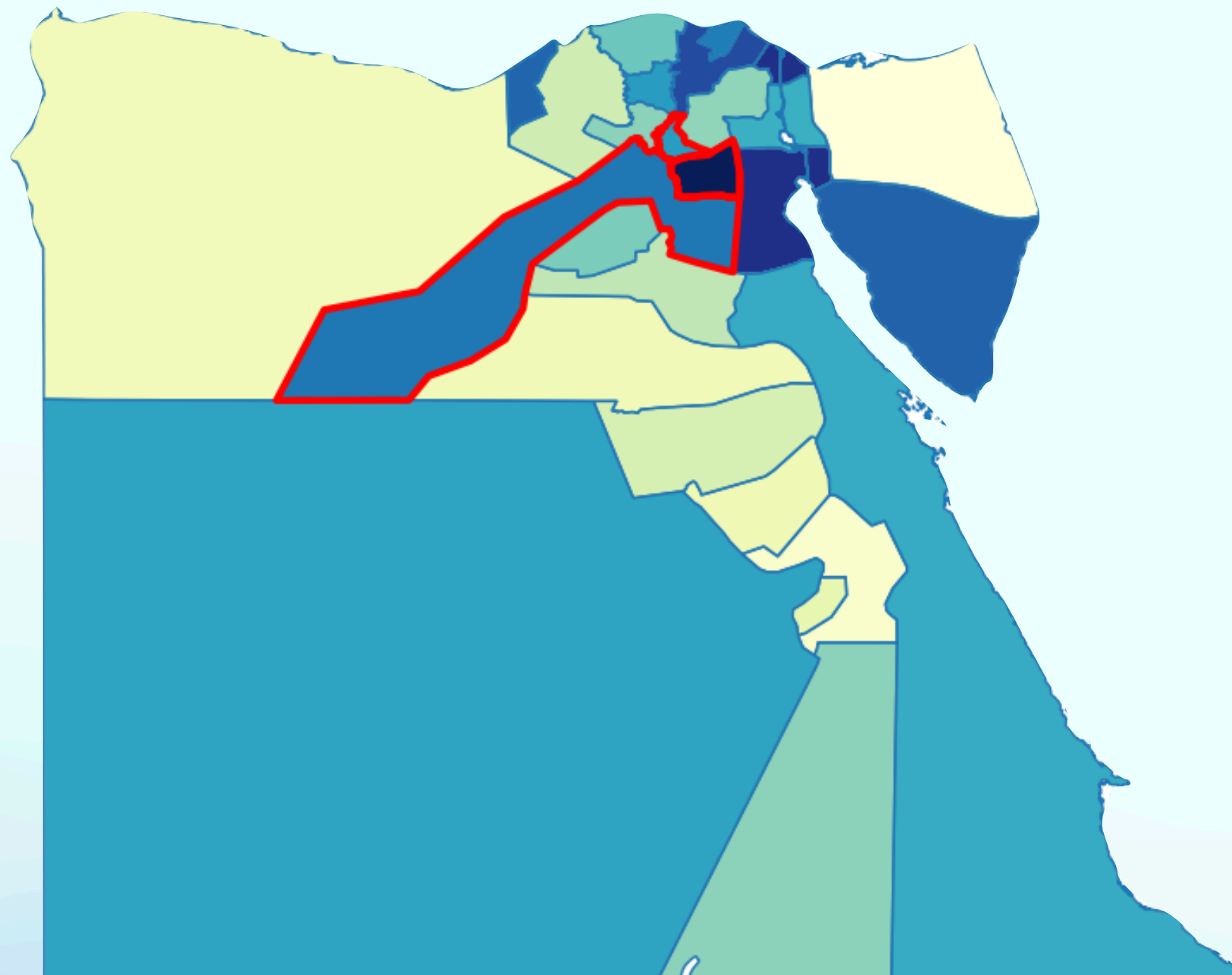


Debt Service reached 70% of Egypt's total revenues in 1873

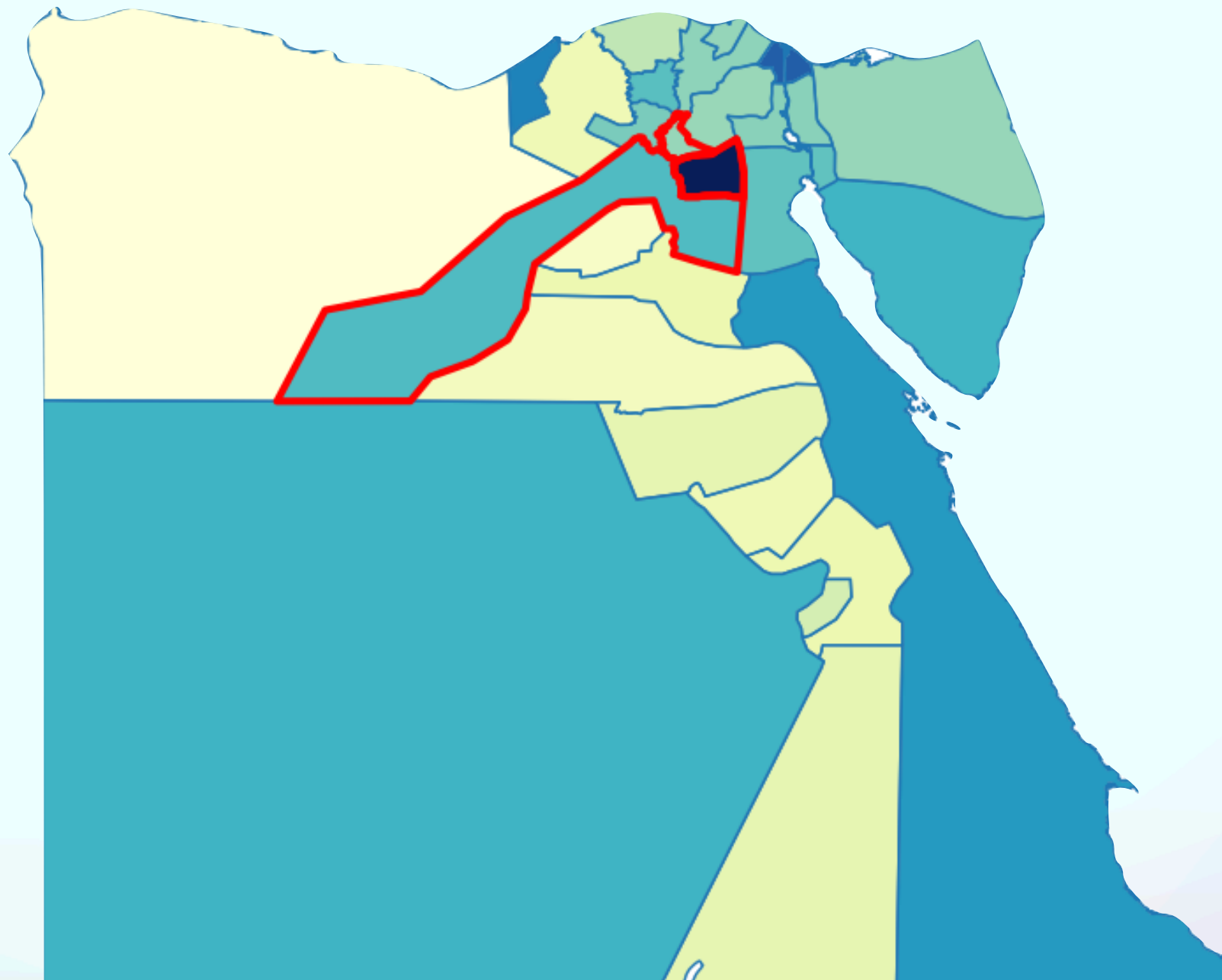
Egypt's debt grew from 6 million pounds in 1863 to 91 million pounds in 1879

Spatial Inequalities in Infrastructure

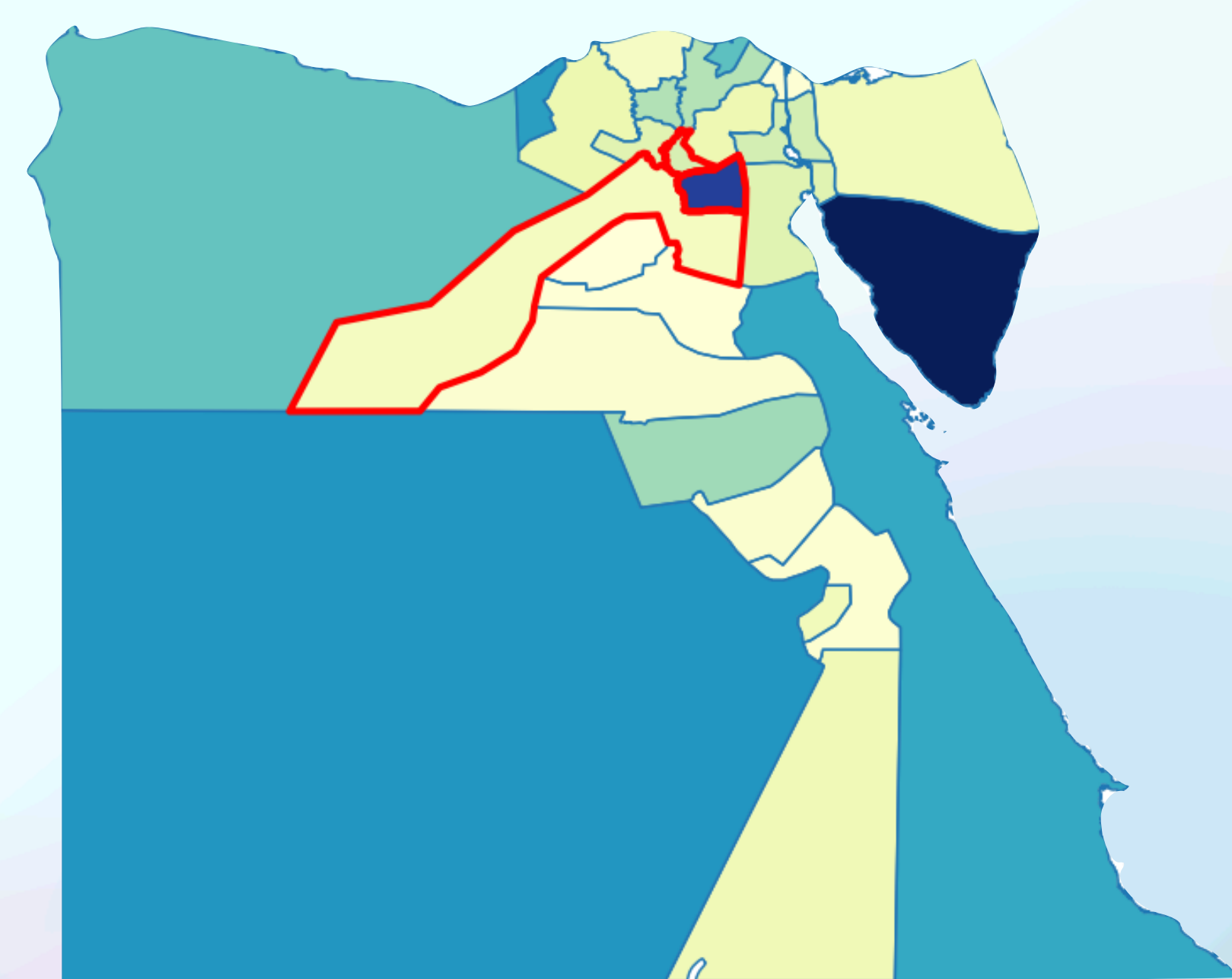
Sanitation



Higher Education

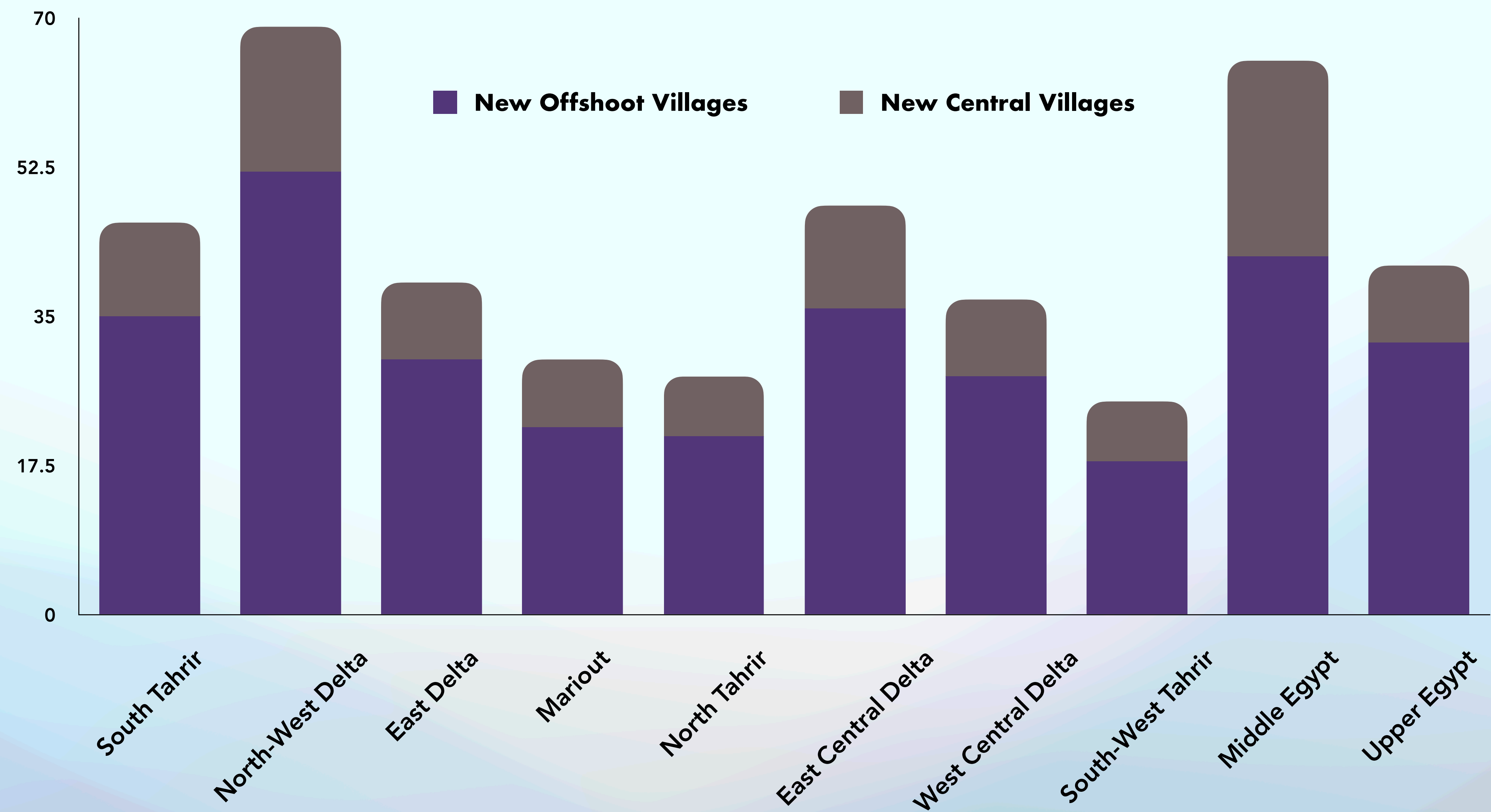


Hospital Beds

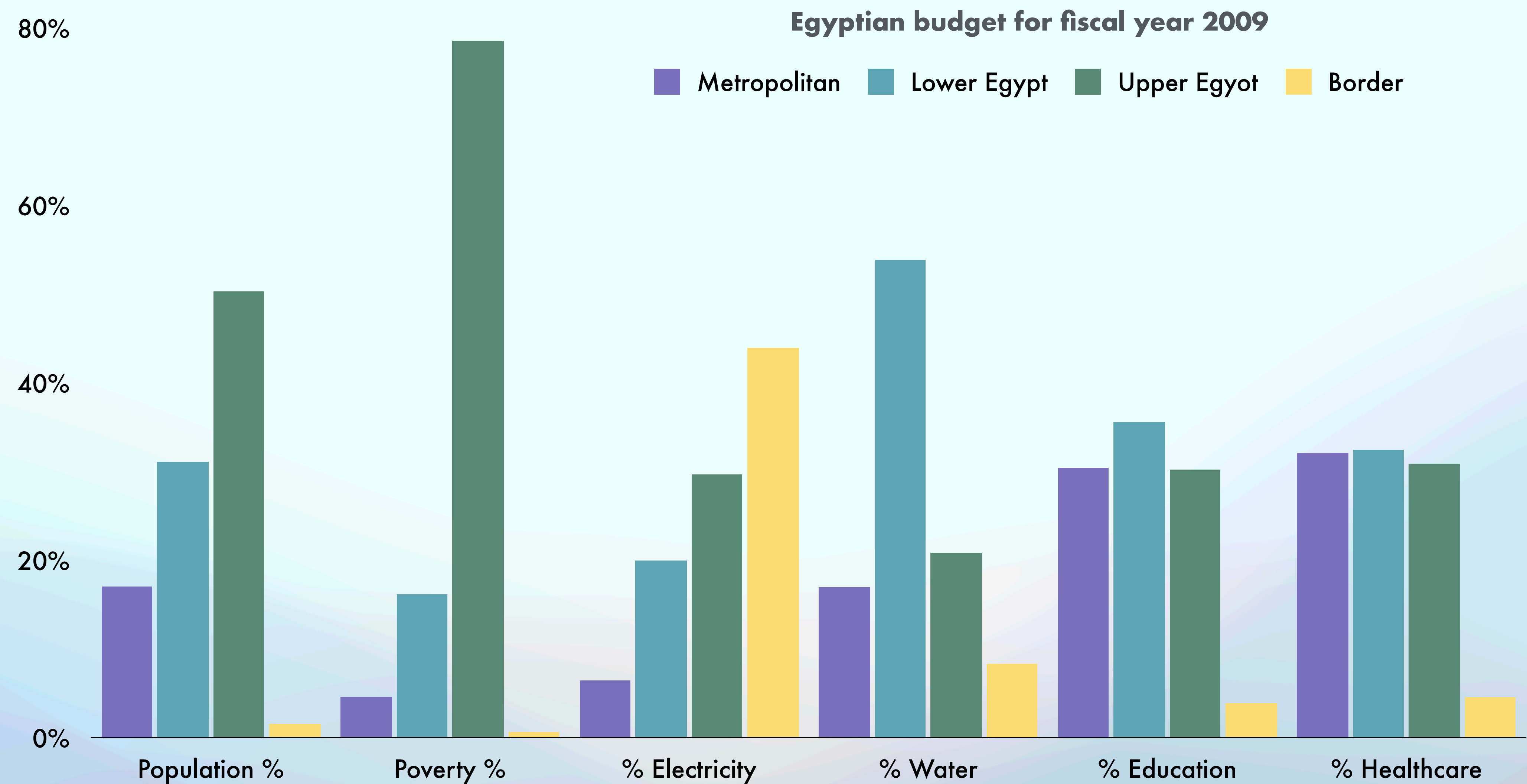


(Darker is Better)

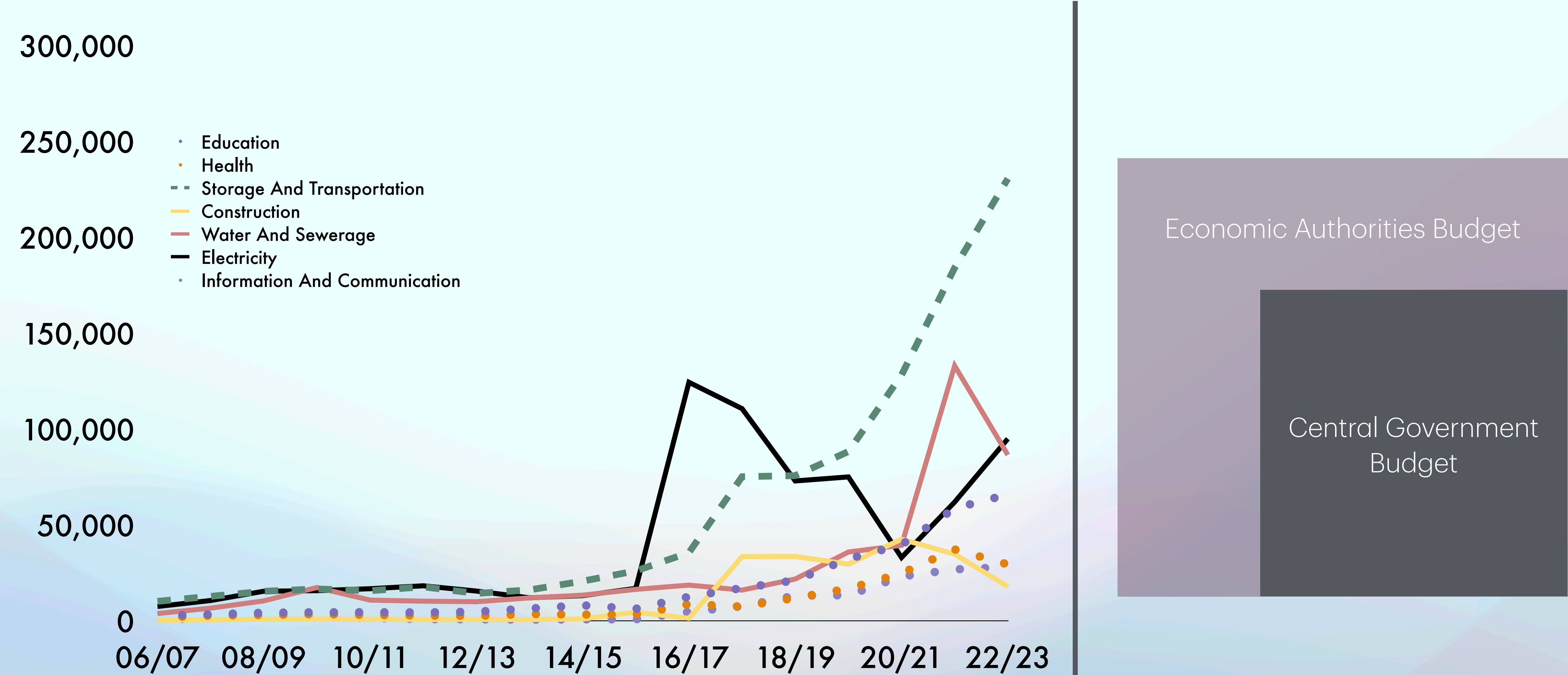
Spatial Inequalities and Public Investment Choices



Spatial Inequalities and Public Investment Choices

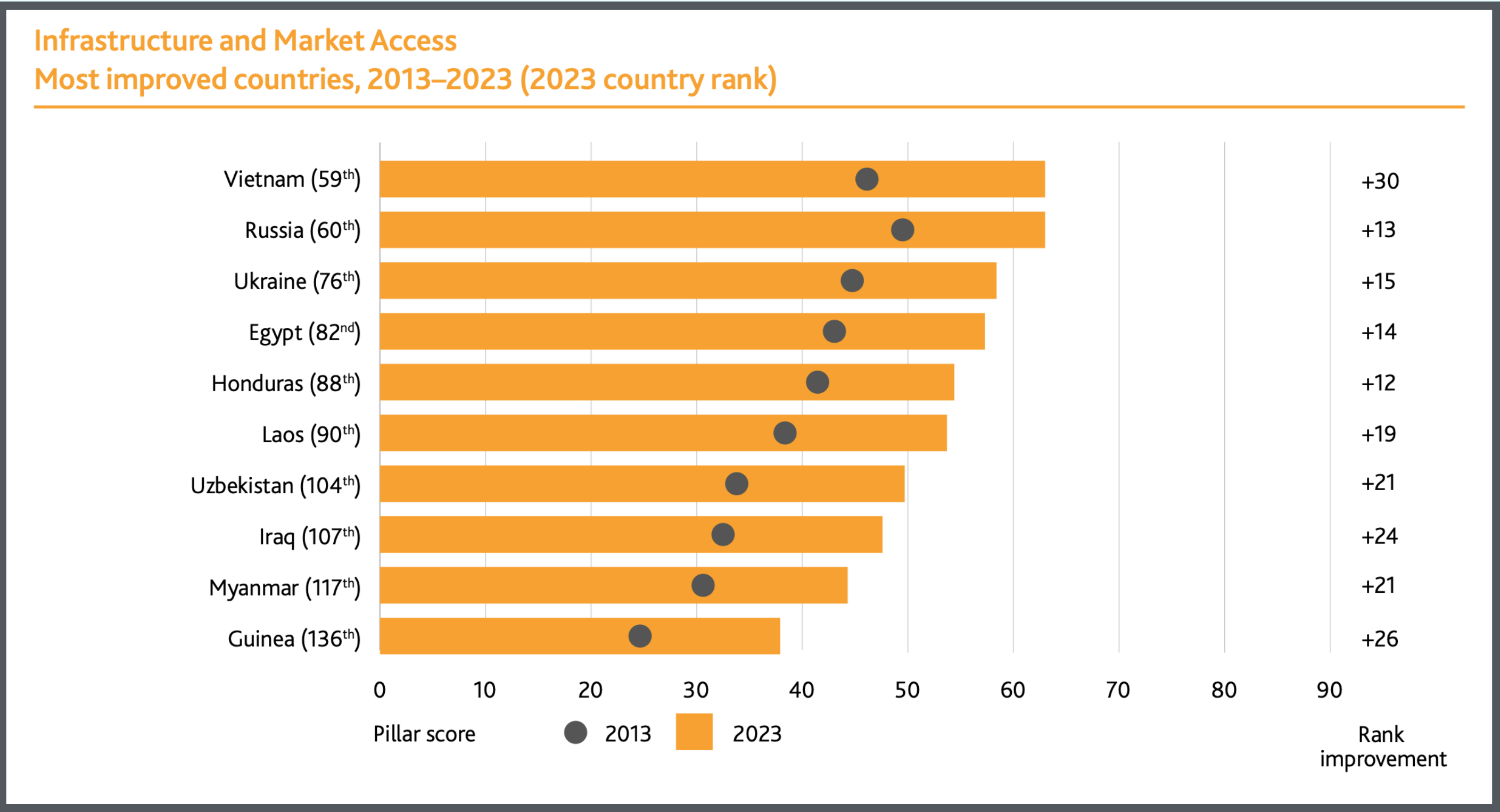


Uneven Investments and Lack of Budget Transparency

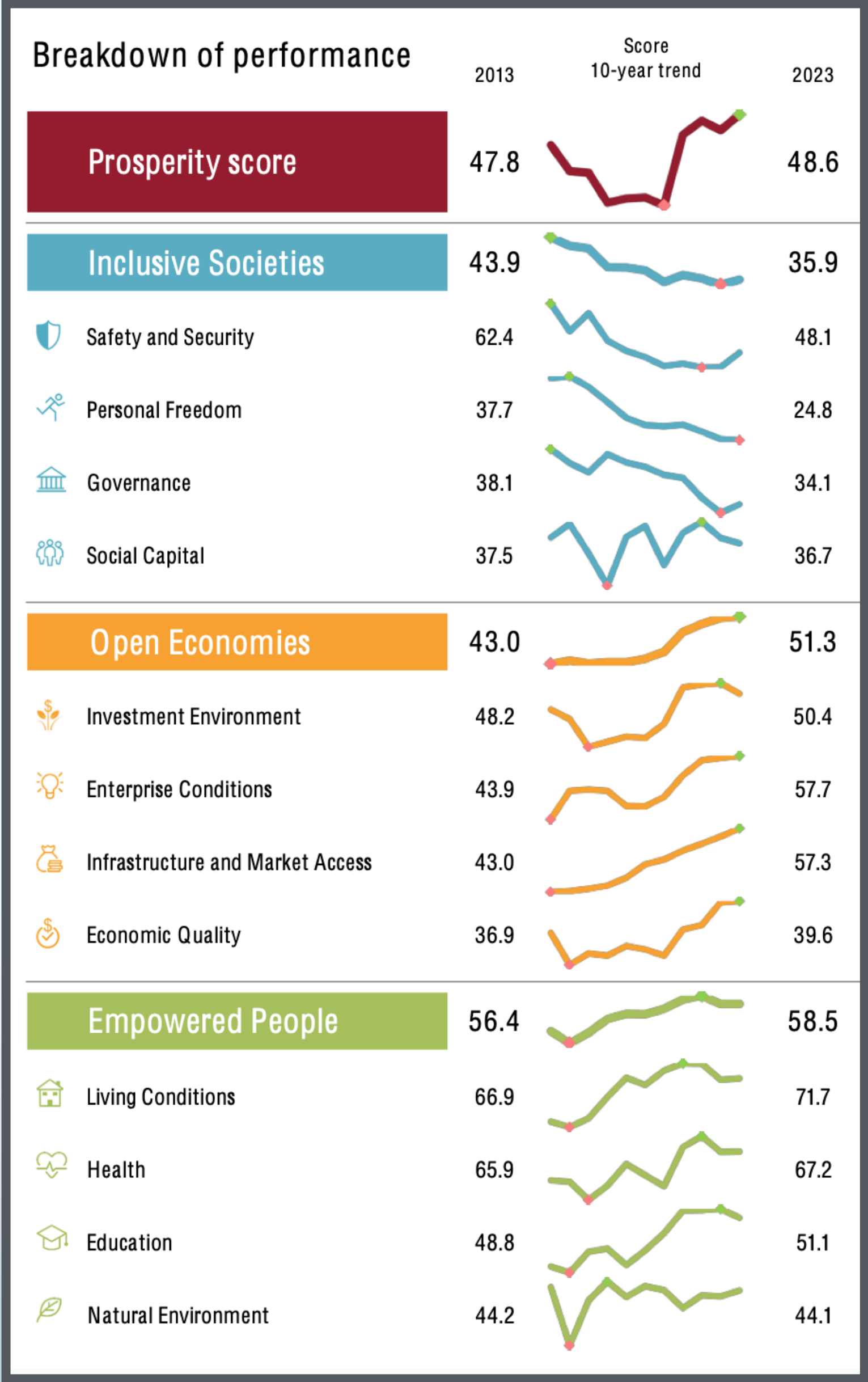


Source: Visuals by Author, data from the Egyptian Ministry of Planning and Economic Development

Sectoral Inequalities and Uneven Improvements



Source: Legatum Prosperity Index Report 2023



Way Forward

- Localizing development, including but not limited to infrastructure development
- An institutionalized long term framework for infrastructure development
- Setting clear priorities for financing infrastructure
- Focusing on social infrastructure development that promotes human capital
- Integrating sustainability and environmental concerns into infrastructure plans
- Prioritizing development in digital infrastructure with the emergence of AI
- Maintaining and renovating the existing infrastructure stock as apposed to building new and more costly infrastructure