



Egypt's Successive Economic Crises:

The IMF's Impact and Pathways to Just Monetary, Food, and Social Policies

ARI BOOKS

EDITOR

AUTHORS



Salma Hussein
Economist



Reem Abdelhaliem
Economics Researcher



Mohamed Ramadan
Economics Researcher



Youssef Sharaf
Political Economist



Geographical Scope:

This study was conducted in Egypt

Key themes include:

- 1 The impact of IMF policies on inflation and currency depreciation.
- 2 The deterioration of food security and increased poverty due to IMF-mandated fiscal austerity.
- 3 Education and healthcare disparities exacerbated by budget cuts in essential social services.

The authors argue for a shift towards more just monetary, food, and social policies that focus on the well-being of the Egyptian populace rather than merely improving economic indicators. They criticize the IMF's "one-size-fits-all" approach and propose alternative strategies that include enhancing social spending, revising monetary policies, and implementing progressive taxation to mitigate inequality.

Summary:

This book critically examines the impact of the International Monetary Fund (IMF) on Egypt's economy, specifically in the context of multiple and complex crises from the global economic downturn in 2007-2008 to the recent pandemic and the geopolitical tensions. It explores how the IMF's neoliberal policies, focused primarily on austerity and external borrowing, have exacerbated economic instability, inequality, and social unrest in Egypt.

The book discusses the significant influence of the IMF in shaping Egypt's economic policies, particularly its heavy reliance on external borrowing which has escalated Egypt's debt and made its economy vulnerable to external shocks. This dependence intensified after Egypt became the IMF's second-largest client post-2017, borrowing around \$28 billion.

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Important facts:



IMF Loans: Egypt borrowed approximately **\$28 billion** from the IMF since 2017, making it one of the largest recipients.



External Borrowing: Encouraged by the IMF, external borrowing has significantly increased, with external debt rising from \$55.8 billion in 2016 to **\$164.5 billion** in 2023, making more than 88% of GDP.

Key Findings:

- The average inflation rate in Egypt in 2023 was 28.1%, much higher than in other global South countries. The Egyptian pound is currently at least the sixth-worst-performing currency against the dollar.
- Food Insecurity increased after full implementation of IMF demands in 2017; 28.5% of Egyptians faced severe to moderate food insecurity between 2020 and 2022.
- Rates of extreme poverty and hunger rose significantly post-IMF reforms.



Future Pathways:

The authors advocate for a reevaluation of IMF relationships, suggesting that Egypt prioritizes policies that are more attuned to its socio-economic realities rather than external pressures. This includes investing in social infrastructure and implementing economic reforms that promote equitable growth and sustainability.

Policy Recommendations:

- **Monetary Policy:** The IMF should refrain from recommending monetary solutions such as currency floating and combating inflation through higher interest rates, as well as from mixing monetary and fiscal policy.
- **Fiscal Policy:** The focus should shift from austerity and external borrowing to enhancing domestic economic resilience and social spending.
- **Agricultural and Food Policies:** Urgent reforms needed to stabilize food prices and increase food security through more support for local agriculture.
- **Social Spending:** Increase investment in health, education, and universal social protection to reverse the negative impacts of previous budget cuts.

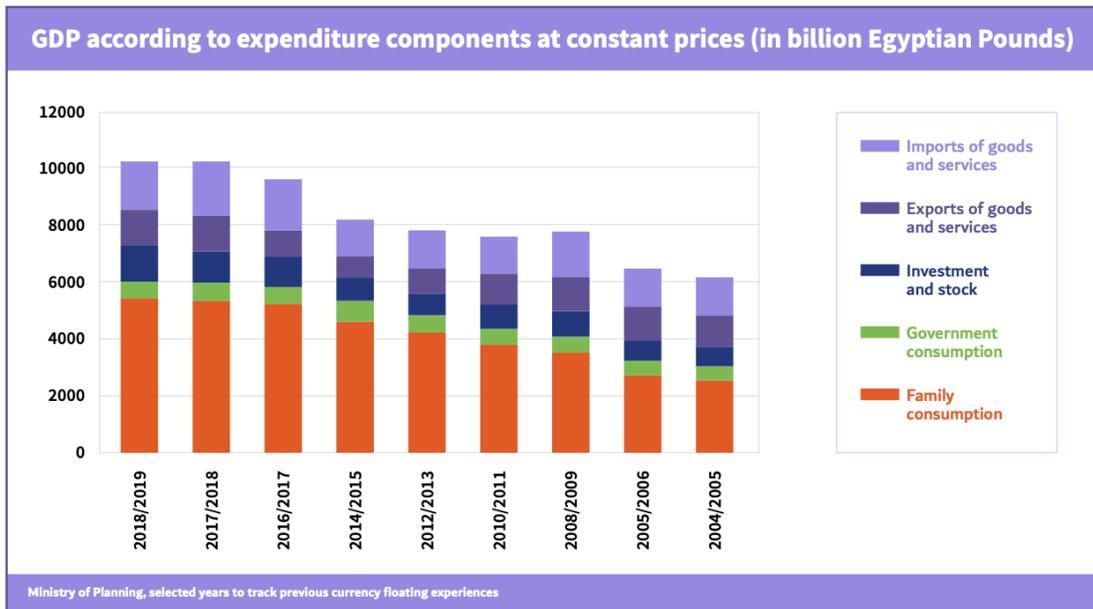


As Egypt is grappling with a severe economic and financial crisis, it is momentous to understand the impact on social spending and food security. This edited volume offers an well-thought out projection from the presence to the past, delving into the role of the IMF and subsequently of the country's monetary policy in the socioeconomic landscape” - Farah Al-Shami, Program Director

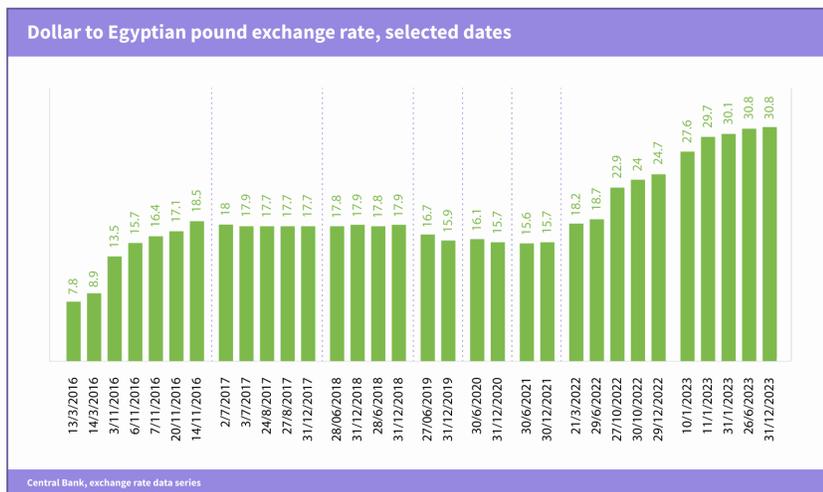
INFOGRAPHICS



Captured Interests: How to Prevent the Negative Impacts of Inflation and Currency Depreciation in Egypt?- Reem Abdelhaliem and Salma Hussein



Source: Ministry of Planning and Economic Development, GDP, 2021/2022, available at <https://mped.gov.eg/GrossDomestic>



Source: Central Bank of Egypt, Exchange Rate Data Series

Interest Rate and Inflation (%)



The Central Bank

INFOGRAPHICS



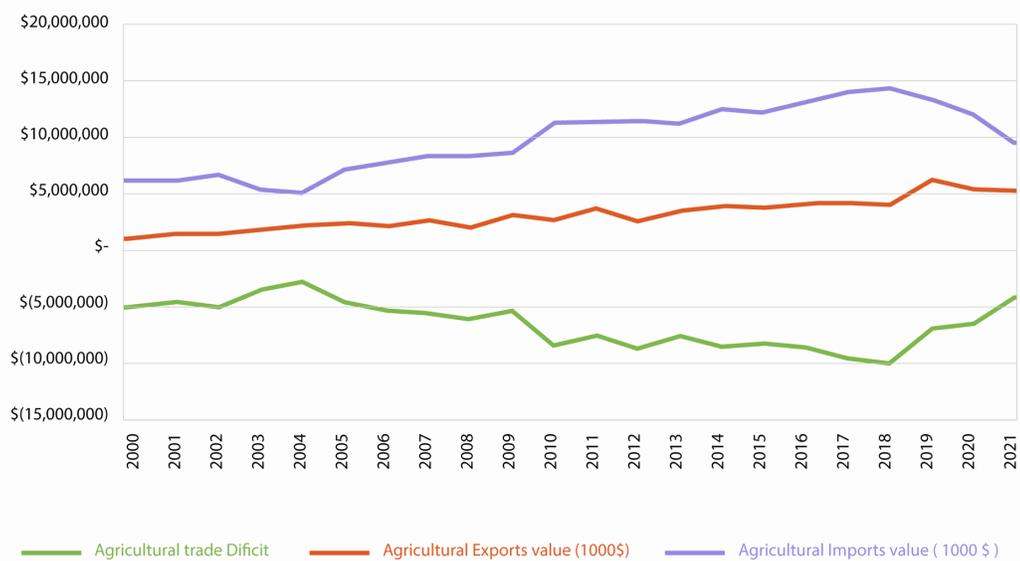
Hunger and Food Security in Times of Crises and Inflation: The Impact of Poor Economic Policies in Egypt - Mohamed Ramadan

Inflation vs food inflation in Egypt



The central agency for public mobilization and statistics

The Agricultural Trade Balance for Egypt (2000-2021)

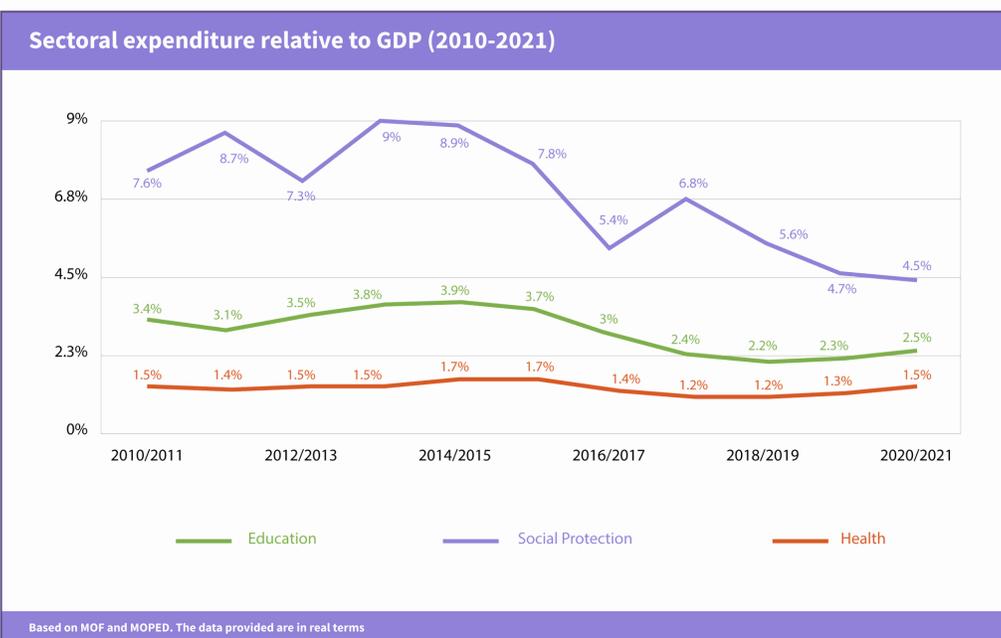
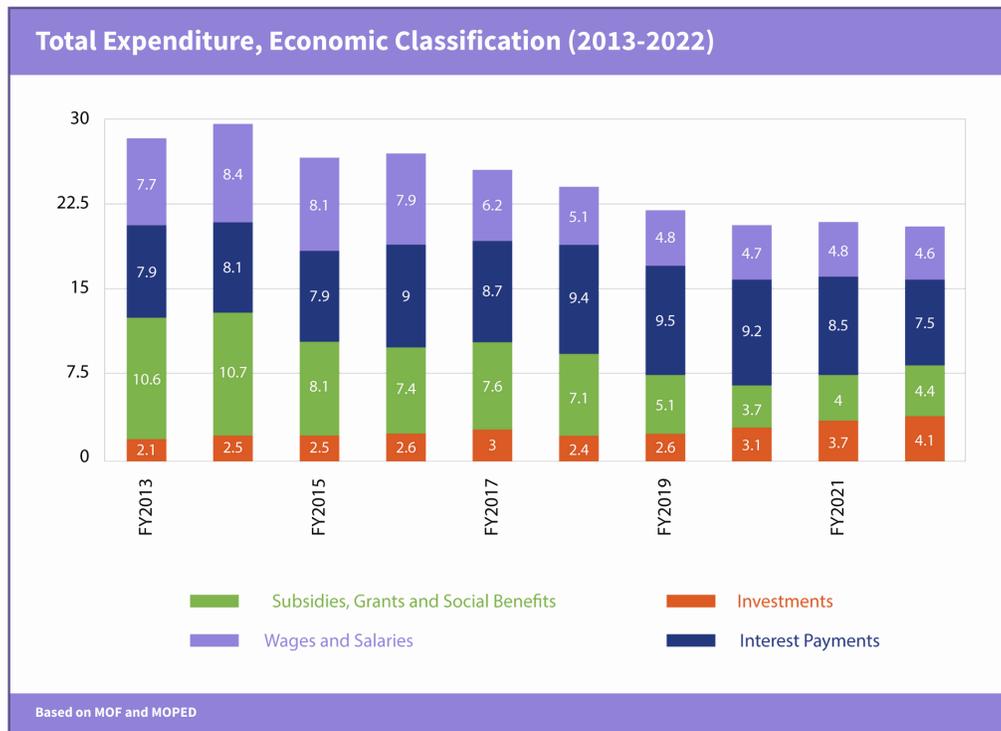


FAO Database <https://www.fao.org>

INFOGRAPHICS



Health and Education Injustices in the Age of IMF-Induced Austerity: Lessons from Egypt - Youssef Sharaf

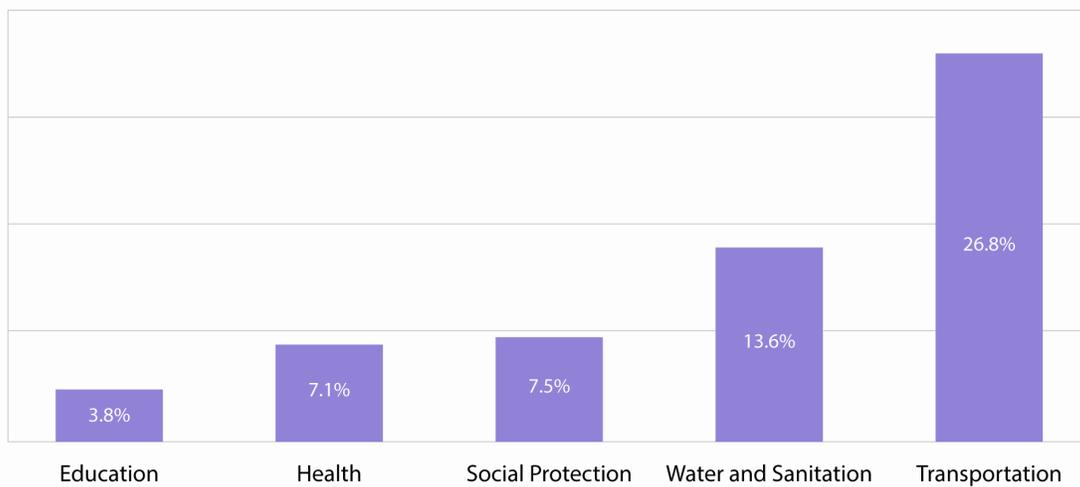


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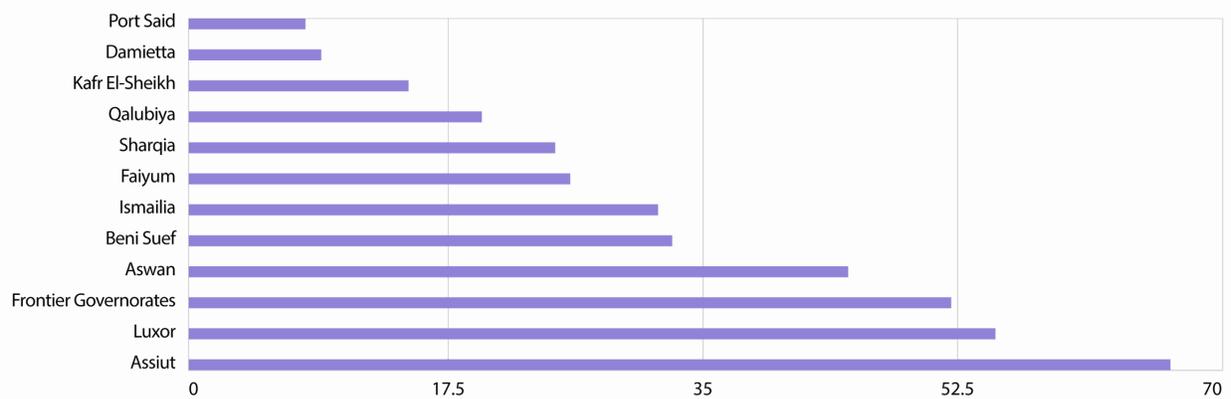
Health and Education Injustices in the Age of IMF-Induced Austerity: Lessons from Egypt - Youssef Sharaf

Official development assistance (ODA) by sector in 2020



Based on MOIC

Poverty rates (in %) in Egypt by governorate in 2018



Based on CAPMAS (2019)