Poverty & Equity Brief

Middle East & North Africa

Arab Republic of Egypt

April 2020

Like many countries in the MENA region, only about 3.2 percent of Egyptians live on less than the international poverty line of US$1.90 (2011 PPP US$) per day; and only 4.1 percent of Egyptians are considered multidimensionally poor when using the dimensions considered by the World Bank for international comparisons. The low shares of international and multidimensional poverty reflect Egypt's strong performance relative to other countries on dimensions such as consumption, schooling, and access to basic utilities.

A much higher share of the population lives on less than US$3.20 per day, a poverty line used by the World Bank as a benchmark for lower middle income countries. In 2017-18, the poverty rate at US$3.20 was estimated to be 26.1 percent, up from 16.1 percent in 2015. The national poverty estimates, calculated using a new poverty line set each survey year, also show a worsening trend. These poverty lines can be considered to be relative poverty lines with the real value of the lines changing over time to reflect the most recent consumption patterns of the population. The share of the poor measured using the national poverty lines rose from 25.2 percent in 2010 to 32.5 in 2017-18. In 2017-18, the average official poverty line was 736 EGP per capita per month or approximately USD $3.80 per day (2011 PPP US$). The increase in poverty rates was not unexpected given the high inflation in that period. The COVID-19 outbreak containment measures could affect future poverty reduction prospects working through the labor market , food prices, and remittances channels. Future poverty trends will depend upon subsequent policy responses. The expansion of targeted cash transfer programs, Takaful and Karama, and increases in the food subsidy allowance can help contain the increase in poverty and loss in real incomes. The Gini index, measuring inequality in distribution of per capita consumption, was 31.5 in 2017-18 and this value has barely changed since 2010, other than a dip in 2012. Based on international comparisons, a Gini index of 31.5 suggests inequality is low in Egypt (estimates of Gini index are based on published household survey data). However, measures of inequality that are not based on consumption surveys show inequality to be higher (e.g., Alvaredo et al., 2018).

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	31.3	32.5	2017
International Poverty Line 12.3 in Egyptian pound (2017) or US$1.90 (2011 PPP) per day per capita	3.1	3.2	2017
Lower Middle Income Class Poverty Line 20.7 in Egyptian pound (2017) or US$3.20 (2011 PPP) per day per capita	25.2	26.1	2017
Upper Middle Income Class Poverty Line 35.5 in Egyptian pound (2017) or US$5.50 (2011 PPP) per day per capita	67.9	70.4	2017
Multidimentional Poverty Measure		4.1	2017
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		-2.51	2012-2017
INEQUALITY			
Gini Index		31.5	2017
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-1.37	2012-2017
GROWTH			
Annualized GDP per capita growth		1.35	2012-2017
Annualized Consumption Growth per capita from Household Survey		-1.14	2012-2017
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-1.85	2012-2017

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of Feburary 2020, and Global Monitoring Database for the rest.
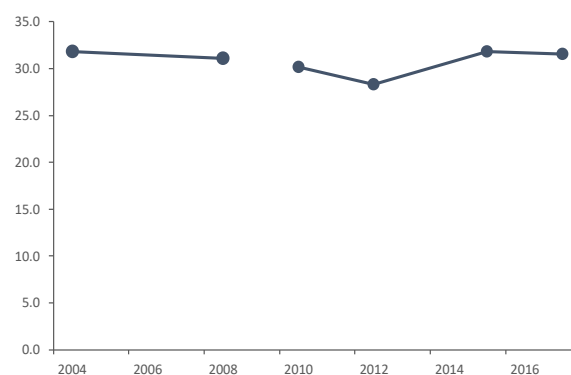
POVERTY HEADCOUNT RATE, 2004-2017
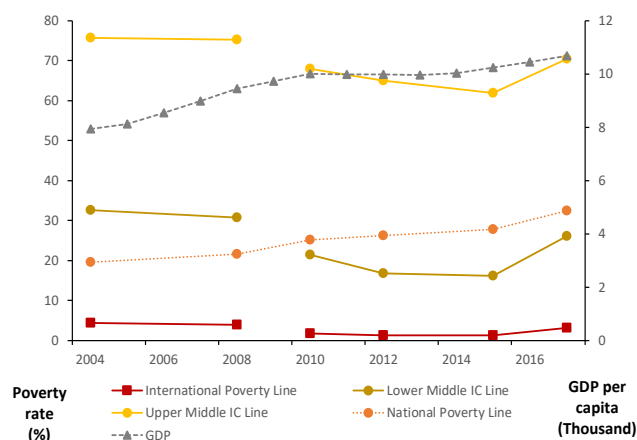
Source: World Bank using HIECS/MNAPOV/GMD

INEQUALITY TRENDS, 2004-2017

Gini Index

Source: World Bank using HIECS/MNAPOV/GMD

KEY INDICATORS

Distribution among groups: 2017	Lower Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	80	20	31	69
Rural population	69	31	47	53
Males	75	25	40	60
Females	73	27	40	60
0 to 14 years old	63	37	54	46
15 to 64 years old	78	22	35	65
65 and older	88	12	19	81
Without education (16+)	71	29	42	58
Primary education (16+)	76	24	38	62
Secondary education (16+)	77	23	37	63
Tertiary/post-secondary education (16+)	92	8	16	84

Multidimensional Poverty Measures (% of people):	2017
Monetary poverty (Consumption)	
Daily consumption less than US$1.90 per person	3.2
Education	
At least one school-aged child is not enrolled in school	4.2
No adult has completed primary education	10.6
Access to basic infrastructure	
No access to limited-standard drinking water	0.8
No access to limited-standard sanitation	3.2
No access to electricity	0.5

Source: World Bank using HIECS/MNAPOV/GMD

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Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

Poverty and inequality estimates in Egypt are produced by the Central Agency for Public Mobilization and Statistics (CAPMAS). CAPMAS collects a nationally representative household survey (HIECS) on average every two years and publishes national and regional poverty rates after each survey round. In 2015, the welfare aggregate estimation, based on a consumption measure, included the following expenditure groups: food, dwelling-related expenditures, education, health, general services, food away from home, a rental value as proxy for housing services, purchases of durable goods, transportation, and communications, and purchases of other non-durable goods. The welfare aggregate is not temporally deflated. The official poverty measure is based on a household-specific poverty line that takes into account two key things: (1) the household composition and thus the household-specific caloric requirements; and (2) the regional variation in cost/calorie and non-food allowance. This methodology leads to several thousand poverty lines. The methodology to measure welfare changed starting in 2015, and caution should be used when comparing official estimates with pre-2015 indicators. The newest HIECS was conducted between October 2017 and October 2018.

HARMONIZATION

The numbers presented in this brief are based on the MNAPOV database. MNAPOV is a new data collection effort enacted in 2014, and managed by MNATSD. It covers 36 surveys from 11 countries. Two data points (surveys) are available for each country, except Algeria. The database is organized in 3 modules following the Global Monitoring Database (GMD) Harmonization guidelines, including the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.

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