

Poverty & Equity Brief

Middle East & North Africa

Arab Republic of Egypt

April 2023

In 2019, before the onset of the COVID-19 pandemic, an estimated 1.5 percent of Egyptians lived on less than the international poverty line of US\$2.15 (2017 PPP US\$) per day and 17.6 percent of the population lived on less than US\$3.65 per day, a poverty line used by the World Bank as a benchmark for lower middle-income countries, to which Egypt belongs. Official estimates for 2019 showed that 29.7 percent of the Egyptian population was poor. In 2015, about 27.8 percent of Egyptians were poor. Between 2015 and 2017, households' per capita consumption growth was negative for most households reflecting the sharp rise in inflation following the 2016 currency depreciation. This contraction in consumption translated into an increase in poverty between 2015 and 2017. Trends between 2017 and 2019 show signs of improvement, with households' consumption growing for most households.

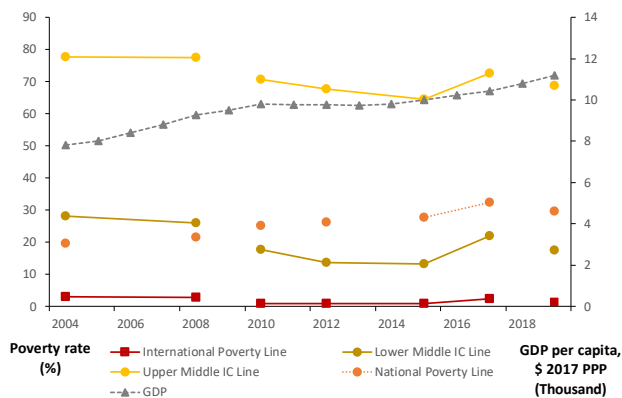
The COVID-19 pandemic, followed by the Ukraine-Russia war in 2022, hampered the recovery that was occurring between 2017 and 2019. Evidence of the impact of COVID-19 indicates that poverty in Egypt increased due to the negative consequences of the pandemic on labor incomes. More recently, the impact of the Ukraine-Russia war and the devaluation of the Egyptian pound since March 2022 accelerated annual inflation rates to reach about 26 percent in January 2023. Estimations of the short-term impact of the high inflation in 2022/23 also point to an additional increase in the poverty rate.

In the short term, high inflation is a key source of concern for poverty reduction efforts. Meanwhile, recent labor market trends suggest further deterioration in labor market conditions, with increasing informality and a growing share of the working-age population out of the labor force, especially among women and youth. In this challenging environment for Egypt, there is a need to improve the economy's ability to create jobs, reduce households' exposure to risks and improve their ability to cope with shocks, and close spatial and group disparities.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	31.4	29.7	2019
International Poverty Line 13.3 in Egyptian pound (2019) or US\$2.15 (2017 PPP) per day per capita	1.5	1.5	2019
Lower Middle Income Class Poverty Line 22.6 in Egyptian pound (2019) or US\$3.65 (2017 PPP) per day per capita	18.6	17.6	2019
Upper Middle Income Class Poverty Line 42.3 in Egyptian pound (2019) or US\$6.85 (2017 PPP) per day per capita	72.6	68.8	2019
Multidimensional Poverty Measure		2.3	2019
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		-1.75	2015-2019
INEQUALITY			
Gini Index		31.9	2019
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		-0.18	2015-2019
GROWTH			
Annualized GDP per capita growth		2.83	2015-2019
Annualized Consumption Growth per capita from Household Survey		-1.57	2015-2019
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		-1.53	2015-2019

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.

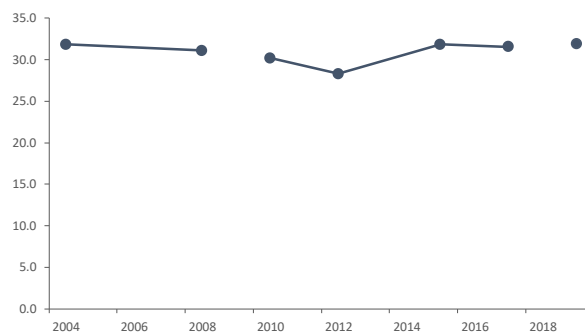
POVERTY HEADCOUNT RATE, 2004-2019



Source: World Bank using HIECS/MNAPOV/GMD

INEQUALITY TRENDS, 2004-2019

Gini Index



Source: World Bank using HIECS/MNAPOV/GMD

KEY INDICATORS

Distribution among groups: 2019	Lower Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	88	12	29	71
Rural population	79	21	48	52
Males	83	17	40	60
Females	82	18	40	60
0 to 14 years old	75	25	52	48
15 to 64 years old	85	15	35	65
65 and older	93	7	19	81
Without education (16+)	79	21	43	57
Primary education (16+)	82	18	40	60
Secondary education (16+)	85	15	38	62
Tertiary/post-secondary education (16+)	96	4	15	85

Source: World Bank using HIECS/MNAPOV/GMD

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

Multidimensional Poverty Measures: 2019

Multidimensional Poverty Measures: 2019	(% of population)
Monetary poverty (Consumption)	
Daily consumption less than US\$2.15 per person	1.5
Education	
At least one school-aged child is not enrolled in school	3.7
No adult has completed primary education	9.9
Access to basic infrastructure	
No access to limited-standard drinking water	0.3
No access to limited-standard sanitation	2.4
No access to electricity	0.2

Source: World Bank using HIECS/MNAPOV/GMD

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. Between 2015 and 2019/20, 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 considers 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 thousands of 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 real value of the poverty line is not fixed and a new poverty line is estimated for each survey round. The HIECS 2017-18 was conducted between October 2017 and September 2018. HIECS 2019-20 was similarly scheduled between October 2019 and September 2020. However, it was prematurely concluded after the first half, by March 2020, due to the COVID-19 pandemic. Official poverty estimates were announced in December 2020 using only half-a-year worth of data, thus, unable to capture the seasonality of consumption across the full year. It also does not reflect the likely change in consumption patterns in the second half of the year as households adapt to cope with the onset of the COVID-19 pandemic.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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.