Poverty & Equity Brief

Middle East & North Africa

Egypt, Arab Rep.

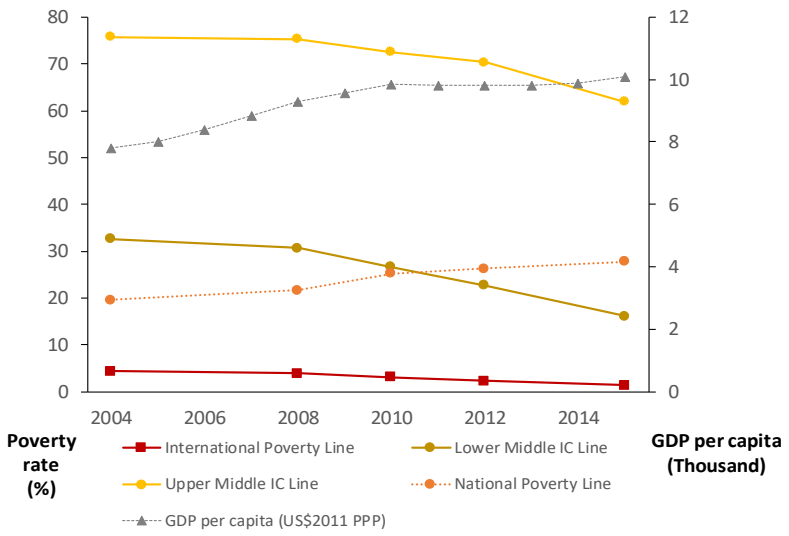
April 2018

In 2015, the lower middle ICL of 2011 PPP USD $3.2 per day showed a poverty rate of 16.1 percent, down from 22.7 percent recorded in 2012, and continuing a slightly decreasing trend from earlier years. This decline appears to be in contrast with official poverty rates that show an increase in poverty in the same period. A key difference in the methodologies is that official rates are based on what can be considered a relative poverty line and thus have increased the real value of the poverty threshold over time. This method of updating the poverty line allows the estimation of poverty rates in each survey round with the most recent consumption patterns of the population. However, this method limits the ability to track changes in poverty over time. For the ICL, the value of the threshold is fixed over time (at the equivalent of 12.7 EGP per person per day in 2011 prices). As part of the work conducted by the Poverty and Equity GP, the driver of the reduction in poverty between 2010 and 2015 appeared to be an important expansion of the food smartcard program, especially in Upper Rural Egypt where the highest concentration of the poor population resides. Inequality, as measured by the Gini index based on consumption per capita, was 31.8. According to official measures, the Gini has changed only slightly since 2010.

POVERTY	Number of Poor (million)	Rate (%)	Period
National Poverty Line	26.1	27.8	2015
International Poverty Line 7.5 in Egyptian pound (2015) or US$1.9 (2011 PPP) per day per capita	1.3	1.3	2015
Lower Middle Income Class (IC) Poverty Line 12.7 in Egyptian pound (2015) or US$3.2 (2011 PPP) per day per capita	15.1	16.1	2015
Upper Middle Income Class (IC) Poverty Line 21.8 in Egyptian pound (2015) or US$5.5 (2011 PPP) per day per capita	58.1	61.9	2015
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		2.58	2010-2012
INEQUALITY			
Gini Index		31.8	2015
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.80	2010-2012
GROWTH			
Annualized GDP per capita growth		-0.2	2010-2012
Annualized Consumption Growth per capita from Household Survey		0.78	2010-2012

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of April 20th 2018, and Global Monitoring Database for the rest.

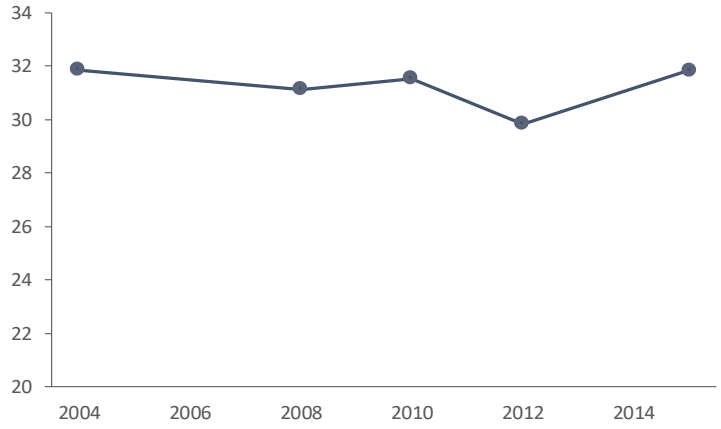
POVERTY HEADCOUNT RATE, 2004-2015



Source: World Bank using HIECS/MNAPOV/GMD

INEQUALITY TRENDS, 2004-2015

Gini Index



Source: World Bank using HIECS/MNAPOV/GMD

KEY INDICATORS (distribution among groups)

	Lower Middle Income Class Poverty Line (%)		Relative Group (%)		Year
	Poor	Non-Poor	Bottom 40	Top 60	
Urban population	13	87	26	74	2012
Rural population	30	70	50	50	2012
Males	23	77	41	59	2012
Females	22	78	39	61	2012
0 to 14 years old	30	70	51	49	2012
15 to 64 years old	19	81	35	65	2012
65 and older	14	86	26	74	2012
Without education (age 16 and older)	28	72	46	54	2012
Primary education (age 16 and older)	20	80	38	62	2012
Secondary education (age 16 and older)	17	83	33	67	2012
Tertiary/post-secondary education (age 16 and older)	6	94	15	85	2012

Source: World Bank using Global Monitoring Database

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. In 2015, the average poverty line in Egypt was equivalent to 5,787 EGP per capita per year or roughly 4 per person per day 2011 PPP. The methodology to measure welfare changed starting in 2015, and caution should be used when comparing official estimates with pre-2015 indicators. A comparison of the official rates and that of a time-comparable poverty trend are presented in the forthcoming Egypt Poverty Assessment produced by the Poverty and Equity GP. The newest HIECS was launched in October 2017.

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 30 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.