

Arab Republic of Egypt

April 2019

Like many countries in the MENA region, only about 1.3 percent of Egyptians live on less than the international poverty line of US\$1.90 (2011 PPP US\$) per day. 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 2015, the poverty rate at US\$3.20 was estimated to be 16.1 percent, down from 22.7 percent estimated using 2012-13 data, and continuing the moderate decline from previous years. Analysis suggests that this moderate improvement in the years since the Arab Spring revolution could be the outcome of the expansion of a number of social mitigation measures between 2010 and 2015, most importantly the food smart card program, particularly in Upper Rural Egypt where the highest share of the poor population resides.

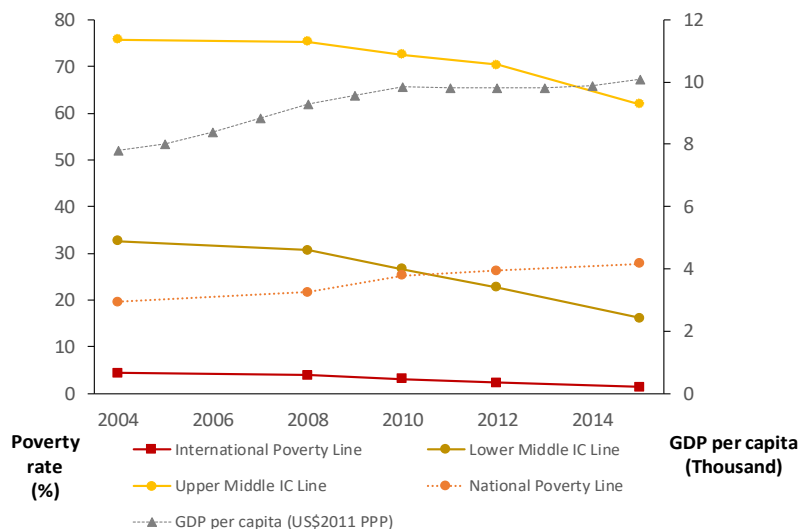
The national poverty estimates, calculated using a new poverty line set each survey year, show a worsening trend. The national official poverty lines can be considered to be relative poverty lines with the real value of the poverty threshold rising over time and reflecting the most recent consumption patterns of the population. Using this approach, the share of the poor rose from 25.2 percent in 2010 to 27.8 percent in 2015. In 2015, the average official poverty line was USD \$4 per day (2011 PPP US\$).

The Gini index, measuring inequality in per capita consumption, was 31.8 in 2015 and this value has barely changed since 2010. In global comparisons, a Gini index of 31.8 is low suggesting that inequality is low in Egypt. However, rich households tend not to participate in surveys and the absence of their consumption data can affect the estimation of the extent of inequality in a country. For Egypt, when studies have sought to "correct" for the missing consumption information of rich households using real estate housing prices (Van der Weid, Lakner, and Ianchovichina, 2016) or regional information on wealth, national accounts and taxes (Alvaredo et al., 2018), inequality (as measured by the Gini index) appears to be high.

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\$1.90 (2011 PPP) per day per capita	1.3	1.3	2015
Lower Middle Income Class Poverty Line 12.7 in Egyptian pound (2015) or US\$3.20 (2011 PPP) per day per capita	15.1	16.1	2015
Upper Middle Income Class Poverty Line 21.8 in Egyptian pound (2015) or US\$5.50 (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		1.81	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 March 2019, and Global Monitoring Database for the rest.

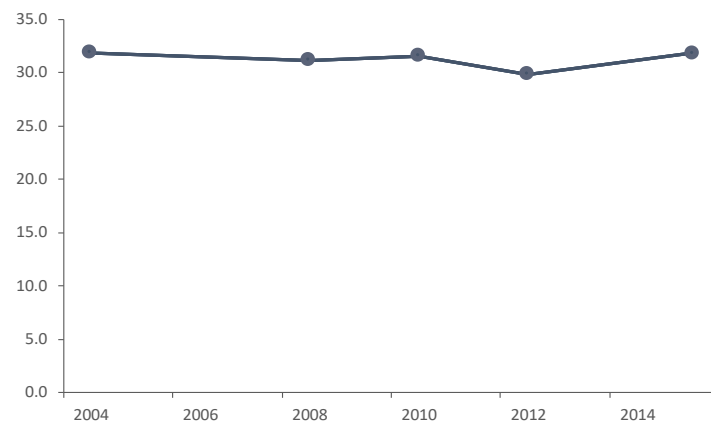
POVERTY HEADCOUNT RATE, 2004-2015



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 line (%)		Relative Group (%)		Year
	Non-Poor	Poor	Bottom 40	Top 60	
Urban population	92	8	26	74	2015
Rural population	78	22	51	49	2015
Males	84	16	40	60	2015
Females	84	16	40	60	2015
0 to 14 years old	77	23	53	47	2015
15 to 64 years old	87	13	35	65	2015
65 and older	91	9	23	77	2015
Without education (age 16 and older)	78	22	46	54	2015
Primary education (age 16 and older)	85	15	39	61	2015
Secondary education (age 16 and older)	88	12	35	65	2015
Tertiary/post-secondary education (age 16 and older)	97	3	14	86	2015

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 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 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.