In 2019, before the onset of the COVID-19 pandemic, an estimated 17.6 percent of Egyptians lived on less than US$3.65 per day (2017 PPP US$), 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.

External shocks, including the COVID-19 pandemic, Russia's invasion of Ukraine, and the recent escalation of conflict in the Middle East, and economic imbalances, including severe exchange rate distortions, have hampered economic recovery and likely reversed the earlier poverty reduction gains between 2017 and 2019. Compounding crises with disrupted supply chain and shockwaves from the Middle East conflict are constraining growth, and these factors together with the devaluation of the Egyptian pound in 2022 and recently in March 2024 have accelerated inflation. Annual urban inflation accelerated to an average 33.8 percent in January-December 2023 (compared to 13.8 percent in 2022). Food items (63.9 percent inflation in 2023) remain the main driver of the headline rate and account for over 44 percent of household expenditures among the bottom quintile. This is expected to exacerbate the pre-existing socio-economic challenges that are mostly affecting the poor and most vulnerable households.
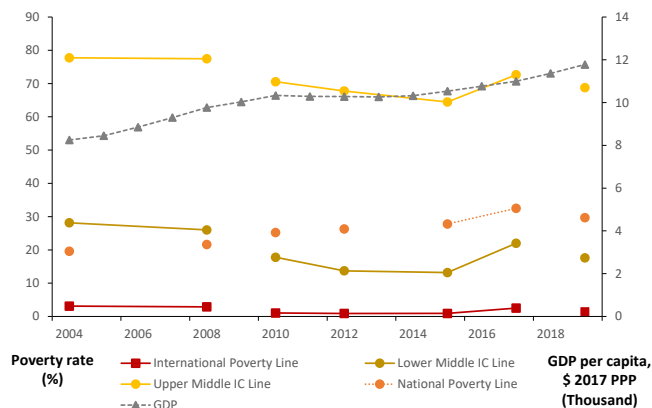
High inflation remains a key source of concern for poverty reduction efforts in the near term. Poverty is estimated to have increased due to the high inflation in 2023, though this impact has been partially mitigated by several rounds of government compensatory measures, mostly due to pro-poor cash transfers. In February 2024, the government announced a new package of social mitigation measures, including increasing pensions and minimum wages as well as increasing the minimum threshold of income tax. Following the increase in coverage of cash transfer programs to around 5 million households, the value of the benefit increased by a cumulative total of 55 percent from March 2023 to February 2024.

With a young and growing population, increasing needs for employment may imply further challenges to the labor market, which already faces high informality, a growing share of the working-age population out of the labor force, and low female labor force participation and youth employment. 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.

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 October 2023, and Global Monitoring Database for the rest.
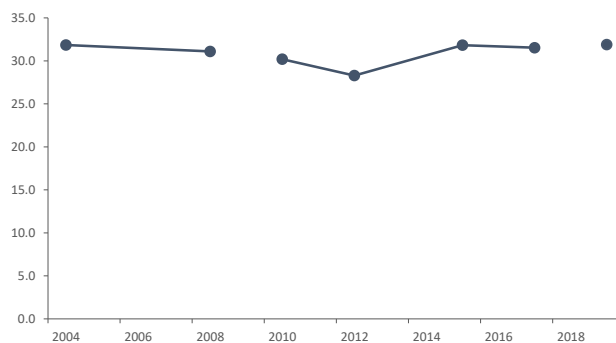
POVERTY HEADCOUNT RATE, 2004-2019

Poverty rate (%)	International Poverty Line	Lower Middle IC Line
	Upper Middle IC Line	National Poverty Line
▲ GDP		GDP per capita, $ 2017 PPP (Thousand)

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	(% 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 derived from the MNAPOV database. The standardization and harmonization process are overseen by the Middle East and North Africa Team for Statistical Development. MNAPOV was established in 2014, and encompasses a range of data, including demographics, education, asset ownership, access to services, employment, and household expenditure, all of which are utilized for Global Poverty Monitoring. MNAPOV includes data from 11 countries. Work is ongoing to improve the coverage of countries in the region, expand the list of harmonized variables, and enhance the dissemination of poverty, inequality, and prosperity estimates for the MENA region. The terms of use for the data comply with agreements made with the original data producers.