Multidimensional poverty in Egypt: an in-depth analysis

Key messages

The proposed national multidimensional poverty index (MPI) for Egypt spans **19 indicators** across the following seven dimensions: education, health, housing, services, employment, social protection and food security.

1

In 2022, multidimensional poverty affected **21 per cent** of the Egyptian population.

2

3 — In Egypt, people are considered "poor" if they are deprived in at least two of the seven MPI dimensions, equivalent to 29 per cent of the weighted indicators.

4 — Deprivations in the dimensions of services and employment contributed by 19 per cent each to the overall MPI, followed by housing and education (15 per cent each).

5 — The proportion of people living in multidimensional poverty was much higher in rural than in urban areas, largely as a result of higher levels of deprivation in services in rural areas.

6 — The national MPI is designed to be used as a policy tool that informs public policies across sectors. The national MPI in Egypt can thus make it easier to identify vulnerable groups to be targeted by poverty-reduction programmes.

7 — Macroeconomic policies should be coupled with national policies that increase both the quantity and quality of jobs.

8 — The national MPI can help to improve targeting methods for food and cash transfers to optimize the effectiveness and efficiency of social protection programmes.

1. A national MPI that captures the many forms of poverty

The Sustainable Development Goals (SDGs) define poverty in multidimensional terms. According to SDG target 1.2, the aim is, by 2030, to reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.[1] This encourages countries to create their own metrics for multidimensional poverty and to incorporate these into national development plans, enabling effective long-term monitoring and evidence-based poverty reduction.
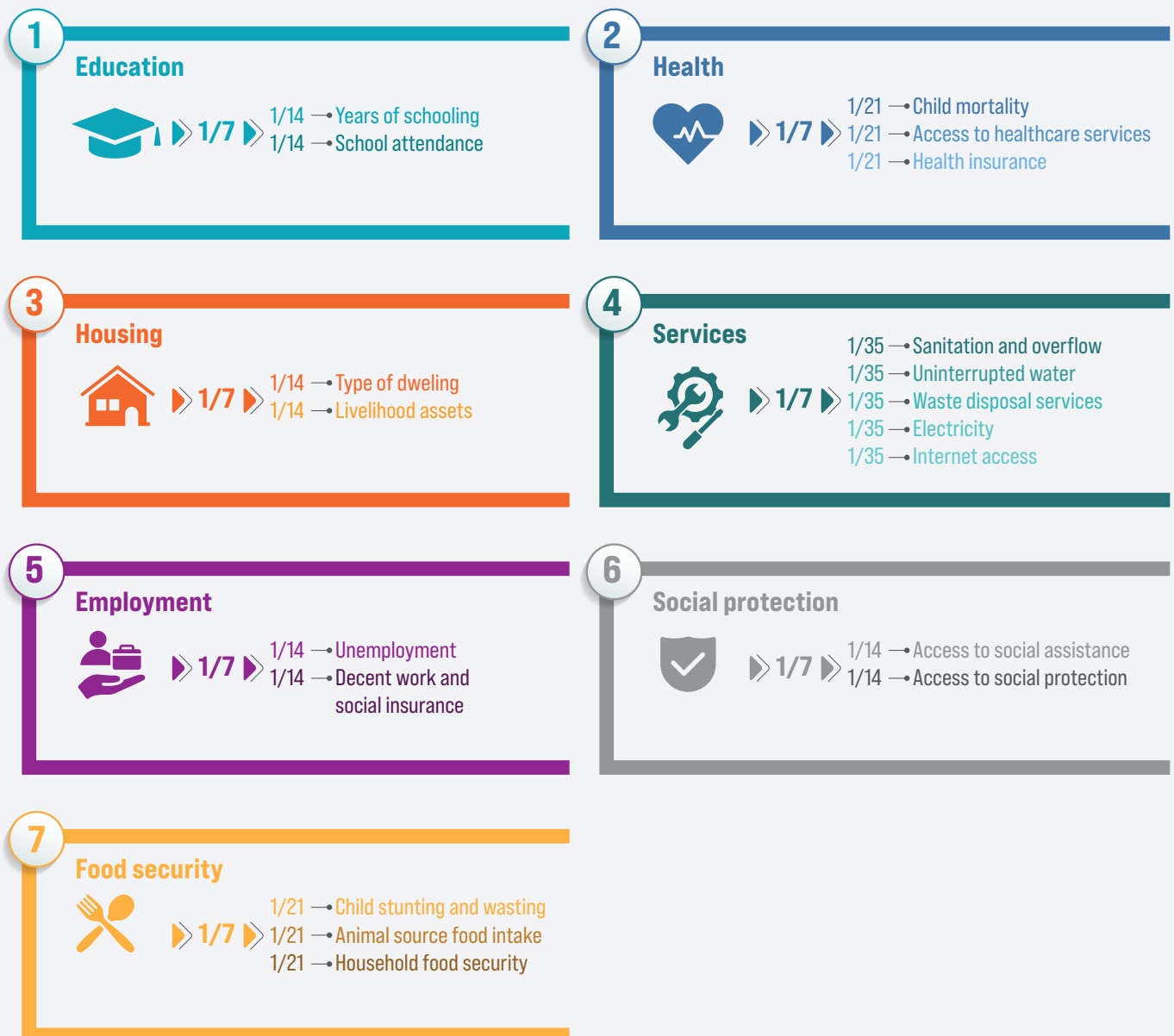
In this context, the Government of Egypt developed indicators and cut-offs to measure the various forms of poverty in the country, complementing existing monetary estimates. The Ministry of Planning, Economic Development and International Cooperation, together with the national statistics office (CAPMAS) facilitated the development of Egypt's first national multidimensional poverty index. The United Nations Economic and Social Commission for Western Asia (ESCWA) and the Oxford Poverty and Human Development Initiative (OPHI) at the University of Oxford supported the process and participated in several rounds of domestic stakeholder discussions. The indicators and thresholds for the national MPI were agreed during discussions between the Ministry of Planning, Economic Development and International Cooperation, the Ministry of Social Solidarity, CAPMAS, and UNICEF, aided by the ESCWA multidimensional poverty index assist tool (MAT)[2] and the expertise and validation of OPHI. The overarching objective of the national MPI is to provide a comprehensive social policy framework, enabling policymakers to reduce poverty in all its forms. Specific objectives include the following:

1. Use the extensive data from the national MPI to understand the nature, extent, intensity and geographical distribution of multidimensional poverty.

2. Encourage efforts to leave no one behind and prioritize support for the most marginalized people.

3. Identify key indicators and demographic groups for effective multidimensional poverty reduction.

4. Complement existing monetary poverty measures through supplementary insights.

5. Provide evidence to inform policies and shape effective social protection strategies and programmes.

6. Provide a new policy and planning tool for Egypt that is updated regularly when new data are released.

7. Enable policymakers to develop a comprehensive strategy for reducing poverty in all its forms.

2. Features of the national MPI for Egypt

1 Education

1/7
- 1/14 → Years of schooling
- 1/14 → School attendance

2 Health

1/7
- 1/21 → Child mortality
- 1/21 → Access to healthcare services
- 1/21 → Health insurance

3 Housing

1/7
- 1/14 → Type of dwelling
- 1/14 → Livelihood assets

4 Services

1/7
- 1/35 → Sanitation and overflow
- 1/35 → Uninterrupted water
- 1/35 → Waste disposal services
- 1/35 → Electricity
- 1/35 → Internet access

5 Employment

1/7
- 1/14 → Unemployment
- 1/14 → Decent work and social insurance

6 Social protection

1/7
- 1/14 → Access to social assistance
- 1/14 → Access to social protection

7 Food security

1/7
- 1/21 → Child stunting and wasting
- 1/21 → Animal source food intake
- 1/21 → Household food security

The national MPI for Egypt is based on the Alkire-Foster method, which counts varieties of deprivation people face simultaneously. A person is considered multidimensionally poor if they experience deprivation in at least two of the seven MPI dimensions. For aggregation, three key figures are computed: the proportion of people identified as multidimensionally poor; the average intensity of multidimensional poverty; and the adjusted multidimensional poverty index (MPI), which is the product of the other two.

As illustrated in figure 1, the national MPI comprises seven dimensions, measured using a total of 19 indicators. All dimensions are weighted equally, as are indicators within dimensions. The four dimensions of Education, Housing, Employment and Social Protection have two indicators each, both weighted at 1/14 (about 7 per cent). The dimensions of Health and Food Security each have three indicators, weighted at 1/21 (about 5 per cent). The five indicators in the dimension of Services are weighted at 1/35 (about 3 per cent) each.

3. Multidimensional poverty in Egypt

In 2022, multidimensional poverty affected more than one in five people across Egypt. In rural areas, almost every third person was multidimensionally poor.

The overall MPI score for the country was 0.077 (figure 2). In other words, multidimensionally poor people experienced about 8 per cent of all possible weighted deprivations the entire population could face. Rural areas had a disproportionately higher MPI value of 0.103. The MPI in urban areas was less than half as high (0.042).

The national MPI illustrates both the incidence and the intensity of multidimensional poverty, revealing country-specific challenges and reflecting the nature of poverty in Egypt. More than one in five people – 21 per cent – were multidimensionally poor (figure 3). The average intensity of multidimensional poverty was 37 per cent. In other words, multidimensionally poor people were deprived in more than one third of the weighted indicators.

In rural areas, the incidence of poverty was 28 per cent, more than twice as high as in urban areas (12 per cent).

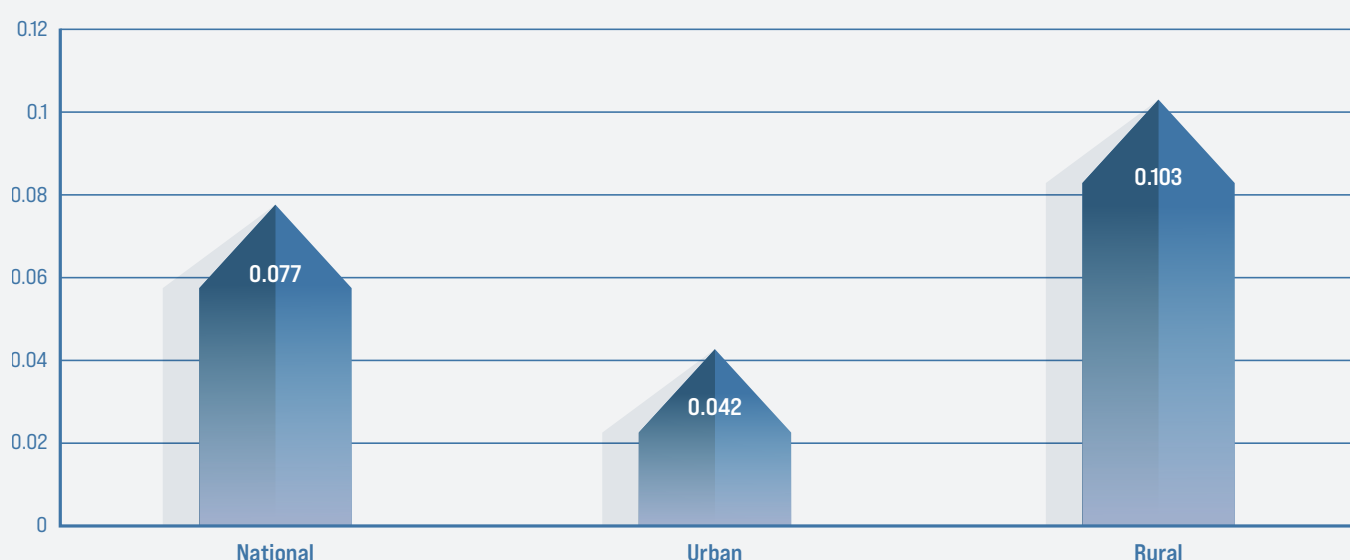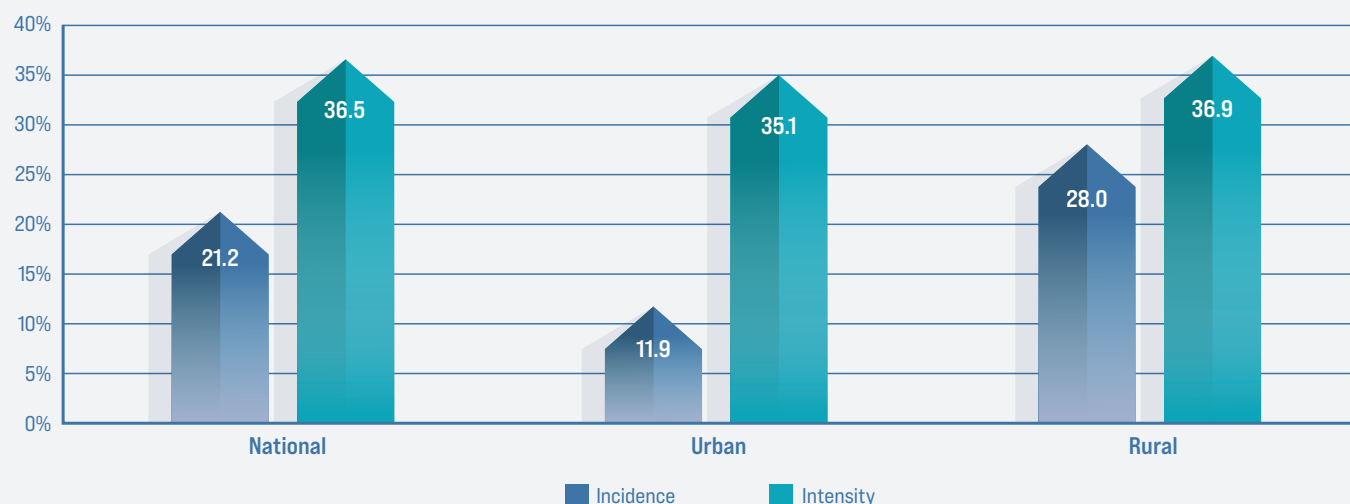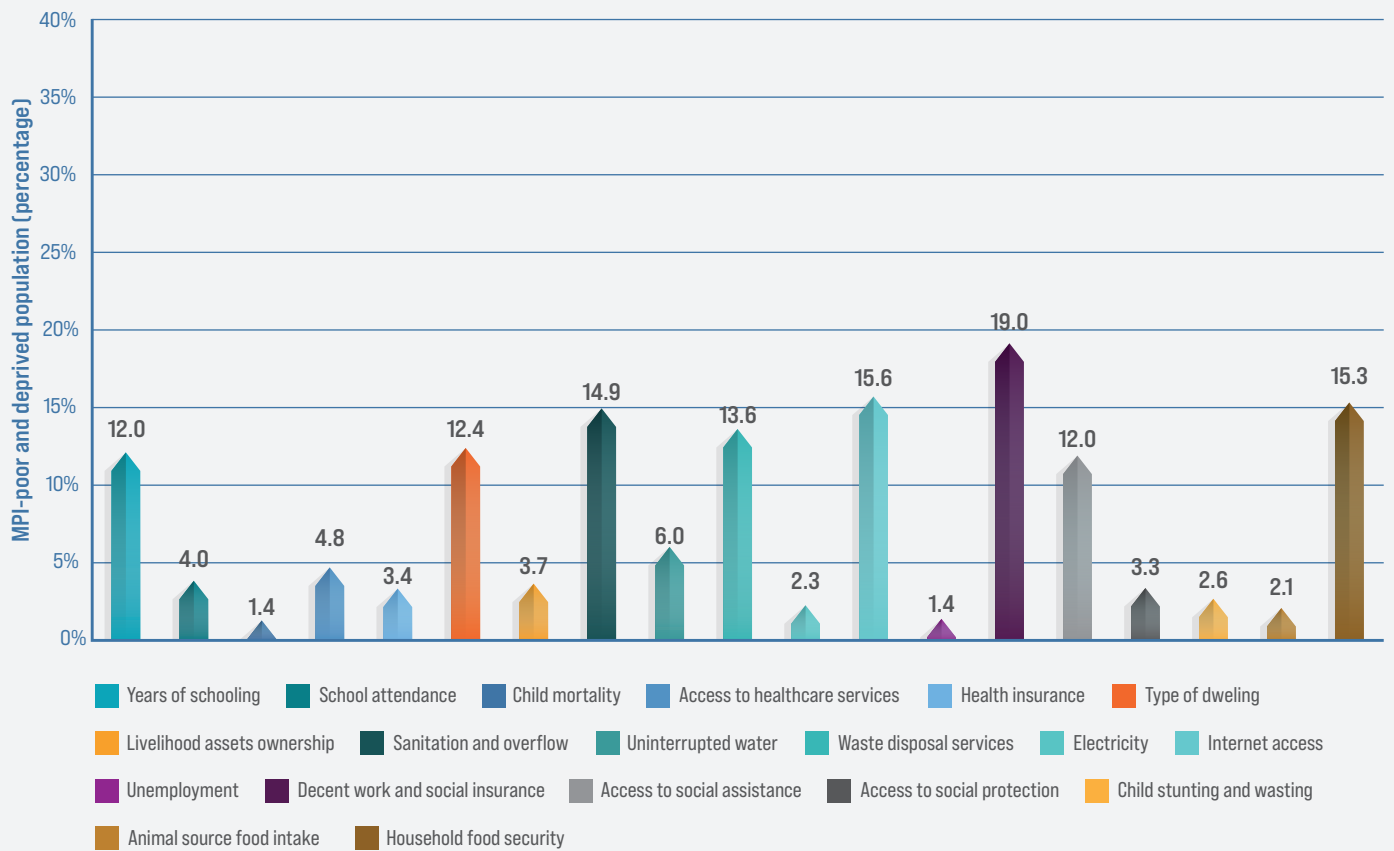## Figure 2. National MPI score across areas (2022)

Figure 3. Incidence and intensity of multidimensional poverty across areas (2022)

A profile of multidimensional poverty in Egypt

Figure 4. Censored headcount ratios (2022)

The dimensions of Education, Housing and Social Protection contribute 14–15 per cent each, which is equivalent to the dimensional weights assigned

According to the national MPI indicators, 19 per cent of multidimensionally poor people were deprived in the "decent work and social insurance" indicator (figure 4). This is the highest proportion recorded across all 19 indicators, followed by three indicators where deprivation rates were around 15 per cent: internet access, food security, and sanitation. Additionally, deprivation rates for four indicators were above 10 per cent: 12 per cent for years of schooling, type of dwelling, and access to social assistance, and 14 per cent for waste disposal services.
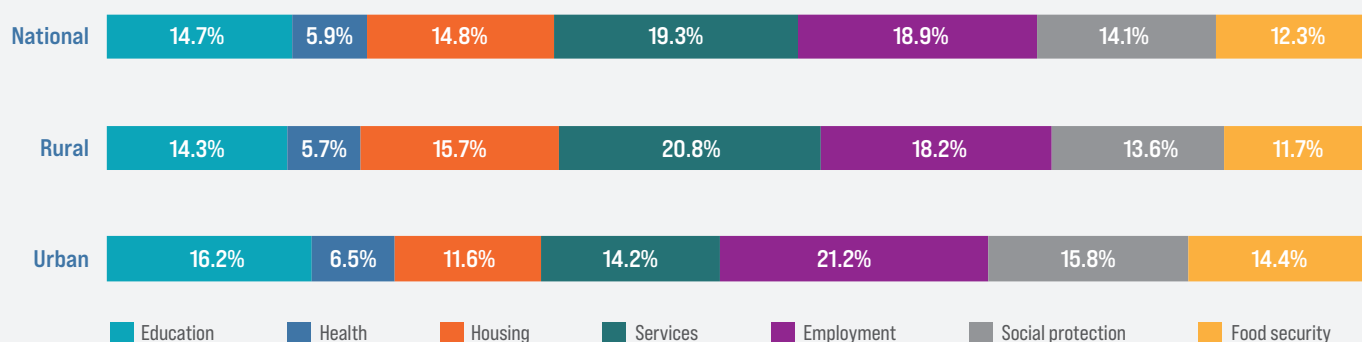
Overall, as figure 5 shows, the dimensions of Services and Employment contribute the most – almost 20 per cent each – to the overall MPI score. This implies that these two dimensions account for 40 per cent of multidimensional poverty in Egypt, even though the joint weight of these two dimensions is just 2/7, or 29 per cent. The dimensions of Education, Housing and Social Protection contribute 14–15 per cent each, which is equivalent to the dimensional weights assigned (figure 1). Conversely, the dimension of Health contributes only 6 per cent to the overall MPI score, while Food Security contributes around 12 per cent.

These differences arise because the Employment dimension makes a significant contribution to multidimensional poverty in urban areas (21 per cent). The contribution of this dimension is slightly lower in rural areas. The Services dimension contributes around 20 per cent to multidimensional poverty in rural areas, but only 14 per cent in urban areas.

Although a strict comparison of the change in the MPI between 2018 and 2022 was not possible, a significant decrease in uncensored deprivation rates was registered across some indicators. For example, deprivation rates in internet access decreased from 70.7 per cent to 45.1 per cent (25.6 percentage points), in type of dwelling from 24.5 per cent to 18.7 per cent (5.8 percentage points), in sanitation and overflow from 49.6 per cent to 44.8 per cent (4.8 percentage points), and in uninterrupted water from 19.1 per cent to 14.9 per cent (4.2 percentage points). Deprivation rates for years of schooling decreased from 26.9 per cent to 23.2 per cent (3.7 percentage points), while they decreased to a lesser extent for school attendance, by 2.9 percentage points. Social protection deprivation decreased from 11.5 per cent to 10.8 per cent.

Figure 5. Contribution of dimensions to the national MPI (2022

	Education	Health	Housing	Services	Employment	Social protection	Food security
National	14.7%	5.9%	14.8%	19.3%	18.9%	14.1%	12.3%
Rural	14.3%	5.7%	15.7%	20.8%	18.2%	13.6%	11.7%
Urban	16.2%	6.5%	11.6%	14.2%	21.2%	15.8%	14.4%

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4. Policy recommendations

1 Use the national MPI for designing effective poverty reduction strategies

The national MPI can directly inform planning, monitoring and evaluation of policies. It helps in coordinating and identifying the role of different stakeholders involved in poverty reduction strategies. For example, it can be used as an evaluation tool for the Decent Life Initiative, the National Family Planning Programme, and the Education 2.0 Reform. The national MPI in Egypt can make it easier to identify vulnerable groups to be targeted by poverty-reduction programmes. It reinforces efforts to leave no one behind and helps in prioritizing support for the most marginalized individuals. The national MPI can be used as a basis for optimized targets of a poverty reduction strategy, and can help in identifying areas of intervention.

2 Ensure decent working conditions for all

The national MPI reveals the high contribution of the Employment dimension to overall poverty at national level as well as across areas and social groups. Macroeconomic policies should be coupled with national policies that increase both the quantity and quality of jobs. Labour-intensive investments are needed to absorb the new generations of highly skilled entrants into the labour market. An example in this area is the 2021–2024 Egyptian National Programme for Structural Reform, which focuses on the productive structure of the economy, including manufacturing, agriculture, and communications and information technology.

3 Invest in education and health services

The dimensions of Education and Health jointly account for about 20 per cent of the national MPI. New policies targeted towards education can contribute to reducing the gap between education outcomes and labour market demand, which paves the way to capturing the full economic potential of the population. Funding should be increased to enhance the quality of education and health services.

4 Improve services in rural areas

In rural areas, the quality of services contributes by 20 per cent to multidimensional poverty – significantly more than elsewhere. Access to the internet at home, proper and frequent waste collection systems, and connection of housing to a suitable sanitation network are needed to reduce multidimensional poverty in rural Egypt. The Decent Life Initiative is one example aimed at reducing multidimensional poverty in rural areas of Egypt.

5 Enact integrated and informed social welfare policies

Social welfare policies need to remain in place to protect the poor and the vulnerable and to ensure a fair redistribution of resources. Steps should be taken to ensure that people have access to high-quality social services such as cash transfers in both urban and rural areas. The national MPI can help to improve targeting methods for food and cash transfers. To optimize the effectiveness and efficiency of social protection programmes, both the proportion and the absolute number of multidimensionally poor must be considered.

6 Update the national MPI regularly

Policymakers should use the national MPI for monitoring and evaluating public policies and as a planning tool. MPI modules should be included in existing surveys so that the national MPI can be updated regularly. The national MPI can then be used to inform budgets, new national development plans, and a comprehensive poverty reduction strategy.

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Endnotes

1   https://www.un.org/sustainabledevelopment/poverty/.
2   https://mpi.unescwa.org/.

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