

## Poverty in Egypt during the 2000s

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### 1. Introduction

Although Egypt recorded high economic growth during the 2000s, the poverty rate during the period increased. According to the World Bank data, the poverty rate increased from 16.7% in 1999/2000 to 25.2% in 2010/2011<sup>2</sup>. The poverty map indicates that there is large disparity among regions. Upper Egypt governorates, in particular the governorates of Assuit, Qena, Sohag, and Aswan have higher poverty rate in both urban and rural areas. On the other hand, Urban Governorates (Metropolitan region), namely Cairo, Alexandria, Port Said, and Suez have the lowest poverty rate.

In this paper, I review the status of poverty in Egypt and summarize some factors that would lead to the rise of poverty during the 2000s. The rest of this paper is organized as follows. Section 2 shows the macroeconomic performances of Egypt during the 2000s so as to look over the economic environment. Section 3 describes the poverty trend and disparity among regions. Section 4 summarizes one of the features of poverty in Egypt that large population are concentrated around the poverty line. It means that the non-poor may easily fall into poverty with small shocks. Section 5 presents the possible factors behind increasing poverty in the 2000s, and Section 6 concludes.

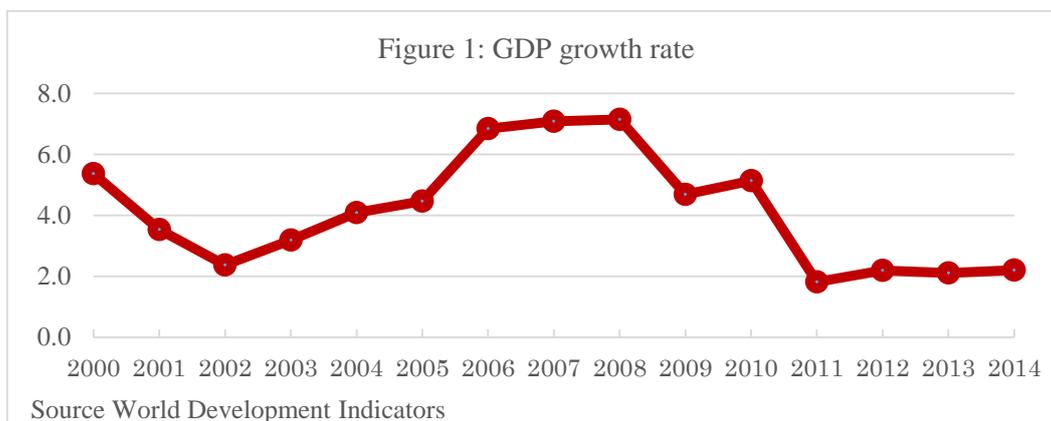
### 2. Macroeconomic Performances and Economic Reform

Economic growth rate experienced fluctuations during the 2000s (Figure 1). After decline from 5.4% in 2000 to 2.4% in 2002, the growth rate improved until it reached 7.2% in 2008. The growth rate of 7.2% was the highest in the last 25 years. However, unfortunately, Egypt's economic growth was not sustained. The growth rate once again dropped in 2009 in consequence of the global economic crisis. In 2011, in the wake of "January 25th Revolution," the growth rate fell to its lowest level, reaching 1.8% in 2011, and hovered around the 2% until 2014.

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<sup>2</sup> According to the CAPMAS, the poverty rate in the year 2012/13 was 26.3%. However, the extreme poverty rate decreased from 2010/11 to 4.4% in 2012/13.



GNI per capita increased by 30% from the year 2000 to 2010, although it stagnated after 2011. Inflation rate, in contrast, has increased at the end of the 2000s and still remains close to 10% (Table 1).

One of the chronic challenges Egyptian economy faces is high unemployment rate. The overall unemployment rate was 9-11% during the 2000s, and it rose to 13.2% in 2014. Female unemployment rate is much higher than that of male. Besides, employment quality has been worsening. Between 1998 and 2012, the share of the labor force that was informally employed rose by nearly 10% points (World Bank 2015).

FDI inflows increased in the mid-2000s when growth rate was high, but it reversed following the global economic crisis and domestic political instability after the “January 25th Revolution”. FDI inflows reached 6.0% of GDP in 2005 (and 8.5% in 2007), but declined to 2.9% of GDP in 2010 and further to 1.7% of GDP in 2014. Most FDI inflows went to petroleum sector after 2011 unlike the mid-2000s when FDI inflows went to various sectors such as banking and manufacturing.

The current account balance worsened after the global economic crisis in 2008. In particular, the current account deficit widened after 2011. As a result, although part of the imbalance was covered by support from the Gulf countries, the shortage of foreign currency became severe.

In the second half of the 2000s, pro-business reform had been implemented by the central government. The aim of the reform was to increase the private investment, especially FDI inflows in order to create jobs. As an outcome of the reform, business environment of Egypt witnessed a significant improvement. Table 2 presents World Bank *Doing Business* indicators that show the distance of Egyptian economy to the “frontier” which represents the best performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005. In Egypt, some

indicators such as Starting a business and Registering property have improved significantly in the last ten years, although other indicators such as Enforcing contracts and Resolving insolvency are still far from the frontier.

Table 1: Macroeconomic Indicators

		2000	2005	2010	2014
GNI per capita	(annual growth %)	3.3	2.6	1.0	0.1
	(constant LCU)	5,280	5,658	6,859	6,776
	(constant 2011 intl \$)	7,625	8,171	9,906	9,786
Inflation, consumer prices	(annual %)	2.7	4.9	11.3	10.1
Unemployment, total	(% of total labor force)	9.0	11.2	9.0	13.2
Male	(% of male labor force)	5.5	6.9	4.8	8.5
Female	(% of female labor force)	22.3	27.1	22.2	27.8
Gross fixed capital formation	(% of GDP)	18.9	17.9	19.2	13.3
	(constant LCU million)	65,408	74,714	117,320	110,398
	(private sector, % of GDP)	9.1	8.6	10.5	7.7
Foreign Direct Investment, net inflow	(% of GDP)	1.2	6.0	2.9	1.7
	(BoP, current US\$ million)	1,235	5,376	6,386	4,783
Current account balance	(% of GDP)	..	2.3	-2.1	-2.0
	(BoP, current US\$ million)	..	2,103	-4,504	-5,823

Source: World Development Indicators

Table 2: Doing business: Distance to Frontier

DB Year	2005	2008	2011	2014	2015	2016
Starting a business	40.1	82.9	87.9	88.1	88.1	88.2
Dealing with construction permits		50.4	61.6	61.7	65.7	66.0
Getting electricity			69.0	69.7	52.4	52.5
Registering property	34.7	47.5	67.2	69.1	57.7	57.8
Getting credit	18.8	18.8	56.3	56.3	50.0	50.0
Protecting minority investors		33.3	36.7	36.7	43.3	45.0
Paying taxes		39.2	57.7	61.0	59.0	58.9
Trading across borders		63.1	69.5	71.1	44.9	44.9
Enforcing contracts	44.0	44.0	44.0	44.0	44.6	44.6
Resolving insolvency	17.2	17.8	18.8	28.8	36.2	36.4
Overall			56.9	58.7	54.2	54.4

\* DB 2015 and 2016 follow new methodology

\* An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier.

Source: Doing business (<http://www.doingbusiness.org/data/distance-to-frontier>)

From the year 2000 to 2015, the population of Egypt increased by 34%. The population exceeded 90 million in 2015 (Table 3). As for population growth rate, it was around 1.8% during the 2000s, but increased to 2.18% from 2010 to 2015 due to higher fertility rate during the period. As a result, the youth dependency ratio was once again rise in 2015 compared with that in 2010. In 2015, the youth (under 15 years old) population exceeded 30 million, of which 12 million are under 5 years old.

Table 3: Population trend

		2000	2005	2010	2015
Total population	(million)	68.3	74.9	82.0	91.5
Age composition					
Under 5	(million)	8.0	8.7	9.6	12.1
Ages 15-64		40.0	46.4	51.8	56.4
Ages 65 & older		3.5	3.8	4.0	4.8
Median age	(years)	21.6	22.6	23.9	24.7
Dependency ratio	(ratio of pop. per 100 pop. 15-64)				
0-14		62.0	53.5	50.6	53.8
65 & older		8.7	8.1	7.8	8.5
		1995/2000	2000/2005	2005/2010	2010/2015
Average annual growth	(%)	1.81	1.85	1.81	2.18
Total fertility rate	(birth per woman)	3.41	3.15	2.98	3.38

Source: UN World Population Prospects, the 2015 Revision

### 3. Status of Poverty and Disparity

The poverty rate, according to the national poverty line, has increased during the 2000s where the rate rose from 16.7% in 1999/2000 to 26.3% in 2012/2013 (Table 4). With the increase proportion of the poor in Egypt in the last ten years, it reached twice the rate targeted for Millennium Development Goals (MDGs) which was 12.1% (UNDP and Ministry of Planning 2015). This means that Egypt has failed to achieve the MDGs on halving the proportion of the population below the national poverty line by 2015. In practice, the poverty rate of Egypt in 2015 might be a little bit higher than that in 1990.

However, the proportion of people below the extreme poverty line (LE2570 per person per year in 2012/2013) witnessed a decline after the “January 25th Revolution”. The extreme poverty rate was 3.6% in 2004/2005 and increased to 6.1% in 2008/2009, but declined to 4.4% in 2012/2013.

Table 4: Poverty rates, 1999/2000-2012/2013

	1999/00	2004/05	2008/09	2010/11	2012/13
<b>National Poverty Lines</b>					
Extreme Poverty Line	2.9	3.6	6.1	4.8	4.4
Lower Poverty Line	16.7	19.6	21.6	25.2	26.3
Upper Poverty Line	42.6	40.5	41.7	48.9	49.9
<b>International Poverty Lines</b>					
\$1 PPP a day per person	3.4	3.4	3.2	4.8	4.4
\$2 PPP a day per person	43.7	42.8	42.0	..	..

\* The value of the extreme (food) poverty line in 2012/13 was LE2,570 per person per year. In the same way, the value of the lower poverty line was LE3,920, and that of upper poverty line was LE5,066.

Source: UNICEF 2015

Table 5: Poverty rates by geographic region based on national poverty line (%)

	2008/2009	2010/2011	2012/2013
Urban governorates	7.0	9.6	15.7
Lower Egypt			
Urban	7.0	10.3	11.7
Rural	17.0	17.0	17.4
Upper Egypt			
Urban	21.0	29.5	26.7
Rural	44.0	51.4	49.4

Source: UNDP and Ministry of Planning, Monitoring and Administrative Reform 2015.

The same is true of international poverty line. The proportion of people below international poverty line (\$1 a day per person) increased significantly from 2008/2009 to 2010/2011, which reached 4.8%, but decreased to 4.4% in 2012/2013.

Almost half of the population lives under upper poverty line (LE5066 per person per year) in 2012/2013. The “near poor” who sit between the upper and lower poverty line was 23.6% of the population (20.2 million people) in 2012/2013. That means that even a small shock in real income results in the significant increase of poverty rate.

Poverty in Egypt exhibits regional disparities. Table 5 shows the poverty rate by regions. While the poverty rates in Urban Governorates (Cairo, Alexandria, Port Said, and Suez) and Urban Lower Egypt (urban areas of 9 governorates in Nile Delta region) were 7% in 2008/2009, the rates in Urban Upper Egypt and Rural Upper Egypt in the same year were 21% and 44% respectively. In general, rural areas have higher incidence of poverty than that of urban areas in Egypt. In 2008/2009 the poverty rate in urban areas was 11.0%, while that in rural areas was 28.9%. The same was true as to extreme

poverty. The extreme poverty rate in urban areas was 2.6% compared with 8.5% in rural areas in 2008/2009.

While overall poverty rate increased after the “January 25th Revolution” from 25.2% to 26.3%, the rate in Urban Governorates witnessed the highest increase. In 2012/2013, the poverty rate in Urban Governorates was 15.7%, more than twice as high as that in 2008/2009 and 64% higher than in 2010/2011.

Upper Egypt showed different trend after the “January 25th Revolution.” The poverty rate decreased in both urban and rural areas of Upper Egypt, though it was still higher than that in 2008/2009.

Table 6 presents income distribution and poverty by governorates in 2008/2009. Damietta governorate, which is located in Lower Egypt and famous for furniture and natural gas industry had the lowest poverty rate of 1.1% in 2008/2009, while Assuit governorate in Upper Egypt recorded the highest poverty rate of 61.0% in the same year.

With respect to the average expenditure per capita, Suez governorate has the highest expenditure per capita of LE6485 in 2008/2009, while Assuit governorate has the lowest per capita expenditure of LE2220 in the same year. The gap between the two governorates is about 3 times. However, income distribution of Egypt is relatively egalitarian by the standards of developing countries. Gini coefficient of overall Egypt is 0.31 in 2008/2009. As for the income gap of Egypt, the World Bank report concludes as follows;

The gap is more geographical: It is between the four main Egyptian cities, and the rest of the country, than properly urban-rural. Interpersonal inequality in the urban area (as a whole) is significantly greater than interpersonal inequality in the rural area (as a whole). Similarly, within each governorate, interpersonal inequality in its urban parts (average Gini of about 30) is greater than interpersonal inequality in rural parts (average Gini of 26). This is also not an uncommon feature: Urban incomes tend to be more dispersed reflecting greater variety of population and skills in urban areas. Between 2005 and 2009, the changes in both the gap and inequality have been modest (Verme et al. 2014; 53).

Table 6: Income distribution and Poverty by governorates

	GDP per capita (LE)	Expenditure per capita (LE)	Income share Lowest 40%	Gini coefficient	Poor persons (%)	
	2007/2008	2008/2009	2008/2009	2008/2009	2008/2009	2008/2009
<b>Urban Governorates</b>	..	<b>5,832</b>	<b>20.1</b>	<b>0.35</b>	<b>6.9</b>	<b>1.5</b>
Cairo	7,726	6,151	18.8	0.38	7.6	1.7
Alexandria	8,978	5,139	22.6	0.30	6.4	1.2
Port Said	10,550	5,895	20.1	0.34	4.4	1.7
Suez	8,746	6,485	22.6	0.29	1.9	0.3
<b>Lower Egypt</b>	..	<b>3,556</b>	<b>26.3</b>	<b>0.23</b>	<b>14.2</b>	<b>2.0</b>
<b>Urban</b>	..	<b>4,327</b>	<b>15.1</b>	<b>0.27</b>	<b>7.3</b>	<b>0.8</b>
<b>Rural</b>	..	<b>3,275</b>	<b>32.3</b>	<b>0.20</b>	<b>16.7</b>	<b>2.5</b>
Damietta	7,884	4,678	27.2	0.21	1.1	0.2
Dakahlia	9,112	3,796	26.6	0.22	9.3	1.0
Shrkia	8,700	3,108	28.0	0.19	19.2	1.9
Kalyoubia	8,134	3,754	25.8	0.23	11.3	1.8
Kafr El Sheikh	8,928	3,526	27.1	0.21	11.2	2.1
Gharbia	8,800	4,057	25.9	0.24	7.6	0.8
Menoufia	9,854	3,355	26.4	0.23	17.9	3.1
Behera	9,452	3,039	28.2	0.19	23.5	3.8
Ismailia	8,970	3,785	24.1	0.27	18.8	4.3
<b>Upper Egypt</b>	..	<b>2,916</b>	<b>23.4</b>	<b>0.28</b>	<b>36.9</b>	<b>12.8</b>
<b>Urban</b>	..	<b>3,879</b>	<b>12.8</b>	<b>0.33</b>	<b>21.3</b>	<b>6.3</b>
<b>Rural</b>	..	<b>2,501</b>	<b>31.6</b>	<b>0.23</b>	<b>43.7</b>	<b>15.6</b>
Giza	8,243	3,960	20.2	0.34	23.0	7.6
Beni Suef	8,857	2,555	27.0	0.21	41.5	11.5
Fayoum	8,434	2,778	27.5	0.21	28.7	5.9
Menia	8,656	2,901	25.6	0.24	30.9	7.0
Assiut	8,020	2,220	23.8	0.27	61.0	31.4
Suhag	7,330	2,392	25.8	0.23	47.5	18.5
Qena	6,388	2,646	25.8	0.23	39.0	11.5
Luxor	9,106	2,714	25.4	0.24	40.9	14.3
Aswan	7,057	3,590	23.6	0.27	18.4	4.0
<b>Frontier Govs</b>	..	<b>4,380</b>	<b>22.8</b>	<b>0.30</b>	<b>11.1</b>	<b>3.8</b>
<b>Urban</b>	..	<b>5,016</b>	<b>17.0</b>	<b>0.30</b>	<b>4.8</b>	<b>1.2</b>
<b>Rural</b>	..	<b>3,165</b>	<b>48.2</b>	<b>0.23</b>	<b>23.2</b>	<b>8.7</b>
Red sea	8,461	..	..	..	..	..
New valley	12,682	..	..	..	..	..
Matrouh	10,346	..	..	..	..	..
North Sinai	8,884	..	..	..	..	..
South Sinai	12,455	..	..	..	..	..
<b>EGYPT</b>	<b>10,246</b>	<b>3,712</b>	<b>22.3</b>	<b>0.31</b>	<b>21.6</b>	<b>6.1</b>
<b>Urban</b>	..	<b>4,843</b>	<b>20.7</b>	<b>0.34</b>	<b>11.0</b>	<b>2.6</b>
<b>Rural</b>	..	<b>2,924</b>	<b>26.0</b>	<b>0.22</b>	<b>28.9</b>	<b>8.5</b>

Source: UNDP and Institute of National Planning 2010.

#### 4. Poverty Gap

Poverty in Egypt was neither deep nor severe by the standard of middle-income countries. Table 7 shows that the poverty gap index (P1) of Egypt was 3.0% in 2000, 3.6% in 2005, and 4.1% in 2009<sup>3</sup>. In 2005, annual poverty deficit per poor person was LE266, which was less than 4% of per capita GDP (World Bank 2007). In other words, the cost of eradicating the poverty was LE3.6 billion (0.67% of GDP) if assuming a perfect targeting of transfers.

Poverty gap rate by region reports that rural areas witnessed deeper poverty than in urban areas. In particular, rural Upper Egypt showed the deepest poverty gap of 8.1% in 2005.

With respect to the squared poverty gap (P2) index, poverty in Egypt was not so severe by international standards during the early 2000s<sup>4</sup>. The P2 index for overall Egypt was 0.8 in 2000 and 1.0 in 2005. By regional comparison, poverty in Upper Egypt was more severe than Lower Egypt.

The shallowness of poverty means that large population sits around the poverty line. As is true of under the poverty line, the large population also exists just over the poverty line. The rate of “Near Poverty” was 25.9% in 2000 and 20.9% in 2005 for overall Egypt. This means 1 out of 5 non-poor Egyptians faced the risk of being poor in 2005. Although rural areas showed the highest near poverty rate, the rate of Urban Governorates was relatively high when it compared with poverty rate of the region.

To illustrate the vulnerability of being the poor, the World Bank (World Bank 2007) calculated the percentage of the population whose expenditures were within LE50 above or below the poverty line. The result was that about 2.3% of the population (1.7 million people) sat between the poverty line and LE50 above it in 2005. That means that a LE4.17 decline in the monthly expenditures would bring them below the poverty line. On the other hand, there was another 2.3% of the population who lay between the poverty line and LE50 below it. It shows that a LE4.17 increase of the monthly expenditures would bring them out of poverty. That is, even a small shock, both the positive and the negative one, results in significant changes in poverty.

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<sup>3</sup> The poverty gap index (P1) indicates the gap between the observed expenditure levels of poor households and the poverty line. Assuming perfect targeting of transfers, this poverty gap index reflects the minimum amount of consumption that would need to be transferred to pull all the poor up to the poverty line (World Bank 2007).

<sup>4</sup> The poverty severity index (P2) measures the degree of inequality in distribution below the poverty line, giving greater weight to households at the bottom of the expenditure (or income) distribution (World Bank 2007).

Table 7: Poverty Gap and Severity across Regions in 2000 and 2005

	Poverty Gap (P1)		Poverty Severity (P2)		Extreme Poverty		Near Poverty	
	2000	2005	2000	2005	2000	2005	2000	2005
Urban Governorates	0.9	0.9	0.3	0.2	0.8	0.7	14.5	12.3
Lower Egypt								
Urban	0.9	1.4	0.2	0.3	0.6	1.0	21.5	18.3
Rural	1.6	2.4	0.3	0.5	0.7	1.5	30.2	24.4
Upper Egypt								
Urban	3.9	3.8	1.2	1.2	1.2	4.2	29.6	19.4
Rural	6.6	8.1	1.8	2.4	7.4	10.0	29.3	25.5
Overall Egypt	3.0	3.6	0.8	1.0	2.9	3.8	25.9	20.9

Source: World Bank 2007

In the first-half of the year 2008, world food prices especially grain prices such as wheat and rice increased significantly. As a net importer of food, Egyptian economy was profoundly affected by the global food prices shock. The annual inflation rate (CPI) reached to 25.7% in August 2008, which was more than double compared with January of that year. The price shock had considerable effect on the poverty. Table 8 exhibits the change in the poverty rate during 2008 using household survey<sup>5</sup>. While the poverty rate of overall Egypt in April-June 2008 was 18.9%, the rate in July-September of the same year jumped to 24.7%. In particular, the poverty rate of rural area skyrocketed from 26.5% to 34.0% for just 3 months. It shows how shocks like price increase have significant impact on poverty in Egypt.

Table 8: Changes in the Poverty rate, 2004-2009

	2004/05 July-June	2008 Feb.	2008 Apr-June	2008 July-Sep	2008 Oct-Dec	2009 Jan-Mar
(dataset)	HIECS 1-4	Panel	HIECS 1st Q	HIECS 2nd Q	HIECS 3rd Q	HIECS 4th Q
Urban	10.1	8.6	9.7	10.8	10.1	11.8
Rural	26.8	26.5	26.5	34.0	31.7	26.9
Total	19.6	18.9	19.6	24.7	23.1	20.4

Source: World Bank 2011.

<sup>5</sup> The household survey (Household Income, Expenditures and Consumption Surveys (HIECS) in 2008/2009 was conducted on 48,658 households. Each household was observed for 15 days as to food consumption diary.

Table 9 indicates the poverty transition in 2005-2008 and 2008-2009 using HIECS panel data. From 2005 to 2008, a period of high economic growth, 9.6% of population went out of poverty, while 5.9% of population stayed poor. On the other hand, 7.9% of population that was non-poor in 2005 fell into poverty by 2008.

In a period of economic slowdown (2008-2009), the chance to escape poverty decreased. While 9.6% of population escaped poverty in a period of high economic growth, only 5.2% of population went out of poverty in a period of economic slowdown. However, the transition into poverty was not so different between the periods. In a period of high economic growth, 7.9% of population fell into poverty as mentioned. In a period of economic slowdown, on the other hand, 8.2% of population fell into poverty. The difference is rather marginally in spite of drastic change in economic environment.

Based on the transition patterns, the World Bank report classified the dynamics into 6 categories as described in Table 10 below. It shows that only a quarter of the poor in 2009 were in poverty in all three years. That means that three-fourths of the poor in 2009 were not poor in either 2005 or 2008. Among the non-poor in 2009, 7.4% of population escaped poverty in a period of high economic growth (2005-2008) and stayed non-poor during the food prices crisis (2008-2009).

Table 9: Poverty Transitions, (2005-2008), (2008-2009)

		2008		
		Non Poor	Poor	Total
2005	Non Poor	76.6	7.9	84.5
	Poor	9.6	5.9	15.5
	Total	86.2	13.8	100
		2009		
		Non Poor	Poor	Total
2008	Non Poor	78	8.2	86.2
	Poor	5.2	8.6	13.8
	Total	83.2	16.8	100

Source: World Bank 2011.

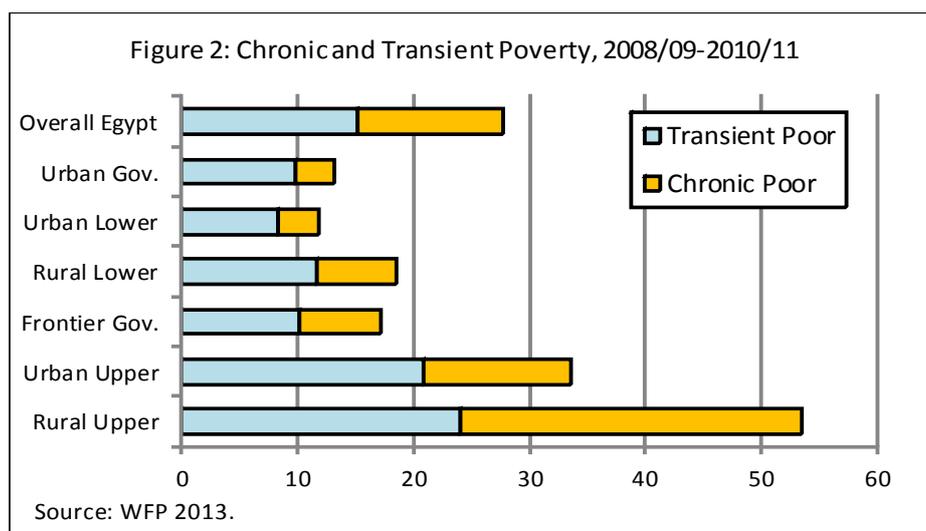
Table 10: Poverty dynamics, 2005-2009

Status in 2009	Group	Description	% of pop.
Poor	Chronically poor	Income below poverty line in all periods	4.1
	Near chronic poor	Poor in 2009, not poor in either 2005 or 2008	6.7
	New poor	Poor in 2009, but non-poor in 2005 and 2008	6.0
Non-poor	Never poor	Income above poverty line in all periods	70.5
	Escaped poor	Escaped poverty in 2005-2008 and remained non-poor	7.4
	Temporarily poor	Fell into poverty in 2005-2008, but moved out in 2009	5.2

Source: World Bank 2011.

Figure 2 exhibits the regional difference of poverty dynamics from 2008/2009 to 2010/2011 using panel data from the 2011 HIECS. It shows there was high mobility across the poverty line in just two years. More than half of the poor population is new poor (transient poor).

By region, chronic poor is predominant in rural Upper Egypt with 62% of all chronic poor in 2010/2011 (WFP 2013). This means that the poverty in rural Upper Egypt would be structural. With respect to other regions, the proportion of transient poor is higher than that of chronic poor.



## 5. Factors behind increasing poverty rates in the 2000s

There are some factors suggested other than inflation mentioned earlier that led to the rise in national poverty rates in the 2000s. In this section, 5 of the possible factors are briefly presented.

### (1) Demographic factor

Demographic change has an effect on driving households into poverty. Table 11 shows that “during 2005-2008, a staggering 76 percent of households that fell into poverty did so because of a change in demographic composition --- mostly an increase in the number of dependents.” (World Bank 2011; 24). However, in the period of 2008-2009, the effect of demographic change on falling into poverty was much less than that in 2005-2008. Therefore, it is not sure yet if the change of demographic composition is the major factors behind increasing poverty rate in the 2000s.

Table 11: Main events driving households into poverty (%)

Factor changed	2005-2008	2008-2009
Individual Earnings	16	14
Employment	7	37
Transfers	2	10
Demographics	76	39

Source: World Bank 2011

### (2) Fluctuation of economic growth rates

There were large fluctuations of economic growth rates in the 2000s as mentioned earlier. It could be difficult for household to deal with the rapidly changing circumstances, so that many of them especially vulnerable households could not benefit from high economic growth.

### (3) Continuing high unemployment rate

Unemployment rate has not decreased in the 2000s despite high economic growth in the mid-2000s. As a result, the number of the jobless has increased due to the growing number of the new graduates. Consequently, the number of the poor also increased.

(4) Inadequate social policies

Redistribution policies were not enough. Social policies targeting the low income households were inadequate, although there were some poverty alleviation schemes. Social protection, both social assistance and social insurance, was outdated and not enough for many low-income households to keep from falling into poverty.

(5) Inappropriate development policies

Pro-business reform in the 2000s had not led to inclusive growth. It was certain that some private companies, in particular large companies connected with the regime got benefit from the reform, but the impact on low-income households was limited. That is, the pro-business reform was not inclusive but exclusive for those who have enough economic resources or connection with the regime.

6. Concluding Remarks

In Egypt, the poverty rate increased in spite of relatively high economic growth during the 2000s. How was the poverty situation in the 2000s? What factors were behind increasing the poverty rates? In this paper, I investigated the status of poverty in Egypt during the 2000s and summarized some possible factors that would lead to the rise of poverty in the periods.

The poverty rate increased during the 2000s with regional disparity. The rural area recorded higher poverty rate than that of urban area. In particular, poverty is deep and severe in rural Upper Egypt. After the “January 25th Revolution” in 2011, the poverty rate has increased most in Urban Governorates.

Another aspect of poverty in the 2000s was the high mobility across the poverty line. The three-fourths of the poor in 2009 were not poor in either 2005 or 2008. Except rural Upper Egypt, the majority of the poor in 2010/2011 were new poor (transient poor).

With respect to the factors behind the increasing poverty rates, demographic as well as economic impacts are suggested. In demographic events, an increase in the number of dependents had an effect on increasing poverty rate in the mid-2000s. In economic events, skyrocketing inflation had a great impact on poverty increase. Other economic aspects such as high unemployment, social policies, and development policies are also factors worth considering.

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