

## ■ EGYPT

### Before reaching age five



Poverty is still high in Egypt and social and demographic indicators, particularly in the health and education sectors, signal the need for significant intervention. Substantial difference in income levels among regions exists with urban *per capita* GDP being almost twice rural *per capita* GDP.

Egypt is a low middle income (LMI) country with a *per capita* GNP nearly of USD 1,200 (1999). The adoption of an "open door" policy in 1975 resulted in a decade of rapid economic growth supported by large inflows of foreign assistance, remittances from Egyptians employed abroad, and oil and tourism revenues. The drop in oil prices in 1986 signalled the end of a decade of economic growth, underscoring the volatility of Egypt's key revenue sources and the constraints of its growth strategy. Serious macro economic imbalances emerged as unemployment and poverty increased.

The government of Egypt responded by adopting a series of economic reform measures and a structural adjustment program in 1991 to stabilise the economy and restore growth. Through the stabilisation program, the government succeeded in reversing the slow growth rates that characterised the period 1986-1992. Real *per capita* GDP then grew at an average annual rate of 2% until 1996.

The Ministry of Planning expects growth to continue at an average rate of 2.5% through 2002. Inflation was brought down from a peak of 21% in 1992 to 7% in 1996. The fiscal situation improved as the budget deficit was reduced from a high of 18% of GDP in 1991 to 1.37% in 1996.<sup>1</sup> Despite these achievements, there are indications of a future crisis in employment. Unemployment is estimated at about 11%.<sup>2</sup> With an estimated annual influx of 560,000 new entrants to the labour market over the next ten years, the challenge to create sufficient jobs will be daunting.

#### 58% living in poverty

The World Bank estimates the level of poverty in Egypt to be about 33% of population. Of this, 7% live in extreme poverty. The slight decline in the overall poverty level since 1990 is attributed to a drop in rural poverty that out-weighed the increase in urban poverty. Using the upper poverty line, a further quintile of people living in mild poverty is added, raising the total percentage of poor to 58%. Of these, 23% suffers from income poverty and 34% suffers from capability poverty.<sup>3</sup>

Poverty is still high and social and demographic indicators, particularly in the health and education sectors, signal the need for significant intervention. Similar geographic and regional disparities exist for other human development indicators:

Human Development Indicators		
INDICATOR	URBAN	RURAL
Literacy	74%	51%
Infant mortality/ 1,000 births	51	86
Under-five mortality/1,000	64	116
Households with pipedwater	96%	69%
Access to sanitation	97%	70%

Source: Egypt Human Development Report 1996

The prime minister declared on 15 February 2001<sup>4</sup> that the level of investment would have to increase by 6% to cope with these challenges. Public savings must increase significantly through tax measures and reduced transfers and subsidies, including transfers to state-owned enterprises. Opposition experts expect that unemployment will reach 17% in 2005 as the labour force continues to grow. Unless a solution is found to the employment problem, poverty will also increase.

#### High maternal and child mortality

Health's share of the national budget in 2001 is 4%. This is quite low compared with other LMI countries, which spend 6-10% of their budgets on health.<sup>5</sup> Overall spending for health is 3.7% of GDP. The consequence of these low spending levels is that Egyptians are worse off than in other LMI countries.<sup>6</sup> Examples are the high national rates for child and maternal mortality: 8.5% of children die before age five and 1% to 7% of births result in the mother's death. There are wide disparities between rural and urban areas. Infant and child mortality is three times higher in rural areas, maternal mortality is five times higher.

There are significant equity problems in access to services depending on income and geographical location. Public spending is regressive with only 16% of health allocations benefiting the lowest income quintile and 24% going to highest groups. In line with this skewed allocation, *per capita* public spending is 67% higher in richer urban areas than in the poorer rural governorates.<sup>7</sup> More than half of health costs (56%) are paid by user fees, and in the private sector these mainly out-of-pocket expenses are paid disproportionately by low-income individuals. Spending on and consumption of drugs is as much as 50% higher in Egypt than in other LMI countries, and use of drugs is frequently excessive and inappropriate.

1 Ministry of Finance figures.

2 World Bank Development Report 1999/2000.

3 World Bank Report, cited in newspaper.

4 *Al Ahrām* newspaper, February 2001.

5 World Bank, *op.cit.*

6 *Ibid.*

7 *Ibid.*

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### Progress in literacy

Literacy has increased over the years with improvement in access to educational facilities. In 1996, the literacy rate was 61.4%, up from its 1986 level of 50.4%.<sup>8</sup> High illiteracy rates refer mainly to the elder part of population—more than 60% of men and 80% of women above 65 years had no education, compared with only 6% of boys and 18% of girls in the age bracket 10-19 years.

Rates of education remain higher for men than for women. Women have experienced a substantial improvement in access to education, however, and differential attainments in education have narrowed for the younger part of population. The difference in median number of years of schooling for the two sexes in the 20-24 age group is 3.3 years, while it is only one year for those under the age of 20.<sup>9</sup> On a national scale, 55.5% of male and 43.2% of female population in the age group 20-24 had completed higher secondary levels of education. This was partly the result of schemes guaranteeing public employment for men and women with secondary level diplomas and university degrees. This guarantee was abolished in 1996. The impact on parent's willingness to finance higher education for their children, especially for girls, is not yet clear.

Geographic biases also exist in access to education. Educational levels in rural areas still lag behind those of urban areas. The median number of years of education for the total male population is 7.6 for urban residents and 4.9 for rural residents. For women, the difference is an average of 6.1 for urban residents compared with 1.0 for rural residents. This is largely the result of low educational attainment among elderly rural women in Upper Egypt.

### Women's employment

There were 12.7 million households in Egypt,<sup>10</sup> of which 12.6% were headed by women.<sup>11</sup> The average household size was 4.6 persons. Households are smaller in urban governorates (with four persons per household) and highest in the frontier governorates (with five persons per household).

Women's employment has been governed by social norms and traditions. According to Islam, division of labour between man and woman is ideally complementary. The husband is expected to provide economically for the family and the income of the wife should be hers to dispose of freely. In practice, however, especially among poorer women, this income is ultimately used for household expenditures, particularly for children.

Whereas employment outside the home has become increasingly common among young urban women, it is still the exception in rural Egypt. Many rural women are economically active with farming activities, however. Some of these take place within the compound, such as poultry raising and dairy production. When directed to the local market, these farming activities often constitute an important source of regular household income, in particular for day-to-day expenses. Male farmers' income is more seasonal and associated with the harvest period and thus often spent on major purchases or expenses.

Division of labour within the families tends to be organised according to age as well as gender. Sons are expected to provide for parents in their old age. Hence old people without sons to provide for them constitute an exposed group, which is often assisted by religious welfare groups. Extended families are more common in rural areas than urban. Findings from an anthropological fieldwork in a Delta village<sup>12</sup> suggest that nuclear households are on the increase. ■

Legal Research and Resource Center for Human Rights  
<lrcc@brainy1.ie-eg.com>

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<sup>8</sup> Egypt Human Development Report 1996.

<sup>9</sup> EDHS, 1995.

<sup>10</sup> Central Agency for Statistics (CAPMAS), 1997.

<sup>11</sup> Egypt Human Development Report, *op.cit.*

<sup>12</sup> Bach, 1997.