



# How poverty is underestimated in Greater Cairo, Egypt

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**ABSTRACT** This paper suggests that the incidence of poverty is severely underestimated in Greater Cairo. This is because poverty lines are set too low in relation to the costs of the most basic of needs in the city and because census data that inform household surveys, on which poverty line studies are based, undercount the people living in *ashwa'iyyat* (informal settlements). The paper assesses the costs of food and non-food needs in eight informal areas in Greater Cairo and compares these costs with the allowances made for them in Egypt's poverty lines (which are meant to indicate the income needed to afford these food and non-food needs). Those who live in *ashwa'iyyat* frequently pay more for many food items than those who live in some of Cairo's most prosperous neighbourhoods. The food allowance in poverty lines fails to factor in the cost of a nutritious diet as it is based on the actual diets of the poor. All households interviewed face non-food costs that are much higher than the allowance for these in even the more generous poverty lines. Yet, they still live in very poor conditions. Such costs include rent, keeping children in school, transport (for income earners and students), health care, water, sanitation and electricity. Raising the value of poverty lines to adequately reflect the real costs of food and non-food needs would considerably increase the incidence of poverty in Greater Cairo. Poverty lines must be set at levels that make sufficient allowance for the real costs of living: enough and nutritious food, reasonable quality accommodation, water, sanitation, electricity, keeping children in school, transport, health care and medicines when needed.

**KEYWORDS** Cairo / Egypt / informal areas / poverty lines / poverty measurement/ slums/ urban poverty

## I. INTRODUCTION

The way in which poverty is defined and measured influences who is considered poor, how the state responds and how successful the state responses are judged to be. As this paper shows, if the definition is incorrect or based on inaccurate data, the scale and nature of poverty can be greatly underestimated. This paper reviews the accuracy of Egypt's various poverty lines mainly in relation to the real costs of basic food and non-food needs in eight of Greater Cairo's informal areas in 2008. It also briefly discusses the inaccurate data about informal areas that inform the various poverty lines.<sup>(1)</sup>

Poverty lines, as one measure of poverty, can be useful in urban contexts because access to most food and non-food needs is monetized.

1. A detailed review of the official data about *ashwa'iyyat* in Egypt and a discussion about

If poverty lines are to be used, they must reflect the actual costs of such needs. In many cities, including Cairo, there are very large differences in the proportion of the population considered “poor” depending on which poverty line is used. Setting poverty lines at levels that bear no relation to real costs and conditions obviously produces inaccurate figures. This is evident when living costs in informal settlements are compared to the poverty lines used in Egypt; it is also evident when the US\$ 1 per person per day international poverty line is applied. With the most recent application of this poverty line, only 1.99 per cent of Egypt’s population were “poor” in 2004<sup>(2)</sup> (and only 1.8 per cent in 1999 and 2.5 per cent in 1995). These figures suggest that poverty affects a very small proportion of the population in Egypt, and present a stark contrast to the millions of people living in Egypt’s informal settlements facing very poor and generally overcrowded conditions, and also to the settlements’ very rapid growth over the last few decades and the scale of poverty in Egypt’s rural areas.

It is important to note that even if the value of poverty lines is set to reflect real living costs, poverty lines only provide a partial picture of poverty because of their limitations in measuring other aspects of deprivation. Additional measures are needed to provide information about other crucial dimensions of poverty such as gender, intra-household inequality and poor housing and living conditions. In many nations, urban dwellers living in “slums” or informal settlements can have an income just a little above the official poverty line and thus not be counted as poor, while in reality their housing and living conditions should unquestionably categorize them as poor.<sup>(3)</sup>

## II. POVERTY IN GREATER CAIRO

Since 1996, at least eight studies of poverty in Egypt have defined different poverty lines and estimated the incidence of poverty in rural, urban and metropolitan areas in the country.<sup>(4)</sup> These studies have produced different and, at times, contradictory conclusions about the scale and distribution of poverty in Egypt and about trends in the incidence of poverty over time.<sup>(5)</sup> These differences are due mostly to different conceptual choices, data, definitions and methodologies.<sup>(6)</sup> Differences between studies include how the poverty line is calculated, whether the household or the individual is used as a unit of analysis and how they have accounted for household economies of scale, spatial price differences and household composition.<sup>(7)</sup> Controversial issues include how the diet composition that would provide the minimum calories to establish the food poverty line is determined. Some studies used ideal diets that would be nutritious, while others used diets that are actually consumed by the poor.<sup>(8)</sup> While the former is seen to overestimate poverty,<sup>(9)</sup> the latter would underestimate poverty, as the poor’s diets are far from adequately nutritious. Another controversial issue revolves around determining the essential non-food allowance for individuals.<sup>(10)</sup> This is usually calculated by looking at households whose total expenditure is equal to the food poverty line and then their non-food expenditure is added to the food poverty line to give the lower poverty line. The logic is that these expenditures must be essential as people give up food to make them. This means that items such as nutritious food, the costs of children’s education and living in humane housing conditions would be considered non-essential expenditures.

its flaws and contradictions can be found in Sabry, S (2009a), *Poverty Lines in Greater Cairo: Underestimating and Misrepresenting Poverty*, Poverty Reduction in Urban Areas Series, Working Paper 21, IIED, London, 48 pages; also Sabry, S (2009b), “Egypt’s informal areas: inaccurate and contradictory data. Cairo’s informal areas between urban challenges and hidden potentials – facts, voices, visions”, GTZ Participatory Development Programme in Urban Areas (PDP), GTZ, Cairo.

2. World Bank, PovcalNet Online Poverty Analysis Tool, accessed 14 November 2008 at <http://go.worldbank.org/NT2A1XUWPO>. This paper will not discuss the international poverty lines that produce these ludicrous figures of poverty in Egypt. It will focus instead on national poverty lines as they are more meaningful in the Egyptian context.

3. An overview of the key literature on measuring poverty, poverty lines and their weaknesses, especially in the urban context, can be found in Sabry (2009a), pages 2–6, see reference 1. The main criticisms of poverty lines include: not reflecting the multi-dimensional nature of poverty; having arbitrary cut-off points; being too low in relation to the costs of real needs; failing to deal with the gender dimensions of poverty and intra-household inequality; and using problematic household survey data. See Satterthwaite, David (2004), *The Underestimation of Urban Poverty in Low- and Middle-income Nations*, Poverty Reduction in Urban Areas Series, Working Paper 14, IIED, London, 71 pages; also Reddy, S G and T W Pogge (2005), “How not to count the poor”, accessible at <http://www.socialanalysis.org/Version6.2> (Columbia University); and Hanmer, L C, G Pyatt et al. (1999), “What do the World Bank’s poverty assessments teach us about poverty in sub-Saharan Africa?”, *Development & Change* Vol 30, No 4, page 795.

4. El-Laithy, H and M O Osman (1996), *Profile and Trend of Poverty and Economic Growth in Egypt*, Egypt Human Development Report Research Paper Series, INP, Cairo; also UNDP Egypt and INP (1996), *Egypt Human Development Report on Poverty*, Cairo; Cardiff, P (1997), "Poverty and inequality in Egypt", in K Pfeifer (editor), *Research in Middle East Economics* Vol 2, Jai Press, Greenwich, CT; Datt, G, D Jolliffe et al. (1998), "A profile of poverty in Egypt: 1997", FCND Discussion Paper No 49, IFPRI, Washington DC; El-Ehwany, N and H El-Laithy (2001), "Poverty, employment and policy-making in Egypt: a country profile", ILO, Cairo; World Bank and Ministry of Planning (2002), *Arab Republic of Egypt: Poverty Reduction in Egypt: Diagnosis and Strategy*, World Bank, Washington DC; El-Laithy, H, M Lokshin et al. (2003), "Poverty and economic growth in Egypt: 1995–2000", Policy Research Working Paper No 3068, World Bank, Washington DC; UNDP Egypt (2003), *Subjective Poverty and Social Capital – Towards a Comprehensive Strategy to Reduce Poverty*, UNDP, Cairo; Jolliffe, D, G Datt et al. (2004), "Robust poverty and inequality measurement in Egypt: correcting for spatial price variation and sample design effect", *Review of Development Economics* Vol 8, No 4, pages 557–572; World Bank and Ministry of Economic Development (2007), *Arab Republic of Egypt: A Poverty Assessment Update*, Report No 39885–EGT, World Bank, Washington DC. The most significant of these studies are those published by the World Bank and those referred to in the various UNDP Egypt Human Development Reports (EHDRs). They are published jointly with the government and hence can be considered the closest to official national estimates. A table summarizing the key figures of various poverty studies is available in Sabry (2009a), Appendix I, see reference 1.

5. These problems are not unique to Egyptian poverty line studies. For example, the incidence of poverty in Latin America ranges from 12.7

In Egypt, a large percentage of the population (almost 35 per cent) live fairly close to the poverty line.<sup>(11)</sup> This means that small differences in the methodology for setting poverty lines could have very large effects on the numbers of poor people. Thus, a political decision to lower the poverty line by a few Egyptian pounds (LE)<sup>(12)</sup> could suggest declining rates of poverty over time, which could have no basis in real life. Such political decisions could be made at times when unpopular economic reforms were being carried out and when governments needed to defend policies as not increasing poverty.

It is impossible to arrive at precise figures for poverty in Greater Cairo. This is because it is not considered as one city or one governorate in official statistics, and so data about the city are spread over parts of five governorates. The overall and official view is that poverty in Greater Cairo is quite low (5–10 per cent of the city's population).<sup>(13)</sup> Poverty in Cairo governorate (the largest part of Greater Cairo city) is stated to be as low as 4.6 per cent.<sup>(14)</sup> The World Bank finds that these low poverty rates for Cairo, given its high population numbers, help to bring down the national average: "...this goes a long way to explain the relatively low national poverty rate",<sup>(15)</sup> giving Cairo great credit for reducing poverty nationally. Regarding poverty trends in Greater Cairo, figures are available only for Cairo governorate. Poverty there and in metropolitan areas is said to have decreased significantly between 1995 and 2000.<sup>(16)</sup> This does not accord with the growth of *ashwa'yyat* in Cairo during these same years. One estimate suggested that the population of informal settlements in Greater Cairo increased from 6.3 million in 1993 to 8.3 million in the year 2000.<sup>(17)</sup>

Another reason why information about poverty in Greater Cairo is inaccurate is because the city's population is under-counted. Millions of people living on the periphery of the city, mainly in informal areas, are not counted as part of the city's population because these areas are still considered rural from an administrative perspective.<sup>(18)</sup> If these "rural" outskirts were included, the number of poor households would increase very considerably. In addition, Greater Cairo's populations are under-counted because the Central Agency for Public Mobilization and Statistics (CAPMAS), the official source for statistics in Egypt, has consistently under-counted populations in informal settlements. Some large areas were found to be missing from this agency's lists, while others had estimates for their population that were a small fraction of their real population.<sup>(19)</sup> As one resident of an informal settlement noted:

"If the government census collectors come here, they only come to the first few streets, which are close to the asphalt. Do you expect an employee who is paid a pitiful government salary to go deep into the pockets where most poor people live, especially when many of these areas have a bad reputation – do you expect them to hop on our mini-trucks or walk for kilometres in these puddles of sewage?"

The consequence of under-counting *ashwa'yyat* populations<sup>(20)</sup> is that these populations have a much lower probability of being included in household surveys that provide data for poverty line studies. Given that slums/informal settlements house a significant proportion of Greater Cairo's poor population,<sup>(21)</sup> this means that the poor are under-sampled in household surveys. Other categories of poor people who live outside slums are also under-counted – for instance, the homeless or those accommodated at their workplace.

There is no accurate, reliable and consistent data about the scale of *ashwa'iyyat* in Egypt and their populations. Figures for the population living in informal areas in Greater Cairo range from a low of 2.8 million in 2000<sup>(22)</sup> to 10.7 million in 2006.<sup>(23)</sup> Low poverty incidence figures for Greater Cairo cannot be reconciled with such large and growing populations in *ashwa'iyyat*.

### III. THE COSTS AND CONDITIONS OF LIVING IN GREATER CAIRO'S ASHWA'IYYAT

The World Bank poverty report for Egypt, published in 2002, stated the following:

"There was a widely accepted idea that for any given society, poverty exists if an individual [or household] was unable to attain a certain standard of living, or 'well-being', that was deemed the minimum acceptable by the standards of that society [Ravallion 1994]. But most societies also share a concept of 'absolute' poverty that goes beyond subjective standards. When people lack the basics of nutrition, health, sanitation and housing, they are poor by the principles of any society."<sup>(24)</sup>

This section examines poverty lines in relation to the costs and conditions of living in Greater Cairo's *ashwa'iyyat*. It suggests that poverty lines are set far too low in relation to the costs and conditions of living in these areas and that they fail to factor in the costs of even the most basic needs of life there.

Given the number of informal settlements in Egypt, there is great diversity in their histories, housing arrangements, extent of services, physical characteristics, layout, costs of living, living arrangements and profiles of the people who live in them. Many of Greater Cairo's *ashwa'iyyat* do not look like the shanty towns mentioned in much urban literature, as they have many multi-storey brick buildings.<sup>(25)</sup> Despite the diversity, it is widely acknowledged that public services and infrastructure such as schools, health centres, clean water and sanitation are lacking in most informal settlements.<sup>(26)</sup>

Informal areas generally have high concentrations of the urban poor, high illiteracy rates, high rates of unemployment or underemployment due to seasonal or daily jobs, a predominance of work in the informal economy, child labour, environmental hazards, widespread illness due to lack of basic services, narrow pathways between buildings, overcrowding in rooms, lack of privacy, unhygienic conditions due to garbage, insects and rodents and thus much higher infant mortality rates.<sup>(27)</sup> Given these general characteristics, a money-metric measure of poverty that fails to reflect these difficult conditions of life is inadequate. It must be complemented by other measures. People living in these conditions may have expenditure a few pounds higher than poverty lines, but it is inconceivable to consider anyone living as such as "not poor".

Based on research in eight *ashwa'iyyat* in Greater Cairo conducted in 2008, the rest of this paper seeks to understand what basic needs actually cost. The high costs of living are not reflected even in the most generous of poverty lines. At the end of the focus groups conducted in the

per cent to 65.8 per cent of the total population depending of definitions and assumptions made. See Szekeley, M, N C Lustig et al. (2000), "Do we know how much poverty there is?", IADB Research Working Paper No 437, Washington DC.

6. See reference 4, World Bank and Ministry of Planning (2002); also Assaad, R and M Rouchdy (1999), "Poverty and poverty alleviation strategies in Egypt", *Cairo Papers in Social Science* Vol 22, No 1.

7. See reference 4, World Bank and Ministry of Planning (2002).

8. See reference 6, Assaad and Rouchdy (1999).

9. See reference 6, Assaad and Rouchdy (1999).

10. See reference 6, Assaad and Rouchdy (1999).

11. World Bank (2001), *Egypt: Social and Structural Review*, World Bank, Washington DC.

12. In May 2010, one Egyptian pound (LE) was equivalent to US\$ 0.18 (or US\$ 1.00 = LE 5.6).

13. For the data relevant to poverty in Greater Cairo extracted from various studies, please refer to Sabry (2009a), Table 2, page 13, see reference 1.

14. See reference 4, World Bank and Ministry of Economic Development (2007); also UNDP Egypt and INP (2008), *Egypt Human Development Report 2008: Egypt's Social Contract – The Role of Civil Society*, Cairo.

15. See reference 4, World Bank and Ministry of Planning (2002).

16. See reference 4, El-Laithy, Lokshin et al. (2003).

17. Estimates of the size of *ashwa'iyyat* in Greater Cairo between 1950 and 2000 were provided by the GTZ – Participatory Development Programme in Urban Areas, which is located at the Ministry of Economic Development in Cairo. See reference 1, Sabry (2009a), Table 5 for exact figures.

18. World Bank (2008), *Egypt: Urban Sector Update*, Volume 1 of 2, World Bank, Washington DC.

19. See reference 1, Sabry (2009a), Section 3 for various examples. Besides census



data, CAPMAS has a master list of slums whose data differ significantly from its census data.

20. The reasons why the populations of *ashwa'iyyat* are undercounted are discussed in Sabry (2009a), Section 3.2, see reference 1. The government generally has an ambiguous relationship with informal areas and only recognized their existence in the early 1990s when their populations had already reached millions. To this day, these figures are political. The general limitations in the capabilities and skills of the government bureaucracy also contribute to misinformation about these areas; for example, official maps are seriously outdated and do not reflect the growth in size of many areas.

21. While *ashwa'iyyat* in Greater Cairo are extremely heterogeneous and also house middle-class professionals and newly married couples who can no longer afford housing in other parts of the city, they also house a great number of Greater Cairo's poor; see Bayat, A and E Denis (2000), "Who is afraid of *ashwa'iyyat*? Urban change and politics in Egypt", *Environment and Urbanization* Vol 12, No 2, October, pages 185–199.

22. Ministry of Local Development (2002), "Bayan Igmali: 'adad al-Manatiq al-'Ashwa'iyya' ala Mustawa al-Muhafazat" (in Arabic) (The number of *ashwa'iyyat* on the governorate level), Ministry of Local Development, Cairo.

23. Séjourné and Sims cited in World Bank (2008), see reference 18.

24. See reference 4, World Bank and Ministry of Planning (2002), page 9.

25. Tekçe, B, L Oldham et al. (1994), *A Place to Live: Families and Child Health in a Cairo Neighbourhood*, The American University in Cairo Press, Cairo.

26. Ministry of Housing, Utilities and Urban Development – General Organization for Physical Planning (GOPP) and UNDP Egypt (2006), *Improving Living Conditions within Informal Settlements through Adopting Participatory Upgrading Planning*. General

different areas, where the World Bank (2007) poverty lines were shared with the participants, people were infuriated and insulted by how low these amounts were in relation to their actual costs and conditions of living. Some requested that this paper extend an invitation to scholars and government officials who issue poverty lines to come and live their lives for one week with the money allocated in the poverty lines, in order to assess whether they can eat, pay rent, send children to school, use public transport to go to work and obtain any kind of health care with the amounts stated.

The Household Income, Expenditure and Consumption Survey (HIECS) 2004/05 surveyed 118 households in Manshiet Nasser (an informal settlement) from a total of 5,898 households surveyed in Cairo governorate. Of the 118 households, only 6.8 per cent were counted as poor by the World Bank (2007) lower poverty line. A visit to Manshiet Nasser would confirm that this figure is simply not plausible.

### a. The food component of poverty lines

Most poverty line studies in Egypt now take account of regional price differences for food. Regional differences in prices generate different regional poverty lines and different poverty incidence rates based on these lines. Clearly, inter-regional food cost differences are quite significant, as can be seen in the differences between poverty lines.<sup>(28)</sup>

Intra-city price differences are also significant and are not considered in poverty lines. Poor people who live in informal areas, especially on the desert outskirts of Greater Cairo, sometimes pay much more for the same food items than those who live in some of the most well-off areas. In the eight research areas, food prices were compared with those at the nearest market and with those at a supermarket in Heliopolis, one of Cairo's better-off districts.<sup>(29)</sup> In the areas where people had to take public transport to go to the market, prices of food items were always around 50 piastres higher than at the nearest market or large supermarket. A regional poverty line would miss these variations within a region. The importance of adjusting to local prices in Egypt can be seen in a study that, when correcting for spatial variation in price levels, found that this changed the scale and distribution of poverty in Egypt, and even relatively small price differences could produce significantly different results.<sup>(30)</sup>

In informal settlements, food is available at small grocery shops as well as from street vendors (many of whom are poor). These outlets purchase supplies from intermediaries and not directly from the suppliers, therefore at a higher cost. For the poor, buying food is usually a daily process as they are dependent on daily incomes. This means that they cannot afford a daily overhead of transport costs to go to cheaper outlets or nearby markets. With a daily food budget of 5–15 LE, transportation overheads of 1–2.5 LE are out of the question. Furthermore, most extremely poor people do not have refrigerators and thus stock few food items. In addition, the poorest pay more for the same food items because they buy in smaller sub-divided quantities. For example, they buy small packs of ghee or a cup of oil suitable to cook just one meal, which adds up to be more expensive.

### *i. Food poverty lines: do they factor in a nutritious diet?*

The 2005 Egypt Demographic and Health Survey found that 18 per cent of Egyptian children and 16.2 per cent of children in urban areas suffered from chronic malnutrition or stunting.<sup>(31)</sup> Lack of adequate nutrition for children impairs their mental abilities, learning in school, physical abilities for labour and chances of a healthy life.<sup>(32)</sup> Improved nutrition is crucial to ensuring the avoidance of the inter-generational transmission of poverty. But the contents of the food bundle used to arrive at poverty lines in the more recent poverty line studies only consider whether the poor have sufficient calories. The various measures of child malnutrition do not match the reported low rates of poverty incidence. While the national average for underweight children is 6.2 per cent, it is higher in Cairo governorate at 8.3 per cent.<sup>(33)</sup> How is it possible that Cairo governorate has higher rates of child malnutrition and significantly lower rates of poverty compared to the national rates? This could be either because the poverty line is set too low to factor in a nutritious diet and/or because of the higher costs of buying food. In various interviews, people reported very cheap ways to avoid going to bed hungry, for example by dipping *baladi* bread in tea with a lot of sugar. This feels like a warm meal and is very sweet so is sometimes also used as a dessert. While this will allow people to fulfil their daily calorific needs, it definitely does not qualify as nutritious.

### **b. The non-food component of poverty lines**

Data on the costs of some basic needs such as housing, transportation, basic education and access to basic infrastructure (water, electricity, sanitation) were collected from eight different informal settlements. Raising the value of poverty lines to reflect these costs adequately would raise poverty incidence rates in Greater Cairo.

The “essential” non-food allowance factored into the various studies is calculated in Tables 1 and 2. The annual non-food allowance is calculated by subtracting the food poverty line from the different poverty lines. This is then divided by 12 in order to get a sense of the monthly non-food allowance per capita. Table 2 looks specifically at the World Bank (2007) poverty lines. Its figures will be used in the rest of this section, as it is the most recent report and thus the closest to current prices.

Table 2 calculates the non-food allowance for the lower (national) and upper poverty lines for different household sizes, using the average poverty lines mentioned in the World Bank Report (2007).<sup>(34)</sup> While the report states that different poverty lines were calculated for different household sizes and compositions, these poverty lines are not given in the report. Only their average is, and so this is used here. This section will consider households with four or five people, given that the average urban household size in Egypt in the 1990s was 4.98.<sup>(35)</sup> According to the figures in Table 2, if a household of four people spends less than 143 LE per month on non-food essentials, then they are considered poor; if they spend between 143 LE and 299 LE, they are considered “near poor”; and if they spend more than 299 LE per month, they are not counted as poor. To give the reader an idea, the non-food allowance of 36 LE per capita equates to US\$ 6.50, or the price of two cups of coffee at Starbucks in Cairo.

*Framework for Informal Areas Upgrading Strategy and Elaborating Preventive Measures for Further Informal Growth. Second Phase Report 2005–2006* (in Arabic), Cairo; also UNDP Egypt and Ministry of State for Economic Development (2008), *Achieving the Millennium Development Goals – A Midpoint Assessment*, Cairo.

27. See reference 26, Ministry of Housing, Utilities and Urban Development – GOPP and UNDP Egypt (2006).

28. See reference 1, Sabry (2009a), Appendix I.

29. These items were identified by those interviewed. They included potatoes, okra, molokheya, tomatoes, aubergine, fava beans, lentils, macaroni, rice, sugar, oil and ghee.

30. See reference 4, Jolliffe, Datt et al. (2004).

31. El-Zanaty, F and A A Way (2006), *Egypt: DHS, 2005 – Final Report* (English), Ministry of Health and Population (Egypt), National Population Council, El-Zanaty and Associates and ORC Macro, Cairo.

32. Harper, C, R Marcus et al. (2003), “Enduring poverty and the conditions of childhood: life course and inter-generational poverty transmissions”, *World Development* Vol 31, No 3, pages 535–554.

33. See reference 26, UNDP Egypt and Ministry of State for Economic Development (2008).

34. See reference 4, World Bank and Ministry of Economic Development (2007).

35. See reference 4, Datt, Jolliffe et al. (1998).

**TABLE 1**  
**Allowances for non-food “essentials” for different metropolitan poverty lines (PL)**

Study	Year	Using the lower PL		Using the upper PL	
		LE/capita/ month	Household of five persons (LE/month)	LE/capita/ month	Household of five persons (LE/month)
WB (2007)	2004/2005	36	179	75	374
El-Ehwany and El-Laithy (2001)*	1999/2000	33	165	86	438
Jolliffe et al. (2004)	1997	25	126	79	395
EHDR (1996)*	1995/1996	22	111	52	260

NOTES: Figures are rounded to the nearest Egyptian pound (LE).

\* The urban poverty line is used here because the values of the metropolitan poverty line are not provided.

SOURCE: World Bank and Ministry of Economic Development (2007), *Arab Republic of Egypt: A Poverty Assessment Update*, Report No 39885–EGT, World Bank, Washington DC; El-Ehwany, N and H El-Laithy (2001), “Poverty, employment and policy-making in Egypt: a country profile”, ILO, Cairo; Jolliffe, D, G Datt et al. (2004), “Robust poverty and inequality measurement in Egypt: correcting for spatial price variation and sample design effect”, *Review of Development Economics* Vol 8, No 4, pages 557–572; UNDP Egypt and INP (1996), *Egypt Human Development Report on Poverty* (EHDR), Cairo.

**TABLE 2**  
**Allowances for non-food “essentials” in World Bank (2007) poverty lines (PL)**

	Poverty line/ person/ annum (LE)	Non-food allowance per household per month for different household sizes							
		Poverty line/person/ month (PL/12) (LE)	2	3	4	5	6	7	8
Total PL (lower PL)	1,453	121	242	363	484	605	727	848	969
Upper PL	1,921	160	320	480	640	801	961	1,121	1,281
Non-food allowance in total PL	429	36	71	107	143	179	214	250	286
Non-food allowance in upper PL	897	75	149	224	299	374	448	523	598

NOTES: Figures are rounded to the nearest Egyptian pound (LE).

SOURCE: Author’s own calculations based on World Bank and Ministry of Economic Development (2007), *Arab Republic of Egypt: A Poverty Assessment Update*, Report No 39885–EGT, World Bank, Washington DC.

### *i. The costs of housing*

In Egypt, renters are absent from the debate on informal settlements. Slum dwellers are mostly seen as those who have squatted illegally on land and built their own dwellings, and thus issues of the costs of rent and rental contracts are rarely discussed. De Soto’s work in Egypt, for example, emphasizes squatters and ignores renters. He valued the poor’s assets in Egypt at US\$ 240 billion in the late 1990s and argues that the poor in Egypt would be rich if only they had property rights. He finds that the problem of the poorest would be resolved if they were to be integrated

into the market economy through formal property rights.<sup>(36)</sup> While this would benefit some squatters, it would harm renters in slums who are usually much poorer. Regularizing and upgrading informal settlements increases what landlords charge for rent and thus harms renters who are poor. According to the Greater Cairo slums survey, 51 per cent of households in slums rent their dwellings.<sup>(37)</sup>

Today, the state provides negligible public housing opportunities and the private sector naturally caters to higher-income populations.<sup>(38)</sup> Informal housing is the only option for low-income migrants to the city and to newly formed families of limited means.<sup>(39)</sup> Rents are always on the rise in informal settlements, especially for those who have no rental contracts. Landlords insist on no contracts and when tenants ask for them, landlords frequently refuse, or ask for an advance of thousands of pounds, or threaten to increase the rent. While some who live in flats in informal settlements do have rental contracts, those who rent a room and share a bathroom with a number of other tenants never have the possibility of a contract. Thus, the poorer the household, the more vulnerable it is to rental increases.

Renting a room that shares a bathroom with 4–8 other rooms in an informal settlement costs 70–100 LE/month. The floors are usually earth or cement and the roofs are made out of tin, wood planks, straw and/or plastic. Luckily for most people it rains only a few times a year in Cairo, but when it does the rooms and their belongings get wet. Those who have been renting the same place for many years frequently have rents that are a little cheaper. For example, for somebody who has been renting the same room for more than 10 years, the rent is usually a little less than 70 LE per month. For a two-room flat, where the children sleep in the living room, monthly rents are now 130–170 LE. For a three-room flat (two bedrooms and a living room), prices today are 200–275 LE per month. These rental figures in *ashwa'iyat* are clearly not considered in the 36 LE /month non-food allowance in the latest poverty line.

The national poverty line in the latest World Bank Report (2007) allows a household of five members to live in only one room with a shared toilet in a Greater Cairo slum. If they lived in anything better they would have almost no money to spend on other non-food “essentials” such as education for children or transport to go to work. This can be seen through the example of one family. The only income earner (the father) is an *arzui'i*,<sup>(40)</sup> who works mainly as a manual labourer in construction. He earns 30 LE/day when he finds work. Along with other daily workers, he gathers at a pick-up location every morning. On some days he is lucky and finds work; on others he is home by midday because there was no work. Transport to and from the pick-up area costs him 2.50 LE. If he works more than 21 days per month, this family would not be considered poor, but “near poor”. He would earn more than 630 LE (compared to the lower poverty line of 605 LE/month). However, the most the family can afford in rent provides them with just one room. They have no running water and share a bathroom with four other rooms. The bathroom is not connected to the sanitation network so they regularly have to pay a truck to empty their sewage tank. The state of the dwelling and bathroom are awful, and the bathroom stench is ever present in their room. All five of them sleep in this one room, where they also cook. How can they not be counted as poor? According to the World Bank (2007), they would be considered “near poor” because their income is a few pounds above the national poverty line.

36. De Soto, H (1997), “Dead capital and the poor in Egypt”, Distinguished Lecture Series 11, The Egyptian Centre for Economic Studies, Cairo.

37. El-Zanaty, F and A A Way (2004), *Greater Cairo Slums: A Profile Based on the 2003 Egypt Demographic and Health Survey*, Ministry of Health and Population (Egypt), National Population Council, El-Zanaty and Associates, ORC Macro and Carolina Population Centre, University of North Carolina.

38. El-Batran, M and C Arandel (1998), “A shelter of their own: informal settlement expansion in Greater Cairo and government responses”, *Environment and Urbanization* Vol 10, No 1, April, pages 217–232.

39. Bayat, A (2006), “The political economy of social policy in Egypt”, in M Karshenas and V M Moghadam (editors), *Social Policy in the Middle East: Economic, Political and Gender Dynamics*, Palgrave Macmillan, Basingstoke, pages 135–155.

40. *Arzui'i* is a casual daily wage labourer.



## ii. Access to education

In Egypt, anyone who can afford to avoid the public education and health care systems does so. There are even private schools in informal settlements, with tuition fees of a few hundred pounds a year. With the deterioration of public services in Egypt, there is now a two-tier system of social services, in which the poor use degraded public services while the better off buy private health, education and housing.<sup>(41)</sup>

The universal, free and compulsory education system established after 1952 has effectively become privatized.<sup>(42)</sup> Cost-recovery measures were introduced and were expected to improve quality, but have not.<sup>(43)</sup> School buildings, infrastructure, teaching, overcrowded classrooms and the emergence of a parallel private tutoring system all bear witness to this deterioration in quality.<sup>(44)</sup> Private tutoring has emerged to compensate for the decline in real wages of teachers, associated with liberalization, and to compensate for overcrowded classes and the deteriorating quality of education.<sup>(45)</sup> Efforts aimed at regulating private tutoring by the Ministry of Education, through the introduction of *majmu`at* (extra classes after school at set prices under the school's supervision), have basically institutionalized the system.

As income from *majmu`at* is distributed to the teachers and the administration, it is basically official policy to generate additional income for those providing education, and adds incentives for them to expand the system. Students are pressured to enrol in both *majmu`at* and private tutoring, or are threatened with failure. In research in Bulaq el Dakrour (an informal settlement), Tadros<sup>(46)</sup> found that the poor deal with this situation by paying if they can, by borrowing, selling assets, seeking assistance from NGOs, bargaining with teachers to reduce fees, removing children from school and enrolling them in literacy classes that are free, but they very rarely confront the teachers and the system due to their weak position. Findings in the research sites from the present study are very similar. Basically, *majmu`at* have become compulsory, even from Grade one in primary school.

While in theory the costs of *majmu`at* are set by the government and should be identical for each year group across all schools, in practice they vary quite a lot, even within the same area. *Majmu`at* for all subjects in Grades one to four in primary school were found to cost 20–45 LE/month. In Grade five, the cost was 30–60 LE, and in Grade six and in secondary school the costs were significantly higher as the students are charged by subject, with each one costing 15–25 LE. Students are usually forced to take around five subjects. Parents told me that depending on your bargaining skills and how much pity the teacher took on you, you can bargain your way down to three subjects or to a lower price per subject. Teachers are reported to respond with comments such as:

“Your son’s [daughter’s] performance is weak compared with the rest of the class. Don’t send him to *majmu`at* if you can’t afford it, but don’t come and complain when he fails at the end of the year. I am telling you from now – he must attend *majmu`at* for his own benefit.”

Students from families who do not pay are publicly humiliated in the classroom by being singled out and told that their parents don’t pay; sometimes they are beaten up, threatened with failure or are actually failed. If they fail, they have to re-sit exams at the end of summer, and

41. See reference 39.

42. See reference 39; also Tadros, M (2006), “State welfare in Egypt since adjustment: hegemonic control with a minimalist role”, *Review of African Political Economy* Vol 33, No 108, pages 237–254.

43. See reference 42, Tadros (2006).

44. See reference 39.

45. See reference 42, Tadros (2006).

46. See reference 42, Tadros (2006).

private tutoring over the summer is much more expensive. As one woman noted:

“We refused to pay *majmu`at* because I am educated and can help the children with school work. When they failed two of my children in one year and we had to pay the higher prices for private lessons for the re-sit exams, we decided we must pay *majmu`at* to avoid destroying our children’s lives.”

Transport to school is another cost burden. Given that schools are absent from many informal settlements, many children go to schools that are a bus ride away. In Haggana for example, there are two public primary schools but no secondary schools, so any child going to secondary school has to pay daily transport costs of 2.50 LE, or approximately 50 LE a month. Thus annual transportation costs for a nine-month school year are about 450 LE. In Batn El Ba’ara, which is in central Cairo, the daily transport cost of going to primary school is 1 LE; children use the local mini-trucks, which are extremely unsafe. The daily transport cost to secondary school is 2 LE per day. As for tertiary education, the transport cost is 5 LE per day. Not surprisingly, most children stop going to school at some point during the primary stage. Initially, students miss days because of the daily costs, and eventually they drop out altogether. Furthermore, students in public schools located outside the slums are usually from less poor families, which places additional financial burdens on the slum families, for example having to provide the child with a larger daily allowance.

The annual costs of education include buying the school uniform, a school bag and books at the beginning of the year. The cheapest school uniform for a primary school child is 30 LE, plus 20 LE for shoes. The cheapest school bag is 20 LE but people prefer not to buy these because they tear, and they then have to buy another during the school year. The cost of books, which is paid to the school at the beginning of each year, is approximately 30 LE at the primary level and 40 LE at the secondary level.

Thus, education costs are a massive burden on the poor in Greater Cairo;<sup>(47)</sup> however, they are simply not included in the poverty lines. Table 3 shows the range of costs (minimum to maximum) for children going to primary and secondary school in two different areas. The real costs of a child in Haggana going to secondary school are 1,095–1,365 LE per school year, and in Batn El Ba’ara 1,005–1,320 LE. They vary depending on the costs of *majmu`at*. The non-food component of the lower poverty line is 429 LE/year and for the upper poverty line 897 LE/year. This is the amount that is allowed for **all** non-food essentials. Clearly, this means that the costs of education for every single secondary school student in Haggana and Batn El Ba’ara are way above what is factored into the poverty lines.

Not surprisingly, very few poor children from the informal settlements actually go to secondary school. Children stay at home, help out and play on the streets, or they start working. If the poorest quit education because of the costs, then the methodology used to calculate the lower poverty line excludes children from education. Undoubtedly, children will stop going to school before households stop eating. Even the 2006 census figures state that 1,085,745 out of the 5,623,654 individuals who are more than 10 years old in Cairo governorate cannot read and write, which is close to 20 per cent of the population.<sup>(48)</sup> This large figure does not match the five per cent poverty incidence rate for Cairo governorate,

47. Some comments were made that education is better in rural areas of Egypt. People said that in their original villages teachers do not force children to take *majmu`at* this way. This remains to be confirmed.

48. CAPMAS (2008), “Al-nata’ig al-niha’iyya l’ilti`dad al-`am: Muhafazat al-Qahira (in Arabic)

**TABLE 3**  
The real costs of basic schooling in two *ashwa'iyat* (LE)

School	<i>Majmu'at</i> per month	Monthly allowance (50p/day)*	Monthly transport costs	Total monthly costs	Annual costs (one uniform set, one school bag, one pair of shoes, book costs)	Total annual costs (9 x monthly costs + annual costs)
Haggana primary	20–50	10	0	30–60	>100	370–640
Haggana secondary	45–75	10	50 (2.50/day)	105–135	>150	1,095–1,365
Batn El Ba'ara primary	20–50	10	20 (1/day)	50–80	>100	550–820
Batn El Ba'ara secondary	45–80	10	40 (2/day)	95–130	>150	1,005–1,320

NOTE: \*Children are given between 50 piastres and 1 LE a day to buy food. While on some days this sum is not available, most respondents stated that it is crucial for children because otherwise, "they eye what other children have" and then eventually, their awareness that they always have less makes them not want to go to school.

SOURCE: Based on author's fieldwork.

(The final results of the census: Cairo governorate), CAPMAS, Cairo.

49. Korayem, K (2002) "How do the poor cope with the increase in employment inadequacy in Egypt?", European University Institute Working Papers, San Domenico; also see reference 4, El-Laithy, Lokshin et al. (2003); and Datt, G and D Jolliffe (2005), "Poverty in Egypt: modelling and policy simulations", *Economic Development and Cultural Change* Vol 53, No 2, pages 327–346.

50. Wratten, E (1995), "Conceptualizing urban poverty", *Environment and Urbanization* Vol 7, No 1, April, pages 11–38.

51. See reference 26, UNDP Egypt and Ministry of State for Economic Development (2008).

52. Mitlin, D (2003), "The economic and social processes influencing the level and nature of chronic poverty in urban areas", IDPM/Chronic Poverty Research Centre (CPRC) Working Paper 29, Manchester.

53. Amis, P (1995), "Making sense of urban poverty", *Environment and Urbanization*

and a multi-dimensional definition of poverty would surely include this large proportion of illiterate individuals. Poverty lines must factor in the real costs of education, and many studies confirm that education is one of the best ways to reduce poverty in the country.<sup>(49)</sup>

### iii. Access to health

In the poor environmental conditions of informal settlements, overcrowded accommodation, lack of clean water and sanitation, lack of solid waste disposal services and the hazardous locations of some areas all increase the risks of ill health.<sup>(50)</sup> The Ministry of Health confirms that slum populations are a group considered to be among the most vulnerable to health hazards.<sup>(51)</sup> Health costs can be high because of the increased possibility of being sick as well as the high costs of treatment.<sup>(52)</sup> Ill-health has also been recognized as an important cause of chronic poverty for the poor, especially when a major income earner becomes chronically or terminally ill.<sup>(53)</sup> Even non-terminal illness means that income is lost from days off work.

Public health care in Egypt is overused and underfunded, doctors and specialists are rarely available, equipment is lacking or faulty, hospitals are severely unhygienic and medication and nursing are rarely available, so people have to provide for themselves.<sup>(54)</sup> In the late 1990s, households were found to spend on average 6.69 LE at Ministry of Health facilities, even though the service should be free of charge.<sup>(55)</sup> Today, people have to pay user fees, but the quality of services has not improved.<sup>(56)</sup> Prices of drugs, both locally produced and imported, have also increased with the currency devaluation. Domestic drug production in Egypt largely depends on imported inputs.<sup>(57)</sup>

Although there is a commission system that grants waivers for payments of medicine and in-patient care for the poor, accessing it is cumbersome and frequently exposes the poor to humiliation and abuse when obtaining the necessary signatures. It also requires form-filling, which is a problem for the non-literate. Social connections help with the approvals, but the poorest often lack such connections so it is more difficult for them to access the system set up primarily to serve them. The system is also unreliable.<sup>(58)</sup> In many interviews, people said they had actually stopped going to fetch their monthly medication. One heart patient, who has a paralyzed leg due to a failed back operation, stated:

"It took me over one year to get the approval to be treated at the expense of the state. It cost us so much transportation money to get the necessary paperwork and signatures. Finally, two years ago, I was approved. Since then, not even once, did they have the medicine I was prescribed, so they give me a cheaper alternative. I took it and it made me feel like I was going to die, so I stopped going to get it. I asked a private doctor and he told me never to take this medicine again. Why should I go? I pay expensive transportation because I have to take a taxi because of my leg. I stand for hours in the queue. Because we're poor, they shout at us and humiliate us. After all this, they give me this wrong medicine. If I were to buy the correct medicine at the pharmacy, it would cost me more than 200 LE per month. Where can I get this kind of money when I am no longer able to work? My eldest son had to leave school when I got sick and this is really my biggest guilt. He gives us almost half his salary. My wife cleans two days a week at the house of a kind old lady. She pays her 40 LE per time. She can't work more than that. She has the children, the house and me to take care of and besides she has back pain from years of living here and fetching water. How can I take 200 LE from this income for my medication when I have four other children still in school and you know the expenses? We are already in severe debt. How can we eat with these prices, pay the rent and send the children to school and pay for my medication? There is no way. So I gave up and God never forgets anyone. He will take care of me."

This man has chest pains on a daily basis, has been rushed to the hospital emergency twice in the last six months and simply has no solution to getting the necessary medication.<sup>(59)</sup>

According to World Bank figures from the 2007 report,<sup>(60)</sup> the non-food monthly allowance for a household of seven is less than 250 LE if it is to be considered poor, between 250 LE and 523 LE to be considered near poor, and more than 523 LE to be considered non-poor (see author's calculations in Table 2). This man and his family's rent is 200 LE a month. They have two children in primary school and two in secondary. Their total monthly transport and *majmu`at* costs are 350 LE (Table 3); the son who works pays 50 LE transport costs per month; transport for the wife to go to work is approximately 50 LE per month (she has to take two buses each way). This adds up to 650 LE, so using the allowances stated above, the family is considered non-poor. If the medication costs were added to this and the son had not dropped out of school, expenses would be way above the 523 LE allocated for them to be considered non-poor. How is it possible that a family that cannot afford health care, that has one member who has dropped out of school, that lives in appalling housing

Vol 7, No 1, April, pages 145–158.

54. See reference 39; also Rabei, R (2007), "Mustashfa al-Matariyya al-Ta'limi duna Adwiyya wa la Mu'iddat wal-Marda yabi'un al-Shay amamuh ligam` thaman al-'ilag (in Arabic) (Al-Matariyya hospital: without medicine or equipment and the patients sell tea in front of the hospital to gather the payment for treatment), Al Masry Al Youm, Cairo.

55. Nandakumar, A K, M Chawla et al. (2000), "Utilization of outpatient care in Egypt and its implications for the role of government in health care provision", *World Development* Vol 28, No 1, pages 187–196.

56. See reference 42, Tadros (2006).

57. Korayem, K (1996), "Structural adjustment, stabilization policies and the poor in Egypt", *Cairo Papers in Social Science* Vol 18, No 4.

58. See reference 42, Tadros (2006).

59. This account of untreated illnesses in informal areas is extremely common. Fieldwork revealed that the scale of untreated illnesses among the poor is huge and eventually leaves many unable to work.

60. See reference 4, World Bank and Ministry of Economic Development (2007).

61. For more information about the programme, see Sabry, S (2005), "The social aid and assistance programme of the government of Egypt – a critical review", *Environment and Urbanization* Vol 17, No 2, October, pages 27–41.

62. See reference 4, World Bank and Ministry of Planning (2002).

63. For more details, see The People's Health Movement, accessible at <http://www.phmovement.org/cms/en/node/806>; also the Egyptian Initiative for Personal Rights, accessible at [http://eipr.org/campaigns/Health\\_Insurance/0409.htm](http://eipr.org/campaigns/Health_Insurance/0409.htm).

in an informal settlement, that has to fetch and carry water and pay for it at least half the year round, and that has a woman forced to work as a domestic servant, not even be considered below the upper poverty line? This family is actually quite lucky because they receive the social aid and assistance pension<sup>(61)</sup> from the Ministry of Social Solidarity and get some help from family. Yet, they are in severe debt.

According to the World Bank Report (2002),<sup>(62)</sup> a one-person household in a metropolitan area has a poverty line of 748 LE, which is about 67 per cent of the per capita poverty line. The justification is that this significantly lower poverty line factors in age and household composition. This works out at 62 LE per month. How could this cover rent and food even in the year 2000? What about elderly people living alone? Anyone who has done fieldwork will testify to the sometimes striking poverty of one-person elderly households. In many cases, this elderly person almost entirely gives up on getting health care or buying medication as the costs are simply out of the question. Moreover, the costs of transport to get health care, and the fear of getting lost in the big city, will confine many elderly people to their slum until their death.

In 2007, the government decided to privatize the public health care system and announced the creation of the Egyptian Holding Company for Health Care. All assets of the public health system were to be transferred to this commercial organization to be run on a profit basis. In 2008, the execution of this decree was suspended by the Egyptian administrative court on the basis of being unconstitutional in terms of the right to health set out in the Egyptian constitution. Other attempts to privatize the health care system are being proposed. They include partial payment for health services, increasing subscription fees for health insurance and converting the health insurance system from a universal one to a limited package.<sup>(63)</sup>

#### *iv. Transport*

Poor people do not own private means of transport. In urban settings, for a high proportion of them, daily transport costs are extremely significant and these costs are not adequately factored into the non-food allowance of poverty lines. An affordable and functional public transport system in Greater Cairo would decrease the poor's living expenses significantly, as would schools within safe walking distance. Many informal settlements on the outskirts of Greater Cairo are not adequately served either by the public bus network or the underground (metro), so in order to reach these, slum dwellers must take one of the privately operated minibuses, which, in 2008, cost around 1.25 LE per journey. The overhead for going to work for a day or going anywhere not within walking distance of the informal settlement is thus a minimum of 2.50 LE. Many people spend much more than that if they have to change to another minibus or use the public transport network once they reach it or take a bus from the underground to their destination. For example, many people living in Arab Ghoneim in Helwan work in Maadi, the closest affluent neighbourhood, and their transportation costs are 5 LE per day. Others work in Kattameyya, which is a new suburb of gated communities in Greater Cairo, and travel costs to get there are 5–10 LE per day as it is not yet well served by public transport.



Within the informal settlements, there are two main transport possibilities: *tuk-tuks* (three-wheeler taxis) or mini-trucks. *Tuk-tuks* are too expensive for most poor people, so they use mainly the mini-trucks, which cost 50 piastres per journey. These have a set route and people, especially children, usually jump onto the truck while it is moving and then pay the driver. The mini-trucks are all unlicensed and usually very old. They cannot leave the informal settlements, as they would not be granted a licence in their state to drive around the city. Unlicensed, underage teenage boys who have dropped out of school drive many of the mini-trucks. While they serve a purpose of moving people from the edges of the informal settlements into the depths of the different areas, they are quite dangerous. Many accidents occur, especially involving children.

#### *v. The costs of infrastructure: water, electricity and sanitation*

The costs of electricity, water and sanitation can be quite significant for poor households. According to the Greater Cairo slums survey,<sup>(64)</sup> electricity is present in 99 per cent of slum households, 97 per cent have access to piped water in their residence, and virtually all households have flush toilets, with around 97 per cent of them connected to the public sewer system. Only six per cent of households share their toilet facilities. Comparing these figures with data from the fieldwork carried out for this study, the only figure that seems plausible is that for electricity, because if households don't have an official connection, they have an illegal one. Electricity, whether official or unofficial, costs most poor households 15–35 LE/month; those who rent rooms pay 5–10 LE per month to the landlord.<sup>(65)</sup>

Connections to the public sanitation network are missing from entire areas, such as Batn El Ba'ara, Establ Antar and Ezbet Kheiralla, and also some parts of Haggana and Manshiet Nasser, which are mostly connected. This means that households have to pay the costs of emptying their latrine trenches on average once or twice a month, depending on their size. The cost of hiring the service truck varies; it was 80 LE each time in Batn El Ba'ara, and 50–60 LE in Ezbet Kheirallah. The costs are paid either by one household or are shared between the households that share the trench. This is a large expense for the poorest households, who have the poorest housing conditions. Furthermore, when the trenches are full they must be emptied.

With regard to water, even where there are connections, low pressure makes it scarce in many areas, especially during the summer. When water is unavailable for just a few days, people fill containers for free from others in the area who have water, or from public taps, or they fill up for the day's use in the middle of the night, when water is available. When water has been unavailable for weeks, and especially at the peak of the heat in summer, buying water is often the only choice. In entire neighbourhoods in Haggana, for example, from May until around October, water is not available due to low pressure except in the homes of the better off who can afford to install pumps. Official water connections cost households an average 15 LE/month. Relying on jerry cans of water is much more expensive; each full container costs from 50 piastre to 1 LE and is most expensive in August.

These infrastructure deficiencies cost the poor much more than money. Carrying water is a woman's job, which besides taking up a

64. See reference 37.

65. If the price increases for electricity are factored in from 2003 until 2008, then these prices are in the same range as those in the Greater Cairo slums report, which found that half of all slum households pay less than 15 LE/month and more than one-quarter pay more than 20 LE/month. See reference 37, page 3.

lot of time ends up causing a lot of women severe back problems. Lack of sanitation infrastructure makes people throw all wastewater onto the street, which contaminates the area and often causes children to become sick. Years of wastewater leaking into the ground have made many areas and housing structures very unstable and risky. The Doweika rock slide in 2008 killed hundreds of people and destroyed many homes and was blamed on years of sewage leaking into the rocks of Moqattam. People in Batn El Ba'ara were all very worried about the length of time that sewage had been seeping into the ground they now live on. Many very poor households live under the high-voltage electricity lines in Haggana because this is the area with the cheapest rents. How can people living in such unsafe conditions not be considered poor just because their income is a few pounds above a poverty line that did not take into consideration the inadequacies in the only housing they could afford?

#### vi. Working in the informal economy

People's working conditions in the informal economy can be a source of significant vulnerability and exploitation.<sup>(66)</sup> Within the extremely differentiated informal economy<sup>(67)</sup> there are some successful entrepreneurs, but the vast majority are wage workers who suffer from exploitative working conditions, have no protection under labour laws and receive incomes that barely offer survival.<sup>(68)</sup> While informality does provide opportunities for people to remain alive, it also contributes to the perpetuation of poverty. The deregulation and increasingly flexible and casual nature of the labour market is seen by many as one of the main reasons for the increase in urban poverty and vulnerability.<sup>(69)</sup>

Most of the urban poor in Egypt work in the informal economy.<sup>(70)</sup> A 1996 survey<sup>(71)</sup> found that 48 per cent of the urban poor lived in households whose heads were casual and marginal workers with no specific occupation in the informal sector. The second highest proportion of the poor was in households whose head was a construction worker.

Vulnerabilities caused by work in the informal economy affect wage labourers as well as petty entrepreneurs. Casual daily wage workers suffer from harsh working conditions as well as the insecurity of finding work every day and low earnings. Physically demanding work, such as carrying and loading, can be undertaken at a young age but not throughout a lifetime; most men are unable to perform this kind of work beyond their forties. Many injuries are also incurred in this type of work and, with no unemployment insurance system, wives and children have to compensate for income if men can no longer work. Severe competition and not enough jobs means that wages are always extremely low. During fieldwork between November 2007 and November 2008, people's wages were not increasing despite high inflation rates. Unskilled labourers were earning 10–35 LE/day. For example, supermarket delivery labourers were earning a fixed wage of 10 LE per day plus tips from their deliveries (total income averaging 20–25 LE/day), and those working in the construction sector were earning 25–35 LE/day.

As for petty traders in the informal economy, many sell products that are often confiscated by the municipality. In policy discourse in Egypt, the role of the informal economy has shifted from being viewed

66. Breman, J (1996), *Footloose Labour: Working in India's Informal Economy*, Cambridge University Press, 278 pages; also Breman, J (2003), *The Labouing Poor in India: Patterns of Exploitation, Subordination and Exclusion*, Oxford University Press, Delhi, 351 pages; and Davis, M (2006), *Planet of Slums*, Verso, London, 256 pages.

67. Meagher, K (1995), "Crisis, informalization and the urban informal sector in sub-Saharan Africa", *Development and Change* Vol 26, No 2, pages 259–284.

68. Davis, M (2004), "Planet of slums – urban involution and the informal proletariat", *New Left Review* Vol 26, pages 5–34.

69. See reference 53; also see reference 66, Breman (2003); and see reference 66, Davis (2006).

70. El-Ehwany, N and M Metwally (2001), "Labour market competitiveness and flexibility in Egypt", Research Projects 11, Centre for Economic and Financial Research and Studies, Cairo University, Giza; also El-Mahdi, A and M Amer (2005), "Egypt: growing informality 1990–2003", in T Avirgan, L J Bivens and S Gammage, *Good Jobs, Bad Jobs, No Jobs: Labour Markets and Informal Work in Egypt, El Salvador, India, Russia and South Africa*, Economic

negatively, as illegal and unregulated by the state, to being re-labelled as small and microenterprise and central to national economic growth plans that will be fuelled by the private sector.<sup>(72)</sup> In practice, the municipality continues to deal with street traders as before: the authorities sometimes raid weekend markets and people are left with a total loss of their goods and their small capital stock.

This uncertainty and insecurity traps the poor in what Wood calls the "Faustian bargain". It forces them "...to live more in the present and to discount the future", and hence any "...strategic preparation for the future..." is "...continuously postponed for survival and security in the present."<sup>(73)</sup> More importantly, this insecurity and variability in income have irreversible consequences. Children drop out of school and, even when income becomes available again, they do not go back to school. When assessing poverty, the conditions of people's work must also be evaluated.

### vii. The sharing assumption: intra-household inequality

Egyptian poverty line studies use the household as a unit of analysis, based on the assumption of sharing within the household.<sup>(74)</sup> As in many other countries where gender inequality is prevalent, poverty measures that are gender blind will miss a large number of poor people **within** households. Egyptian poverty line studies remain constrained by the limited data collected by household income, expenditure and consumption surveys; these do not provide information on intra-household distribution of resources.

The practice of sharing, as assumed by household analyses, was absent in many of the households interviewed. The male head of the household can spend 3 LE per day on a pack of cigarettes, while the daughter has dropped out of school because of the costs of *majmu`at*. The male head of household may earn 30 LE per day but give his wife only 10 LE per day to buy food and other necessities for the whole family, keeping the rest for his own expenses such as going to the café and buying hashish. In many cases, the man alone was found to spend more than half the income and the rest of the family had to manage with the remainder. Shortage of income sometimes makes families focus more on the male children because they are seen as more important to the future security of the family. In a study about gender equity in raising children, it was found that there is some discrimination in resource distribution between boys and girls, especially for less educated mothers in larger families.<sup>(75)</sup> In one household with several daughters and only one son, the father explained:

"I want to give all my children a good future, but of course my son is my number one priority. If I spend on nothing else, I will spend on him. When I grow older and can no longer work, he will take care of me. As for the daughters, they will eventually marry and be part of their husband's family. They can't take from their husband to give me. But my son has to."

Gender is not the only reason why individuals in households considered non-poor by official statistics can suffer chronic poverty. The chronically sick, the disabled, the elderly and live-in domestic servants are also individuals who can be chronically poor within households that are less poor overall.<sup>(76)</sup>

Policy Institute, Washington DC, pages 31–86.

71. See reference 4, UNDP Egypt and INP (1996). Datt, Jolliffe et al. also find that "...casual labour is the most important source of employment for poor males...", see reference 4, Datt, Jolliffe et al. (1998), page 47.

72. Elyachar, J (2005), *Markets of Dispossession: NGOs, Economic Development and the State in Cairo*, Duke University Press, Durham and London, 296 pages.

73. Wood, G (2003), "Staying secure, staying poor: the 'Faustian bargain'", *World Development* Vol 31, No 3, pages 455–471, page 455.

74. See reference 4, World Bank and Ministry of Economic Development (2007).

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76. See reference 52.

## IV. CONCLUSIONS

So how useful is the poverty line in the context of pointing out who is poor in Greater Cairo? How useful is it when it concludes that, despite close to half the population living in informal settlements in Cairo governorate, only 4.6 per cent are considered poor? Surely, a measure that captures more dimensions of well-being than income alone is necessary in the context of informal settlements. It must take into account housing quality, access to basic infrastructure and services, and the quality of work people are engaged in. It cannot be gender blind and must consider chronically poor individuals within non-poor households.

If use of the poverty line method is to continue, then poverty lines must factor in some of the real costs of the basic human requirements and needs discussed in this paper. Poverty lines that are set too low in relation to basic needs misrepresent poverty and misinform policy. Using extremely low poverty lines, the World Bank Report (2002) found that the majority of poor people in Egypt are clustered around the poverty line. This leads to the finding that "...it would have required only about 350 LE million per year (about 0.1 per cent of GDP in 1999/2000) to lift everyone out of poverty."<sup>77</sup> This kind of conclusion is a misrepresentation of the scale of resources needed to enable the very large numbers of low-income people who live in slums to achieve decent living conditions and access to health care and education.

Under-counting poverty in Greater Cairo will create policies that miss the majority of the poor. For example, a central policy today for poverty reduction is *wusūl al-da`m li-mustahiqīh*, or subsidies reaching those who are entitled to them. If poverty were truly as low as 4.6 per cent in Cairo, this would be the correct policy and the government should focus on finding this minority of people and targeting them. However, if an accurate measure of poverty shows that around half the city's population is in poverty, then policies need to be overhauled to put the average and below-average citizen at the centre of their concerns.

77. See reference 4, World Bank and Ministry of Planning (2002), page 14.

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