

# Non-contributory social protection through a child and equity lens in Egypt<sup>1</sup>

International Policy Centre for Inclusive Growth (IPC-IG)

**With over 91 million inhabitants**, Egypt is the most populous country in the MENA region. Two fifths of the population are younger than 18, and 12 million of those are under the age of 5. Egypt has been experiencing accelerated population growth in recent years due to rising fertility rates. It is considered to have a medium level of human development, and is ranked 111<sup>th</sup> out of 188 countries. Many households are experiencing food insecurity due to increased inflation. Youth unemployment remains high (32 per cent, compared to 13 per cent among the total adult population), affecting young women in particular (38 per cent, as in 2015).

Child poverty has increased in Egypt over recent years. While 21 per cent of children were living in extreme monetary poverty in 2000, this share had increased to 28.8 per cent in 2013, meaning that two in five poor Egyptians were children. Despite government efforts, multidimensional child poverty remains widespread. In 2008, around 5 million children (18 per cent) were deprived of appropriate housing conditions, and 1.6 million children under 5 (17 per cent) suffered from health and food deprivations.

Egypt has one of the lowest ratios of public health expenditure to total health expenditure in the region (21 per cent). Exceptionally high out-of-pocket health expenditures push almost 7 per cent of the population into poverty each year. Government expenditure on education was equivalent to 3.8 per cent of gross domestic product (GDP) and 10.5 per cent of total government expenditure in 2008. While primary-school enrolment is almost universal (98 per cent), secondary-school enrolment remains at about 81 per cent. Egypt has almost achieved gender parity in both primary and secondary education; however, girls in Upper Egypt are still largely left behind. Finally, 7 per cent of all children aged 5–17 were involved in child labour in 2014.

In recent years the government has implemented a series of reforms, including a tax reform (from sales to value-added tax), the floating of the Egyptian Pound and a shift away from fuel subsidies to more targeted cash transfer programmes. Social assistance programmes covered 45 per cent of the population in 2008, reaching 55 per cent of the poorest quintile and 30 per cent of the richest quintile. The Ministry of Social Solidarity (MoSS) is the main implementing agency of social assistance programmes.

The most recent social assistance programmes are *Takaful* and *Karama*. *Takaful* provides a monthly cash transfer to households with children and is conditional on school enrolment and attendance and visits to health centres. *Karama* is an unconditional cash transfer programme for elderly people, those with disabilities and, more recently, also orphans. The programme uses a multilayered targeting approach to determine eligible households, involving geographical and categorical targeting as well as proxy means testing. The programme was planned to gradually replace the Social Solidarity Pension, which has been in place since the 1980s,

and was created in association with the country's reform of subsidy policies. In December 2016, *Takaful* and *Karama* reached almost 5.5 million individuals (5,337,600 via *Takaful* and 82,246 via *Karama*).<sup>2</sup> Spending on the two programmes reached EGP1.7 billion in 2015–2016.

The Social Fund for Development (SFD), which was merged in April 2017 with the Industrial Training Council (ITC) to form the Micro, Small, and Medium Enterprises Development Authority (MSMEDA), was established in 1991 with the aim of creating employment opportunities and improving access to basic services. The United Nations Development Programme (UNDP) supports the SFD through capacity-strengthening and helped to create 307,679 workdays in the establishment of community infrastructure and public services in 2015. In addition, the Social Pension Health Care Programme was introduced in 2015, aimed at contributing to universal health coverage in Egypt. The insurance was planned to focus on the poorest 20–25 per cent of the population within the first 18 months of roll-out. However, no evaluation has been made available yet. Other social assistance programmes include the School Feeding Programme, which reached 12.5 million children in 2016, and the Social Housing Fund, supported by the World Bank and with the aim of providing housing to close to 830,000 households by 2020.

Despite recent reforms, food and energy subsidies remain an important component of Egypt's social protection system. Energy price subsidies accounted for 3 per cent of GDP, and food subsidies for 1.5 per cent of GDP in 2015–2016. In 2015 about 86.6 per cent of all households received food subsidies through a smart card system. The eligibility criteria for food rations have been tightened since 2017, restricting them to families under a certain income threshold and limiting the total number of household members covered under the same card to four. These new measures do not apply to households that are already registered.

The recent population growth poses challenges to the government's ability to provide basic services such as education and health, affecting children in particular. Well-designed cash transfer programmes are important, not only in times of economic instability but also in times of fuel subsidy reforms, which can lead to increasing child poverty rates due to a rise in expenditures if not mitigated. Therefore, the government's current efforts to scale up programmes such as *Takaful* and *Karama* remain crucial.

#### Notes:

1. This One Pager is taken from a comprehensive study developed in partnership between the IPC-IG and UNICEF MENARO. All data are thoroughly referenced in the full report:

Machado, A. C., C. Bilo, R. G. Osorio, and F.V. Soares. 2018. *Overview of Non-contributory Social Protection Programmes in the Middle East and North Africa (MENA) Region through a Child and Equity Lens*. Brasilia and Amman: International Policy Centre for Inclusive Growth and UNICEF Regional Office for the Middle East and North Africa: <<https://goo.gl/QfmKwK>>.

2. The number of individuals in *Takaful* refers to all household members; in *Karama* it refers only to direct beneficiaries.