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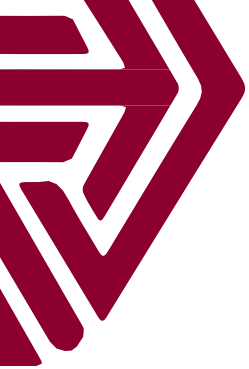
منتدى
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FROM DATA TO POLICY: EVIDENCE AND INSIGHTS FROM THE EGYPT LABOR MARKET PANEL SURVEY 2023

Trends in Income and Wage Inequality in Egypt (1988-2023)

November 24th , 25th

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1. Introduction

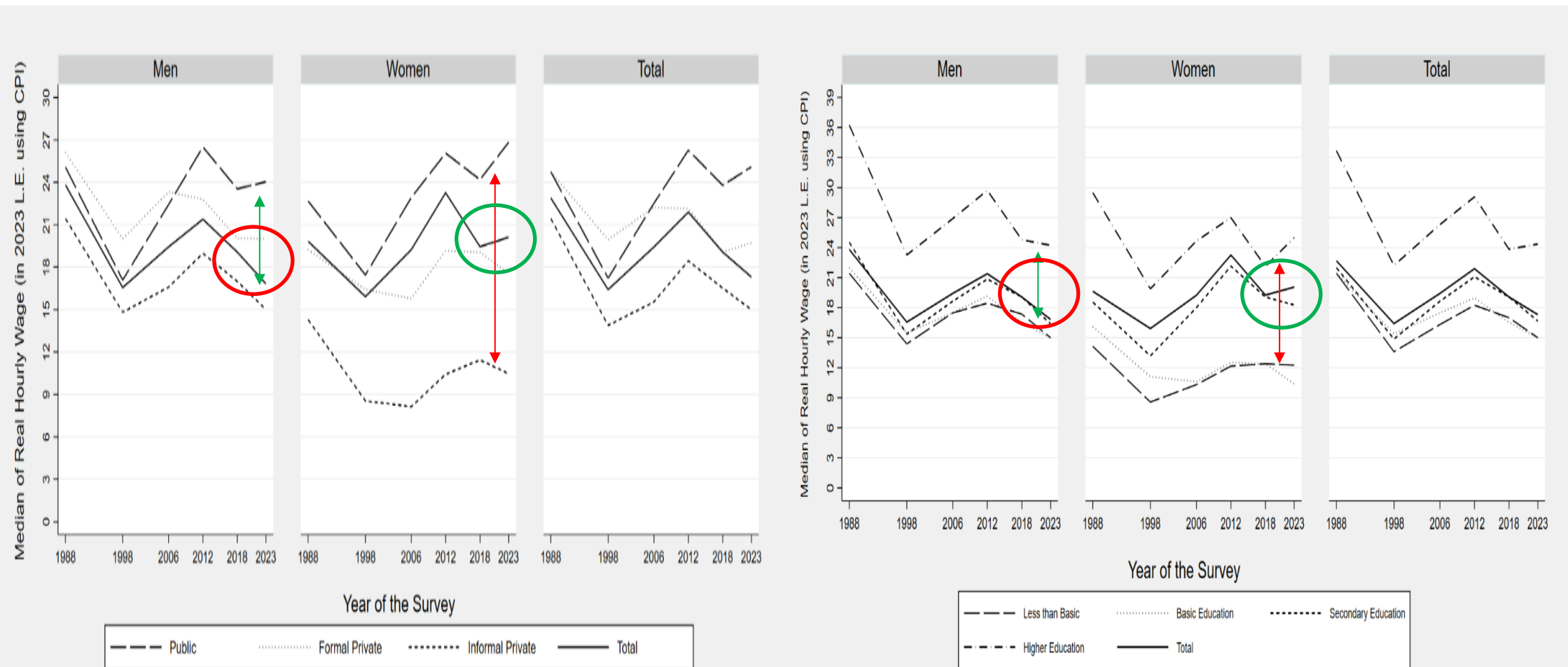
- This paper examines the evolution of income and wage distribution and inequality in Egypt at a disaggregated level. It also assesses income diversification and the contribution of each income source to overall income inequality. This analysis is particularly crucial in light of the numerous shocks that hit the Egyptian economy in recent years.
- The study draws upon data from the 1988, 1998, 2006, 2012, 2018, and 2023 waves of the Egypt Labor Market Panel Survey (ELMPS), applying several methodologies to measure inequality.
- The study also decomposes income inequality by income source to see the contribution of each income source to income inequality and the evolution of this contribution over time.



2. Wages in Egypt (1988-2023)

a. Wage Distribution and Trend

Evolution of real median hourly wages (all jobs)

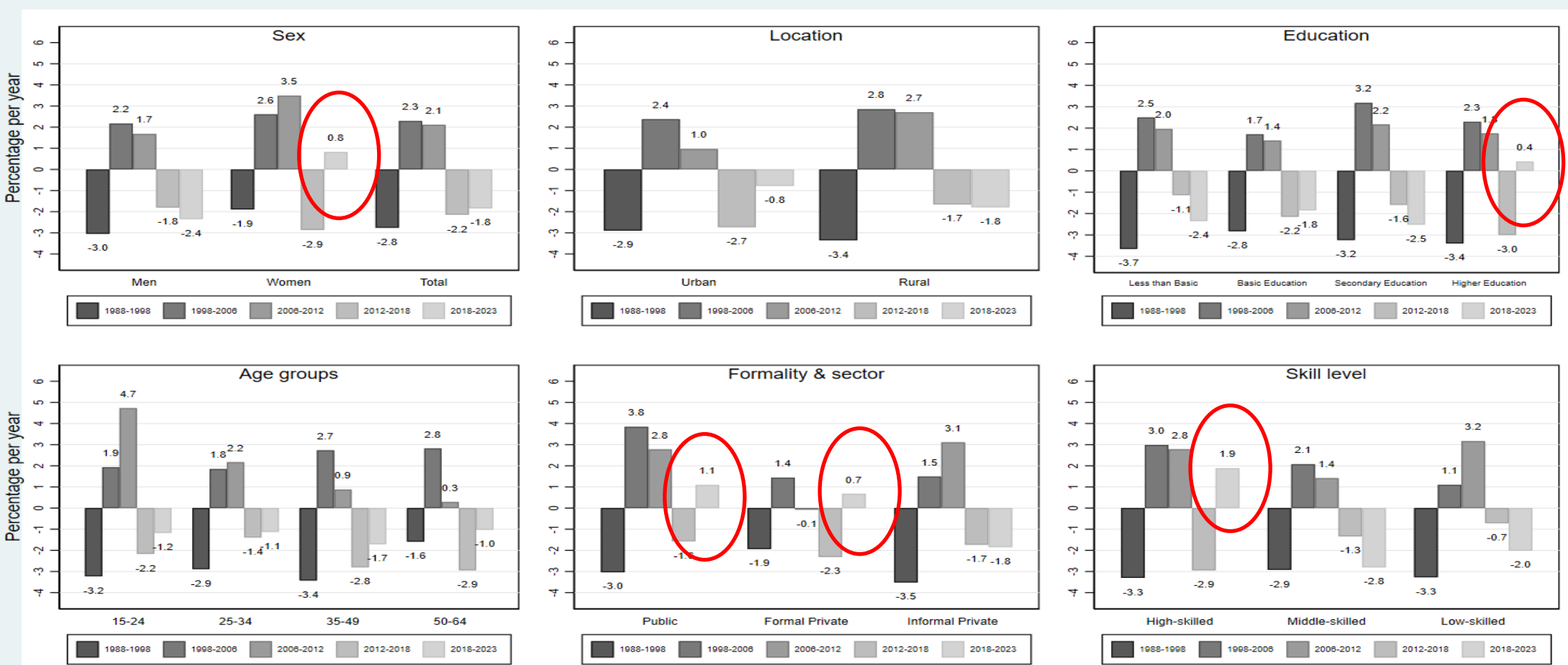


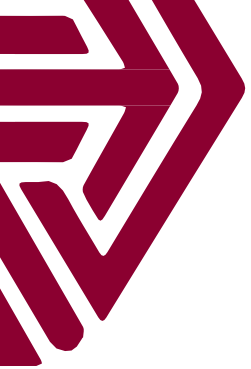


2. Wages in Egypt (1988-2023)

a. Wage Distribution and Trend

Growth rate of real median hourly wage (all jobs)

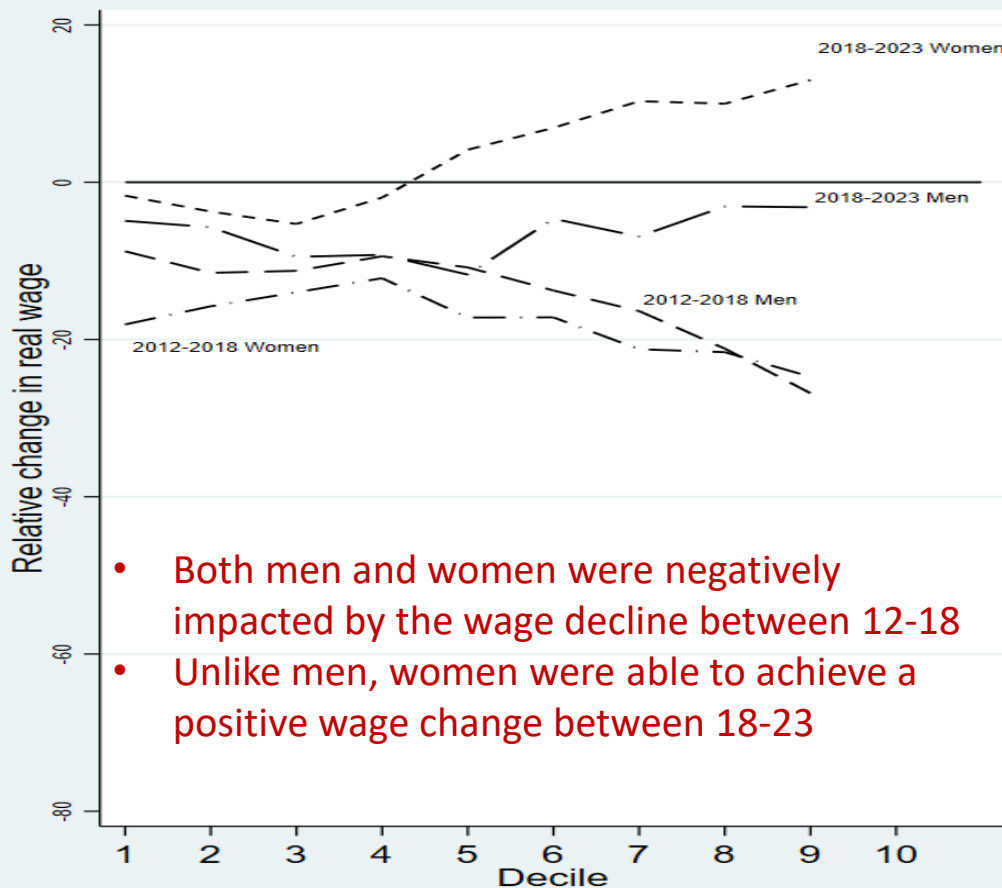




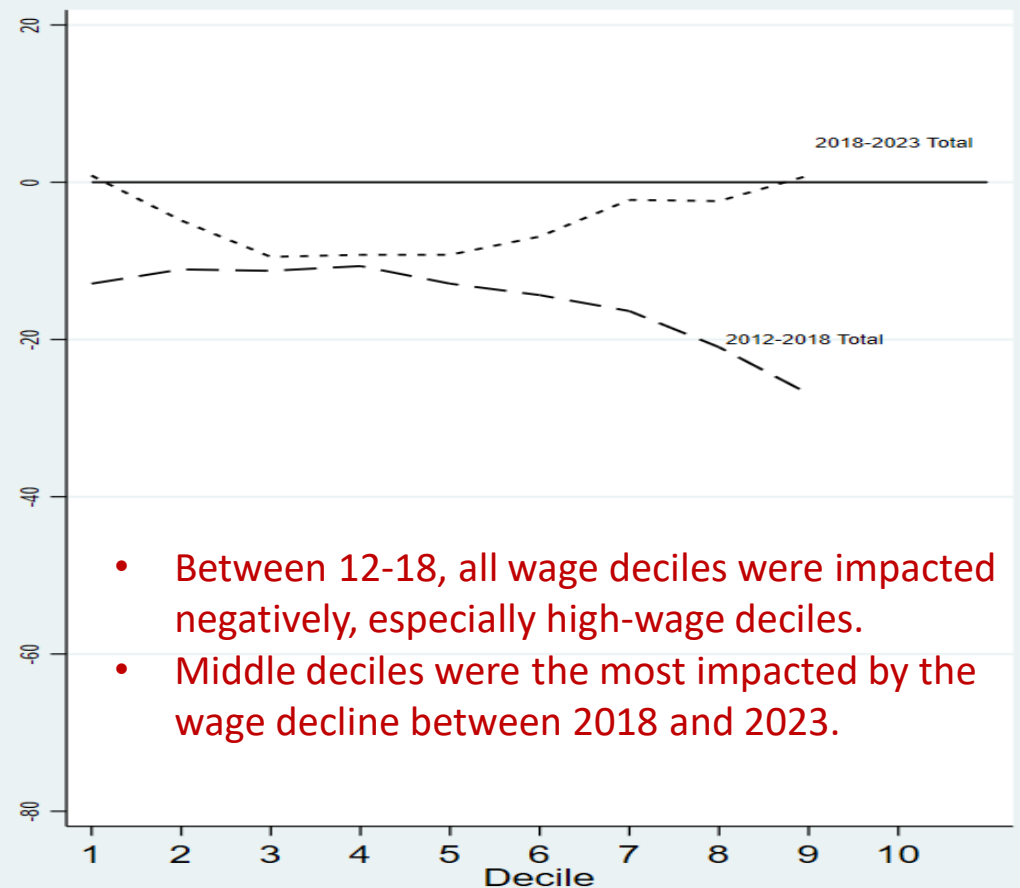
2. Wages in Egypt (1988-2023)

a. Wage Distribution and Trend

Relative changes in median real hourly wage by wage decile



- Both men and women were negatively impacted by the wage decline between 12-18
- Unlike men, women were able to achieve a positive wage change between 18-23



- Between 12-18, all wage deciles were impacted negatively, especially high-wage deciles.
- Middle deciles were the most impacted by the wage decline between 2018 and 2023.

2. Wages in Egypt (1988-2023)

a. Wage Distribution and Trend

- *The low-wage share* constitutes more than one-half of all wage workers, increasing steadily over time (55.0, 66.0, and 69.0 percent in 2012, 2018, and 2023, respectively).

In all years, the low-wage share is higher among:

- Men than women
- Informal and formal private sector workers than public sector workers.
- Low-educated than high-educated workers
- Low-skilled than high-skilled workers
- Young than workers
- Rural than urban workers

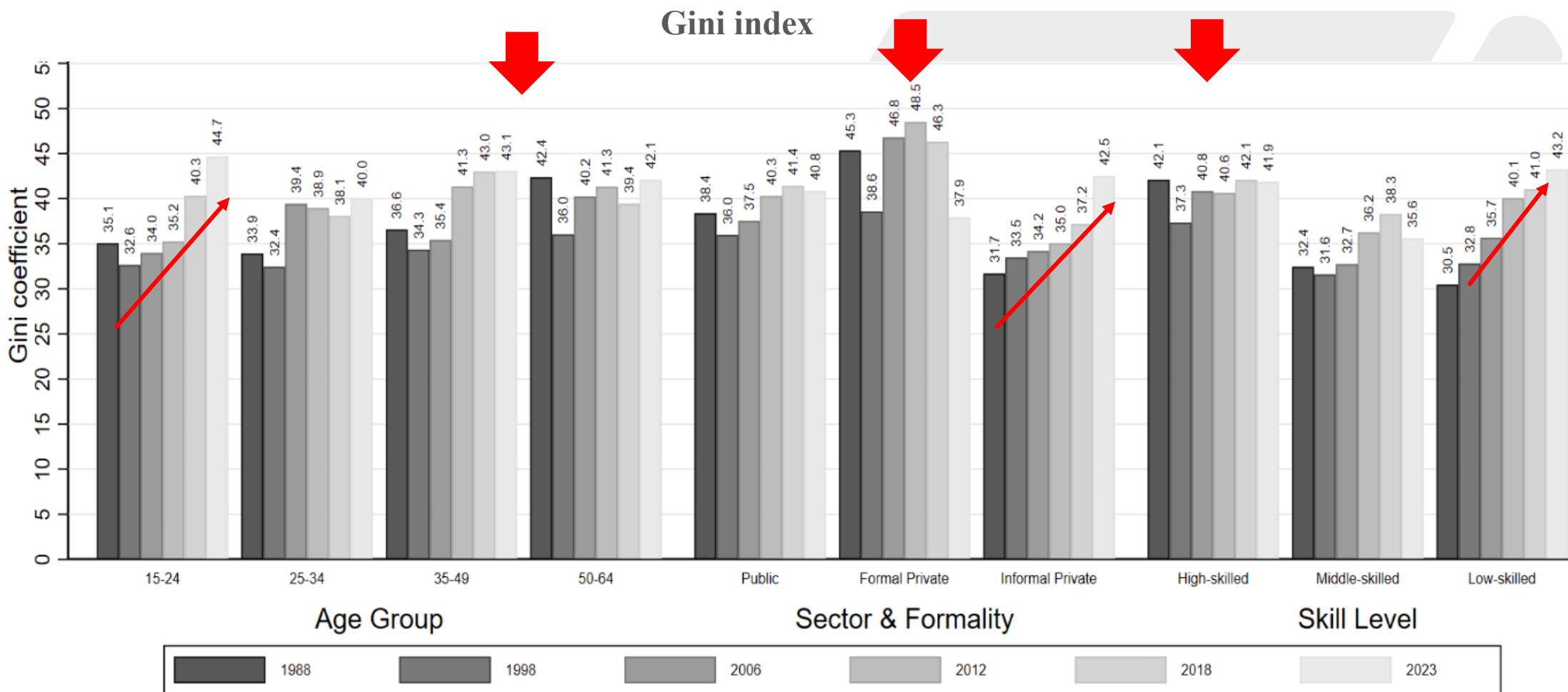
The *low-wage share* increased steadily over time among almost all subgroups. However, the share decreased among few subgroups between 2018 and 2023:

- Women (from 64% to 58%)
- Public sector workers (from 51% to 46%)
- Workers with higher-education degree (from 50% to 47%)
- High-skilled workers (from 48% to 41%)

2. Wages in Egypt (1988-2023)

b. Wage Inequality

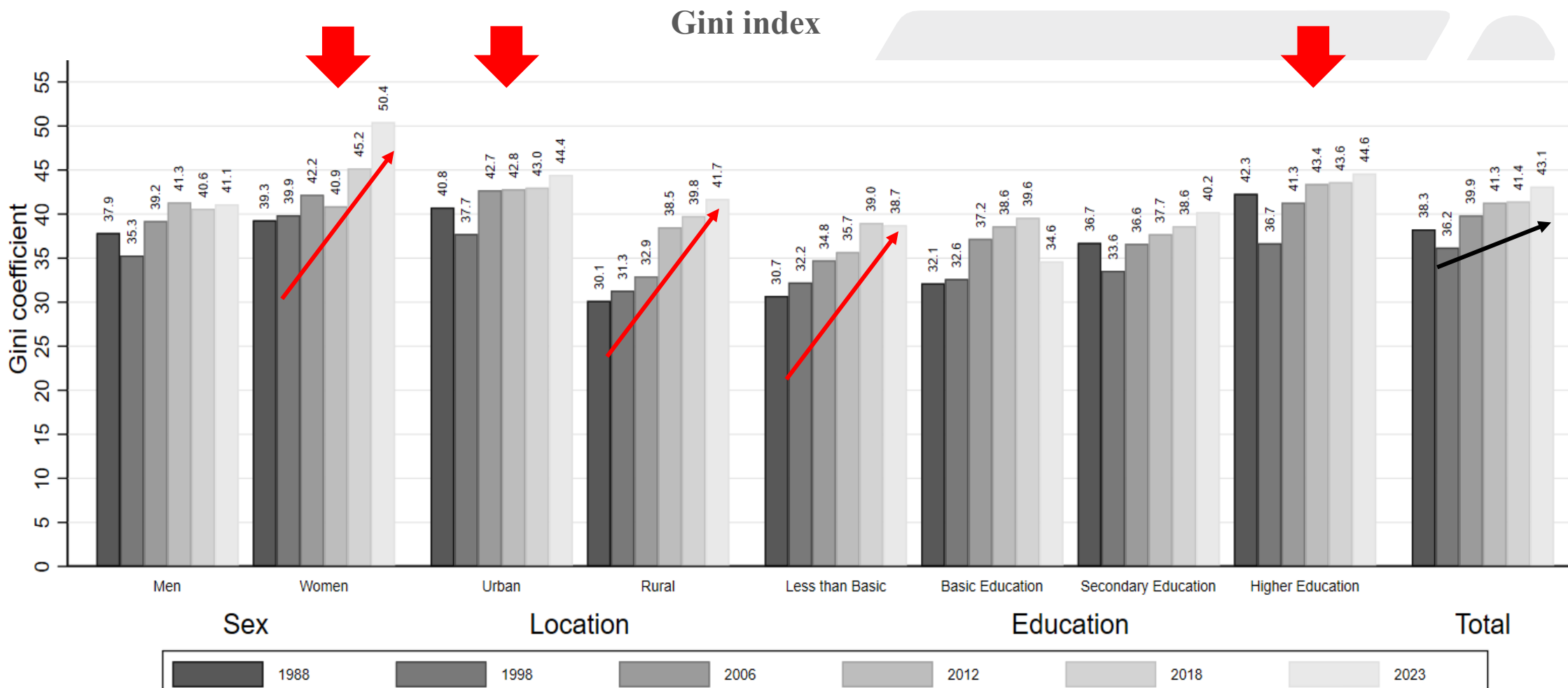
- Overall hourly *wage inequality*, as measured by the Gini index, shows an almost uniformly increasing trend starting from 1998 till 2023 (from 36.2 to 43.1, respectively)



2. Wages in Egypt (1988-2023)

b. Wage Inequality

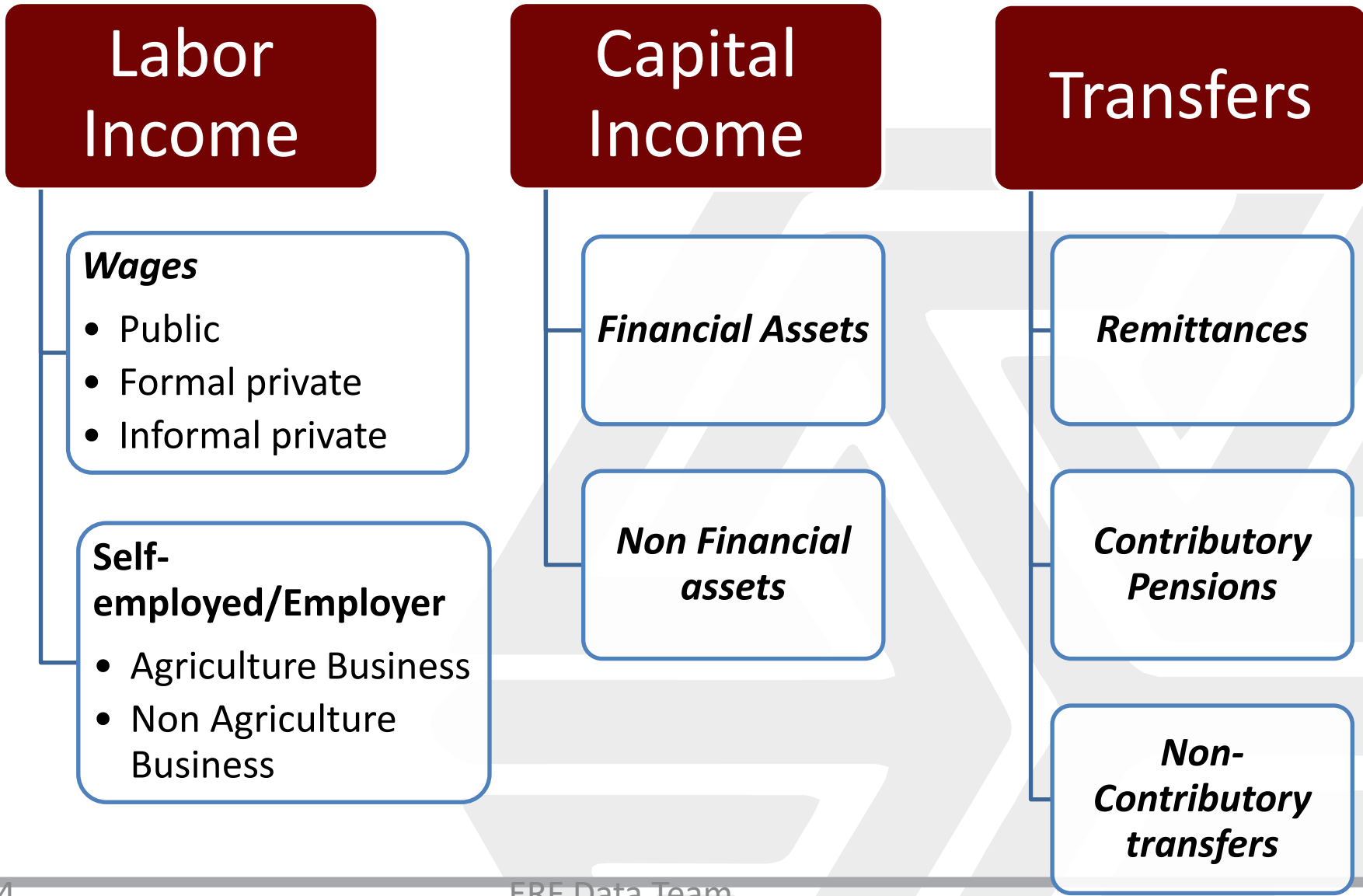
- Overall hourly *wage inequality*, as measured by the Gini index, shows an almost uniformly increasing trend starting from 1998 till 2023 (from 36.2 to 43.1, respectively)





3. Income in Egypt (2012-2023)

a. Income Distribution and Trend



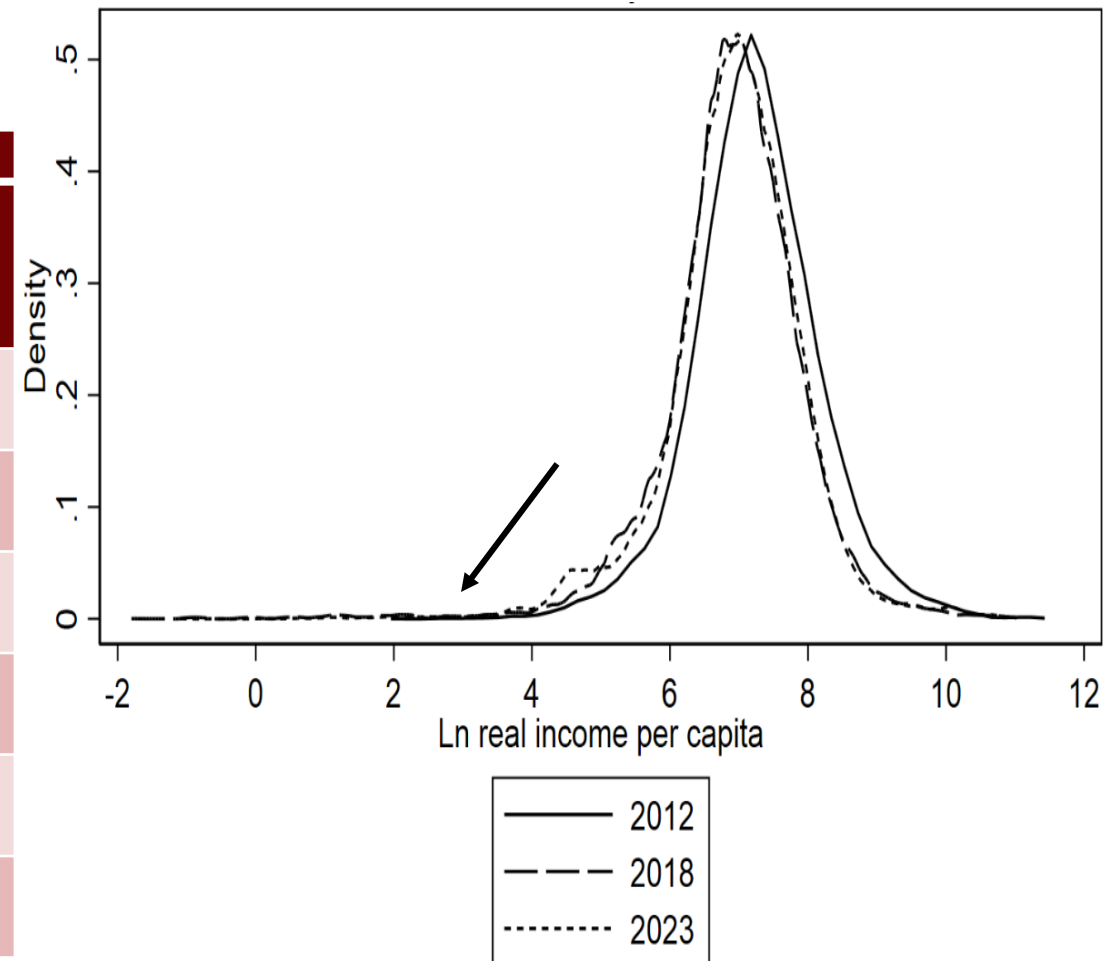
3. Income in Egypt (2012-2023)

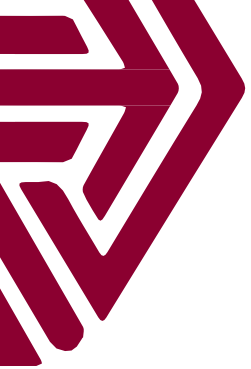
a. Income Distribution and Trend

Estimated kernel density of real monthly income per capita (2012-2023)

Median of real monthly income per capita

Wealth Quintile	2012	2018	2023	Growth rate per year	
				2012-2018	2018-2023
1st	949	773	758	-3.1%	-0.4%
2nd	1138	833	857	-4.5%	0.6%
3rd	1265	928	1011	-4.4%	1.8%
4th	1581	1173	1167	-4.3%	-0.1%
5th	2609	1520	1450	-7.0%	-0.9%
Total	1395	992	1009	-4.8%	0.4%

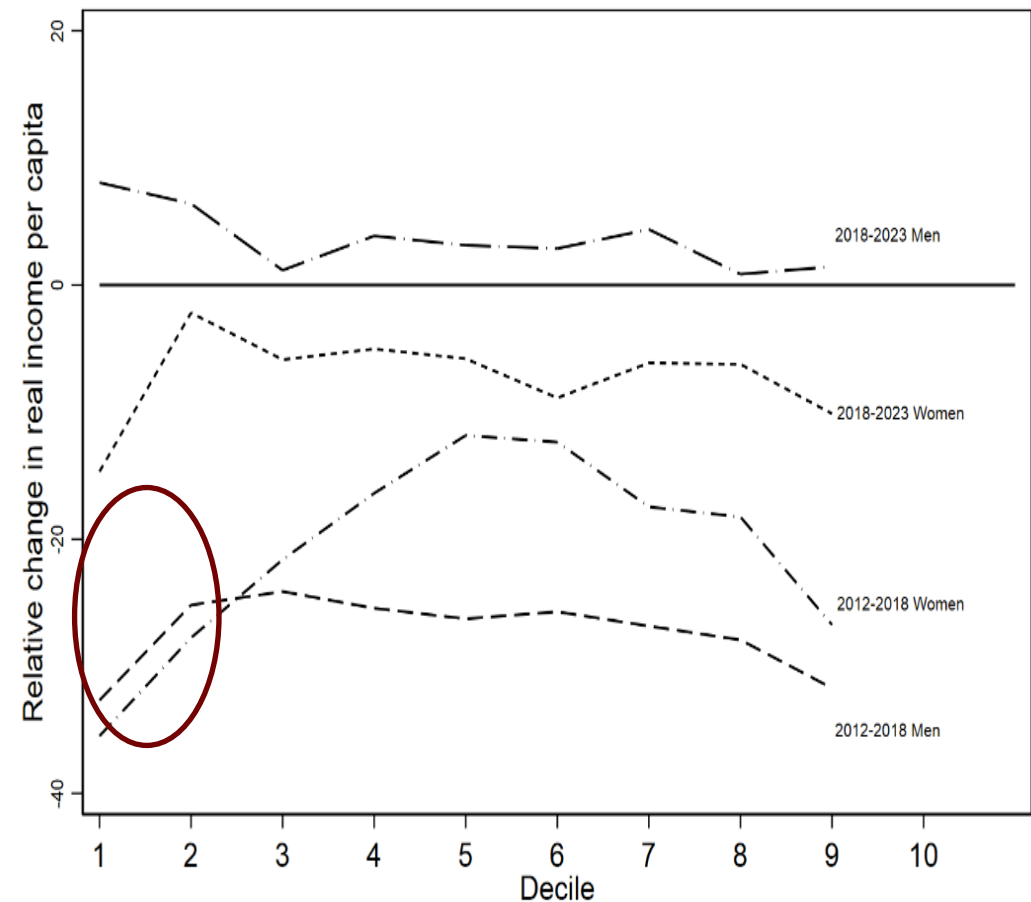
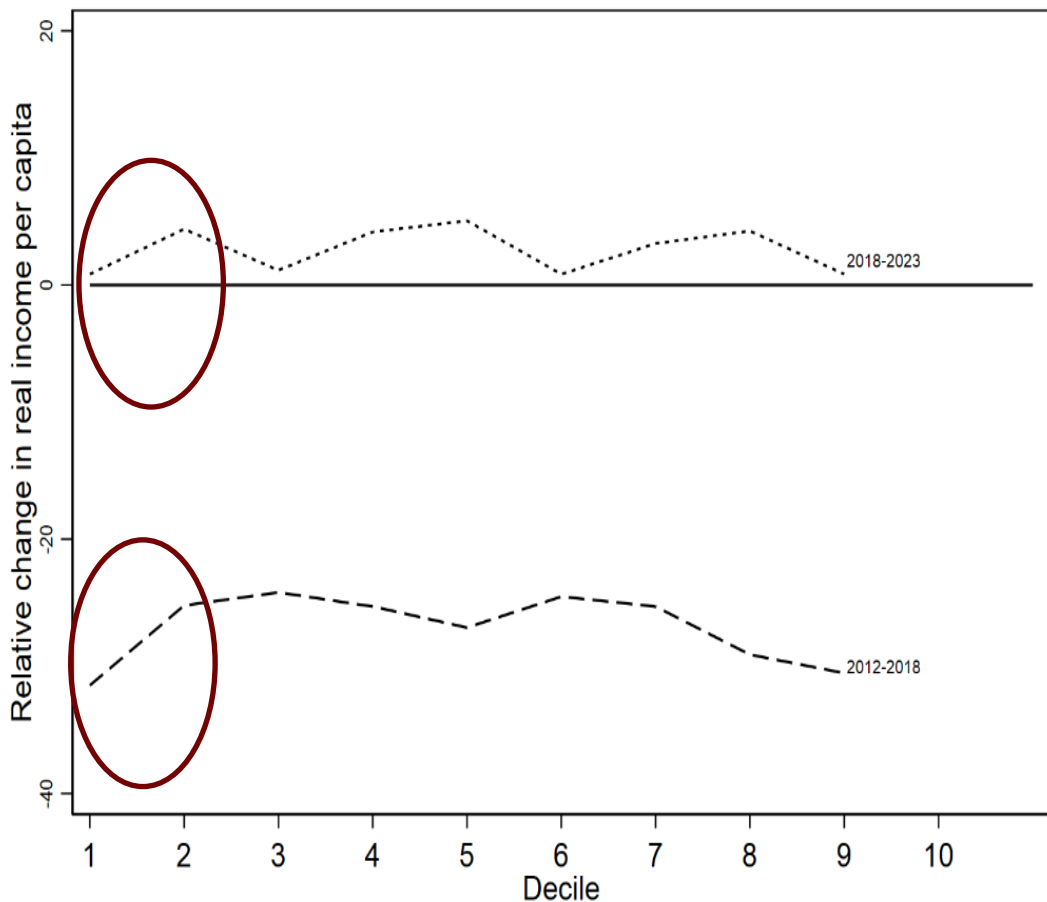




3. Income in Egypt (2012-2023)

a. Income Distribution and Trend

Relative changes in real income per capita by income deciles





3. Income in Egypt (2012-2023)

b. Income Source Prevalence and Diversification

Percentage of households receiving each income source 2012-2023

Household Income Source	2012	2018	2023
Agricultural Income	13	12	12
Public Wages	<u>28</u>	<u>22</u>	<u>18</u>
Formal Private Sector Wages	13	11	13
Informal Private Sector Wages	31	35	29
Enterprises	<u>19</u>	<u>14</u>	<u>22</u>
Assets (Capital Income)	8	6	4
Remittances	14	6	6
Contributory Pension	<u>22</u>	<u>26</u>	<u>29</u>
Takaful and Karama	—	5	9
Other Social Programs	10	13	11

3. Income in Egypt (2012-2023)

b. Income Source Prevalence and Diversification

The share of each income source to total income by HHH sex

Year	2012		2018		2023	
HHH sex	Men	Women	Men	Women	Men	Women
Agricultural income	7	3	5	2	6	3
Wages public sector	24	12	24	12	19	10
Wages formal private sector	11	7	13	8	13	7
Wages informal private sector	20	14	31	20	24	16
Enterprises	18	6	14	6	22	10
Assets (Capital Income)	8	13	2	3	3	4
Remittances	2	<i>15</i>	1	<i>10</i>	0	<i>7</i>
Contributory Pensions	8	<i>26</i>	9	<i>35</i>	11	<i>42</i>
Non Contributory Pensions	1	3	2	5	1	2
Total	100	100	100	100	100	100



3. Income in Egypt (2012-2023)

b. Income Inequality and Its Decomposition

Inequality measures for monthly income per capita

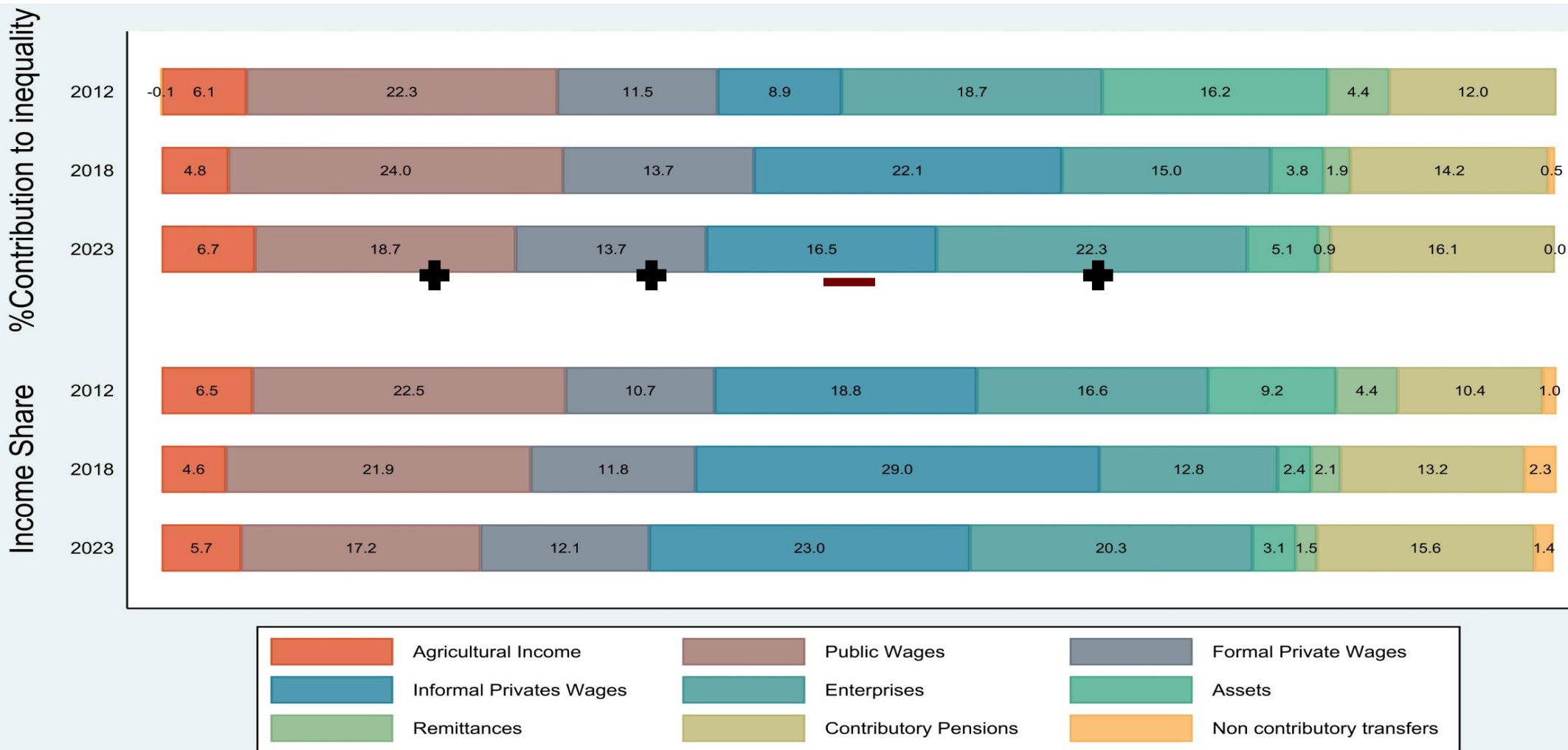
Population Percentage	Share of Total Income %		
	2012	2018	2023
Bottom 10%	1	<0.5	<0.5
Lower mid 40% (10%-50%)	16	10	14
Upper mid 40% (50%-90%)	40	28	38
Top 10%	44	62	48
Inequality Measures	Wave of the Survey		
	2012	2018	2023
Gini coefficient	50.4%	49.8%	50.1%
P1050	0.34	0.32	0.31
P9050	3.03	2.88	2.77
P9010	8.87	9.00	9.00



3. Income in Egypt (2012-2023)

b. Income Inequality and Its Decomposition

Relative contribution to inequality (% of total Gini coefficient)





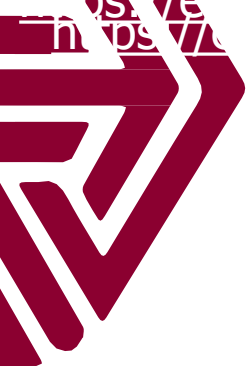
4. Conclusion

- Currency devaluations since late 2016 have been reflected negatively on wage and income distribution.
- The relative decline of median wages was highest among , males, and low educated, low skilled, and informal workers; the decline is continuing in 2023.
- Wage inequality shows an increasing trend over time and this increase is more pronounced among women, low skilled, and informal workers.
- There is low income diversification among households in Egypt, as most households rely on one or two income sources.
- While male headed households recovered slightly from the income drop in 2018, female headed households are still facing decrease in the income.
- Wages are the most important income source in Egypt among all subgroups, yet their shares are declining over time, especially public sector wages.



4. Conclusion

- The shares of remittances and capital income dropped in 2023, especially among female headed households, while their dependency on contributory pensions increased.
- Income inequality shows a slight stability, however the income share of the bottom 10% of the population dropped by half reaching only 0.5% of the total income.
- Wages, especially public sector wages, are the key contributors to income inequality, and their contribution was the highest in 2018.
- Informal private sector wages have the largest equalizing effect among the rest of the income sources.



Thank you

For more details, please check the paper on

<https://erf.org.eg/publications/trends-in-income-and-wage-inequality-in-egypt-1988-2023/>
