



EGYPT SOCIAL PROGRESS INDICATORS

Measuring progress towards improving wellbeing in Egypt



Why measure urbanization for social progress?

Ensuring that cities are inclusive, safe, resilient and sustainable is key to achieving social progress. The locations and conditions that people live in is a crucial determinant of their health, work opportunities, physical and economic security, and even the quality of education they may receive. Egypt has a fast-growing population, with 40% living in unplanned areas that suffer from lack of facilities, amenities, and proper

infrastructure. Meanwhile, real estate has become a priority sector for investors in recent years, which risks placing private profit above the needs and rights of people and communities. People-centered, fair and sustainable urban development is therefore essential for realizing socioeconomic rights in Egypt, such as the rights to adequate housing, food, water, health, education, and decent work.

What are the main findings of ESPI on URBANIZATION?

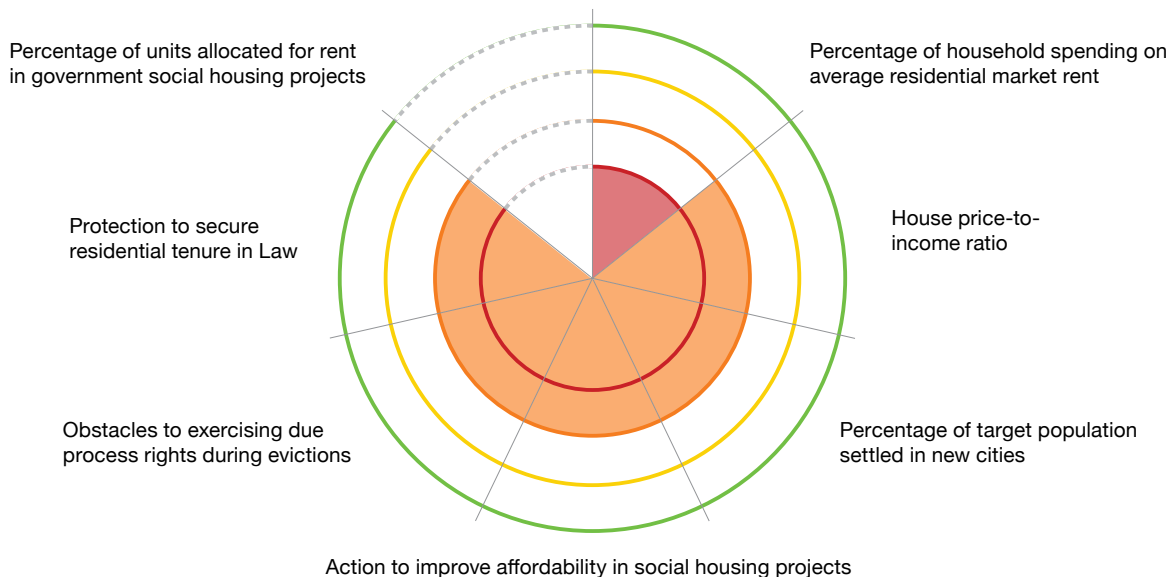
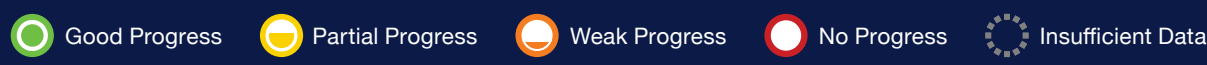
The ESPI urbanization indicators show that there are a number of policy areas that need substantial improvements to ensure Egypt's urban development plans are sustainable and contribute to social progress.

Affordability is the main challenge facing people's ability to enjoy adequate housing in Egypt today. According to 2017 data, **households are spending on average 39% of their monthly income on rent**, threatening their ability to finance other essential needs, such as health or education. The cost of owning a house is also unaffordable for many, with an estimated **house price-to-income ratio of 10.8 in 2016, above the international median HPI and far above what experts have calculated as an "affordable" HPI for Egypt**. So far, **action to improve affordability of social housing** has been judged to show **"weak progress"**. While the government is investing in social housing projects (SHP), the projects have a 57%

underspending rate, and the number of units built is far from the target. Worryingly, the **percentage of target population settled in new cities** is estimated at 30% of their intended capacity.








To ensure that Egypt's urban development plans are inclusive, safe and that they support greater resilience of communities, there is a need to eradicate **obstacles to exercising due process rights during evictions**. In implementing the government's plan to decrease the percentage of residents living in slum areas from 38 to 5 percent by 2030, **prior consent and proper compensation** for communities to be relocated is necessary to fully protect and realize due process rights. Additionally, improving **legal protection of secure residential tenure** is another important step to achieve people-centered urbanization and housing conditions in the country, especially given trends towards financialization of housing.

FIG 1. Overall Progress of Urbanization Indicators





Full List of Indicators

-  Protection to secure residential tenure in Law
-  House price-to-income ratio
-  Percentage of target population settled in new cities
-  Action to improve affordability in social housing projects
-  Obstacles to exercising due process rights during evictions
-  Percentage of household spending on average residential market rent
-  Percentage of units allocated for rent in government social housing projects

“Good Progress” indicates Egypt’s fulfilment of commitments made in the Egyptian Constitution and Vision 2030, as well as its positive ranking in comparison to other Lower Middle Income Countries. Currently, there are no “Good Progress” indicators in Urbanization.

Featured Indicators

A more in-depth look at several of the indicators is included below. For more information on all of the indicators, including the scales and how they were constructed, please see the website at progressegypt.org.

Protection to secure residential tenure in Law – Weak Progress

Security of tenure is defined as legal protection against forced eviction, harassment and other threats, regardless of the type of residence. It is one of the basic elements of the right to adequate housing as enshrined in the International Covenant on Economic, Social and Cultural Rights.

This indicator measures the degree to which residential tenure is protected by national legislation. It is based on relevant international standards specifying the procedural protections to be applied in relation to evictions, and the color scale has been graded in terms of the degree of protection legislation provides for security of tenure. Egypt has demonstrated weak progress in securing residential tenure in law. While the Egyptian Constitution protects private property and criminalizes all forms of “arbitrary forced migration of citizens,” this has not yet been reflected in the legal system in practice.

Developing a fairer and simpler system for registering properties – including in informal settlements – would strengthen security of tenure for millions of Egyptians. This strengthened protection is urgent given the government’s plans to attract investors to the real estate sector, meaning that there are thousands of people

in populated areas, whether planned or unplanned, at risk of displacement.

Percentage of target population settled in new cities – Weak Progress

Egypt has embarked on a plan to develop “New Cities” or “new urban communities”, with the aim to decentralize the population away from the overcrowded Nile Valley and to provide affordable housing to lower-income and middle-income families. This indicator measures the percentage of the population settled in new urban communities, compared with the target population according to Egypt’s Vision 2030 plan. It helps to assess whether New Cities have achieved the aim of reducing informal settlements specifically, and addressing the housing crisis in general.

Data from Egypt’s New Urban Communities Authority (NUCA), indicates that on average 30% of the target population has settled in New Cities. There are a number of limitations with this data, but it does indicate that even by the government’s own measures, the New Cities are facing significant challenges in achieving their targets.

Urban planning experts cite several reasons why the New Cities have failed to meet their occupancy targets, including absence of basic services, lack of employment opportunities and lack of public transportation, making New Cities difficult to access and isolated from urban centers where jobs are concentrated. The development of more New Cities should be suspended until these issues have been addressed and the populations of existing New Cities have been substantially increased.

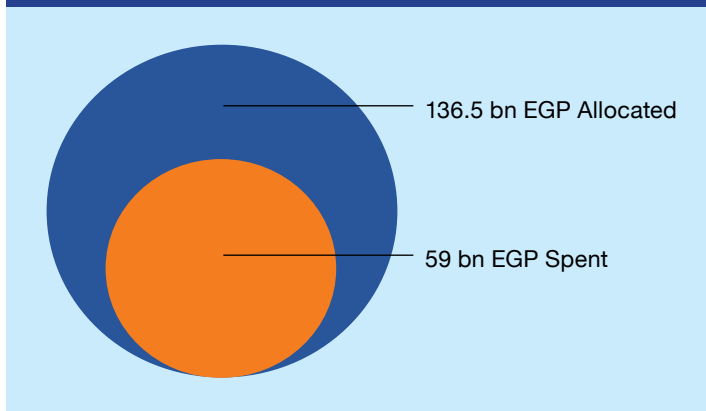
○ Action to improve affordability in social housing projects – Weak Progress

Social housing is an important policy tool that provides an alternative to informal and inadequate private housing for low-income households. It gives effect to the constitutional guarantee of “the right to decent, safe and healthy housing, in a way that preserves human dignity and achieves social justice.”¹

This indicator measures progress towards ensuring social housing is accessible to low income households. The scale is built to assess the adequacy of public action on social housing, looking at four key elements of an effective social housing program, as identified by Egyptian housing experts.² “Good progress” is achieved if all the four criteria are fulfilled. “No progress” means that none of the four criteria is fulfilled.

The government of Egypt has invested in social housing construction, and new housing units are being built; however, there are concerns about the efficacy, scale and quality of these efforts. For instance, of the 136.5 bn EGP that has been allocated to the Social Housing Project (SHP), also known as the “Million Unit” Project, since FY 2011/12, only 59 bn EGP has actually been spent.

FIG 2. Allocation vs Expenditure on the Social Housing Project Since FY 2011/12



Source: The Built Environment Observatory (2018)

The government has also taken steps for mortgage criteria to be more inclusive of low income buyers; however, the cost of social housing units remains unaffordable to many of those, due to high upfront payments.

Action that would improve the affordability of social housing includes addressing the factors that are hindering the effective use of invested funds for the SHP; ensuring units are only constructed where there is demand; reducing the cost of units or increasing the subsidy on them; and restructuring the income brackets and eligibility criteria for subsidized units.

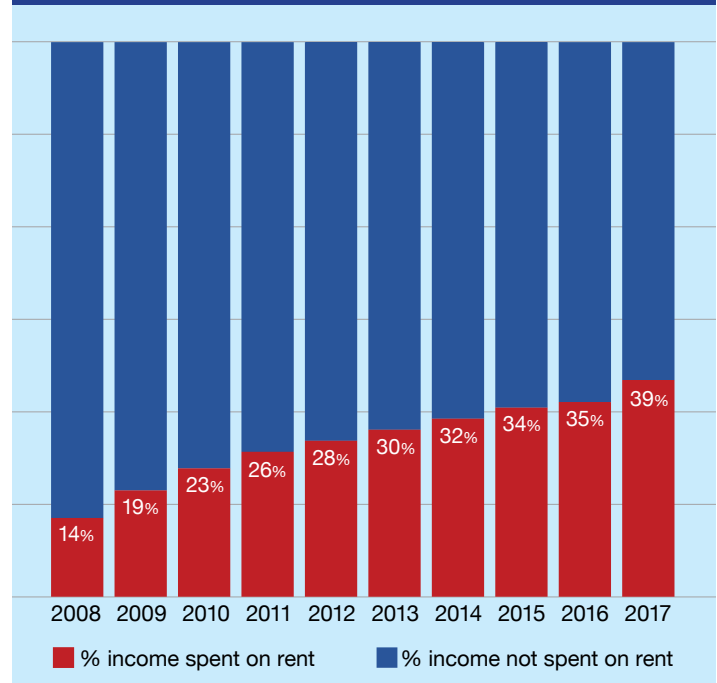
○ Percentage of household spending on average residential market rent – No Progress

Affordability is one of the core elements of the right to adequate housing, and tenants should be protected by appropriate means

against unreasonable rent levels or rent increases. Financial costs associated with housing should be at such a level that the attainment and satisfaction of other basic needs including food, health, and education are not threatened or compromised.

This indicator measures the affordability of housing, by calculating the average market rent, per month, as a percentage of average monthly income. The color scale is based on the definition of affordability used by the Social Housing Fund in determining rental subsidies. Specifically, “Good Progress”, is benchmarked against this definition of affordability, while the rest of the scale takes into account various definitions of rent burden used globally.

FIG 3. National Rent-To-Income Ratio (%): 2008-2017



Source: The Built Environment Observatory (2018)

According to estimates, in 2017 Egyptians on average spent 39% of their income on rent, more than double the average in 2008. This excludes other housing costs such as utilities and maintenance. These estimates shed light on how the private rental market contributes to the chronic housing crisis in Egypt, and how it clearly affects the ability of even middle-income households to meet their basic needs.

Progress on this indicator would require shifts towards policies that prioritize housing rights over those of investors, corporations and landlords. For example, increasing and implementing real estate taxes, offering land on a “right to use” basis rather than selling it, implementing subsidized housing programs, and improving regulations of the private rental market to prevent extreme rent increases.

References

1. Egyptian Government Portal (2014), Constitution of Egypt 2014. At: https://www.egypt.gov.eg/english/laws/constitution/chp_one/part_one.aspx
2. The criteria is inspired by the work of the Built Environment Observatory; an initiative of 10 Tooba for Applied Research on Built Environment at: <http://marsadomran.info/en/>

What are the Egypt Social Progress Indicators?

ESPI is an innovative metric offering a unique set of multidimensional, action-oriented indicators. It uses a four-color scale to measure progress on socioeconomic wellbeing in Egypt across six topics:

- economic policy
- labor
- urbanization
- food, water, and agricultural land
- education
- health

ESPI incorporates a gender analysis across all topics. ESPI goes beyond traditional economic indicators used by international financial institutions and other economic actors to measure the health of the Egyptian economy and to provide a holistic assessment of the status of socioeconomic wellbeing for average Egyptians.

How were the Egypt Social Progress Indicators Developed?

The idea for ESPI was born in 2015, when a number of academic researchers, independent field experts, and civil society groups started to explore the idea of creating a data-driven, interdisciplinary, and “homegrown” metric that translates recommendations from UN mechanisms into clear, measurable, and actionable indicators; tracks national implementation of SDG targets; and takes into account Egypt’s position as a Lower Middle Income Country.

ESPI was conceptualized and designed, through a multi-year collaborative process, by the Center for Economic and Social Rights, the Social Justice Platform, the Egyptian Initiative for Personal Rights, the Egyptian Center for Economic and Social Rights, Aspiration Tech, and Backspace. Research and analysis for the indicators was conducted by numerous independent researchers and field experts.

Methodology

Fundamental to the uniqueness of ESPI is its methodology, which was designed through a collective process, ensuring its relevance to the daily reality of everyday people.

Indicator selection

ESPI aims to be action-oriented. For that reason, it measures both:

- **outcomes** of socioeconomic wellbeing; and
- the **drivers** of those outcomes, which include legal, policy, financial, human resource, and institutional inputs and outputs.

To achieve a balance in the indicators selected, ESPI is also guided by the OPERA framework developed by the Center for Economic and Social Rights, which centers on four levels of analysis: Outcomes, Policy Efforts, Resources, and Assessment. Within this framework, a mix of quantitative and qualitative, as well as fact-based and perception-based, indicators ensure that ESPI provides a holistic picture of social progress. Potential indicators were subjected to extensive internal review and external consultation with experts and stakeholders.

Benchmarking and scaling

ESPI uses a four-color scale to measure Egypt’s progress on a specific indicator:



The methodology for constructing the scales varied, necessarily, between quantitative and qualitative indicators. Sources of benchmarks included Egypt’s own development targets, including those articulated in Vision 2030; international commitments, such as the SDGs; and recommendations and guidelines from international bodies. On the website, each indicator is accompanied by a detailed description of the scale and how it was developed.

Data was gathered largely from two sources: socioeconomic and administrative data produced by the Egyptian government and relevant international bodies for quantitative indicators, and objective, credible, and well-sourced expert analysis conducted by independent researchers for qualitative indicators. The combination of these sources ensures that ESPI is rigorous and reveals new insights about social progress.

All indicators – both quantitative and qualitative – are accompanied by comprehensive commentary that contextualizes and explains the data, making ESPI one of the most in-depth metrics of its kind.



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