

وزارة التخطيط والتنمية الاقتصادية
Ministry of Planning and Economic
Development



Egypt Human Development Report 2021

Development, a right for all:
Egypt's pathways and prospects



“States should undertake, at the national level, all necessary measures for the realization of the right to development and shall ensure, inter alia, equality of opportunity for all in their access to basic resources, education, health services, food, housing, employment and the fair distribution of income. Effective measures should be undertaken to ensure that women have an active role in the development process. Appropriate economic and social reforms should be carried out with a view to eradicating all social injustices.”

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Foreword

Egypt's Human Development Report 2021 - *Development, a right for all: Egypt's pathways and prospects* comes at a critical stage in Egypt's history as well as the world and tracks the course of an entire decade in the nation's journey. This period of 10 years is a brief moment compared to the lives of nations, but it shows the significance of long decades due to the major events, changes and challenges Egypt has gone through in this time.

The political movement witnessed in Egypt since 2011 and the consequent political and security instability, amid a regional and international environment filled with challenges, had a negative impact on the performance indicators of the Egyptian economy. The economy had long suffered from structural imbalances until the Egyptian people moved boldly to regain their country's capabilities through the inspiring revolution of 30 June 2013, whose source of strength was a great people defending their national identity and principles and rejecting the domination of dark forces that oppose the principles of citizenship and the civil state.

This revolution served as a spark for years of construction and continuous hard work, based on comprehensive planning and an ambitious vision defined by the Sustainable Development Strategy: Egypt Vision 2030. This is the national version of the United Nations' Sustainable Development Goals. The Sustainable Development Strategy: Egypt Vision 2030 has been fostered by the successful implementation of the national economic and social reform programme, which began in November 2016. By implementing this programme, Egypt carried out many legislative and institutional reforms while working to achieve macroeconomic stability, control fiscal and monetary policy, conduct structural reform in many sectors, improve the business environment, intensify investment in infrastructure projects, stimulate comprehensive and sustainable economic growth driven by the private sector as an effective partner for the government working to achieving development, while also expanding social protection programmes to mitigate the impact of reform measures on those who are most in need.

At the heart of all these efforts comes the strategic objective of improving the quality of life for Egyptian citizens by intensifying investment in human capital, conducting serious reforms, and implementing major development projects and initiatives in education, health, housing and utilities, in order to provide adequate housing and a decent life for Egyptians, with the utmost importance given to empowering youth and women politically, economically, and socially within a more general and comprehensive framework

approach of the Egyptian State to ensure human rights, the foremost of which is the Right to Development. We have a firm belief that the human being is the main actor in achieving development, which is also their desired goal.



Once these efforts had started to pay off, the Egyptian economy began to recover, as shown by many positive indicators, especially in growth and employment rates. However, a new challenge then appeared in the form of the COVID-19 pandemic. This crisis hit the global economy, creating an unprecedented level of stagnation. The reform efforts achieved by Egypt in recent years had the advantage of enhancing the ability of the national economy to withstand the pandemic, and this was reinforced by the rapid action and effective handling of this crisis by the Egyptian State. The State took into account the balance between preserving human health and continuing economic activity, and as a result, the Egyptian experience in dealing with this pandemic has received international praise.

Despite the outcomes achieved due to the efforts exerted over recent years, we are fully aware that the challenges are not over yet, but we have the will and are ready for the hard work needed, inspired by the tireless determination of those great people to transform these challenges into promising opportunities for development and a better life. Comprehensive and sustainable development requires years of continuous hard work and diligent efforts in which all development partners from the private sector and civil society cooperate with the government and all Egyptians at home and abroad.

Having taken pride in witnessing the preparation of this commendable issue of the Egypt Human Development Report for 2021, we would like to show appreciation and praise for the efforts undertaken by the United Nations Development Programme team to prepare the Report, and we look forward to benefiting from the reform process and challenges, to develop an ambitious programme that takes us forward on a path illuminated by work and hope for a new era of development in Egypt.

Hala El Said
Minister
Ministry of Planning and Economic Development

Foreword

Egypt's Human Development Report 2021 - *Development, a right for all: Egypt's pathways and prospects*. Twelfth in the series of such reports undertaken in Egypt since 1994, the Report is a unique reflection on Egypt's development in the last 10 years as we enter the Decade of Action to 2030.

The Report is timely in its focus on the Right to Development, as all United Nations Member States celebrate 35 years since they collectively adopted in 1986, the Declaration on the Right to Development, which recognized development as a basic human right – a right for all individuals and peoples, everywhere, without discrimination and with their active participation.

The Report analyses a pivotal period in Egypt's modern history, as that decade 2011-2020 has witnessed radical transformations, starting with the 25 January 2011 revolution and what ensued in June 2013, leading up to a new constitution in 2014 thus stabilizing the country. This was followed by important reforms in economic and social policies, tackling chronic development challenges, in pursuit of a comprehensive renaissance that would take Egypt towards a better future for all.

Egypt embarked upon a bold National Program for Economic Reform in late 2016, which succeeded in achieving macroeconomic stability. When the COVID-19 wreaked havoc on the global economy in 2020, Egypt was one of few countries that were able to maintain positive economic growth despite the pandemic.

And throughout its journey of economic reforms, Egypt put human development at the center. The average lifespan of Egyptians increased, the death rate of children under five decreased, the number of children enrolled in education increased, with a growing percentage of them moving on to higher education, while the number of Egyptians living in informal neighborhoods decreased.

Egypt also overhauled its social protection systems, transforming them to focus on empowering its citizens, expanded to cover 3.8 million families in 2021, and Egypt has reinvigorated its commitment to the role of women as effective and equal partners, indispensable in achieving sustainable human development.

In parallel Egypt paid great attention to preserving its vital environmental assets. Egypt prioritized reforming

its energy ecosystem, greatly reducing energy subsidies, improving energy efficiency and shifting to renewable energy sources, and aims to cover 42% of its electricity needs from renewable sources by 2035. Strengthening governance and improving the administrative apparatus remained an important endeavor in Egypt, including improving financial management systems, combating corruption, better qualifying executive cadres, with emphasis on youth, alongside promoting decentralization and digital transformation.

The Report is felicitous in examining development gaps and challenges of the remaining decade for achieving the Sustainable Development Goals. It delivers important data and analysis to support Egypt in its second phase of structural reforms, following the success of the macro economic reforms; and offers recommendations regarding ongoing development priorities.

Looking towards the future, with Egypt's vision aligned with that of the globally agreed Agenda 2030 for Sustainable Development and Africa's Agenda 2063, the Report sees Egypt enhancing its commitment to guaranteeing the Right to Development for all Egyptians through: strengthening financing for development and increasing investments in it; developing the information base necessary for sound development planning and monitoring; accelerating inclusive digital transformation through investment in infrastructure and expanding digital service delivery; and continued institutional and capacity development to enhance the efficiency and quality of basic public services.

I congratulate the authors on their rich collection of data and analyses, and hope that this report will not only inspire decision makers, but also the business community, researchers and most importantly Egypt's citizens into more concerted action towards the bright future that Egypt deserves.



Randa Aboul-Hosn
Resident Representative
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Contents

Opening	21
Executive summary	22
Conceptual framework and methodology	36
Chapter 1: Investment in human capital: Towards a modern system of education, health and adequate housing	43
1.1 The importance of investment in human capital	44
1.2 Egypt's performance in human development and human capital indicators	46
1.3 Review of the performance of the education and health sectors in Egypt	50
1.4 Investing in people: Promoting the right to adequate housing in Egypt	63
1.5 Investing in people: Development of Egypt's education and health sectors	67
1.6 Government spending on education, health and housing in Egypt	78
1.7 The education and health sectors' responses to COVID-19 in Egypt	87
1.8 Future policies for the education, health and housing sectors in Egypt	91
Chapter 2: Economic reform in Egypt: Paving the way for a development shift	101
2.1 The economic situation in Egypt before the national economic and social reform programme	103
2.2 Egypt's national economic and social reform programme	105
2.3 Progress on economic performance indicators with the implementation of the reform programme	110
2.4 The repercussions of the COVID-19 crisis on the Egyptian economy and measures to confront it	115
2.5 Development prospects in Egypt	119
2.6 Policies to support Egypt's development path	126
Chapter 3: Social protection: Towards a more inclusive and empowering social contract in Egypt	131
3.1 General framework for social protection in Egypt	132
3.2 Social protection programmes in Egypt	135
3.3 Social protection measures to confront the impacts of COVID-19	160
3.4 Future policies for the development of the social protection system	162

Chapter 4: Renaissance of Egyptian women: Leading roles and societal contribution	169
4.1 The constitutional and legal framework for promoting women’s rights	169
4.2 The strategic framework for promoting women’s rights	170
4.3 Empowering Egyptian women	174
4.4 The protection of Egyptian women	195
Chapter 5: Managing the environmental protection ecosystem in Egypt	
Towards achieving a sustainable environment and addressing climate change risks	211
5.1 Legislative and institutional framework of environmental management in Egypt	211
5.2 Cost of environmental degradation and its developmental impact	213
5.3 Key environmental challenges	216
5.4 Climate change: Challenges and opportunities	228
5.5 Government policies on environmental sustainability and climate change	241
Chapter 6: Governance: Towards an effective ecosystem for managing the affairs of the State and society	251
6.1 Improvement in Egypt’s performance on governance indicators	252
6.2 Basic pillars for improving governance	259
6.3 Determinants of progress on governance	281
6.4 Policies to support progress on governance	284
Egypt 2030: A new decade towards sustainable development	289
Endnotes and References	301
Statistical Annex	331
1. Demography	331
2. Education enrolment indicators	333
3. Workforce indicators	334
4. SDGs indicators	335
5. Private and public establishments	344

Boxes

1.1	<i>Asmarat</i> neighborhood project	65
1.2	The Egyptian Knowledge Bank	69
1.3	Japanese schools in Egypt	70
1.4	National non-profit universities	72
2.1	Most important national projects since 2014	109
2.2	Egyptian policies and decisions to tackle COVID-19 pandemic	116
2.3	<i>Hayah Karima</i> project to develop Egyptian villages	122
3.1	Services of the social security system in Egypt	137
3.2	Results of an independent evaluation study of <i>Takaful and Karama</i> programme	140
3.3	Basic features of the Social Insurance and Pensions Law (<i>No. 148 of 2019</i>)	149
3.4	Governance of the health insurance system in Egypt	152
4.1	Egyptian women’s observatory: A tool to enhance monitoring and evaluation of women’s policies	173
4.2	Efforts to mainstream a gender perspective in Egypt: Equal opportunity units in ministries	174
4.3	Egyptian women’s guide to entrepreneurship	186
4.4	Efforts towards women’s economic empowerment	191
4.5	Selected models of protection for Egyptian women	199
4.6	Selected efforts to protect women from violence	200
4.7	The national campaign against Female Genital Mutilation	205
4.8	Efforts to combat early marriage	206
5.1	The Egyptian Pollution Abatement Project (EPAP)	222
5.2	Enhancing adaptation to climate change on the North Coast and in the Nile Delta	231
5.3	Energy efficiency improvement project for lighting and home appliances - The Egyptian energy-efficiency lighting market transformation (success story)	236
5.4	Benban solar park	240
5.5	Environmental sustainability standards manual	243
6.1	New Administrative Capital: Catalyst for administrative reform	261
6.2	Centre for capacity assessment and testing	262
6.3	Egypt government excellence award	263

6.4 Unified government complaints system	265
6.5 National Anti-Corruption Academy	270
6.6 Market system governance	270
6.7 <i>Sharek</i> 2030	274
6.8 National youth conference	275
6.9 National Training Academy	275
7.1 Nature conservation	295
7.2 SDGs' impact and impact investment	296
7.3 Digital transformation	298

Figures

1.1 Trends in Egypt's HDI (1990-2020)	48
1.2 Egypt's position on human development indices 2020	49
1.3 Numbers of students, schools and classes in Egypt's pre-university education system, 2010-2011 to 2019-2020	51
1.4 Gross and net enrolment rates according to educational stage (%)	52
1.5 Gross enrolment rate at higher education institutions in Egypt (%)	53
1.6 Average class size and student-teacher ratio in pre-university public education, by educational level	54
1.7 Distribution of teachers according to qualifications in public pre-university education (%)	55
1.8 Dropout rates in primary and lower secondary education (%)	55
1.9 Mean years of schooling (for 25 years and above) in Egypt and selected middle-income countries	56
1.10 Results of students' performance in the 2019 Trends in International Mathematics and Science Study (TIMSS) in Egypt and selected middle-income countries	57
1.11 Distribution of public hospitals according to their affiliation in 2019 (%)	59
1.12 Number of primary health care units during the period (2010-2020)	60
1.13 Medical professionals and practitioners at the Ministry of Health and Population (per 10,000 population)	62
1.14 Life expectancy at birth in Egypt and selected middle-income countries in 2018	62
1.15 The number of ambulance centers and number of treated cases during the period (2010-2020)	76

1.16	Government (functional) spending on education in Egypt as share of total government spending and GDP (%)	78
1.17	Structure of government spending on education according to the budget chapters: Average shares during the period (2010/2011 - 2019/2020) (%)	81
1.18	Government (functional) spending on health in Egypt as a share of total government spending and GDP (%)	82
1.19	Government (functional) spending on health as a share of GDP and total government spending in Egypt compared to selected middle-income countries, 2018 (%)	82
1.20	The structure of government spending on the health sector according to the budget chapters: Average shares during the period (2010/2011-2019/2020) (%)	84
1.21	Cost of treating citizens (within the State and abroad) at the expense of the State (billion EGP)	84
1.22	The financing structure of current spending on health in Egypt and selected middle-income countries, 2018 (%)	85
1.23	Share of out of pocket payments borne by individuals out of the total current spending on health in Egypt and selected middle-income countries, 2018 (%)	85
1.24	Government (functional) spending on housing and public utilities in Egypt as a share of total government spending and GDP (%)	86
1.25	The structure of government spending on the housing and public utilities sector according to the budget chapters (%): Average shares during the period (2010/2011-2019/2020)	87
2.1	Key economic indicators, 2009/2010 to 2020/2021 (%)	111
2.2	Interest payments as a share of total revenues and total expenditures, 2015/2016 to 2021/2022 (%)	112
2.3	Extreme poverty rates, 1999/2000 to 2019/2020 (%)	123
3.1	Cash support programmes (<i>Takaful and Karama</i> programme and social security pension), 2012/2013 to 2019/2020 (EGP billion)	136
3.2	Number of beneficiaries of the <i>Takaful and Karama</i> programme, 2016-2020	138
3.3	Number of beneficiaries of the <i>Takaful and Karama</i> programme, by governorate	139
3.4	Overall social insurance coverage rates, 1998-2018 (%)	148
3.5	Spending on social protection programmes, 2013/2014 and 2019/2020 (EGP billion)	160
4.1	Pillars of the National Strategy for the Empowerment of Egyptian Women 2030	172
4.2	Main features of the gender-responsive budget, 2015/2016 to 2019/2020	172
4.3	Egypt's ranking on the Political Empowerment Subindex of the Global Gender Gap Report, 2010-2021	175

4.4 Acceptance of women holding political leadership positions, 2014-2018 (%)	177
4.5 Political empowerment of Egyptian women in numbers	178
4.6 Female labour force participation rate by share of total female population, 2010-2020 (%)	179
4.7 Unemployment rates by gender (measured in third quarter of each year) (%)	180
4.8 Unemployment rates by age groups and gender (measured in third quarter of each year) (%)	180
4.9 Unemployment rates by educational status and gender (measured in third quarter of each year) (%)	181
4.10 Gender breakdown of higher education graduates, 2014-2018 (%)	182
4.11 Gender breakdown of students enrolled in graduate studies at universities and institutes, 2017/2018 (%)	182
4.12 Rural women's perception of recruiters' gender preferences (%)	183
4.13 Gender breakdown of financial service use by type, 2016	189
4.14 Rural women on what they would do if they wanted to safeguard money (%)	190
4.15 Economic empowerment in numbers	191
4.16 Women's satisfaction with the quality of health services provided to them (%)	194
4.17 Maternal mortality rate, 2010-2018 (deaths per 100,000 live births)	194
4.18 Percentage of ever-married women aged 18-64 who experienced violence from their husbands, 2015 (%)	198
4.19 Share of total complaints submitted to Women's Complaints Offices per governorate, 2019 (%)	202
4.20 Share of women aged 18-64 who have undergone female genital mutilation (%)	203
5.1 Average annual concentrations of PM 2.5 in Greater Cairo (microgram per cubic metre)	217
5.2 Available water resources in Egypt, 2017 (in billion cubic metres per year)	218
5.3 Water uses in 2017 (in billion cubic metres)	219
5.4 Production of drinking water (billion cubic metres)	219
5.5 Water quality standards in Greater Cairo area (milligram/litre)	223
5.6 Composition of municipal solid waste in Egypt (%)	225
5.7 Primary energy consumption (%)	233
5.8 Installed capacity by technology type (%)	234
5.9 Sectoral consumption of oil and gas (%)	235
5.10 Consumption of electricity, 2017 (%)	235
5.11 Greenhouse gas emissions by sector, 2015 (%)	235

5.12 Energy intensity (TOE/\$1000 of GDP)	238
5.13 Energy density (TOE/\$1000 of GDP)	238
5.14 Renewable installed capacity in megawatt, 2020	239
5.15 Classification of renewable energy in Arab States (%)	241
6.1 Egypt's ranking on the Ease of Doing Business Index, 2010-2020	254
6.2 Egypt and MENA countries' rankings on the Ease of Doing Business Index, 2020	254
6.3 Egypt's score on the Corruption Perceptions Index, 2012-2020	255
6.4 Egypt and selected middle-income countries' scores on the Corruption Perceptions Index, 2020	255
6.5 Egypt's score on the Open Budget Index, 2010-2019	256
6.6 Egypt and selected middle-income countries' rankings on the UN E-Government Survey, 2020	256
6.7 Egypt's ranking on the UN E-Government Survey, 2010-2020	257
6.8 Egypt's ranking on the Global Connectivity Index, 2015-2019	257
6.9 Egypt's score on the Ibrahim index of African governance, 2010-2019	258
6.10 Pillars of Egypt's vision on administrative reform	260
6.11 Efforts to reform government financial administration	264
6.12 Objectives of the second national anti-corruption strategy	269
6.13 Egypt's regional rankings on indicators related to digital transformation and financial inclusion	276
6.14 Contribution of the ICT sector to economic growth, 2013/2014 to 2019/2020 (%)	277
6.15 Indicators related to enhancing digital transformation	277

Tables

1.1 Indicators of human development and sustainable development in Egypt and selected countries	47
1.2 Indicators of human development and sustainable development in non-oil-exporting MENA countries	48
1.3 Overall loss in HDI due to inequality	49
1.4 Egypt's ranking on the health and primary education pillar of the Global Competitiveness Index	50
1.5 Egypt's ranking in the pillars and sub-indicators of the Global Competitiveness Index related to education	57

1.6	Egyptian universities in international rankings	58
1.7	Number of hospitals and beds in the health system in Egypt and their distribution between the public and private sectors, 2018	59
1.8	Number of hospitals, beds and visitors (governmental)	60
1.9	Numbers of doctors and nursing staff in government hospitals	61
1.10	Share of unsafe settlements redeveloped in selected governorates (%)	64
1.11	Total beneficiaries of SHMFF's support (cumulative - until 30 June 2019) by gender	66
1.12	Coverage of sanitation and drinking water services (%)	67
1.13	Government spending on education in selected middle-income countries	79
1.14	General government spending on pre-university education, higher education and scientific research, in EGP million and as a % of GDP, during the period 2017/2018 – 2019/2020	80
1.15	General government expenditure on health in EGP million and its share to GDP during the period 2017/2018 – 2019/2020	83
1.16	Countries' preparedness to respond to COVID-19	90
2.1	Egypt's key macroeconomic indicators, 2009/2010 to 2013/2014 (%)	103
2.2	Egypt's scores on selected economic and financial variables, 2009/2010 to 2013/2014 (\$ billion)	103
2.3	Egypt's poverty rates, 2008/2009 to 2012/2013 (%)	104
2.4	Regional contributions to value added GDP, 2012/2013 (%)	104
2.5	Deficit and debt indicators amid reforms, 2009/2010 to 2020/2021 (%)	111
2.6	Subsidy indicators amid reforms, 2009/2010 to 2020/2021 (EGP billion)	113
2.7	Monetary indicators, 2009/2010 to 2021	114
2.8	Population below the national poverty line in Egypt, 2008/2009 to 2019/2020 (%)	123
2.9	Regional contribution to GDP (%)	124
2.10	Average monthly wages and population below the poverty line in Egypt's governorates, 2017/2018	125
3.1	Egypt's rankings on indices for skills, product and labour markets, 2019 Global Competitiveness Report	155
4.1	Ranking of Egypt and selected countries in the Political Empowerment Subindex, Global Gender Gap Report 2021	176
4.2	Gender breakdown of senior managers and public officials, 2017	176
4.3	Share of women in public leadership positions by governorate (%)	177
4.4	Unemployment rate (15 years and over) by gender and governorates, 2019 (%)	181

4.5 Civilian workers in the public sector and the public business sector according to economic sector and gender (%)	184
4.6 Percentage of employed people (15 years and over) in rural and urban areas, by sector and gender, 2018 (%)	185
4.7 Employees in the government, by gender (%)	185
4.8 Microfinance activity according to gender of beneficiaries	186
4.9 Financing of micro and small enterprises by the Micro, Small and Medium Enterprises Development Agency (MSMEDA)	187
4.10 Egypt's progress on global financial inclusion index indicators (%)	188
4.11 Percentage of individuals (aged 6 and over) who own a mobile phone, by gender and place of residence (%)	190
4.12 Number of family planning units by governorate and type, 2018	193
4.13 Number of actions responsive to women's needs according to North African and West Asian countries	197
5.1 Health effects from exposure to ambient air pollution (PM2.5) in Greater Cairo, 2017	214
5.2 Estimated costs of health effects from exposure to ambient air pollution (PM2.5) in Greater Cairo, 2016/2017 (EGP billion)	214
5.3 Health effects and costs of air pollution in Egypt, 1999 and 2017	215
5.4 Number of deaths and the days during which people suffer from disease due to the lack of water and sanitation, 2017	215
5.5 Costs of health effects of water and sanitation shortages, 2016/2017 (EGP billion)	216
5.6 Air quality monitoring stations in Egypt	216
5.7 Projected per capita share of freshwater resources through 2050	220
5.8 Hydroelectricity power stations	221
5.9 Production of solid waste, 2001-2016	224
5.10 Expected changes in the productivity of key crops due to climate change (%)	230
5.11 Allocations for the most important green projects included in the 2020/2021 plan	245
6.1 Egypt's performance on the World Bank's Worldwide Governance Indicators, 2010-2019 (percentile rank)	253

Acronyms

AFED	Arab Forum for Environment and Development
AHDR	Arab Human Development Report
AIU	AlAlamein International University
ALRI	Acute lower respiratory tract Infections
ASRT	Academy of Scientific Research and Technology
AUPP	Egyptian Authority for Unified Procurement, Medical Supply and Technology Management
BOD	Biochemical Oxygen Demand
CAPMAS	Central Agency for Public Mobilization and Statistics
CBE	Central Bank of Egypt
COD	Chemical oxygen demand
COPD	Chronic obstructive pulmonary disease
ECES	Egyptian Center for Economic Studies
EDA	Egyptian Drug Authority
EEAA	Egyptian Environmental Affairs Agency
EIB	Egyptian Innovation Bank
EJEP	Egypt-Japan education partnership
EJSs	Egyptian-Japanese Schools
EKB	Egyptian Knowledge Bank
ENA	École Nationale d'Administration
EPAP	Egyptian Pollution Abatement Project
EgSA	Egyptian Space Agency
ESG	Environmental, social and governance
ESLSCA	École Supérieure Libre des Sciences Commerciales Appliquées
ETF	European Training Foundation
ETUF	Egyptian Trade Union Federation
FDCTA	Fund for Drug Control and Treatment of Addiction
FEDCOC	Federation of Egyptian Chambers of Commerce
FEI	Federation of Egyptian Industries
FGM	Female genital mutilation
GAH	General Authority for Healthcare
GAHAR	General Authority for Healthcare Accreditation and Regulation
GAHI	General Authority for Health Insurance

GCC	Gulf Cooperation Council
GDI	Gender Development Index
GDP	Gross domestic product
GHO	Global Health Observatory
GII	Gender Inequality Index
GII	Global Innovation Index
GNI	Gross national income
GNP	Gross national product
GOPP	General Organization for Physical Planning
GU	Galala University
GWh	Gigawatt hours
HCWW	Holding Company for Water & Wastewater
HDI	Human Development Index
HDR	Human Development Report
IAE	International Energy Agency
ICT	Information and communications technology
IDA	Industrial Development Authority
IHD	Ischemic heart disease
IHDI	Inequality-adjusted Human Development Index
ILO	International Labour Organization
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
ISDF	Informal Settlements Development Fund
ISF	Innovators Support Fund
IoT	Internet of Things
kWh	Kilowatt-hour
KSIU	King Salman International University
MDGs	Millennium Development Goals
MENA	Middle East and North Africa
MoETE	Ministry of Education and Technical Education
MoF	Ministry of Finance
MoHESR	Ministry of Higher Education and Scientific Research
MOHP	Ministry of Health and Population

MOHUUC	Ministry of Housing, Utilities and Urban Communities
MOIC	Ministry of International Cooperation
MPED	Ministry of Planning and Economic Development
MPI	Multi-dimensional Poverty Index
MSMEDA	Micro, Small and Medium Enterprises Development Agency
MOSS	Ministry of Social Solidarity
MW	Megawatts
MWRI	Ministry of Water Resources and Irrigation
NASA	National Aeronautics and Space Administration
NCW	National Council for Women
NDCs	Nationally Determined Contributions
NODCAR	National Organization for Drug Control and Research
NGOs	Non-governmental organizations
NORCB	National Organization for Research and Control of Biologicals
NMU	New Mansoura University
NUCA	New Urban Communities Authority
OECD	Organisation for Economic Co-operation and Development
PCBs	Polychlorinated biphenyls
PM	Particulate matter
PM2.5	Particulate Matter less than 2.5 micrometres
PPPs	Public-private partnerships
PWDs	Persons with disabilities
PV	Photovoltaic
ROSATOM	Rosatom State Atomic Energy Corporation
SDGs	Sustainable Development Goals
SHMFF	Social Housing and Mortgage Finance Fund
SPOT	Satellite pour l'Observation de la Terre
STDF	Science, Technology and Innovation Funding Authority
TIMSS	Trends in International Mathematics and Science Study
TVET	Technical and vocational education and training
UELDP	Upper Egypt Local Development Program
UHIA	Universal Health Insurance Authority
CESCR	United Nations Committee on Economic, Social and Cultural Rights

UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific, and Cultural Organization
ESCWA	United Nations Economic and Social Commission for Western Asia
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
VAT	Value Added Tax
VVER	Water-water energy reactor
WHO	World Health Organization

Opening

Egypt has gone through many major political, social and economic developments since the revolution in January 2011, culminating in the events of June 2013, when the country was able to put an end to political conflict and extremism and regain control over its capabilities. The country then began a new phase aimed at achieving sustainable economic and social development, strengthening political stability and security, combating terrorism, protecting borders, improving public services, consolidating principles of governance and tackling corruption. In order to implement this ambitious national agenda, Egypt developed a roadmap through the completion of a new Constitution in 2014 and aimed to meet the obligations it laid out through steps including new legislation, institutional reforms, presidential and parliamentary elections, and drafting a national economic reform programme in line with the national sustainable development strategy, Egypt's Vision 2030.

The Egypt Human Development Report 2021 seeks to monitor and analyse the progress made over the past decade in the areas of sustainable development, economic and social reform, environment, governance and women's issues, from the perspective of the Declaration on the Right to Development which was adopted by the United Nations General Assembly in 1986. This declaration consolidated the right of developing populations to choose their development path and achieve

their true independence without external interventions, according to their national values. The Report discusses the course ahead for the various reforms taken by Egypt in light of the plans and strategies prepared and in light of the evolution of views on development at the global level, as well as the relevant successful international experiences and expertise.

The Report is being published amid the ongoing COVID-19 pandemic, which has claimed millions of lives worldwide, has battered national economies and global markets, and has had an impact on international financial, political and economic systems. Understandably, this crisis casts a shadow over the discussion of the issues included in this Report and must be addressed directly.

The Report outlines the policies and measures Egypt has implemented to combat the outbreak of COVID-19 and to reduce its anticipated negative impacts on growth, the budget deficit, the balance of payments, and the performance of various aspects of the national economy, especially the tourism and aviation sector, Suez Canal revenues, and remittances from Egyptians abroad. At the same time, Egypt will have to reconsider priorities in terms of its plans and policies in order to recover and re-launch itself on the path to sustainable development, with its economic, social and environmental dimensions.

Executive summary

The Egypt Human Development Report 2021 is of particular significance as it comes a decade after the publication of the previous Human Development Report in 2010. As a result, the new Report covers an unprecedented period in Egypt's history, from 2011 to 2021, which includes the revolutions of January 2011 and June 2013. These upheavals changed the course of the development process in Egypt. The 2021 Report, entitled *Development, a right for all: Egypt's pathways and prospects*, aims to provide an in-depth analysis of a set of key human development issues that significantly affect work to achieve the United Nations Sustainable Development Goals (SDGs). The Report provides an analytical review of the policies adopted and implemented during this period and their impact on Egyptians. Building on those findings and on the Government Action Programme, it puts forward a set of policies for the future that would further boost the process of human development commenced by Egypt. The Report covers a number of key development issues, including investment in human capital, economic and social reforms, environment, governance and women's issues. It approaches these issues from the perspective of the Declaration on the Right to Development, issued by the United Nations General Assembly in 1986, which consolidated the right of developing populations to choose their development path and achieve self-determination without external intervention, according to their national values.

The Egypt Human Development Report 2021 relies on a variety of primary and secondary data sources, including interviews with many experts and specialists. It makes use of available data from local, regional and international sources and indicators related to the implementation of international and national sustainable development objectives. It also uses international and national human development reports, as well as documents, laws, strategies,

and reports issued by the Egyptian authorities. In particular, the Report benefits from data from the 2017 Population, Housing, and Establishments Census, the 2018 Economic Census, and the 2019 Household Income, Expenditure and Consumption Survey, all conducted by Egypt's Central Agency for Public Mobilization and Statistics.

The Report's conceptual framework is based on an in-depth review of the relevant literature. The conceptual framework highlights the interconnected nature of, and relationships between, human development and sustainable development's three dimensions – the economic, the social and the environmental. The Report preparation process was characterized by cooperation between Egyptian government bodies, the United Nations Development Programme (UNDP), and those in charge of preparing the Report, to ensure the provision of the necessary information. The Report was subject to a comprehensive critical reading process involving a variety of experts and specialists in relevant areas, including academics, practitioners and civil society. The six chapters of the Report monitor and analyse a number of development topics over the past 10 years: investment in human capital, economic development, social protection, women's empowerment, environmental sustainability, and governance.

1. Investment in human capital: Towards a modern system of education, health and adequate housing

In recent years, Egypt has committed to implementing reforms in the areas of health, education, scientific research and housing, with a particular focus on dimensions related to quality and competitiveness. These efforts draw on the commitments in Egypt's 2014 Constitution regarding these sectors, and on the three themes of the national sustainable development strategy, Egypt's Vision 2030. The area of investment in human capital is related to two themes under the strategy's social

dimension – health and education and training – as well as a theme under the economic dimension – knowledge, innovation and scientific research.¹ Furthermore, in 2014, Egypt adopted the Strategic Plan of Pre-University Education 2014-2030, and in 2018, it launched the National Education Project, which took three years to prepare and focuses on public schools, which make up the vast majority of schools in the country.

The performance of the pre-university education sector in Egypt has improved over the past 10 years according to accessibility indicators, as net and gross enrolment rates at all educational levels have increased. These successes have been concentrated in the primary education stage. Accordingly, Egypt is seeking to increase enrolment rates at the lower secondary and secondary stages in line with the principle of compulsory education through secondary school as established by Article 19 of the Constitution. Data on enrolment rates for boys and girls show that the gender gap disappeared between the academic years 2010/2011 and 2019/2020. The net enrolment rates for girls exceeded those for boys at all levels of pre-university education by 2019/2020, and as a result, the gender gap index has a negative value in this year. Regional disparities in enrolment rates (between rural and urban areas) have improved significantly over the past ten years. However, enrolment rates for all levels of pre-university education in the governorates of Upper Egypt remain lower than the corresponding rates in the rest of the country. In terms of educational outcomes, the pre-university education system in Egypt has made progress on a number of indicators. Dropout rates have decreased, especially at the lower secondary stage, and the rates of transition from primary to lower secondary school have increased, as have the transition rates from lower secondary to secondary (both to general secondary schools and to technical secondary schools).

On technical secondary education, development attempts have seen changes to admission requirements and the development of

curricula for all disciplines, in line with labour market requirements and local environment needs. Equipment and educational technology have been provided and existing technical education schools have been developed through the establishment of workshops and training centres to serve the community. However, the outcomes of this educational division are still far below the expectations and needs of the business sector at the qualitative level.

With respect to higher education, Egypt has launched the Higher Education and Scientific Research Strategy 2030 and the National Science, Technology and Innovation Strategy 2030. The number of public and private universities has been increased, with a diversification of educational programmes and paths, including a presence in most geographical areas. Nonetheless, the highest unemployment rates are still found among graduates of higher education.

In terms of the health sector, Egypt drafted a National Population Strategy and its five-year operational plan for 2015 to 2020. It is based on a set of themes related to family planning and reproductive health, including providing family planning services with health insurance and at all government hospitals and treatment institutions, and providing an adequate balance of family planning methods, as well as working on integrating population issues into the national education and awareness process.² Between 2014 and 2020, Egypt adopted a set of policies and procedures and launched a number of health programmes and initiatives aimed at achieving the strategic objectives of the health sector, which are related to the advancement of the public health of Egyptians within a framework of justice and equity, achieving universal health coverage, and improving health sector governance. These included initiatives to eradicate hepatitis C; the 100 Million Health Lives Initiative for Early Detection of Hepatitis C and Non-Communicable Diseases; the 100 Million Healthy Lives Initiative for Supporting Egyptian Women's Health; the 100 Million Healthy Lives Initiative for Early Detection of Obesity, Stunting and Anaemia

Among School Children; and the initiative to eliminate patient waiting lists. The average life expectancy at birth in Egypt increased from 70.3 years in 2010 (68.2 for men and 72.6 for women) to 71.8 years in 2018 (69.6 for men and 74.2 for women).³

Despite the progress made in the education and health sectors and the appropriations allocated to each of them, the Report emphasizes that a lack of (functional) funding remains one of the most important challenges in both areas. Government (functional) expenditures on education and health in Egypt are low compared to international levels. This lack of funding may negatively affect the quality of educational and health services provided, especially in light of the need for more supplies and equipment in some educational and health sector buildings, the obsolescence of assets, and the weak infrastructure in some facilities as a result of low maintenance appropriations.

Egypt has also made efforts on social housing with a view to empowering low- and middle-income groups. In 2014, it was announced that 1 million housing units would be established to support low- and middle-income earners and to promote availability to high-income earners.⁴ In addition, the number of beneficiaries of Egypt's Social Housing Program had reached around 312,000 by June 2030, with monetary support of up to EGP 4.9 billion distributed by the Social Housing and Mortgage Finance Fund (SHMFF). Moreover, mortgage financing of about EGP 30.8 billion was provided by banks and mortgage companies.⁵ The total number of the people who received support from the Fund had reached about 248,000 by June 2019, of whom about 20 percent were women.⁶ During fiscal year 2019/2020, there were nearly 64,000 beneficiaries (of whom about 25 percent were women), who received estimated total support of EGP 907 million and mortgage financing worth EGP 6.9 billion.⁷

In addition, as part of its policies on providing adequate housing, Egypt reduced the number of unplanned and unsafe settlements, in-

creased coverage of water and sanitation services, and expanded the services of its *Hayah Karima* (Decent Life) programme.

As a result of these efforts, the number of people living in settlements classified as unsafe had decreased by 35 percent in 2019. Egypt's sustainable development strategy aims to reduce the population of unsafe settlements by 100 percent by 2030. During the development of unsafe informal settlements, the basic services needed by citizens, such as schools, places of worship, youth centres, health centres, and others, were taken into account in order to ensure a safe environment. This approach may conform to the guidelines on the implementation of the right to adequate housing submitted by the Special Rapporteur on the right to adequate housing to the United Nations Human Rights Council, specifically the guideline on "implementing cross cutting strategies for the realization of the right to housing." The number of unsafe settlements developed between 2014 and 2020 in Egypt amounted to around 296 out of a total of 357.

The Report identifies several challenges related to investing in human capital in Egypt which decision makers are seeking to target with a number of policies. These policies include increasing government spending on the education, health and housing sectors, adopting alternative financing mechanisms, and increasing maintenance appropriations to overcome asset-related challenges and the weak infrastructure of service facilities. These policies seek to bridge the growing gap between the outcomes of different types of education and the demand in the labour market, as well as to review the institutional structures of the health, education and housing sectors and to reduce as much as possible any overlap or conflict in the mandates of the various relevant entities. They also aim to support and expand investment in community-based education and health systems. These moves are necessary for Egypt to tackle the increasing pressures on the service sectors that result from the country's continued population growth.

2. Economic reform in Egypt: Paving the way for a development shift

Egypt's 2014 Constitution emphasizes the equitable distribution of the proceeds of development; the reduction of income disparities, balanced geographical, sectoral and environmental growth; attention to small and medium enterprises; and regulating and integrating the informal sector. The Constitution also emphasizes the importance of maximizing investment in human capacity within the framework of sustainable development. The Sustainable Development Strategy: Egypt Vision 2030 and the Government Action Programmes emphasize that upgrading and improving the livelihood of Egyptian citizens is the main objective of all development policies and programmes in the current period and beyond.⁸

The Report details Egypt's economic reform programme, which aimed to achieve stability in macroeconomic indicators in order to ensure consistency and integration of financial and monetary policies in a manner that would provide a stable environment that enhances confidence in Egypt's economy and its ability to attract the high investment rates needed to achieve comprehensive development. The programme focused on reducing public debt and the volume of government borrowing (while allowing an appropriate amount of financing for the private sector and productive projects); on bridging the balance of payments gap; and on the return of foreign direct investment flows. Furthermore, the programme aimed to enhance the Central Bank of Egypt's ability to manage a flexible exchange rate system and to gradually shift to a system targeting low inflation rates to maintain Egyptians' real incomes and the competitiveness of the national economy. The Report also demonstrates the coherence of the economic reform programme, with the completion of a number of major projects in the areas of infrastructure, housing, utilities and transportation.

Various international institutions have praised the success of the economic reform process in Egypt. The International Monetary Fund (IMF),

in successive reports on the performance of Egypt's economy, has said that Egypt's economy continues to perform well despite the less-than-positive global conditions. This performance had led to a rise in the growth rate to 5.4 percent by fiscal year 2020/2021, while the budget deficit had decreased to 7.6 percent of GDP and the unemployment rate to 7.3 percent. In addition, there has been a decrease in the current account deficit, a recovery in activity in tourism (prior to the COVID-19 pandemic), and a decrease in total government debt, supported by financial control measures and high growth. The IMF also praised the strength of the banking system in terms of liquidity, profitability, capital, and its resilience to shocks.⁹

Despite the success of many economic and financial reforms, there are still pressing challenges that Egypt needs to address. These include identifying innovative development financing mechanisms in light of limited domestic resources, relatively low savings rates, and temporary setback in foreign investments (especially direct investments) due to COVID-19. There is also a need to increase growth rate of the manufacturing sector, and of public and private investments in this sector given its importance in growth and employment. In addition, non-tariff and export restrictions (such as technical and import requirements) represent challenges to Egypt's foreign trade performance. Moreover, there is a need to improve economic databases to enhance the ability to assess and foresee potential alternative policy outcomes.¹⁰

Despite a decrease in poverty rates to 29.7 percent in 2019/2020 from 32.5 percent in 2017/2018, the first such decrease in 20 years, more programmes are still needed to support this downward trend in poverty rates.

According to the Report, the policies Egypt plans to implement in the future aim to address these challenges and support Egypt's development path by supporting structural reform and focusing on productive activities, especially industry. They also aim to foster a business environment that will allow the private

sector to play an appropriate role in these activities, activating and revitalising the partnership between the State and the private sector to redress the lack of public resources. There is also a pressing need to reduce the negative effects resulting from Egypt's rising debt obligations by strengthening the management of public debt to slow this increase. There is also a need to lift customs and non-customs export restrictions and to simplify procedures to enhance exports and competition. At the same time, economic analysis at the level of decision-making should go beyond the assessment of aggregate indicators and should assess the extent to which Egyptians' right to development has been fulfilled and how the country's general economic performance is reflected in their living conditions. Analysis of the extent to which the proceeds of development are distributed equitably, both in terms of individual and regional distribution, is an important aspect of this field.

3. Social protection: Towards a more inclusive and empowering social contract in Egypt

The Constitution and the national sustainable development strategy together put forward the legal, institutional and political framework necessary to deal with the issue of social protection from a holistic perspective. The ultimate goal is to achieve social justice by moving from protection to justice through empowerment and working to expand Egyptians' choices by enhancing their capabilities and enabling them to access assets and resources. The limited developmental impact of the various social protection networks established in Egypt over the years has made a review of the system in Egypt necessary. Following the adoption of the economic reform programme in 2016, a shift took place in the rationale around social protection in Egypt. The Report outlines the fundamental legislative reforms that were enacted regarding some of the components of the social protection system, such as the issuing of the Social Insurance and Pensions Law (*Law No. 148 of 2019*) and the Comprehensive

Health Insurance Law (*Law No. 2 of 2018*). The policies that were pursued are largely consistent with the shift in views on social protection in international development discourse to seeing it as an inclusive right. These transformations represented a qualitative shift in the functions of social protection, from the protective function characterized by relief efforts to preventive and reinforcing functions.

Egypt has modified the rationale under which social safety networks operate, including the validity of beneficiaries, so that cash and in-kind transfers do not go to recipients who are not eligible. Empowerment is considered an essential component of the programmes provided by Egypt's Ministry of Social Solidarity, aiming to link cash transfers and economic and social empowerment programmes, as well as to include all vulnerable social groups, focusing on the poorest and most marginalized geographical areas, so as to contribute to achieving equity. Since 2015, Egypt has been implementing an expanded social protection programme, the *Takaful and Karama* (Solidarity and Dignity) programme, which was designed as a conditional cash transfer scheme that provides income to support poor families with children under 18. According to 2019 data, approximately 2 million families are covered by the programme.¹¹ It also specifically targets women, and nearly 90 percent of its targeted beneficiaries are women. The Ministry of Social Solidarity has also started to work systematically on the economic empowerment component through a set of programmes aimed at providing job opportunities and qualifying the poor to engage in the labour market. The *Forsa* "Opportunity" and *Mastoura* "Satisfied Needs" among others, fall within the framework of active labour market programmes, an essential component of any set of social protection policies.

There have also been efforts to improve the long-standing food subsidy system. Approximately 69 million people benefit from Egypt's ration card system and nearly 79 million benefit from the bread subsidy system, with spend-

ing on these two programmes amounting to about 6 percent of the state's general budget expenditures.¹² The reformed systems aim to distribute subsidies to eligible beneficiaries in a more efficient and equitable way.

Egypt's social insurance system has faced many problems, most notably low coverage and social insurance evasion prompted by negative incentives in law that do not encourage either employers or employees to make insurance payments. As a result, the government fails to collect contributions from both parties.¹³ This is in addition to the large informal sector outside the scope of social insurance protection. The new Social Insurance and Pensions Law (*Law No. 148 of 2019*) was issued to address these challenges, as well as to work to fundamentally resolve the financial entanglements of the public treasury and the National Investment Bank, to help ensure fair pensions for those entitled, and to achieve financial sustainability. It also aims to ensure that the social insurance umbrella is properly extended to irregular workers, both within the agricultural sector and outside it. The law also mandates that the social insurance system include several types of insurance.

Health insurance provision has faced a number of challenges over past decades, most notably the lack of coverage. Those outside the formal sector do not benefit from health coverage, and the families of the insured are also not covered. The General Authority for Health Insurance's preference to be the sole insurance service provider through its units led to both a slow expansion of insurance and a lack of competitors, affecting the quality of services provided. The Comprehensive Health Insurance Law (*Law No. 2 of 2018*) aimed to address these challenges, and represents a major legislative reform of the system. The basic rationale governing this legislative reform is based on principles such as inclusion. In addition to coverage for all citizens, the family is considered the unit of coverage, not the individual as in the past. Inclusion also means that all health services are covered. The sec-

ond key principle of the new comprehensive health insurance system is to ensure good governance, as the system is based on the separation of funding from service provision.¹⁴

The Report outlines the extent to which overpopulation has emerged as one of the most important issues putting pressure on the development of social policies, especially social protection and social and health insurance. As a result, the strategy formulated by the National Project for Family Development 2021-2023 aims to limit population growth and improve demographic characteristics by reducing the fertility rate from the current 3.4 children per woman (per 2017 census data) to 2.4 children by 2030 and 1.9 children by 2052.¹⁵

In order to develop the social protection system, Egypt is adopting policies to deal with the challenges revealed by the Report's findings, including changing the focus of the social protection system from quantity to quality. It is also working to expand the *Takaful and Karama* programme, with more scrutiny directed at targeting, specifically of families in extreme poverty, who make up 4.5 percent of the population according to the 2019/2020 census. In addition, it is working to provide unified databases covering all components of the system, to strengthen institutional reform and to coordinate between non-government entities that provide social assistance and play protective roles, such as religious institutions and NGOs. It will do this through the creation of a consolidated database of aid recipients, through coordination of efforts, and through the establishment of effective mechanisms for complaints and to achieve equity, as a basis for building trust between citizens and the state, while also supporting existing mechanisms. In general, there is a need to provide financial, institutional, and human resources to ensure the effective implementation of the new laws, as they are the cornerstone of the new social and health insurance system, while also supporting moves to eliminate any indications of discrimination or disempowerment.

4. COVID-19: Managing the crisis and accessing opportunities

The outbreak of COVID-19 was an unprecedented shock to economic activity worldwide. Countries, including Egypt, have shifted their focus to addressing the impacts of the pandemic, which has drained state resources and has affected the lives and livelihoods of millions of people, moving many into poverty. It should be noted, however, that the progress of the national economic and social reform program in Egypt since 2016 has greatly helped its ability to confront the crisis. Egypt issued many proactive measures to confront the negative economic repercussions of the spread of COVID-19. In addition, it responded flexibly to the developments of the situation and worked to achieve a balance between preserving human health and continuing economic activity. Initially, it allocated EGP100 billion out of the general budget, in addition to developing monetary policies to reduce the negative effects on the sectors most affected by the crisis. The stimulus packages range from regulatory measures to limit the spread of the pandemic and another set of monetary support measures for specific areas, especially health and social protection. It also ensures that support is directed to the most vulnerable groups, including irregular workers.

Despite the positive impact of these policies and measures in maintaining the achievements of the economic reform programme, the country's foreign exchange reserves nonetheless dropped from USD\$45.5 billion in February 2020 to \$37 billion in May 2020. Reserves then increased to \$38.4 billion in September 2020, and further increased to \$40.5 billion in June 2021. The target growth rate during the fiscal year 2019/2020 was also reduced from 6 percent to an achieved growth of 3.6 percent, and tourism sector revenues witnessed a sharp decline estimated at 84 percent in the period from April to June 2020, compared to the corresponding period of 2019. However, some economic sectors have managed

to adapt to the challenges and opportunities presented by the pandemic, including the ICT sector, agriculture, the pharmaceutical and chemical industries, and construction.

In regard to the health sector, Egypt adopted a phased plan to deal with the pandemic, and strengthened the Ministry of Health and Population's investment plan for 2019/2020 with additional appropriations amounting to EGP 350 million in order to increase the capacity of hospitals to deal with COVID-19.¹⁶ The education sector demonstrated an acceptable level of preparedness when tackling the crisis, especially with regard to the use of distance learning in schools and higher education institutions. On social protection, Egypt added 100,000 new families affected by the pandemic to the *Takaful and Karama* social safety net programme. It also decided to raise the programme's cash transfer budget from EGP 18.5 billion to EGP 19.3 billion.¹⁷

Egypt is a leading country in term of its rapid response to the situation of women during the COVID-19 pandemic. Egypt developed around 165 policies, resolutions and measures through January 2021 that observe women's needs during COVID-19. These measures and policies take into account different groups of women, such as women with disabilities, elderly women, and pregnant women. Egypt is also considered one of the first countries in the world to issue a mechanism to monitor the policies and measures taken in response to the women's needs during COVID-19 outbreak, through the National Council for Women.¹⁸ Due to the focus on developing policies and measures directed at women, UN Women and UNDP praised the measures implemented by the Egyptian State in a report that monitored the global gender response. The report showed that Egypt ranked first among North African and Western Asian countries in terms of measures and procedures taken in three areas, including economic protection for women, unpaid care, and combating violence against women.¹⁹

As a result of the efforts of the State, with all its governmental and legislative institutions, as well as the private sector and civil society, international institutions have forecast an easier recovery for the Egyptian economy than the countries of the region and praised the measures taken by Egypt. Both the World Bank and the International Monetary Fund pointed out that Egypt is the only country in the region that has succeeded in achieving positive growth rates despite the crisis.

Despite the negative effects of the crisis resulting from the pandemic, there are also opportunities available, perhaps the most important of which is the opportunity to benefit from the decline in trade growth rates and protectionist restrictions by strengthening local manufacturing and better integrating into international value and supply chains, especially in the fields of food and pharmaceutical industries, to meet the increasing demand. In addition, it is a challenge to make use of automation and digitization in the ease and speed of access to vulnerable groups. This challenge has been overcome, which is an added value to the institutional capabilities of the social protection system. These capacities must be further supported by creating accurate information and databases on vulnerable groups that are exposed to poverty, and also by building the capacity of employees and those in charge of targeting in order for the system to become even more accurate. Furthermore, the registration of casual workers in the Ministry of Manpower's database should be optimally used to identify the true size of this sector, the most vulnerable groups, the reasons for their vulnerability and the nature of the work they carry out.

5. Renaissance of Egyptian women: Leading roles and societal contributions

As part of the right to development, Egypt has made efforts in recent years to promote the integration of women and the mainstreaming of women's issues into various policies, and to enhance their political, economic and social

role. These efforts have seen positive results despite major difficulties and challenges. The country's 2014 Constitution and subsequent constitutional amendments in 2019 devote significant attention to the issue of gender equality and the promotion of women's rights. Since 2014, many laws and legal decisions related to women have been issued, including *Law No. 78 of 2016* which amends some of the provisions of the Penal Code (*Law No. 58 of 1937*) relating to female genital mutilation (FGM) to allow for more severe sentences. In addition, *Law No. 6 of 2020* amends other provisions of the Penal Code to strengthen penalties for those evading alimony payments, as well as criminalizing bullying in its forms. Furthermore, several important new laws include provisions that ensure gender equality in opportunities and rights, including the Investment Law (*Law No. 72 of 2017*); the Comprehensive Health Insurance Law (*Law No. 2 of 2018*); the Law on the Rights of Persons with Disabilities (*Law No. 10 of 2018*); and the Inheritance Law (*Law No. 219 of 2017*), which amended *Law No. 77 of 1943*.

In 2017, which was designated the Year of Egyptian Women, Egypt adopted the National Strategy for the Empowerment of Egyptian Women 2030, which highlights the role of women as key actors in achieving sustainable development. The strategy includes four main themes: political empowerment and decision-making positions, economic empowerment, social empowerment, and protection. All four pillars are considered to intersect with cultural promotion and awareness raising.

With regard to political empowerment, the 2014 Constitution recognizes women's rights and emphasizes their importance and central role in society, explicitly stipulating equality between men and women in civil, political, economic and social rights. The Constitution guarantees women the right to hold public office and senior management positions and to be appointed to judicial authorities and bodies. It also guarantees women adequate representation in parliament. It requires that women oc-

cupy a quarter of the seats on local councils and at least a quarter of the seats in the lower chamber of parliament (the House of Representatives), and no less than 10 percent of the total seats in the upper chamber (the Senate). As result of these changes, Egypt's ranking on the political empowerment index of the 2021 Global Gender Gap Index was 78th out of 156 countries, the highest ranking the country has achieved in the past 10 years.

It should be noted that there are ongoing efforts to support women assume leadership positions. In the case of judicial bodies, Egypt has developed a number of mechanisms, including criteria for selecting candidates for judicial positions that avoid discrimination against women and prioritize competence, with women starting to be appointed in all institutions and at all judicial levels. This was clearly reflected in the directives of the president to the Ministry of Justice regarding the appointment of women to the State Council and the Public Prosecution, adopted by the Supreme Judicial Council in May 2021, in line with the constitutional provisions that guarantee equality between citizens.

In terms of economic empowerment, there has been a clear improvement in unemployment rates among women, but they are still high compared to those among men, and women's overall participation rate in the workforce is still low. As the Report shows, Egypt is making efforts to promote women's economic empowerment through the provision of microfinance. The end of the first quarter of 2019 saw growth in the value of microfinance balances of institutions affiliated with the Financial Regulatory Authority, as well as with the number of beneficiaries, compared to the end of the first quarter of 2018. Women also hold a larger share of microfinance loans than men. Furthermore, many efforts have been made to enhance the financial inclusion of women, including the signing of a memorandum of understanding (MoU) between the Central Bank of Egypt and the National Council for Women on enhancing financial inclusion by raising

saving rates; encouraging women's entrepreneurship by boosting their access to financial services, especially banking services; and increasing financial awareness by spreading financial know-how among female school and university students.²⁰ Despite the remarkable improvement in some financial inclusion indicators on the Global Financial Inclusion Index, the percentage of both men and women with access to financial services is still low. Moreover, there is a clear gap between the genders in these indexes.

With regard to the social empowerment of women, Egypt has paid particular attention to reproductive health. This issue affects economic and social development, as women who enjoy good reproductive health are more inclined to invest in health and education for themselves and their children. In light of this, Egypt's National Population Council issued the National Reproductive Health Strategy 2015-2020, which includes three main themes: supporting and strengthening the health system, raising community awareness, and developing and supporting reproductive and sexual health programmes for adolescents and young people.²¹ Egypt's maternal mortality rate has decreased significantly in the last 10 years: declining from 54 in 2010 to 52 in 2014 and then to 44 in 2018, per 100 thousand live births. According to the Global Gender Gap Report 2021, Egypt ranks fourth out of 19 countries in the Middle East and North Africa group, with a score of 0.639. This marks Egypt's highest rank on the list in the past 10 years.

Egypt is working to provide a set of programmes related to the protection of Egyptian women. The National Council for Women issued the National Strategy for Combating Violence against Women 2015-2020 which included four main themes: prevention, protection, legal prosecution, and interventions. It aims to raise awareness about all forms of violence against women, the laws that support women in this regard, and the necessary measures to protect women. In 2020, a draft law was approved on the confidentiality of

the data of victims of sexual harassment and assault, signalling Egypt's commitment to protecting women by providing an enabling environment for them to report abuse without fear of the social repercussions.

Egypt has also issued the National FGM Abandonment Strategy 2016-2020, which aims to reduce rates of FGM, enforce and strengthen legislation criminalizing FGM, educate the community about its harms, and increase punishments for doctors who carry it out. The Penal Code was amended by *Law No. 78 of 2016* to include more penalties for carrying out FGM, and the crime was changed from a misdemeanour to a felony. Penalties now range from five to seven years in prison for those who practice FGM, with sentences of up to 15 years if the procedure results in permanent disability or death. The amendment also stipulates that a person seeking to have the FGM procedure be performed on another can be punished with a prison term. In addition, *Law No. 10 of 2021* amended some other provisions of the Penal Code related to FGM, aiming to prevent offenders from using any manipulation or legal loopholes to escape punishment. Any reference to medical justifications for FGM were eliminated and separate punishments were introduced for doctors and nurses.

Providing legal support to women is one of the priorities of the National Council for Women. The Council established the Women's Complaints Office and created branches in all governorates, to represent the link between the Council and women who are subjected to any kind of practices that constitute discrimination or violence against them or a violation of their rights guaranteed by the Constitution and by law, or violation of the principle of equality and equal opportunities, whether in the public domain, at work, or in the family environment.

The Report also looks at several upcoming policies that will enable Egypt to deal with the challenges facing women's empowerment. These measures include building human capacities and strengthening the approach to gender-based planning to make it more ac-

cessible to women and to enhance the process of their empowerment; ensuring gender issues are taken into consideration when conducting any statistical surveys; strengthening monitoring and evaluation systems that identify progress and the challenges facing the implementation of policies and development programmes related to women; ensuring the correct and strict implementation of laws; and continuing the existing approach of amending laws related to women's rights. Interventions related to women's political participation will also continue to be adopted as part of this approach because of their significant impact on economic and social empowerment. Egypt will also work to raise awareness and overcome misconceptions about women's issues, in cooperation with civil society organizations, the private sector, women's organizations and the media, with the aim of overcoming harmful cultural norms.

The Report details the many laws and legal decrees that were issued during the first half of 2021 that support the rights of Egyptian women and girls, perhaps the most important of which is *Law No. 10 of 2021* which amends some provisions of the Penal Code related to the crime of FGM (as mentioned above), and the ministerial decrees issued by the Minister of Manpower (*No. 43 and 44 of 2021*) that annul previous decrees that discriminated against women. These decrees lift the ban on women's employment in several industries, professions and businesses, and explicitly reiterate women's right to work at night should they wish to do so.

6. Managing the environmental protection ecosystem in Egypt: Towards achieving a sustainable environment and addressing climate change risks

The Sustainable Development Strategy: Egypt Vision 2030 recognizes the environmental dimension of sustainable development. The strategy aims to integrate environmental aspects into the various economic sectors, to

achieve effective management of natural resources, preserve natural assets in Egypt, and ensure the rights of future generations to development. This would support economic competitiveness, create job opportunities, end poverty and achieve social justice. The 2014 Constitution stipulates, in Articles 45 and 46, certain provisions for the protection and preservation of the environment, and lays out obligations to protect the environment as a pillar of sustainable development.

Egypt ranks 94th out of 180 countries on the 2020 Environmental Performance Index rankings, with a total of 43.3 points out of 100.²² The Report shows that the improvement of the Egyptian position was the result of the improvement in scores on air quality, freshwater and sewage management, in addition to the reduction of greenhouse gas emissions as a result of the reform of power policies, expansion in the use of renewable energy and improvements in energy efficiency. Despite the adopted reforms, problems related to air, water and soil pollution negatively affect the local and national environment. As a result of the large population and economic growth, and the production of large quantities of waste, Egypt faces a number of environmental problems caused by air, water and soil pollution that put great pressure on its limited natural resources. Due to the limited economic opportunities and the poor infrastructure in some areas, Egypt is experiencing increasing rates of migration from rural to urban areas, adding more pressure on these already overstretched urban environments.

Air pollution is a difficult challenge in Egypt and has a significant negative impact on public health. Suspended particulate matter, especially PM2.5, has negative health effects. Among the national initiatives of priority in this regard is the establishment of a national system for monitoring, reporting and verification, in addition to developing several programmes that address climate change as part of the Sustainable Development Strategy: Egypt Vision 2030.

The Report outlines Egypt's dependence on the Nile River for its fresh water resources, as it receives around 97 percent of its potable water from this source. As a result, Egypt's water security can be affected by any issues in upstream countries, as well as by the potential impacts of climate change. It is also expected that the average per capita share of all possible fresh water resources in Egypt will decrease in the coming years, and it will enter the water poverty cycle due to limited water resources and its growing population.²³ Egypt plans to implement various projects to ensure efficient use of water resources, increase the availability of fresh water resources, and improve water quality.

Solid waste management is a critical environmental issue in Egypt. The increasing amount of waste produced is due to population growth, changes in consumption patterns, changes in waste characteristics, the low level of technology used for waste disposal, and a shortage in sustainable financing. These issues represent a major set of challenges for Egypt.

With regards to climate change, Egypt has taken several steps towards climate change adaptation, and various institutions have developed a number of adaptation strategies. The Cabinet issued the National Strategy for Adaptation to Climate Change and Disaster Risk Reduction in 2011,²⁴ while the Ministry of Water Resources and Irrigation developed a climate change strategy in 2013 focused on adaptations in regard to water resources.²⁵ In addition, the Environmental Affairs Agency issued the National Strategy for Mainstreaming Gender in Climate Change in Egypt.²⁶ Although these plans and adaptation policies are fit for purpose, the implementation of these policies and plans is still in the early stages.

Renewable energy is one of the climate-friendly sustainable energy options that have been recently expanded in Egypt, given its strong potential to develop renewable energy sources. Egypt's sustainable energy strategy aims to achieve the goal of producing 42 percent of in-

stalled electric capacity using renewable energy sources by 2035. Currently, Egypt's renewable installed capacity is about 5.8 gigawatts. In order to develop the renewable energy market, Egypt has made significant improvements to its renewable energy policy framework, which has attracted more private investment. Egypt has also adopted a set of enabling policies, including the feed-in tariff for renewable energy supplies, a net consumption measurement policy, and competitive bidding and tender procedures.

Egypt is taking steps to improve the quality of the environment in order to both protect the health of millions of its residents and to improve the quality of their lives. However, there are many upcoming policies that the government is seeking to implement, as the Report showed, which aim at addressing the root causes of environmental challenges. For example, changing consumption habits requires significant efforts around education and public awareness. In order to change unsustainable patterns of consumption and production, the Egyptian economy must go through a transitional phase towards building a circular economic model, in which waste incineration and disposal in landfills is at a minimum level and recycling and reuse processes are expanded. Government spending can also become an effective tool in stimulating sustainable consumption and production patterns in Egypt, by directing government spending and government purchasing towards green services and products. In 2020, Egypt issued the country's first green bonds, at a value of \$750 million, to finance or refinance green projects in sectors such as transportation, renewable energy and energy efficiency, and this move towards green bonds must be strengthened. In addition, the promotion of a clearer understanding of the interdependence between water, energy, food and climate policy in Egypt would create an informed framework that allows trade-offs and synergies to be identified that meet the demand for those resources, without compromising sustainability.

7. Governance: Towards an effective ecosystem for managing the affairs of the State and society

In recent years, Egypt has taken steps to strengthen governance through developing clear policies and programmes in various fields and on a number of issues, as the Report outlines. In terms of political rights, the 2014 Constitution aimed to support the values of democracy and freedom, guaranteeing the freedom to form political parties.

It is worth noting that the wave of terrorism and extremism witnessed by Egypt in the first half of the decade has played a major role in escalating the challenges it faces around development. This has resulted in significant economic losses such as increasing poverty and unemployment rates, a decrease in foreign currency reserves, and a decline in foreign investment. However, Egypt has largely succeeded in reducing terrorist operations through two main approaches. In terms of its

security approach, it has cut supplies to terrorist groups and has gone after such groups. The second approach is to establish developmental projects in areas which are most vulnerable to hosting terrorist groups. It has also launched initiatives and awareness campaigns to protect society against terrorism and extremist ideology.

Egypt has also sought to address the international community, especially the European Commission and the broader European Union, regarding its comprehensive vision of human rights issues. This expanded vision includes economic and social rights as well as political rights, and Egypt seeks to relate with international visions in this regard, in a way that does not undermine its sovereignty and national security.

In addition, *Law No. 149 of 2019* and its associated executive regulations was issued to regulate the work of NGOs. It reflects the importance of civil society as an essential partner in the development process and includes pro-

visions that enhance the role of the sector and empower it to achieve its goals. In addition, the National Human Rights Strategy 2021-2030 was drafted.

The Report highlights the legislative and institutional reforms to the electoral process implemented in the past 10 years in order to enhance its integrity and transparency. In this period, the National Elections Authority was established as an independent body that manages the presidential, parliamentary, and local electoral processes. In addition, regulations around campaign financing were put in place and judicial oversight of the electoral process was enhanced.

With regards to administrative reform, an integrated vision on administrative reform was launched in 2014 with the aim of developing an efficient and effective administrative apparatus characterized by governance, subject to accountability, and strongly contributing to achieving the development goals of the State and to raising the level of citizens' satisfaction. To implement this vision, Egypt has taken a number of measures, including issuing the Civil Service Law (*Law No. 81 of 2016*) and its executive regulations, representing a major turning point for Egypt's public administration system. Other measures include legislative reforms, institutional development, capacity development, automation of government services and developing databases.

In 2017, Egypt announced measures to transition to performance and programme-based budgeting, control state expenditures and to link financial allocations for programmes to performance indicators for evaluation, with the aim of contributing to the effectiveness and efficiency of development programmes. Both the Ministry of Finance and the Egyptian Tax Authority are working on improving the tax system, including via automation to combat tax evasion, increase collection rates, and integrating the informal sector into the formal economy. In addition, in recent years there has been significant development in the Ministry of Finance's financial reporting systems. Reports

are now more detailed in terms of information and analysis, allowing for greater transparency regarding the state's economic and fiscal situation. Draft and final state budgets are now published as well, along with other relevant budget documents.

In terms of administrative monitoring and evaluation, Egypt has established a national system to monitor and evaluate governmental performance, with objectives including monitoring, and evaluation of the performance of all state agencies to address deficiencies via urgent intervention measures. This system is linked to the state's general budget in order to ensure the efficient allocation of resources.²⁷ Egypt has also established an integrated system to prepare and monitor its investment plan, within the framework of efforts to develop the planning process and enhance administrative accountability, transparency and effectiveness.²⁸

Egypt has taken steps to combat corruption, in line with the provisions of Article 218 of the Constitution, which obligate the State to combat corruption and uphold the values of integrity and transparency. Egypt has also prepared a second version of the National Anti-Corruption Strategy 2019-2022. Furthermore, it has also worked in recent years on enhancing transparency and participation and followed a general approach of improving communication processes with citizens and keeping them informed through different mechanisms, especially social media.

Digital transformation has topped Egypt's priorities due to its importance in enhancing governance in terms of improving effectiveness and spending efficiency, reducing corruption, enhancing responsiveness, and improving accountability. In 2019, Egypt launched the government e-payment system, which aims to boost the performance of public finances through good and effective management of cash flows, and to increase the efficiency of the implementation and performance of the State's general budget.

With regard to the localization of the Sustainable Development Goals, the 2014 Constitution sought to empower local administration. It ensured support for administrative, financial and economic decentralization in pursuit of social justice. Two draft laws on the general planning of state and local administration were subsequently developed, in line with the constitutional provisions related to decentralization.

Egypt's policies in the upcoming period aim to improve performance on international and regional indicators in terms of governance and anti-corruption by promoting digital transformation. This move towards digitalization has been proven to be of great importance during the COVID-19 pandemic, justifying the focus and investment on this issue recent years. Egypt views the issue of digital transformation as part of a larger framework of digital inclusion, which includes issues of digital transformation and cybersecurity, and issues related to enhancing the digital capabilities of all members of society, to ensure the right of

individuals to development in its modern aspects, while coping with the current requirements. Egypt is also seeking to empower local administration by accelerating the issuance of the aforementioned related laws. In addition, it will increase investments directed to the governorates according to financing formulae that take into account the development disparities between the different governorates, as well as supporting local capacity building and preparations for holding local elections. Egypt aims to continue strengthening government communication and to adopt a more transparent and detailed approach to the circulation and dissemination of information. It also seeks to provide feedback mechanisms that will allow citizens to express their opinions and state bodies to respond to them. This is in addition to cooperation and coordination between state authorities, the private sector, civil society, and citizens, as all have a role to play in, and a responsibility for, the process of strengthening governance.

Conceptual framework and methodology

Conceptual framework

Development is a human right which implies the need to observe many principles, including participation, peace, equality, and rule of law. According to Article 8 of the Declaration on the Right to Development, adopted by the United Nations General Assembly in 1986, states “should undertake, at the national level, all necessary measures for the realization of the right to development and shall ensure, inter alia, equality of opportunity for all in their access to basic resources, education, health services, food, housing, employment and the fair distribution of income. Effective measures should be undertaken to ensure that women have an active role in the development process.”¹

Since then, international discussions around the concept of human development have focused on the idea that “people are the real wealth of a nation,” as stated in the United Nations Development Programme’s (UNDP) first Human Development Report, issued in 1990. The report emphasized that economic growth in itself is a means of development but not its primary goal. Human development is the process of expanding the range of people’s choices, and these choices may change over time, but include three main elements: a healthy life, access to knowledge, and access to the resources necessary to live at a decent standard. If these three choices are not available, people will be unable to access opportunities.² If more people gain abilities and skills and enjoy the opportunities to use those capacities, the scope of their choices will be expanded. Accordingly, it can be said that human development reflects the balance between capabilities and opportunities.³

Sustainable development “meets the needs of the present without compromising the ability of future generations to meet their own

needs.”⁴ It is a comprehensive approach that looks at the economic, social and environmental dimensions of development. Based on this concept, the 2030 Agenda for Sustainable Development, made up of 17 Sustainable Development Goals (SDGs), was adopted by the United Nations General Assembly in 2015.

The SDGs are considered the destination of development efforts, and strengthening levels of human development helps to reach that destination.⁵ There are common links between human development and the SDGs; both focus on pivotal issues such as reducing poverty, reducing inequality, and ensuring gender equality, among others.⁶ But while human development is part of the process of achieving the SDGs, it is a broader overall goal that goes beyond the target of 2030.

A number of elements help foster development, such as economic and social reforms that create inclusive growth, reduce poverty and enhance well-being. Other elements include investment in human capital, the promotion of environmental sustainability, the empowerment of women, and the strengthening of governance. Many research studies that have looked at the correlation between economic growth and human development affirm that the relationship between the two is reciprocal: while economic growth provides the resources needed to improve human development, improving conditions related to human development can have a positive impact on economic growth as well.⁷ Economic reforms, especially in the field of infrastructure, also have a relationship with economic growth. Accordingly, if countries pay more attention to economic reforms and investment in infrastructure, their human development indicators will be improved.⁸ In Egypt, the recent economic reform programme and related investments in infrastructure and in major state projects have led to positive results reflected in economic growth and unemployment figures, which are expected, in turn, to positively impact human development indicators.

There has been considerable research into the impact of social spending on human development. These studies all conclude that increasing this type of spending has positive impacts on the levels of human development.⁹ In particular, public spending on policies targeted at the poor positively affects well-being.¹⁰ These studies look at the impact of social protection programmes, including social safety nets, on reducing poverty and promoting economic growth by providing services to the poorest groups. As a result, these programmes are considered a stimulus for inclusive growth.¹¹ Decision makers in Egypt have realized the importance of social protection programmes and social safety nets and have implemented a number of major policy transformations that have had led to qualitative transformations in social protection programming. These programmes have been transformed from relief functions to preventive and promotive functions, with the aim of empowering the poorest people in society.

Several studies have emphasized the importance of human capital as one of the main factors in promoting economic development and growth in both the short and long term.¹² These studies have demonstrated that increased spending on health and education contributes to promoting human development,¹³ and that the increased spending has positive impacts on health care, child mortality rates, illiteracy rates and school enrolment.¹⁴ Given the importance of health as one of the basic elements of human development, including aspects of expenditure and life expectancy at birth, many studies have looked at the relationship between spending on health and economic growth. These studies have proved that increased spending on health positively affects high rates of economic growth¹⁵ and therefore positively impacts human development. The same applies to education: studies have shown that the increased spending on education contributes to increasing economic growth rates¹⁶ and thus improving human development levels. The 2014 Constitution of Egypt affirmed the importance of spending on education and

health and mandated increased spending in these areas. Egypt has followed this approach in recent years due to confidence that increasing public spending on these services will enhance the levels of human development in the country. Studies have also indicated a positive correlation between housing and economic and social growth. Providing housing at reasonable prices enhances economic growth,¹⁷ and investing in social housing can have a significant impact on the health and well-being of beneficiaries. Furthermore, providing housing for low-income people or those who are unable to obtain adequate housing also supports equality and contributes to reducing poverty rates.¹⁸ Egypt has adopted this approach in recent years, making efforts to support adequate housing, eliminate unsafe settlements, and boost the amount of social housing available to low- and middle-income earners.

Human development is also affected by environmental factors; for example, air pollution affects people's health, especially that of children, and may increase mortality rates. Inadequate sanitation services and lack of hygiene also affect people's health. Furthermore, natural disasters and the resulting damage are one of the main factors that affect people's lives,¹⁹ capabilities and opportunities. The poorest are usually the most vulnerable to water and air pollution, as well as to natural disasters, which reduces resources and increases poverty rates.²⁰ Given the importance of environmental issues in achieving human development, human development reports since 2011 have singled out indicators on environmental sustainability, such as primary energy supplies and carbon dioxide emissions, using differing environmental indicators over the years. In 2013, environmental sustainability indicators included greenhouse gas emissions, natural resources, and the number of deaths as a result of natural disasters.²¹ This focus on environmental issues in the reports has likely prompted a number of researchers to work to include environmental indicators, through quantitative studies, within human development indicators, in order to achieve a balanced understanding

of human development.²² Egypt pays great attention to issues related to climate change and in recent years has focused on investing in renewable energy, which contributes to reducing emissions and on providing a range of climate-friendly opportunities to mitigate climate risks while achieving sustainable economic development.

Gender equality is an important component of human development as an expanding gap between men and women will have a negative impact on human development levels.²³ Social customs and norms can also affect men and women's equality in access to resources and services. By contrast, equality between the genders positively impacts many fields such as education, health, social protection and work;²⁴ many studies have concluded that there is a positive correlation between women's empowerment and economic growth.²⁵ Policies that support women's empowerment in education, health and work increase economic growth rates, and thus boost levels of human development.²⁶ Egypt has worked to promote the political, economic and social empowerment of, and protection of, women. These efforts have been positively reflected in the unemployment rates among women and in women's participation in political life. Measures to protect women have also been strengthened.

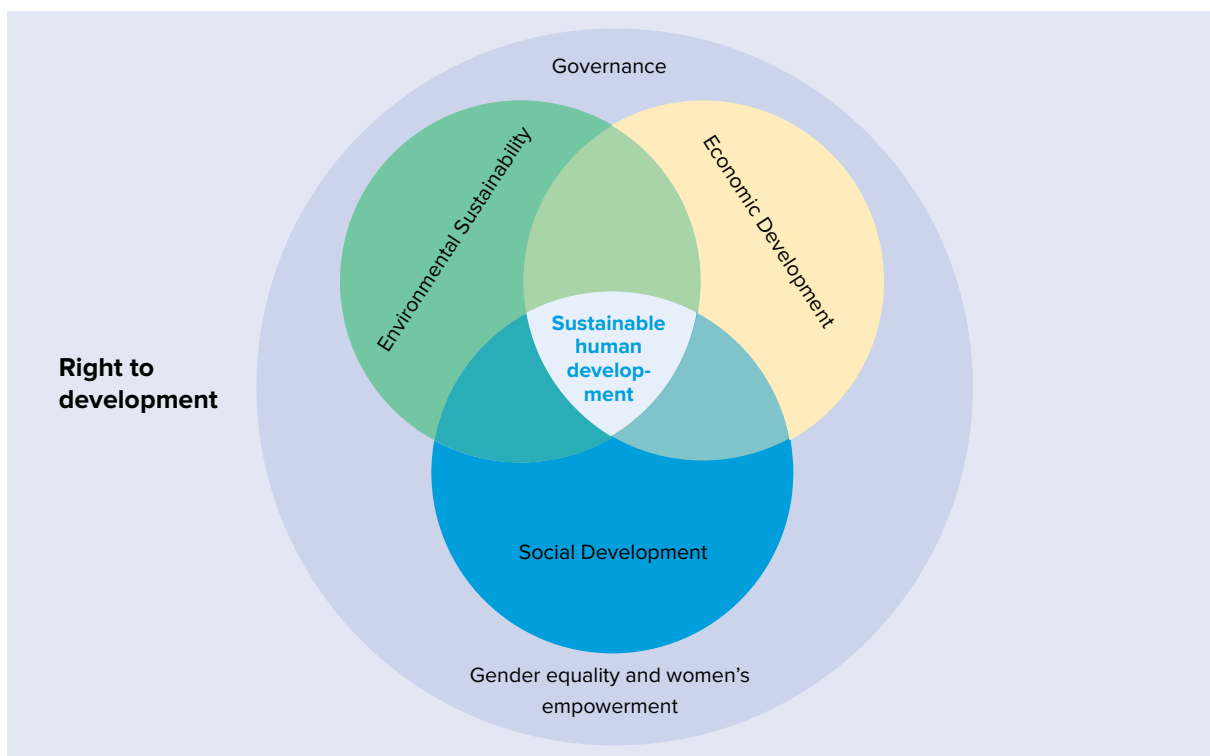
Governance also has an impact on human development by impacting the effectiveness of services related to development. Studies have proven that institutional capacities are a key determinant of outcomes related to health systems, to improving school enrolment rates, and to promoting economic growth.²⁷ Many studies have demonstrated the close relationship between the principles of governance and human development, with government effectiveness, rule of law, regulatory quality, transparency, and anti-corruption measures all contributing to human development. Countries with high levels of good governance also

typically enjoy high rates of human development,²⁸ for example in developed countries such as Austria, Belgium, Denmark, and Germany, which have high scores on governance indicators.²⁹ Governance-related indicators have witnessed a noticeable improvement in Egypt in recent years as the result of reforms in a number of areas. Especially significant have been efforts at administrative reform and combating corruption, in addition to the political reforms guaranteed by the 2014 Constitution. These reforms are expected to have a positive impact on human development.

The Egypt Human Development Report 2021 is based on the ideas outlined above, the right to development and a country's people as its real wealth, and centres human beings in the process of change and development. The Report identifies a set of approaches to achieving these two principles and thus improving levels of human development in Egypt. These approaches include investing in human capital, promoting economic and social reform, enhancing environmental sustainability, empowering women, and strengthening governance. The Report considers both the latter two issues, empowering women and strengthening governance, to intersect with all the other approaches. For example, economic and social reforms require parallel policies to empower women both economically and socially. It also requires strong and supportive institutions that are able to implement reforms and policies effectively and efficiently. The Report also assesses that these stimuli will not only boost human development but ultimately function as building blocks on the path to achieving sustainable development. The aim is not only to achieve the 2030 Agenda and the SDGs, but to foster long-term sustainable development beyond 2030.

The following figure illustrates the conceptual framework on which the Egypt Human Development Report 2021 is based.

Catalysts of the right to development



The Report scrutinizes the steps taken by Egypt over the past decade and analyses these measures in light of human development drivers, from the perspective of the right to development. The Report discusses the future path for the reforms undertaken in terms of the plans and strategies prepared, and in light of the evolution of development thought at the global level and the relevant successful international experiences and expertise. Its methodology is based on an analysis of indicators and data, and it raises issues that reflect the intersection and interactions between the different variables, and their cross-cutting impacts. It also reflects the intersection between the three dimensions of sustainable development: economic, social and environmental. The analysis also depends on developing coherent and comprehensive frameworks for the policies and actions taken by Egypt during the previous years in contexts commensurate with international development thought, reflected in the reports of various United Nations funds, programmes and specialized agencies, and the sustainable development agenda. The

analysis also gives considerable weight to the impacts of the COVID-19 pandemic on the issues discussed in the Report.

Methodology and reporting

The Egypt Human Development Report 2021 is based on an analytical methodology that relies on a variety of primary and secondary sources. The experts who drafted the Report conducted a number of interviews with groups of specialists and decision makers to deepen their understanding of a range of different issues and policies and to verify data and information. The Report used data from local, regional and international sources, and looked at the results of indicators related to the SDGs and to national sustainable development goals. The most important databases for analysing the demographic situation and economic performance at the macro, sectoral and geographical levels include Egypt's economic census of 2017/2018; the Household Income, Expenditure and Consumption surveys of 2015, 2017 and 2019; and the Population, Housing, and

Establishments Census of 2017. Other databases used include the general state budget and final accounts, and national accounts data over the past 10 years. The Report also relies on the Central Bank of Egypt's database on monetary and foreign trade indicators.

In addition, the Report relied on a set of reports on human development, both international and national, which helped generate fruitful comparisons between Egypt and other countries, enriching the Report's conceptual framework. A range of other sources were also used in the drafting process, including the 2014 Constitution, various laws and regulations, national and international reports, the national sustainable development strategy (Egypt's Vision 2030), the National Strategy for the Empowerment of Egyptian Women 2030, the Administrative Reform Vision, the National Anti-Corruption Strategy, and Voluntary National Reviews, in addition to the various statistics and data contained in the self-assessment report within the framework of the African Peer Review Mechanism. Also used were reports and statements issued by the National Council for Women and the Egyptian Women's Observatory on Egyptians' perceptions of women's economic participation and women's rights, reducing the gender gap in education and employment, and the empowerment of women in the ICT sector.

The Report comprises six chapters that monitor and assess a number of different development topics over the past ten years: investment in human capital, economic development, social protection, women's empowerment, environmental enhancement, and governance. The Report aims to ensure overall consistency as well as to explore the intersections between the different topics, both conceptually and in terms of data.

The analysis also gives considerable weight to the COVID-19 pandemic's ramifications for these development issues, while maintaining the core aim of the Report: to monitor and analyse Egypt's development path over recent years and to provide a general framework for future directions and policies.

The Report also presents a set of comparisons between Egypt and other countries that the authors believe could be beneficial. The countries compared are drawn from the 10 that precede Egypt on the Human Development Index in the 2019 and 2020 rankings; other Middle Eastern and North African (MENA) countries that, like Egypt, do not export oil; and other countries classified by the World Bank as middle-income.

The Report includes a set of frameworks that demonstrate successful experiences in the context of development in Egypt, aiming to shed light on them. These include the Egyptian Women's Health Support Initiative, the changes in health insurance system governance, the measures taken to deal with the COVID-19 pandemic, and the National Anti-Corruption Academy.

The process of preparing the Report involved cooperation with a number of Egyptian government agencies in order to provide the necessary information, documents and data.

The preparation of the Report was led by the Ministry of Planning and Economic Development, and the Report has been comprehensively reviewed by a number of experts and specialists in the topics it discusses, including former ministers; research institutes; academics; experts in economics, political science and social policies; and representatives of civil society.

Chapter 1

Investment in human capital:

Towards a modern system of education,
health and adequate housing





Investment in human capital is one of the basic components for development and one of the fundamental rights enjoyed by human beings. It is considered the core of the sustainable development process. This investment is linked to a set of direct and indirect personal and social gains that make it essential in achieving all three dimensions of sustainable development: economic, social and environmental. Healthy people and people who have access to quality education are better able to contribute to their communities, as they are more able to work, produce, innovate, tackle crises, or solve or adapt to problems compared to people who are less healthy and have not had access to quality education. In addition, they are more aware of and more like to follow the sustainable production and consumption patterns that are needed to address environmental and climate challenges. They are also able to achieve higher levels of income, enabling them to break out of the cycle of poverty and achieve an acceptable standard of living. Investment in human capital has therefore been a key focus for decision makers around the world, and likewise is among the spending priorities for governments in developed countries.¹

The right to adequate housing is fundamental to human rights and human dignity. Accordingly, work to realize this right affects the whole development process and is one of the main entry points for investment in human capital. According to the United Nations Committee on Economic, Social and Cultural Rights (CESCR), the right to adequate housing should be viewed holistically as “the right to live somewhere in security, peace and dignity.”²

The global interest in development of human capital and investment in health, education and adequate housing was realized in the 2030 Agenda for Sustainable Development launched by the United Nations in September 2015. Two of the associated Sustainable Development Goals (SDGs) are devoted to tackling the various dimensions related to

health and education: Goal 3 is to “ensure healthy lives and promote well-being for all at all ages,” and Goal 4 is to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.”³ In addition, one of the targets of Goal 11, to “make cities and human settlements inclusive, safe, resilient and sustainable”, is to ensure universal access to adequate, safe and affordable housing and basic services, and to upgrade informal settlements by 2030.⁴

The agenda of investing in human capital has received consistent attention from decision makers in Egypt, focused on the introduction of various reforms and improvements to the education and health systems, aimed primarily at expanding the provision of services to citizens. Moreover, the past few years have seen clear commitment and efforts on the part of Egypt to introduce reforms focusing on the dimensions of quality and competitiveness. This path was realized in the 2014 Constitution of Egypt, which clearly established the role of the State in providing education services, fostering scientific research, and providing health and adequate housing as a right for all citizens, at a level of quality consistent with international standards. In addition, the national sustainable development strategy, Egypt Vision 2030, included three main themes outlining the strategic vision of the government with regard to investment in human capital until 2030. Two themes covered within the social dimension, namely health, and education and training, and a theme within the economic dimension, knowledge, innovation and scientific research, as well as a theme within the environmental dimension of the strategy, urban development.⁵ It is understood that successful implementation of the 2030 Agenda and the achievement of the goals of Egypt Vision 2030 will only be possible through focusing on investment in human capital, and as a result, more attention and resources have been directed towards achieving reforms in the sectors of health, education and the provision of adequate housing, aimed primarily at building and developing a

qualified human force capable of leading the development process.

This chapter focuses primarily on Egypt's investments in human capital in the fields of education, scientific research, health and adequate housing and consists of a number of sections covering these issues. Section 1.1 provides a brief overview on the importance of investing in human capital and the personal and social gains associated with doing so. Section 1.2 sheds light on Egypt's performance with regards to human development and human capital related indicators. Section 1.3 is concerned with reviewing the development of the most important indicators related to the availability, quality and competitiveness of education and health systems over the past 10 years. Section 1.4 discusses Egypt's efforts in the area of adequate housing provision through investment in social housing, solving informal settlements issues and provision of water and sanitation facilities. Section 1.5 focuses on Egypt's efforts to develop its education and health systems, and covers the relevant sectoral strategies and the most relevant policies, initiatives and procedures that have been launched or are being implemented. Section 1.6 provides an analysis of the evolution of government spending on the education, health and housing sectors during the period between fiscal years 2010/2011 and 2019/2020. Section 1.7 looks at the response of Egypt's education and health sectors to the COVID-19 pandemic. Section 1.8 discusses the general challenges and future government policies needed in order to move forward with reform and development.

1.1 The importance of investment in human capital

Human capital can be summarized as the skills, knowledge and abilities possessed by individuals within a population and is the result of planned investment. Its distinguishing feature is that it is part of, and inseparable from, human beings themselves. It is considered a kind of capital or wealth because it can

be used as a source of gains or to accomplish goals in the future. It was this idea of human capital that economist Theodore Schultz discussed in terms of investing in people's education, health, and skills.⁶

Investing in human capital brings about a set of personal and social benefits or gains. Personal returns are the set of benefits that individuals achieve from higher levels of education and health in terms of their higher level of productivity in the labour market and their income level. Social returns are related to the ability of societies that prioritize investment in human capital to achieve high and sustainable economic growth and equitable distribution of income, contributing to reducing poverty and achieving the economic, social and environmental goals of the sustainable development process. Since the benefits of investing in human capital are realized only in the future, working on the acquisition of human capabilities is a form of investment.⁷

1.1.1 Personal returns from investment in human capital

Economists have sought to estimate the personal economic returns on investment in education by investigating the relationship between education on one hand and the productivity of the individual in the labour market and the rate of growth in their personal income on the other. During the last three decades of the 20th century, many studies were conducted worldwide that show a significant positive correlation between levels of education and levels of personal income.⁸ These include studies in Arab countries, Egypt among them.⁹ Estimates of the rate of return on education in Egypt are in alignment with the findings within other Arab countries in general, especially findings that show a direct relationship between the rate of return on education and the level of education (or educational stage) reached, as well as the high rate of return on education for women compared to men. For example, one study¹⁰ estimated the rates of return on primary education in Egypt between 2.3 percent (the lowest rate for men in the private sector) and

8 percent (the highest rate for women in the public sector). The study also showed that these rates ranged between 6.2 percent and 7.8 percent for secondary education, and 8.2 percent and 20.6 percent for university education. A different study¹¹ suggests the rates of return on education in Egypt are relatively low in general, with the exception of university education, and that the return on education is directly related to the number of years of experience and the social status of the worker. Another recent study¹² showed that the rate of return on education in Egypt among men aged 20–45 ranged between 2 percent and 5.7 percent. This rate is lower than the estimated rates in other developing countries with the exception of Turkey, which also has relatively low rates of return on education.

Studies did not only focus on estimating the personal return on the “number of years of education”, but also focused on measuring the return on education quality. Regardless of their methodologies and the data used therein, the findings of these studies indicate that quality of education (which is expressed in the results achieved by students on standardized tests or the amount of resources and inputs available for education) is significantly correlated with the level of students’ productivity and the wages they earn upon entry into the labour market.¹³ In addition, one of the studies that looked at Egypt showed that quality of education affects not only the level of wages or returns that an individual gains, but is also positively correlated with rates of return on education; quality of education is one of the determinants that affects individuals’ demand for education, as well as the number of years of education and the different level of abilities.¹⁴

An individual’s health status is closely related to their level of productivity and consequently their wages in the labour market and chances of obtaining decent work. Individuals who suffer from health problems, whether physical or psychological, are more likely to be unemployed, and the work opportunities available to them are often inappropriate or in poor conditions. Moreover, the productivity

of these individuals is lower and their absenteeism rates are higher, limiting their ability to make a living at all ages compared to their healthy counterparts.¹⁵

1.1.2 Social returns from investment in human capital

Social return on investment in human capital refers to the benefits that society accrues as a result of increasing its value of human capital. These benefits include direct economic gains, such as an increase in the level of productivity and in the size of the economy, as well as non-monetary returns, such a reduction in crime rates and an improvement in individuals’ capacity for political participation, in addition to positive effects on individuals’ health, on family structure and on birth rates.¹⁶

A large number of studies have shown the existence of a positive and significant correlation between both the quantitative level of education or educational attainment (the number of years of education) and the quality of education (cognitive skills and abilities, which are reflected in students’ performance on standardized tests) on one hand, and economic growth on the other.¹⁷ Accordingly, a society with a more educated population (especially in science-related subjects) will show higher rates of innovation and invention, and its population will be more productive and create better and more modern production methods, alongside the introduction of modern technology that leads to economic growth.¹⁸ Accordingly, one study applied to a cross-sectional sample of low- and middle-income countries showed that the quantity of education, expressed in enrolment rates, is directly related to the rate of economic growth, and that the level of spending on education indirectly affects economic growth through its role in improving the quality of education.¹⁹ In addition, another study indicated that improving the quality of education (which is measured by the productivity of education - the amount of increase in human capital that an individual possesses as a result of each additional unit of time devoted to education) in Egypt by 20 percent would lead to a dou-

bling of the country's economic growth rate.²⁰

Some studies have focused on employment, the mechanism through which education is translated into economic growth. This research has indicated that, in Arab countries, individuals with medium levels of education have higher levels of unemployment than those with either low or high levels of education.²¹ This result is consistent with the findings of studies on the relationship between education and unemployment in Egypt, indicating that the shortage of skilled labour and the scarcity of qualified administrators are among the main obstacles facing the private sector.²²

The World Economic Forum has described the wide-ranging technical and economic changes the world is experiencing in the current period as the Fourth Industrial Revolution. This process has major repercussions for the global labour market, and as a result the importance of investing in human capital is greater than ever. It is expected that the needs of the labour market will change as technological progress causes some professions to disappear and other to emerge. There will also be an increase in the competitiveness of products worldwide, with the possibility of a negative impact on industry in developing countries.²³ In addition, some studies indicate that education quality has an important impact on both the fairness of income distribution among countries²⁴ and the wage gap between individuals within a single country.²⁵

In the field of health, studies show the importance of investing in public health and providing health services fairly for all as a key driver for achieving the Sustainable Development Goals, and as an important contributor to achieving prosperity and security at the national level. Investment in health is associated with an improvement in life expectancy at birth, an improvement in quality of life, an increase in economic productivity and rates of participation in the labour market, increased provision of decent work opportunities, and, ultimately, the achievement of social justice and political stability.²⁶ For example, one

study showed that total factor productivity is one of the most important mechanisms through which the positive impact of health on economic growth in developing countries is transmitted.²⁷ This study found that poor health (expressed through three main indicators, namely; malnutrition, malaria, and water-borne diseases) is associated with a decline in total factor productivity.

Investing in human capital not only increases the ability of governments to achieve the third and fourth Sustainable Development Goals, which are directly related to health and education, but also helps in achieving other development goals which have economic, environmental and social dimensions. Providing adequate and affordable housing (and access to clean drinking water and sanitation services) is one of the necessary factors to ensuring effective investment in health and education systems. Availability of adequate housing is linked to individuals' health, well-being and ability to learn, which is reflected in their level of productivity and wages in the labour market and economic performance in general.²⁸

1.2 Egypt's performance in human development and human capital indicators

It may be useful to refer to Egypt's rankings in comparison with similar countries, in terms of global indicators related to human capital. These include the Human Development Index issued by the United Nations Development Programme (UNDP), the Human Capital Index issued by the World Bank, and the Health and Primary Education Pillar Index within the Global Competitiveness Index, issued by the World Economic Forum.

In the 2020 Human Development Report (HDR) issued by UNDP, Egypt ranked 116th out of 189 countries, coming ahead of middle-income countries such as Viet Nam (117th), Morocco (121st), El Salvador (124th), India (131st), and Pakistan (154th). By contrast, some other countries in the same income group came ahead of Egypt, including South Africa (114th),

Indonesia (107th), the Philippines (107th), Jordan (102nd), Lebanon (92nd), and Tunisia (95th).²⁹ According to the same report (HDR 2020), for the first time ever, Egypt's Human Development Index (HDI) was higher than the Arab world's average. Egypt ranked 102nd out of 189 countries, according to its gross national income per capita. Although Egypt maintained the same ranking (116th) among countries in the Human Development Index between 2019 and 2020, to remain in the

category of countries with high human development, the value of the index has improved between the two years, rising to 0.707 in the 2020 HDR report compared to a value of 0.700 in the 2019 report. The values of the sub-indices for that index also improved between the two years.³⁰

Of the 10 countries that precede Egypt on the index's rankings, there are six countries that are lower than Egypt in terms of per capita income and life expectancy at birth (Table 1.1).³¹

Table 1.1

Indicators of human development and sustainable development in Egypt and selected countries

Country	Ranking	HDI value	Life expectancy at birth (years) SDG3	Expected years of schooling SDG 4.3	Average years of schooling SDG 4.6	Average GNI per capita (2017 PPP \$) SG 8.5
Uzbekistan	106	0.720	71.7	12.1	11.8	7,142
Bolivia	107	0.718	71.5	14.2	9	8,554
Indonesia	107	0.718	71.7	13.6	8.2	11,459
Philippines	107	0.718	71.2	13.1	9.4	9,778
Belize	110	0.716	74.6	13.1	9.9	6,382
Samoa	111	0.715	73.3	12.7	10.8	6,309
Turkmenistan	111	0.715	68.2	11.2	10.3	14,909
Venezuela	113	0.711	72.1	12.8	10.3	7,045
South Africa	114	0.709	64.1	13.8	10.2	12,129
Palestine, State of	115	0.708	74.1	13.4	9.2	6,417
Egypt	116	0.707	72.0	13.3	7.4	11,466

Source: UNDP (2020). Human Development Report

One of the key declining indicators in the composite index for Egypt is the average number of years of schooling. This figure for Egypt is less than the 10 countries that precede it in the index, although Egypt is ahead of all countries in the table in terms of the expected number of years of schooling, except for Bolivia, Indonesia, South Africa and Palestine.

These figures indicate the need to focus on improving the quality of education in Egypt.

In terms of the 11 non-oil-exporting countries in the Middle East and North Africa, Egypt ranks roughly in the middle, preceded by six countries: Israel, Malta, Lebanon, Tunisia, Jordan and the State of Palestine. The countries that rank lower than Egypt are Djibouti, Syria, Morocco and Yemen (Table 1.2).³²

Table 1.2

Indicators of human development and sustainable development in non-oil-exporting MENA countries

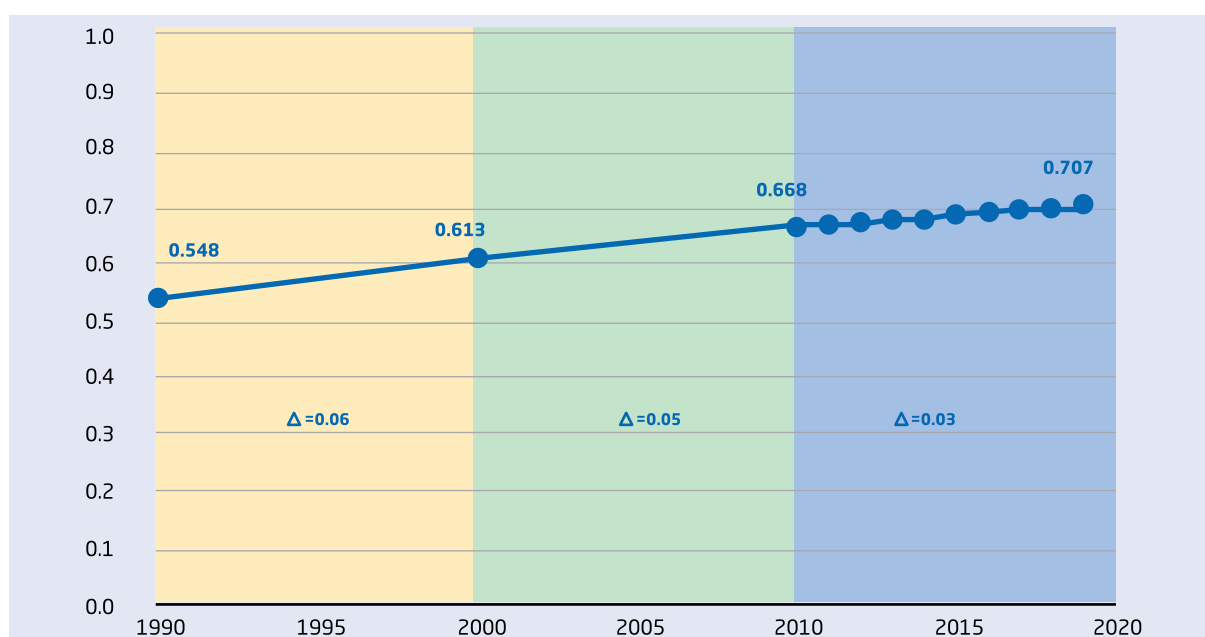
Country	Ranking	HDI value	Life expectancy at birth (years) SDG 3	Expected years of schooling SDG 4.3	Average years of schooling SDG 4.6	Average GNI per capita (2017 PPP \$) SDG 8.5
Israel	19	0.919	83.0	16.2	13.0	40,187
Malta	28	0.895	82.5	16.1	11.3	39,555
Lebanon	92	0.744	78.9	11.3	8.7	14,655
Tunisia	95	0.740	76.7	15.1	7.2	10,414
Jordan	102	0.729	74.5	11.4	10.5	9,858
Palestine, State of	115	0.708	74.1	13.4	9.2	6,417
Egypt	116	0.707	72.0	13.3	7.4	11,466
Morocco	121	0.686	76.7	13.7	5.6	7,368
Syria	151	0.567	72.7	8.9	5.1	3,613
Djibouti	166	0.524	67.1	6.8	4.1	5,689
Yemen	179	0.470	66.1	8.8	3.2	1,594

Source: UNDP (2020b), Human Development Report

Figure 1.1 shows the development of Egypt's human development index from 1990 to 2020, and Figure 1.2 summarizes key features

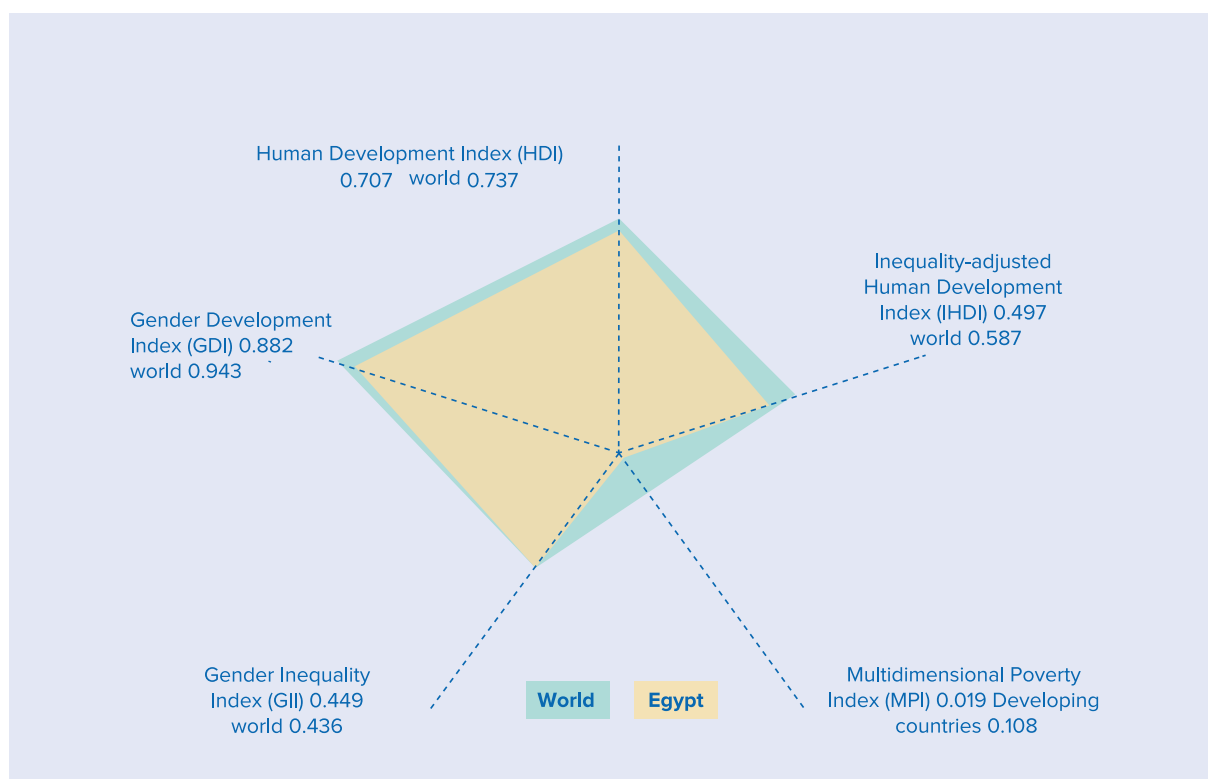
of human development in Egypt according to the indicators included in the 2020 Human Development Report.

Figure 1.1 Trends in Egypt's HDI (1990-2020)



Source: Figure based on UNDP, Human Development Reports, various issues.

Figure 1.2 Egypt’s position on human development indices 2020



Source: based on: UNDP (2020b)

As in its previous editions, the 2020 Human Development Report goes beyond focusing on the HDI and looks at other dimensions such as social inequalities, gender and the environmental performance of countries. When inequalities are taken into account using the

“Inequality Adjusted Human Development Index”, the Human Development Index in Egypt loses 29.7% of its value, and Egypt’s ranking drops by 9 positions compared to its ranking in the Human Development Index (Table 1.3).

	Inequality-adjusted HDI value	Inequality coefficient (%)	Percentage lost due to inequality (%)	Inequality in Life expectancy at birth (%)	Inequality in education (%)	Income Inequality (%)
Egypt	0.497	28.7	29.7	11.6	38.1	36.5
Arab countries	0.531	24.3	24.7	15.0	32.5	25.5
Countries with high human development	0.618	17.6	17.9	10.1	14.5	28.0

Source: Table based on UNDP (2020b)

In the 2018 Human Capital Index issued by the World Bank,³³ Egypt ranked 104th out of 157 countries. The middle-income countries that preceded Egypt in the rankings were the Philippines (84th), Lebanon (86th), Indonesia (87th), Tunisia (96th), and Morocco (98th). Egypt came ahead of Bangladesh (106th), South Africa (126th), India (115th), and Pakistan (134th).³⁴ In addition, Egypt's value on the Human Capital Index improved from 0.48 in 2010 to 0.49 in both 2018 and 2020.³⁵

Table 1.4 shows the development of Egypt's ranking globally under the Health and Pri-

mary Education pillar within the Global Competitiveness Index during the period from 2010/2011 to 2017/2018. As shown in the table, Egypt ranked 87th out of 137 countries in 2017/2018.³⁶ Egypt ranked ahead of some middle-income countries, including South Africa (121st), Moldova (97th) and Indonesia (94th), despite the fact that these countries precede Egypt in the Human Development Index rankings. In contrast, the countries that ranked ahead of Egypt according to this index include the Philippines (82nd), Morocco (81st), Jordan (80th), Lebanon (72nd) and Tunisia (58th).

Year	Total number of participating countries	Egypt's ranking on the health and primary education pillar*
2010/2011	139	91
2011/2012	142	96
2012/2013	144	94
2013/2014	148	100
2014/2015	144	97
2015/2016	140	96
2016/2017	138	89
2017/2018	137	87

Source: This table is based on the Global Competitiveness Index reports issued by the World Economic Forum. It should be noted that the methodology used for calculating the Global Competitiveness Index until 2017/2018 was based on allocating one pillar jointly to health and primary education and another, separate, pillar to higher education and training. Starting in 2018, a new methodology was applied based on the separation of the health and education indices. The fifth pillar now covers health and the sixth pillar covers skills, which includes indices for pre-university education and higher education.

1.3 Review of the performance of the education and health sectors in Egypt

This part provides a review of the development of the most important indicators related to the performance of the education and health sectors in Egypt, especially with regard to accessibility, quality and competitiveness of services provided. The review covers the period from 2010 to last available data to date, which enables an assessment of the

current situation and identification of areas in which performance has improved significantly and areas where more efforts are needed.

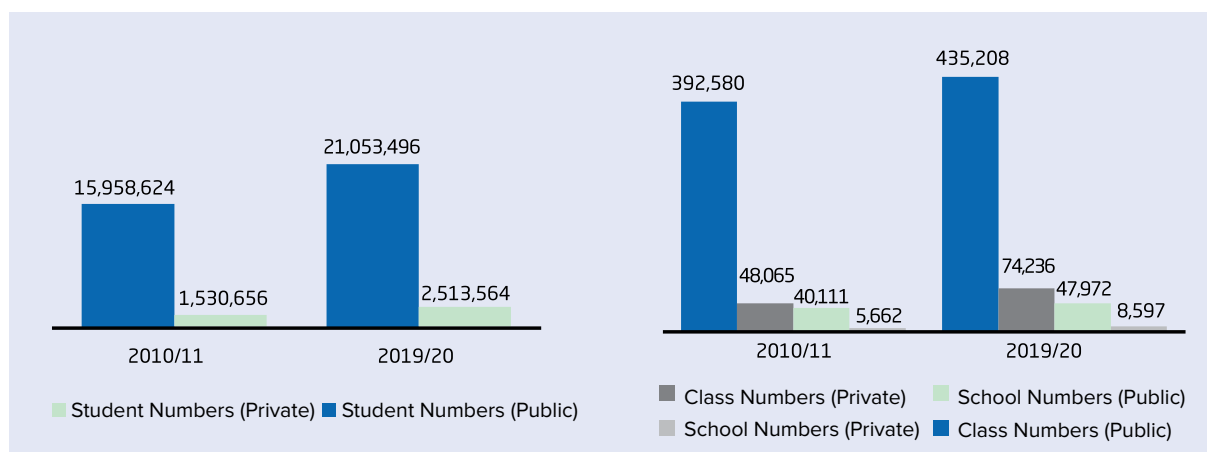
1.3.1 Development of Education sector indicators

The pre-university education system in Egypt is one of the largest globally in terms of student and teacher numbers. In 2019/2020, the number of students enrolled in this system amounted to about 23.6 million (i.e. nearly

a quarter of the Egyptian population). They were distributed in different stages (pre-primary education, primary education, community education,³⁷ lower secondary education, secondary education consisting of both gen-

eral and technical education, and special education).³⁸ The total number of schools is around 56,600 and the number of classes is around 509,500 (Figure 1.3). The system employs about 1,019,000 teachers.³⁹

Figure 1.3 Numbers of students, schools and classes in Egypt’s pre-university education system, 2010/2011 to 2019/2020



Source: The figure is based on the data of the Statistical Yearbook, various issues, Ministry of Education Information Center (www.moe.gov.eg).

Both the public and private sectors contribute to the provision of pre-university education services in Egypt. However, the public sector has the greatest importance within the system. During the period between 2010/2011 and 2019/2020, public education accounted for about 90 percent of total pre-university education students in Egypt, as well as around 86 percent of all schools and 87 percent of all classes.⁴⁰

The total number of students enrolled in public and private higher education institutions (universities, higher institutes, academies, and top tier technical institutes) reached about 3 million in 2019/2020, of whom approximately 73 percent are enrolled in public universities and the Al-Azhar University educational system. The number of teaching staff and assistant teaching staff was 126,000⁴¹ (of whom about 80 percent are at public universities).⁴² In the following section, the most important indices related to accessibility, quality and competitiveness of the education sector are reviewed.

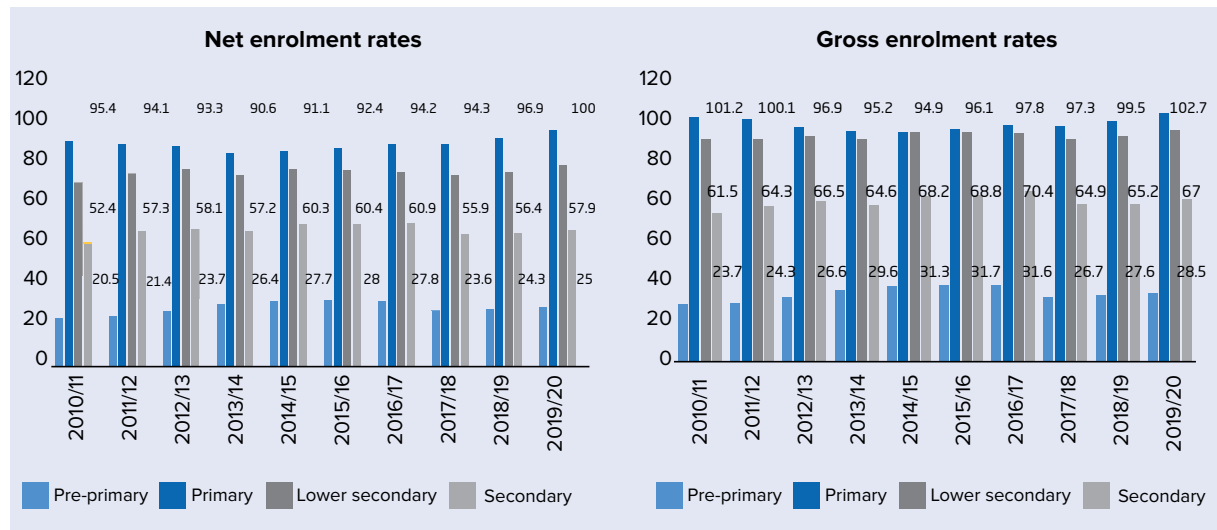
Indicators on access to education

The performance of the pre-university education sector in Egypt has improved during the past 10 years, according to the indicators, with the net and gross enrolment rates increasing at all educational levels (Figure 1.4). Egypt seeks to increase the enrolment rates at the lower secondary and secondary education levels to adequately reflect the principle of compulsory education until the end of secondary school found in Article 19 of the Constitution. The relatively low enrolment ratios at lower secondary and secondary education levels in Egypt can be explained by several factors that are related to the demand side. Some are related to the economic and social situation of poor families and their cultural preference, which may encourage parents to be content with only primary education for their children so that they can engage in work at an early age. There are also supply side factors such as the lack of availability of educational services in some remote areas of the country. In addition, the low gross enrolment rate in pre-primary education (about

28.5 percent in 2019/2020) means that more than two thirds of children aged 4–5 do not enjoy their right to early education. This right is recognized in Article 80 of the Constitution, which requires societal awareness of the im-

portance of the kindergarten stage and the expansion of the availability of classes and schools at this stage, especially in areas with low enrolment rates.

Figure 1.4 Gross and net enrolment rates according to educational stage (%)



Source: The figure is based on Statistical Yearbook data, various issues, Ministry of Education Information Center (www.moe.gov.eg).

Data on enrolment rates for boys and girls show that the gender gap has diminished between 2010/2011 and 2019/2020. The net enrolment rates for girls exceeded those for boys at all levels of pre-university education by this later date, and as a result, the gender gap index for 2019/2020 has a negative value. In addition, the geographical divide in enrolment rates (between rural and urban areas) has improved significantly during the past 10 years. However, enrolment rates for all levels of pre-university education in the governorates of Upper Egypt remain lower than the corresponding rates in the rest of the country.

The Egyptian education system provides children with special educational needs with access to school as a basic principle of parity. Educational services are available to children with disabilities and to children who are gifted in sports and academics through schools and classes dedicated to their needs. However, the educational services provided to these groups are still limited in quantity, quality and geographical distribution, compared to other

groups.⁴³ The current government action programme (2018/2019 to 2021/2022) includes the opening of 1,600 classrooms for people with visual and hearing impairments and aims to increase the number of schools designated for high performing students from 12 in 2018 to 27 by the end of 2022.⁴⁴

The higher education sector has witnessed an increase in the number of public and private universities, with a continuous diversification of educational programmes and pathways and an increase in geographical coverage. According to 2020 statistics, the number of public universities has reached 27 (of which four were established in the last four years: in Arish, Al-Wadi Al-Jadid, Matrouh, and Luxor) comprising about 494 colleges. The number of private and community universities now totals approximately 33, including 168 colleges, in addition to four community (non-profit) universities of international standards comprising 62 colleges, as well as 172 private higher and middle institutes, three technology universities and eight colleges for technology com-

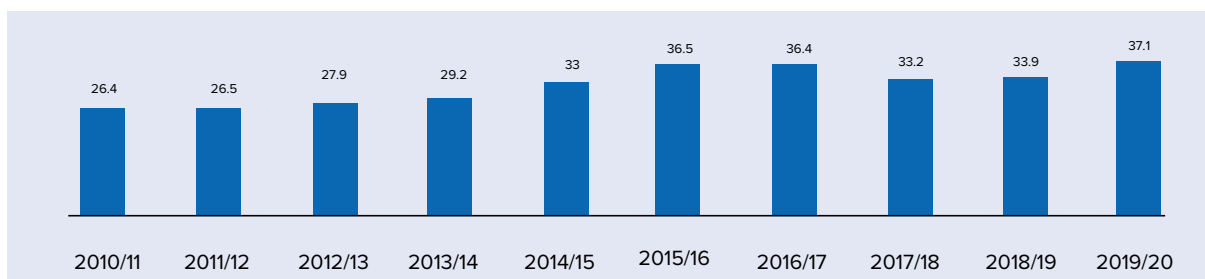
prising 45 below-higher technical institutes. The number of new programmes for public universities reached about 188 in disciplines that serve the needs of the labour market and the development process, 10 universities have signed protocols and agreements with sister countries and regional and international organizations, and three branches of foreign universities. Within the scope of scientific research, there are 24 research centres, institutes and bodies (11 affiliated with the Ministry of Higher Education and Scientific Research and 13 affiliated with other ministries but under the academic supervision of the former).⁴⁵

The data also indicate an increase in the number of students enrolled in higher education institutions (public and private) in Egypt from about 2.2 million in 2010/2011 to nearly 3 million in 2019/2020 (about 73 percent of whom are enrolled in public universities and Al-Azhar). These institutions provide about

500,000 graduates annually. The number of students enrolled in postgraduate studies in these institutions in 2019/2020 reached about 430,000, and the number of foreign students enrolled in higher education institutions reached about 86,000 (in both undergraduate and postgraduate studies).⁴⁶

In addition, Figure 1.5 shows an increase in the gross enrolment rate in higher education institutions (public and private) from about 26.4 percent in 2010/2011 to about 37.1 percent in 2019/2020 (36.9 percent for men and 37.3 percent for women). In general, the enrolment rate in higher education in Egypt is higher than the average prevailing in the group of lower-middle-income countries (which amounted to about 24.2 percent in 2019), while it is lower than its equivalents in the group of upper-middle-income countries (which reached about 53.2 percent in 2019).⁴⁷

Figure 1.5 Gross enrolment rate at higher education institutions in Egypt (%)



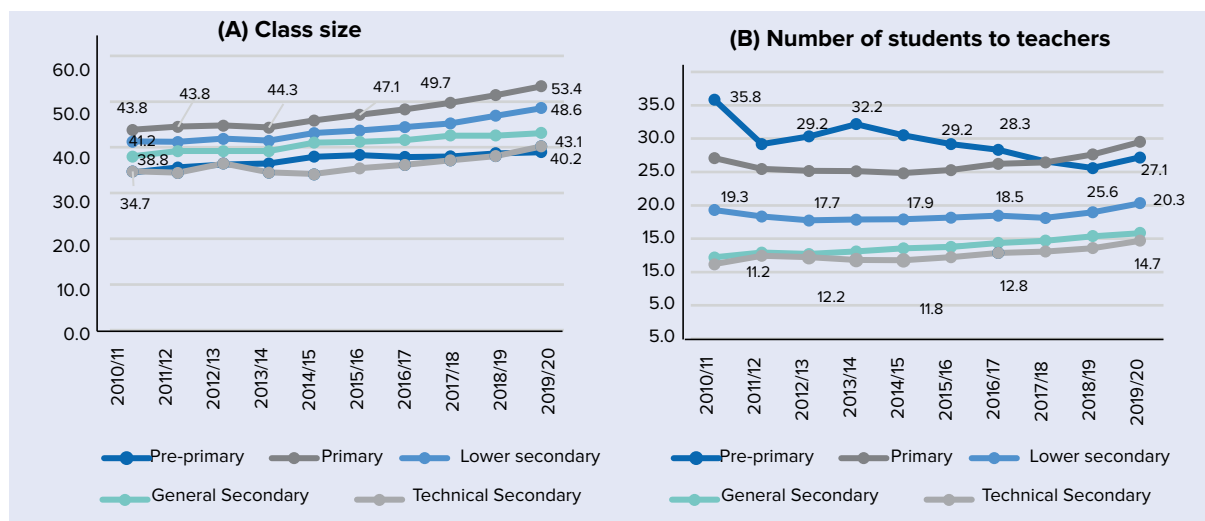
Source: Central Agency for Public Mobilization and Statistics, (Registered Students - Higher Education Faculty) Bulletin, various issues; Ministry of Planning and Economic Development (2021), unpublished data.

Indicators of quality and competitiveness of education

The average class size and the number of students per teacher are among the most important indicators of the quality of inputs into the educational process, given that a high number of students per class undermines the ability to participate and interact, whether among students themselves or with teachers. A higher student-teacher ratio limits teachers' ability to focus with students and apply

teaching methods that aim to develop their skills and stimulate creativity, critical thinking and problem solving. The average densities of classes at all levels increased between 2010/2011 and 2019/2020 to reach their maximum in the primary (53 students) and lower secondary (49 students) stages, while the student-teacher ratios for all educational levels remained stable except for the pre-primary stage, which witnessed a marked decrease between the two indicated years, a promising indication (Figure 1.6).

Figure 1.6 Average class size and student-teacher ratio in pre-university public education, by educational level



Source: The figure is based on Statistical Yearbook data, various issues, Ministry of Education Information Center (www.moe.gov.eg).

The average class size at the primary level in Egypt is significantly higher than in a number of middle-income countries such as India, Brazil, and Argentina (24 students), Indonesia (27 students), and China (37 students).⁴⁸ This may partially be related to the age structure of the population in Egypt; the ratio of the population of primary school age to the total population in Egypt is higher compared to other countries. Moreover, the inflated cost of private education puts pressure on public education, in a way that may devour the continuous efforts of the State to deal with this challenge through expansion of new classes.

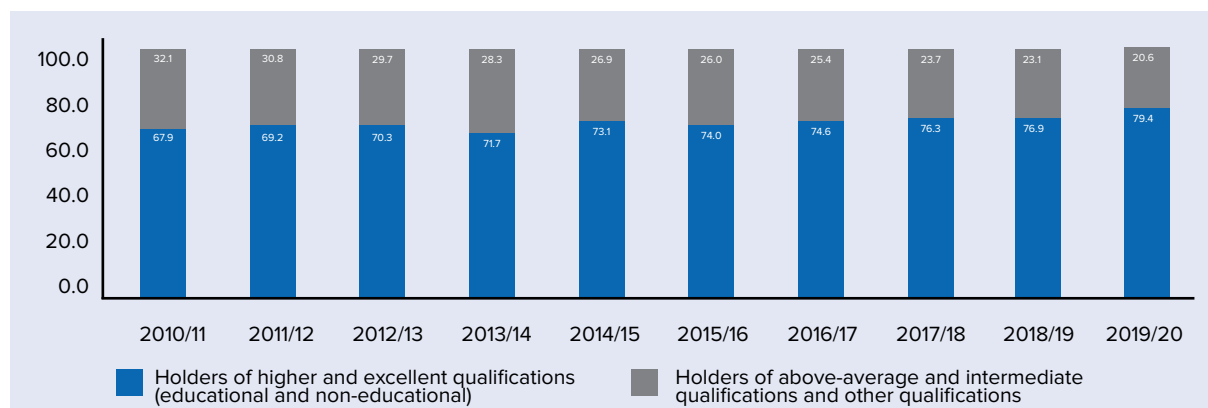
However, the overall indicators of class size should be treated with some caution, in light of the growing populace of school age children eligible for basic education in Egypt, which is much higher than other countries. These indicators also conceal the disparity between different geographical areas⁴⁹ and do not reflect some of the infrastructure problems that students and teachers may face in schools, which varies from one place to another. The research shows the positive effects of reducing class sizes are more pronounced in kindergarten and the third grade of primary school, in classes made up of students from low-income families, and in those taught by less qualified and trained teachers. In this context, Egypt's government has announced an ambitious plan to establish around 27,000

new classrooms at a cost of more than EGP 6.8 billion, with the aim of reducing the class size.⁵⁰

With regard to human resources in the pre-university education system, the number of teachers in public education in 2019/2020 was around 923,000 (representing about 91 percent of the total number of teachers in the system). According to the data, there is an increase in the total of teachers with degrees or postgraduate qualifications (whether educational or non-educational) as a proportion to the total number of teachers affiliated with public pre-university education, from about 67.9 percent in 2010/2011 to about 79.4 percent in 2019/2020 (Figure 1.7). This is supposed to be linked to an improvement in the quality of the educational service in general, given that teachers that hold higher qualifications are able to transfer knowledge and apply modern learning methods and systems.

As for higher education, the number of faculty members and their assistants in higher education institutions increased from about 93,600 in 2011/2012 to approximately 126,000 in 2019/2020⁵¹ (of whom about 80 percent were at public universities).⁵² In the academic year 2016/2017, the number of students to faculty members was around 33 to 1, while the number of faculty members' assistants to faculty members was about 0.87.⁵³

Figure 1.7 Distribution of teachers according to qualifications in public pre-university education (%)



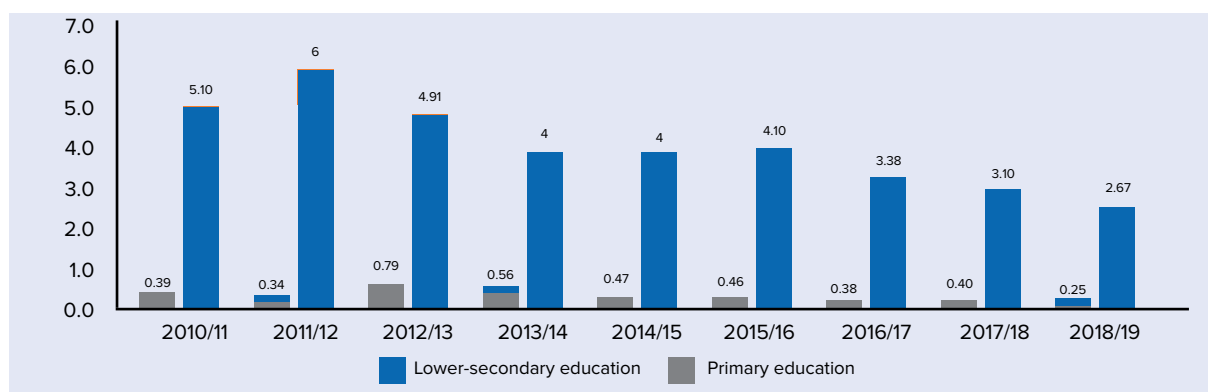
Source: The figure is based on Statistical Yearbook data, various issues, Ministry of Education Information Center (www.moe.gov.eg)

In terms of educational outcomes, the pre-university education system in Egypt has made progress in a number of indicators. Dropout rates in Egypt decreased between 2010/2011 and 2018/2019 (Figure 1.8), especially at the lower secondary education stage. Dropouts at this stage decreased from 5.5 percent for boys and 4.7 percent for girls in 2010/2011 to 2.8 percent for boys and 2.6 percent for girls in 2018/2019. Moreover, the transition rates from the primary stage to the lower secondary stage increased from 88.1 percent to 99.7 percent between 2012/2013 and 2019/2020, while transition rates from the lower secondary stage to the secondary stage (both general and technical) increased from 77.9 percent to 84.3 percent over the same period.⁵⁴ In terms of gender, primary-to-lower secondary transition rates increased from 84.9 per-

cent for boys and 91.6 percent for girls in 2012/2013 to 99.2 percent for boys and 100 percent for girls in 2019/2020.⁵⁵

In addition, the number of primary school students achieving a pass rate and thus receiving an elementary education certificate increased from 90.4 percent to 97.4 percent between 2010/2011 and 2018/2019, while the lower secondary school pass rate increased from 92.2 percent to 96 percent over the same period. Although there is no noticeable gender disparity in the educational outcome indicators, there is a degree of disparity between governorates in favour of urban and Lower Egypt. Addressing this requires a package of interventions based on geographical targeting, including, for example, expanding the provision of cash transfers to families in governorates with high dropout rates.⁵⁶

Figure 1.8 Dropout rates in primary and lower secondary education (%)

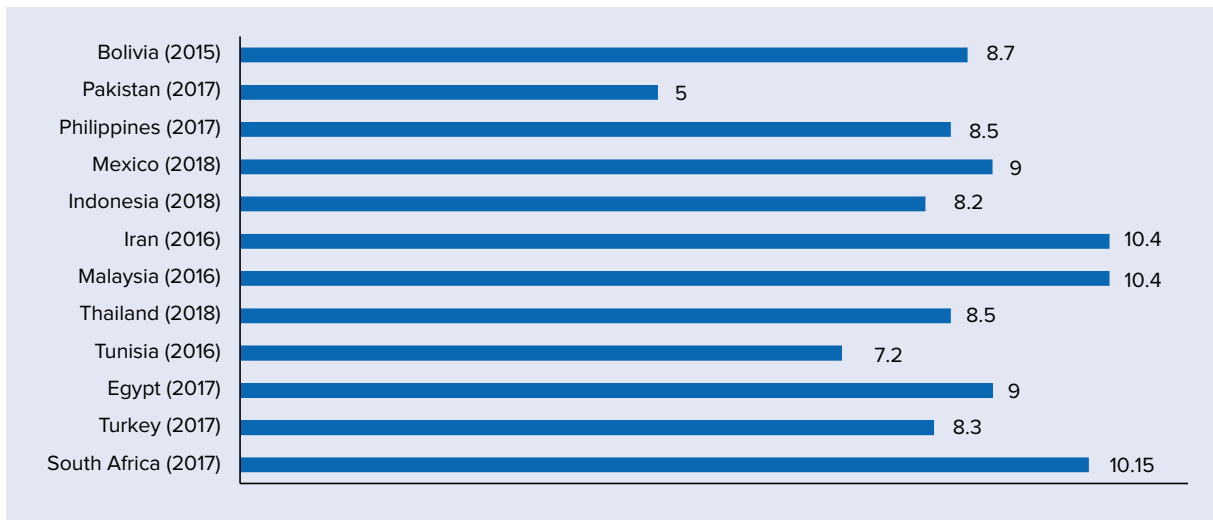


Source: The figure is based on Statistical Yearbook data, various issues, Ministry of Education Information Center (www.moe.gov.eg).

In general, the average number of years of education for the population aged 25 years and above in Egypt is higher than that in a number of comparable middle-income countries, including the Philippines, Indonesia and

Bolivia, which are among the 10 countries directly ahead of Egypt in the Human Development Index according to the 2020 HDR, as shown in Figure 1.9.

Figure 1.9 Mean years of schooling (for 25 years and above) in Egypt and selected middle-income countries



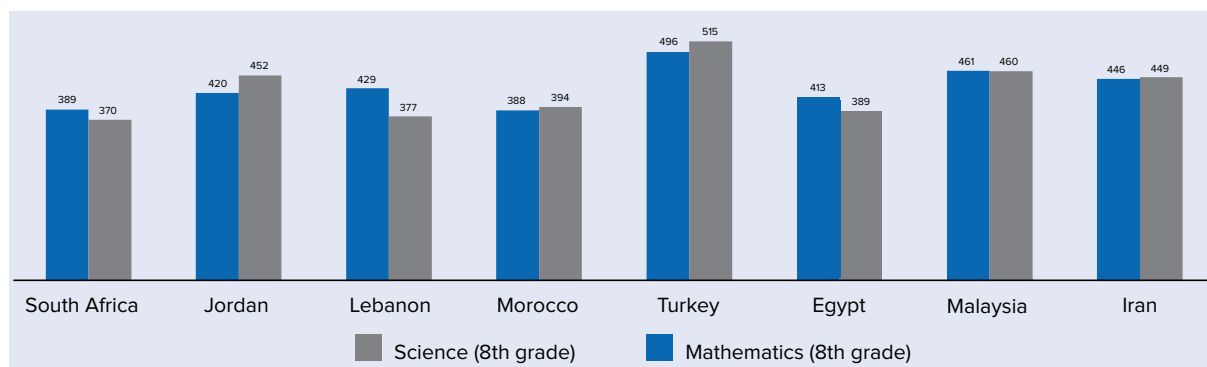
Source: This figure relies on UNESCO Institute for Statistics (<http://data.uis.unesco.org>)

The literacy rate of the population aged 15 years and over in Egypt is about 71 percent (according to 2017 data), compared to a rate of about 87 percent in South Africa (2017), 96 percent in Indonesia (in 2018), and 98 percent in the Philippines (2015),⁵⁷ all of which are among the 10 countries directly ahead of Egypt in the Human Development Index rankings according to the 2020 HDR.

The performance of eighth grade students on the Trends in International Mathematics and Science Study (TIMSS) in 2019, in which 39 countries participated, including Egypt, indicates the modest level of performance by Egyptian students in science in particular, as shown in Figure 1.10. In mathematics, Egyptian students outperformed those from Morocco and South Africa, despite the fact

that the latter country is ahead of Egypt in the Human Development Index rankings for the 2020 HDR. Comparing the results of that competition for 2019 with those achieved in 2015 reveals remarkable progress in the average scores achieved by Egyptian students (in absolute terms) between the two years, especially in mathematics: the average score in mathematics increased from 392 to 413 between 2015 and 2019, and from 371 to 389 in science.⁵⁸ In general, ongoing reforms undertaken by the State to develop educational curricula, modernize teaching, learning, and assessment methods, and diversify sources of knowledge - as detailed later in this chapter, are expected to contribute to improving the performance of Egyptian students in these standardized tests.

Figure 1.10 Results of students' performance in the 2019 Trends in International Mathematics and Science Study (TIMSS) in Egypt and selected middle-income countries



Source: TIMSS 2019 International Trends in Science and Mathematics competition results, available at: <https://timss2019.org/reports/achievement>

Table 1.5 shows Egypt's ranking in the sub-index on the quality of primary education (which is one of the indicators in the fourth pillar, "Health and Primary Education," of the Global Competitiveness Index). Egypt ranked 100th out of 137 countries in the fifth pillar of the Global Competitiveness Index, Higher Education and Training, in 2017/2018. The sixth pillar, Skills, replaced both the sub-index of Quality of Primary Education and the pillar of Higher Education and Training starting from 2018, and in 2019 Egypt ranked 99th out of

141 countries in that pillar. In terms of the countries directly ahead of Egypt in the Human Development Index of the 2020 HDR, Indonesia ranked 47th on the Primary Education Quality Index in 2017/2018, the Philippines 66th, and South Africa 116th. However, the methodology of this indicator – it is based mainly on a survey of a limited sample of business owners in each country – raises questions about its objectivity and therefore its utility for measuring the quality of education.

Year	Total number of countries in the report	Egypt's ranking in the sub-index "Quality of Primary Education"	Egypt's ranking in the fifth pillar "Higher Education and Training"
2010/2011	139	126	97
2011/2012	142	131	107
2012/2013	144	137	109
2013/2014	148	148	118
2014/2015	144	141	111
2015/2016	140	139	111
2016/2017	138	134	112
2017/2018	137	133	100
2018	140	Egypt's ranking in the sixth pillar "Skills"	
		2019	
2019	141	99	

Source: The table is based on the Global Competitiveness Index reports issued by the World Economic Forum www.weforum.org
 *This indicator is one of the sub-indicators in the fourth pillar of the Global Competitiveness Index related to Health and Primary Education.
 ** Includes secondary and higher education.
 *** This pillar was created in 2018 to reflect all sub-indicators related to education, regardless of level, and replaces the sub-indicator on quality of primary education and the pillar on higher education and training on which the indicator calculation methodology was based before 2018. The sub-indicators for this pillar include: average number of years of schooling, level of staff training, quality of technical education, graduate skills, digital skills in the population, accessibility to skilled personnel, life expectancy of schooling, critical thinking in teaching, student-teacher ratios in basic education.

According to another global education ranking, issued by US News & World Report, Egypt ranked 42nd out of 73 countries in the world (and third in the Arab world after the United Arab Emirates and Qatar) in 2020, compared to 51st in 2019.⁵⁹ The index is composed of three sub-indicators, namely the presence of a developed public education system, individual thinking about enrolling at a university, and whether the country provides high-quality education.

In addition, the number of Egyptian universities listed in some international rankings has increased, as shown in Table 1.6. Also, the number of colleges and programmes that

obtained academic accreditation from the National Authority for Quality Assurance and Accreditation increased to 186 colleges and programmes (including accreditation and renewal of accreditation) by the end of 2020, including 11 colleges and programmes in 2020, 56 in 2019, 40 in 2018, 48 in 2017, and 31 in 2016.⁶⁰ The number of schools that obtained accreditation increased from six schools before 2014 to 30 schools by the end of 2018.⁶¹ The government’s action plan (2018/2019-2021/2022) aims to increase the percentage of educational institutions that have obtained accreditation from the authority to 50 percent within the four years of the plan.⁶²

Table 1.6 Egyptian universities in international rankings	
Ranking	Egyptian universities’ ranking
Shanghai Chinese Ranking	The number of Egyptian universities listed in the ranking increased from one university in 2017 to three universities in 2018, then to five universities in 2019, and finally to 17 universities in 2020.
British Times Higher Education Rating	The number of Egyptian universities listed in the ranking increased from three in 2016 to 19 in 2019.
QS Rating	<ul style="list-style-type: none"> - Inclusion of Cairo University among the top 200 universities in the field of architecture and construction in 2018 out of 959 universities worldwide included in the ranking. - Inclusion of three Egyptian universities (Cairo, Ain Shams and Alexandria) among the top 400 universities in the field of medicine in 2018. - Inclusion of Cairo and Alexandria universities among the top 200 universities in the field of pharmaceutical sciences in 2018.

Source: The table depends on: The Ministry of Higher Education and Scientific Research (2019-c) and the Ministry of Higher Education and Scientific Research (2019-a).

The analysis above shows that the improvement in the indicators on accessibility to education in Egypt has outpaced the improvement in the indicators on the quality and competitiveness of education, especially in the pre-university education stages. Accordingly, Egypt is seeking to prioritize this in the reform programmes that are underway. This was already demonstrated in the Government Action Programme (2018/2019-2021/2022) under “improving the competitiveness of education systems and outcomes” and “developing the pre-university education system,” which are among the sub-programmes of the main programme, “Confirmation of Scientific Identifi-

ty,” within the second strategic objective concerned with developing Egyptian citizens.⁶³ However, these indicators have not yet garnered the level of attention within the government’s action plan allotted to the issues of quality and competitiveness of education.

1.3.2 Development of indicators associated with the health sector

This section looks at the performance of the health sector in Egypt according to a number of indicators on the availability of health services, the quality and competitiveness of the health work environment, and health outcomes.

Indicators of access to health services

Table 1.7 shows the total number of hospitals and beds in the Egyptian health system according to statistics from 2018, as well as their distribution between the government (public) and private sectors. Although hospitals affiliated with the private sector make up about

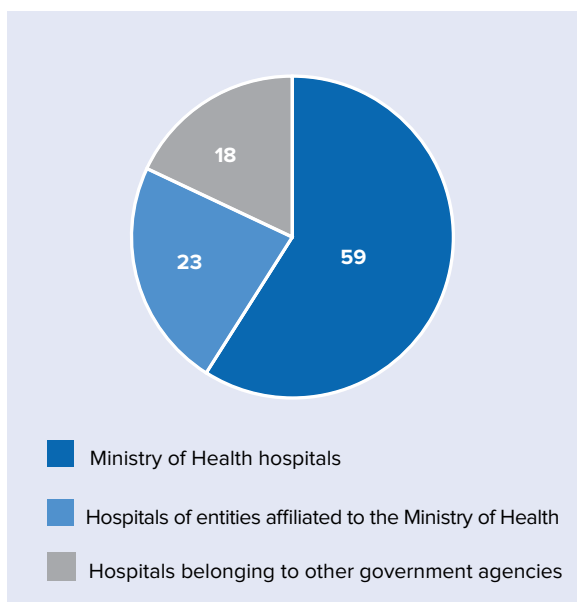
two thirds of the total number of hospitals in Egypt, they have only about 27 percent of the total number of beds. This means that the average number of beds at a government hospital is higher than the average at a private hospital, indicating the higher capacity of government hospitals compared to private hospitals.

	Hospitals		Beds	
	Total number	Share (%)	Number	Share (%)
Public	691	37	95,683	73
Private	1,157	63	35,320	27
Total	1,848		131,003	

Source: The table depends on: Central Agency for Public Mobilization and Statistics (2019a), "Annual Bulletin of the Health Services Statistics 2018".

Figures on the distribution of public sector hospitals by affiliation in 2019 show that the hospitals of the Ministry of Health and Population (general, central and specialized) and the hospitals of its affiliates (such as mental health hospitals, the General Authority for Health Insurance's hospitals, specialized centres, treatment institutions, and educational hospitals and institutes) make up about 82 percent of the total number of public hospitals. The readiness of these hospitals is therefore a major focus when assessing the readiness of the health system as a whole.⁶⁴ Hospitals affiliated with other government agencies and bodies, such as hospitals affiliated with the Ministry of Interior (run by the police or prison authorities), those with the railways authorities, and university hospitals, make up 18 percent of the total number of public hospitals (Figure 1.11).

Figure 1.11 Distribution of public hospitals according to their affiliation in 2019 (%)



Source: The figure depends on: Ministry of Health (2021), unpublished data.

Between 2010 and 2018 the number of public hospitals increased from 660 to 691, but this expansion was very limited compared to the rate of increase in the total number of inpatient and outpatients, which was reflected in the average number of visitors to each hospital, rising from about 86,000 visitors to about 136,000. There was also a decline in the bed capacity of government hospitals, as shown in Table 1.8. This threatens the ability of the public health system to provide health ser-

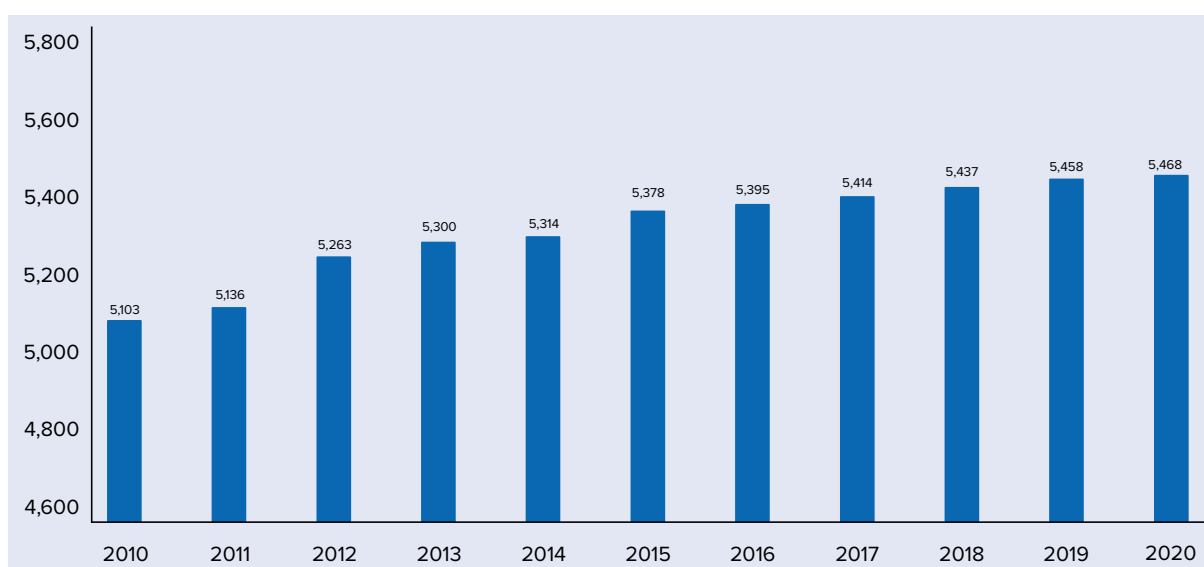
vices to those who need them. Government investments in building new hospitals and treatment institutions are therefore needed, and in equipping them to keep pace with the increase in demand for government health services resulting from the increase in the population on one hand and the rise in the costs of health services provided by the private sector to the majority of citizens on the other.

Table 1.8
Number of Hospitals, Beds and Visitors (Governmental)

Year / Item	Number of Government Hospitals	Number of Government Hospital Beds	Number of Visitors to Government Hospitals	Number of Beds per Government Hospital	Number of Visitors to each Government Hospital
2010	660	99,270	57,081,420	150	86,487
2011	643	98,319	57,368,460	153	89,220
2012	646	96,820	50,471,980	150	78,130
2013	657	98,291	62,428,797	150	95,021
2014	659	97,826	65,557,979	148	99,481
2015	660	93,267	74,560,200	141	112,970
2016	662	93,897	80,937,444	142	122,262
2017	676	96,111	87,094,488	142	128,838
2018	691	95,683	93,698,218	138	135,598

Source: The table depends on: Central Agency for Public Mobilization and Statistics (2019a), "Annual Bulletin of the Health Services Statistics 2018".

Figure 1.12 Number of primary health care units during the period (2010-2020)



Source: The figure depends on: Central Agency for Public Mobilization and Statistics. Multiple health related sources.

The number of primary health care units increased by about 365 units between 2010 and 2020, as shown in Figure 1.12. These units mainly include health offices, clinics, maternal and child health centres, urban health centres, family health centres and units, and rural primary care units. However, this increase in the number of health care units did not keep pace with the increase in the population, and as a result there was a decline in the number of health care units per 100,000 population from 6.2 in 2010 to 5.6 in 2017.⁶⁵

Indicators of quality and competitiveness of health services

Human Resources and Working Environment in the Governmental Health Sector

The numbers of doctors and nursing staff in

the governmental system increased between 2010 and 2018: the number of doctors rose from 73,000 to 91,000 and the number of nursing staff from 162,000 to 197,000. However, this increase was not sufficient to keep pace with the increase in demand for health services reflected in the increase in the number of people visiting government hospitals, and as a result, the average number of patients per doctor and nurse increased, as shown in Table 1.9. This is expected to have an adverse effect on the ability of government health services to provide care of appropriate quality.⁶⁶

Table 1.9

Numbers of Doctors and Nursing Staff in Government Hospitals

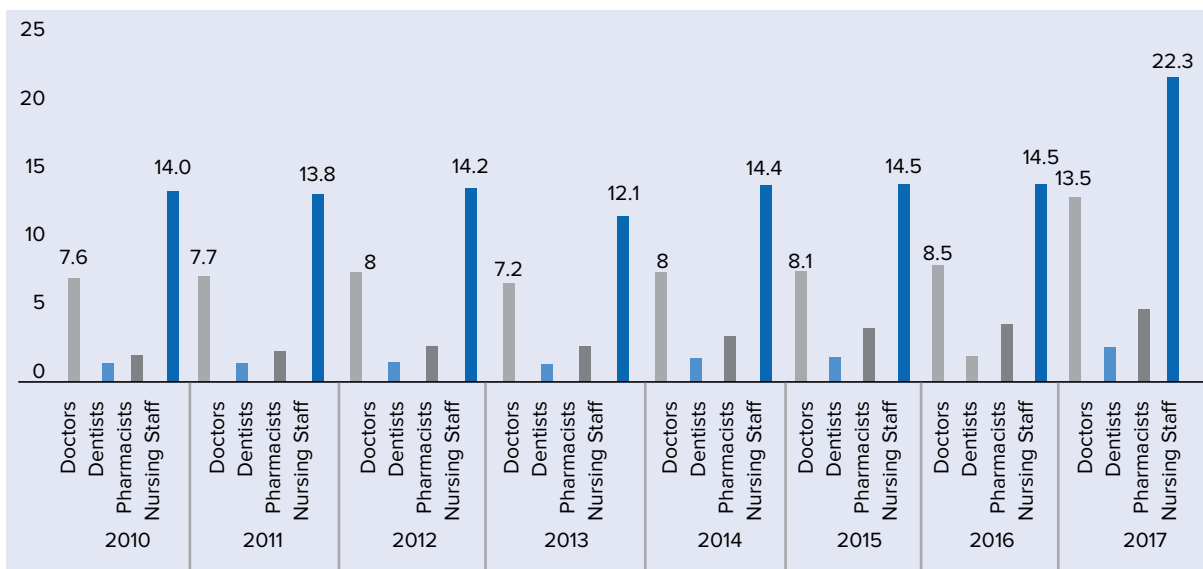
Year	Number of doctors	Number of nursing staff	Number of patients per doctor	Number of patients per nursing staff member
2010	73,329	161,716	778	353
2011	77,255	161,717	743	355
2012	82,542	171,104	611	295
2013	87,908	173,142	710	361
2014	96,122	179,155	682	366
2015	97,707	183,746	763	406
2016	103,337	187,090	783	433
2017	102,773	191,351	847	455
2018	91,316	196,686	1026	476

Source: The table depends on: Central Agency for Public Mobilization and Statistics (2019-a), "Annual Bulletin of the Health Services Statistics 2018".

Despite the increase in numbers of doctors and pharmacists working for the Ministry of Health and Population (per 10,000 people) during the period from 2010 to 2017, these

numbers remain low, especially for dentists (2.5 per 10,000 people) and pharmacists (5.3 per 10,000 people) according to 2017 statistics (Figure 1.13).

Figure 1.13 Medical professionals and practitioners at the Ministry of Health and Population (per 10,000 population)



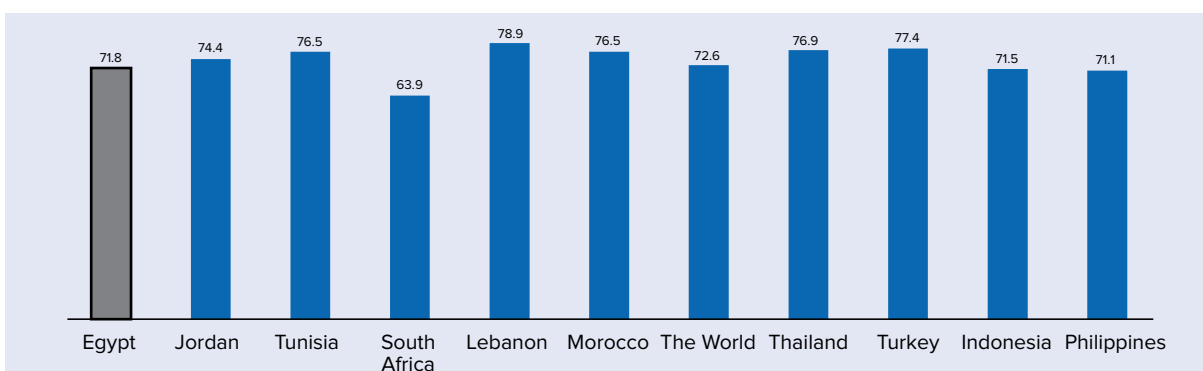
Source: The figure depends on: Central Agency for Public Mobilization and Statistics, (2019-b), "Statistical Yearbook – Health Chapter".

Indicators of health outcomes (life expectancy at birth and under-five mortality rate)

Life expectancy at birth in Egypt rose from 70.3 years in 2010 (68.2 for men and 72.6 for women) to 71.8 years in 2018 (69.6 for men and 74.2 for women).⁶⁷ Although the average life expectancy at birth in Egypt is low com-

pared to the global average of 72.6 years, and is lower than in comparable countries such as Jordan, Tunisia, Lebanon, Morocco, Turkey and Thailand, it is higher than in the Philippines, Indonesia and South Africa, which are among the 10 countries directly ahead of Egypt in the Human Development Index according to the 2020 HDR, as shown in Figure 1.14.

Figure 1.14 Life expectancy at birth in Egypt and selected middle-income countries in 2018



Source: The figure is based on the World Bank database (<https://data.worldbank.org/indicator>).

In addition, the under-five mortality rate in Egypt has fallen from 28.8 deaths per 1,000 live births in 2010 (30.3 among boys and 27.2 among girls) to 20.3 deaths (21.5 among boys and 19 among girls) in 2019.⁶⁸ The current under-five mortality rate in Egypt is lower than the maximum targeted by the Sustainable Development Goals (25 deaths per 1,000 live births) and is lower than in comparable countries such as South Africa (34.5 deaths), the Philippines (27.3 deaths) and Indonesia (23.9 deaths), although they are ranked ahead of Egypt on the Human Development Index according to the 2020 HDR. Consequently, this represents significant progress towards achieving the SDGs.

As a result, Egypt came 104th out of 141 countries on the fifth pillar, Health, of the World Economic Forum's 2019 Global Competitiveness Index, which is calculated mainly from the number of years a child is expected to live a healthy life at birth. Egypt was therefore ahead of countries such as South Africa (118th), Botswana (111th) and India (110th).⁶⁹ It should be noted that this pillar replaced a set of sub-indices related to the competitiveness of the health sector, which was included in the fourth pillar, Health and Primary Education, till the 2017/2018 report. These sub-indices included the prevalence of certain diseases such as tuberculosis, malaria and HIV and their impact on business; the infant mortality rate; and life expectancy at birth.

1.4 Investing in people: Promoting the right to adequate housing in Egypt

Egypt's 2014 Constitution enshrines a right to housing: Article 78 stipulates that the State shall ensure citizens' right to decent, safe and healthy housing in a manner which preserves human dignity and achieves social justice. The same Article stipulates that the State shall devise a full national housing plan and a comprehensive national plan to address the problem of informal settlements, which in-

cludes re-planning, provision of infrastructure and utilities, and improvement of the quality of life and public health, in addition to the provision of resources necessary for implementation of this plan within a specified period of time. In a report on her visit to Egypt in 2019, the Special Rapporteur on the right to adequate housing noted that the Constitution is in alignment with international human rights law and the first target of Sustainable Development Goal 11, which is to ensure that everyone has access to decent, safe and affordable basic housing and services through a specific strategy.⁷⁰

This constitutional commitment is reflected in the sustainable development strategy, Egypt Vision 2030, which devotes a full pillar to urban development and dedicates an independent programme to combatting the phenomenon of informal settlements and unsafe areas by developing an integrated framework for their development and the provision of employment opportunities for their populations. It also takes into account the rehabilitation and development of the cultural and social capacities of the population to adapt to and maintain developed areas, in addition to working to strengthen the enforcement of laws that prevent the emergence of unplanned informal settlements.⁷¹

Egypt has made great efforts to promote the right to adequate housing over past years and the issue has received considerable political support. This has led to the upgrading of many informal settlements, as well as the launch of an ambitious social housing programme that accounts for low- and middle-income groups. In March 2020, the Special Rapporteur on adequate housing submitted a report on the guidelines for the implementation of the right to adequate housing to the United Nations Human Rights Council.⁷² Egypt complies with most of the 16 guidelines outlined; for example, "guarantee the right to housing as a fundamental human right linked to dignity and the right to life [...]" is in accordance with Article 78 of Egypt's Constitution.

1.4.1 Upgrading of unplanned and unsafe informal settlements

The Informal Settlements Development Fund (ISDF) plays an important role in upgrading informal settlements and limiting their expansion. According to presidential decree number 305 of 2008, the Fund aims to map and upgrade informal settlements and develop a plan for urban planning.⁷³ The Informal Settlements Development Fund divides informal settlements into unplanned settlements, unsafe settlements and informal markets.⁷⁴ Unplanned settlements are those established in violation of building laws and regulations, while unsafe settlements are those in which 50 percent of the buildings are classified at one of four levels reflecting their gravity. The first level accounts for “life-threatening settlements” such as those in areas exposed to natural hazards; the second level includes “inadequate housing settlements” such as damaged buildings; the third level includes “health-threatening settlements” that lack clean drinking water or adequate sanitation; and the fourth level are “settlements without secure tenure” such as lack of legal tenure.⁷⁵ The Informal Settlements Development Fund carries out the upgrading of these settlements, while the Ministry of Housing, Utilities and Urban Communities (MOHUUC), as part of its strategy, upgrades all informal settlements that are unsafe and threaten the lives of citizens, in addition to supporting social housing programmes for low-income people.⁷⁶

Over recent decades, unplanned and unsafe informal settlements have represented a major challenge in Egypt, prompting considerable attention from decision makers. The number of unsafe settlements developed between 2014 and 2020 amounted to about 296 out of a total of 357 settlements. Table 1.10 shows the percentages of unsafe settlements in several governorates, and the percentage that have been upgraded in each.⁷⁷

Governorate	Share of unsafe settlements in governorate	Share of upgraded unsafe settlements
Cairo	29	46
Ismailia	18	72
Alexandria	15	55
Sharqia	0.2	55
Assiut	0.1	86
Marsa Matrouh	0.1	72

Source: Ministry of Housing, Utilities and Urban Communities (2020). Ministry Report.

As a result of these efforts, the number of people in Egypt living in unsafe settlements had decreased by 35 percent in 2019.⁷⁸ Egypt’s sustainable development strategy aims to reduce the population of unsafe settlements by 100 percent by 2030.⁷⁹ During the development of unsafe informal settlements, the basic services needed by citizens, such as schools, places of worship, youth centres, health centres and others, were taken into account in order to ensure a safe environment.⁸⁰ This approach conforms to the Special Rapporteur’s guideline on “implementing comprehensive strategies for the realization of the right to housing.”

As part of the practical framework on providing adequate and appropriate housing for citizens, the national project Housing for all Egyptians was launched. It aims to construct 500,000 housing units in major cities and governorate capitals nationwide.⁸¹

The total area of unplanned informal settlements was around 152,000 feddans in 2014 (1 feddan is approximately 1.038 acres). Fifty-three settlements with a total area of 4,616 feddans have been upgraded since and have had their infrastructure improved. An additional 79 settlements with a combined area

of 6,941 feddans are currently being upgraded. The total cost of upgrading unplanned settlements was EGP 318 billion. Egypt has also upgraded informal markets, developing nearly 20 out of a total of 1,105.⁸² The national sustainable development strategy aims to reduce informal settlements in urban areas to less than 20 percent in 2020, and less than 5 percent in 2030.⁸³

Egypt follows specific rules and procedures regarding the relocation or evacuation of residents of unsafe or unplanned settlements, in line with the Special Rapporteur's guidelines for implementing the right to adequate housing, which include the guideline "prohibit forced evictions and preventing evictions whenever possible." Under Egypt's rules, residents must be relocated in areas far from their current ones only if they want this, and no methods of forced eviction shall be taken. Three options should be given to residents who are being relocated: immediate relocation to a housing unit in a newly developed area in the same city; financial compensation to find alternative housing during the upgrading of their area, with the al-

location of a similar unit; or financial compensation through negotiation.⁸⁴ Nevertheless, the informal working patterns of residents of informal settlements have sometimes been a source of resistance to leaving their units. Hence, Egypt has had to make decisions that avoid hindering development plans, while also taking into account the social and economic dimensions, as shown in government interventions in various settlements.

The issue of the development of informal settlements was shown to be one of the government's most important priorities at the national level through the launch of the Strategic Plan 2030 for the Development of Informal Settlements, and the opening of a number of new housing developments such as the three-phase Bashayer Al-Khair in Alexandria governorate, Asmarat in Cairo, and Al-Mahrosa 1 in Ennahda City in Al-Salam. In addition, Egypt is working on a huge urban expansion plan nationwide that involves smart cities and social housing projects, for which subsidies worth EGP 3.9 billion were allocated in the 2019/2020 budget.⁸⁵

Box 1.1 Asmarat Neighborhood Project

As part of the State's interest in groups living in dangerous and unqualified areas, in 2016 through Cairo Governorate, in cooperation with the Informal Settlements Development Fund, the Ministry of Local Development and *Tahya Misr Fund*, the Government established the first and second phases of *Asmarat* Neighborhood, to be allocated to residents of unsafe informal settlements represented in *Doweiqqa*, *Ezbet Khairallah* and *Istabl Antar*.

The first phase is located on 65 *feddan* and includes 6,258 housing units, in addition to the establishment of a basic education school, while the second phase is located on an area of 61 *feddan* and includes 4,722 housing units and a basic education school. The cost was EGP 1.582 billion for the first and second phases.

In 2020, the third phase of the project, which consisted of the construction of 7,298 housing units at a cost of EGP 1.75 billion, was opened to provide safe housing for about 31,000 citizens. The third phase of the project is located on an area of 65 *feddans*. The third phase also aims to accommodate residents of unsafe informal settlements such as *Al Hataba*, *Al Sahilah*, *Bani Hilal* and other settlements.

In its three phases, the project provides many services, including youth city, places of worship, schools, social solidarity services, health units and commercial services.

Source: Official website of the Presidency of the Republic

1.4.2 Provision of social housing

Egypt has also made efforts on social housing with a view to empowering low- and middle-income groups. In 2014, it was announced that 1 million housing units would be established to support low- and middle-income people.⁸⁶ In addition, a presidential decree (number 33 of 2014) on social housing, amended by a subsequent law (*Law No. 93 of 2018*) on social housing and mortgage finance support, allowed for the establishment of social housing projects aimed at providing adequate housing for low-income people, as well as small family plots for middle-income people. It also provided for the establishment of the Social Housing and Mortgage Finance Fund (SHMFF) to finance, manage and build

housing units as part of the Social Housing Program, as well as to provide commercial and professional services to the units. The number of beneficiaries of the Social Housing Programme by 30 June 2020 had reached around 312,000, with monetary support of up to EGP 4.9 billion distributed. Moreover, mortgage financing of about EGP 30.8 billion was provided by banks and mortgage companies.⁸⁷ The total number of the people who received support from the Fund had reached around 248,000 by June 2019, of whom about 20 percent were women,⁸⁸ as per Table 1.11. During fiscal year 2019/2020, there were nearly 64,000 beneficiaries (of whom about 25 percent were women), who received estimated monetary support of EGP 907 million and mortgage financing of EGP 6.9 billion.⁸⁹

Gender	Number of beneficiaries	%
Male	198,185	80
Female	49,844	20
TOTAL	248,029	100

Source: Social Housing and Real Estate Finance Support Fund (2019).

It should be noted that Egypt imposes certain rules regarding social housing programmes: social housing units must be located within an urban area and the soil must be suitable for construction work. Moreover, dangerous and unsafe areas must be avoided and priority should be given to the areas most in need of new housing, according to the strategic planning of each governorate. The expansion of infrastructure and basic services should also be feasible, basic services should be accessible, and the areas should be easily connected to public roads.⁹⁰

1.4.3 Expanded coverage of water and sanitation facilities

In the past few years, Egypt has made major efforts to provide drinking water and sanitation services. In 2019, it launched the *Hayah Karima* "Decent Life" Initiative, which put the development of drinking water and the san-

itation sector at the top of its priorities. The initiative mainly aimed at expanding networks and water stations and coordinating with the Ministry of Social Solidarity, NGOs and other concerned parties to connect houses to the system for those who could not afford to do so. Moreover, Egypt has adopted the National Rural Sanitation Services Program.⁹¹

Table 1.12 shows that, through these efforts, national drinking water coverage increased to about 98.7 percent in 2020 (100 percent in urban areas and 97.4 percent in rural areas), compared to 97 percent in 2014. Sanitation coverage increased to about 65 percent in 2020 (96 percent in urban areas and 37.5 percent in rural areas) compared to about 50 percent in 2014 (79 percent in urban areas and 12 percent in rural areas). Between 2014 and July 2020, about 1,131 drinking water and sanitation programmes were executed at an estimated cost of about EGP 124 billion. In

In addition, 5,792 restoration and renewal programmes are also executed at a cost of about EGP 9 billion, with about 176,400 house connections being made at a cost of EGP 600 million, and 200 extension and reinforcement projects in all governorates being executed at a cost of EGP 455 million. In addition, water and sanitation programmes were carried out in new cities at a cost of EGP 40 billion, bringing the total amount spent on the water and sanitation sector in this period to about EGP 174 billion. Egypt is working to achieve four key themes in the drinking water sector: reducing waste, increasing water pressures, renovating and renewing networks, increasing the efficiency of services, and using different technologies to provide sanitation services to rural areas.⁹²

Egypt's current policy is the safe reuse of wastewater after dual and triple treatment, rather than to dispose of it, as was the case before, is an attempt to maximize the use of water resources. In addition, the country has launched a strategic plan for the expansion of seawater desalination plants to meet drinking water needs for 2020-2050, which was prepared by the Holding Company for Water & Wastewater (HCWW), the New Urban Communities Authority (NUCA) and the General Organization for Physical Planning (GOPP). The plan is based on a set of themes related to the provision of water needs required for urban development and for meeting the coming increase in population.⁹³

Table 1.12
Coverage of Sanitation and Drinking Water Services (%)

Year	Sanitation			Drinking Water		
	Rural	Urban	Total	Rural	Urban	Total
2014	12	79	50	95	99	97
2020	37.5	96	65	97.4	100	98.7
2022 (Targeted)	65	98	81.5	98.5	100	99.25

Source: Ministry of Housing, Utilities and Urban Communities

1.5 Investing in people: Development of Egypt's education and health sectors

Egypt's 2014 Constitution affirms the state's orientation towards investing in human capital as a driver for comprehensive development in all its dimensions. It establishes the State's commitment to providing high-quality and cutting edge educational and health care services in accordance with international standards as a right of every citizen. It also specifies minimums for government spending on health, education and scientific research as percentages of Gross National Product (GNP), which must be reflected in the state budget. These commitments are laid out in 11

constitutional articles (10 articles on education and scientific research and one on health) of the total 246.

Egypt's strategic vision on investment in human capital is clearly reflected in the sustainable development strategy, Egypt Vision 2030, which was released in 2016. Under the strategy's social dimension, there are themes for "health" and "education and training," (the sixth and seventh themes). In addition, the strategy's economic dimension includes the third theme of "knowledge, innovation and scientific research." The strategy accordingly lays out the path to identifying the reforms required to improve education, scientific research and health care in Egypt.

Since 2014, Egypt has taken a number of steps to improve the performance and outputs of the education and health systems. A number of sectoral strategies have been launched and their associated policies, programmes and initiatives have been executed or are being executed in order to achieve the country's strategic objectives of investment in human capital. The government's action plan (2018/2019-2021/2022) reflects the priority of "developing the people of Egypt" as a key strategic objective, the realization of which depends on a set of programmes related to investing in people.⁹⁴

1.5.1 Pre-university education reform strategies, policies and programmes (2014-2020)

The Strategic Plan for Pre-University Education 2014-2030, which was issued in 2014, is based on a set of policies, the most important of which are: 1) to provide equal education opportunities to all school-aged children and to target poor areas and provide out-of-education children with a second chance; 2) to improve quality of education by providing developed curricula in line with international standards and qualified teachers who are able to use modern teaching methods and provide learners with the ability to learn continuously; 3) to strengthen the institutional structure through decentralization to ensure good governance; and 4) to make use of international agreements and partnerships with the local community and the private sector. It is also based on a set of main programmes (related to the different stages of education, as well as the decentralization and administration programme) and a number of sub-programmes, the most important of which are the ICT, school feeding, and comprehensive curriculum reform programmes.⁹⁵

ICT plays a critical role in educational reform programmes in Egypt due to the educational system's long-standing deficiency in technological infrastructure. Therefore, the Strategic Plan for Pre-University Education includes a sub-programme on educational technology with the aim of expanding and optimizing the ICT structure and applications to improve the performance of the education system in terms of both education outcomes and institution efficiency.⁹⁶

In July 2018, Egypt's national Education Reform Programme was launched, introducing a new education system that was implemented starting September 2018.⁹⁷ The main pillars of this programme include reforming curricula, modernizing and developing teaching and learning methods, diversifying learning sources and moving towards research and self-learning methods, developing assessment methods, and examinations, and providing professional development to teachers.

Egypt has also strengthened schools' information infrastructure to ensure accessible information services in all rural and remote areas and to expand the use of computers at all levels within educational institutions.⁹⁸ From July 2014 to May 2020, about 9,000 school laboratories and 27,000 modern classrooms were equipped. Egypt has also provided students with millions of tablets for free and introduced internal network connections at secondary schools with information servers and high-speed Internet networks. In addition, it has made available about 11,000 interactive screens to enhance in-class learning,⁹⁹ and has provided access to such networks outside school for free through youth centres and the Ministry of Culture's cultural houses.

Box 1.2 The Egyptian Knowledge Bank

The Egyptian Knowledge Bank (EKB) was launched in January 2016 as one of the most important and largest national knowledge programs in education and scientific research in the modern history of Egypt. In addition, it is one of the world's largest digital libraries and electronic knowledge centers, providing unlimited resources to only Egyptians in various fields of basic, applied, administrative, and humanitarian sciences, which can be accessed for free by computers, smart cell phones and tablets throughout the country. This was a part of the "Towards Building an Egyptian Society that Learns, Thinks and Innovates" Initiative launched on the 2014 Science Day in support of efforts to develop education and scientific research and promote the Egyptian knowledge society. EKB provides free access to a very wide variety of knowledge, educational and research information sources in both Arabic and English (specialised books, documentary sources, scientific periodicals, theses and other various educational materials) issued by the most famous and largest regional and international publishers, such sources are accessible for all Egyptians of different age groups, regardless of their different knowledge needs, including researchers, academics, students, children and the public readership.

Source: The website of EKB, www.ekb.eg

The new system serves all aspects of the educational process. On the one hand, technology can be used to reform traditional examinations and assessments, especially in secondary schools (where the cost of exam administration and security at the national level was typically around EGP 1.3 billion). The new system develops "digital question banks" via a cloud-based system. These questions aim to measure students' comprehension skills and are sent by the competent authority at the Ministry of Education and Technical Education directly to the student's tablet, which helps reduce the possible leaking of exam papers and will reduce demand for private tuition. Tablet technology also helps develop learning methods by diversifying learning sources and developing scientific research skills and self-learning. In addition, it serves the purposes of achieving social justice by providing education for all without discrimination.¹⁰⁰

Emanating from Egypt's realization of the importance of technical education and the role it plays in meeting the needs of the labour market, special attention is being given to the development of the technical education system and serious steps are being taken to modernize its existing structure in terms of

specializations. These efforts aim to enhance the quality of technical education, to adapt its outputs to the requirements of the labour market, to serve the priorities and needs of local industries, and to compete in regional and global markets.¹⁰¹ The current development of the technical education system (in line with the technical education development strategy) is based on a number of pillars, the most important of which are: establishing an independent quality assurance body, developing curricula according to the needs of the labour market, improving teachers' skills, engaging with business owners, and changing the stereotype of technical education. Moreover, systemic developments include changing admission requirements and developing curricula for all disciplines in line with the requirements of the labour market, tailored to local needs and in accordance with approved international standards. Other developments include making available equipment and educational technology, and developing existing technical education schools through the establishment of training centres and workshops to serve the community. Furthermore, some technical education schools should be qualified to transform into "applied technology schools," which work or coordinate with

colleges of technology to grant an Egyptian certificate of international quality, focusing primarily on the priority sectors of the national economy in the fields of energy, ICT, and

the Fourth Industrial Revolution.¹⁰² Between 2018/2019 and 2019/2020, 11 applied technology schools were established in Egypt.¹⁰³

Box 1.3 Japanese Schools in Egypt

As a part of Egypt-Japan Education Partnership (EJEP) Initiative announced during the visit of the President of the Arab Republic of Egypt to Japan in 2016, MoE announced the establishment of Egyptian-Japanese schools pursuant to the Minister of Education and Technical Education Resolution No. 159/2017.

The Project Management Unit of the Egyptian Japanese Schools was established under the Minister of Education and Technical Education Resolution No. 13/2017 to manage the Egyptian Japanese Schools Project. The Unit was responsible for selecting schools where the Project could be executed, providing technical supervision and controlling the execution of the Project, nominating workers for this type of schools, and continuously evaluating and promoting the Project.

The Egyptian-Japanese Schools (EJSs) aim to teach moral values and positive behaviors to students, reinforce students' belonging to the homeland, develop a culture of cooperation, teamwork, the ability to solve problems and create a good learning environment. EJSs apply the Egyptian curricula in conjunction with the Japanese Tokkatsu education system at all stages of education. Tokkatsu develops children's skills and improves their behavior through dialogue, discussion, problem solving, innovation, respect and discipline.

These schools were applied as an initial experiment to 12 schools in 2015/2016 and 2016/2017 academic years. In 2017/2018, The Egyptian-Japanese schools were applied to 28 schools, provided that by the end of the project, the number of schools will be 212 all over Egypt.

Some trainers and teachers have been trained on the systems at these schools, and a group of teachers and trainers have traveled to Japan to learn how to implement the work system.

Source: Egypt's SIS, MoETE Minister Decision No. 159/2017

Technical education programmes attract more than half of Egyptian students enrolled in public secondary-stage education. Within the technical education sector, industrial education attracts the most students (53 percent), followed by commercial secondary education (35 percent). In the 2019/2020 academic year, 36.1 percent of the total number of students in industrial secondary education were girls, as were 14.2 percent of those in agricultural secondary education, 58.5 percent of those in commercial secondary education, and 32.2 percent of those in hotel secondary education.¹⁰⁴

Developing and improving technical education provision is a key priority in Egypt, as shown by Article 20 of the Constitution. The

Strategic Plan for Pre-University Education 2014-2030 includes a programme for technical secondary education which aims to expand opportunities for technical education, modernize its disciplines, develop curricula in light of the labour market requirements, make educational technology available to students, develop teachers' professional skills, and foster local and global partnerships.¹⁰⁵

The real test for these strategies will be their impact on quality and competitiveness indicators in the pre-university education sector in the coming years and the extent to which the relationship between the outcomes of the educational process and the real needs of the labour market can be developed.

1.5.2 Strategies, policies and programmes for the development of higher education and scientific research (2014-2020)

The development of the higher education and scientific research sector has been an area of priority for Egypt in recent years, with the aim of building up the state, dealing with contemporary challenges, and achieving the Sustainable Development Goals. Egypt aims to facilitate a qualitative leap forward in the quality of higher education, scientific research and community service, which will contribute to the development of the human capital of young people in the country, fostering their ability to build a modern, knowledge-based country able to compete regionally and internationally.¹⁰⁶

In 2019, the government launched the Higher Education and Scientific Research Strategy 2030, which is consistent with both the national sustainable development strategy and the Sustainable Development Goals (SDGs). The strategy sought to address the contemporary global challenges posed by the Fourth Industrial Revolution and the repercussions for industry and the global labour market.¹⁰⁷ It is based on developing the capacity of Egyptians and aims to improve the skills of university graduates to allow them better engagement with the labour market. It also works on achieving the SDGs and supporting innovation and creativity, with a focus on the interlocking relationships between higher education, scientific research, pre-university education, and other relevant areas such as young people and investment.¹⁰⁸

In 2019, the Ministry of Higher Education and Scientific Research launched the National Strategy for Science, Technology and Innovation 2030, which aims to prepare an effective scientific and technological base that produces knowledge, is capable of innovation and addressing societal challenges, has an international standing, helps increase the competitiveness of national industry, and

drives the economy to achieve sustainable development.¹⁰⁹

The government's policy between 2014 and 2020 was based on expanding the number of national non-profit universities (Box 1.4). In implementation of a presidential decree to establish an Egyptian TVET Quality Assurance and Accreditation National Authority, a joint committee was formed made up of officials from the Ministry of Higher Education and Scientific Research (MOHESR), and the Ministry of Education and Technical Education to develop the necessary vision for the establishment of the proposed body. It was agreed to specialize in issuing accreditation and quality certificates for vocational educational programmes at all stages, for teachers and trainers, and for conducting work permit tests, in accordance with international standards.

With regard to the development of higher education curricula and programmes, a number of existing programmes have been updated and new programmes have been launched (in the sectors of medicine, engineering, science, media and education) that anticipate coming changes in the local and global labour market, that seek to meet the needs that technological development imposes, and that provide students with the knowledge and skills necessary for the 21st century. They also encourage interdisciplinary and dual programmes with universities abroad. This is in line with a decision of the country's Supreme Council of Universities that new higher educational institutions should have modern majors and be linked to the labour market.

The Higher Education and Scientific Research Strategy mandates the establishment of eight technology universities, of which three have already been completed (in New Cairo, Quesna and Beni Suef) and which became open to students in 2019/2020. Egypt has also taken steps to establish branches of foreign universities in the country. In this regard, *Law No. 162 of 2018* was issued on the establishment and organization of branches of foreign universities within Egypt, as were

the law's executive regulations. A number of memoranda of understanding were signed on the Canadian Universities Complex, the European Universities Complex, and the Swedish Academic Knowledge Complex. However, there are obstacles to establishing such edu-

cational and research partnerships with major universities around the world, the foremost of which are the high material and educational requirements stipulated by these universities to open branches in developing countries, including Egypt.

Box 1.4 National non-profit universities

In belief of the role of education in promoting societies, building states and nations, and overcoming future challenges, a republican decree was issued to establish four national non-profit universities, namely, "KSIU" with three headquarters in the cities of Al-Tur, Sharm El-Sheikh, Ras Sidr, in South Sinai Governorate, and "AIU", with its headquarters in New Alamein City, Matrouh Governorate, and "GU", with its headquarters in El Galala Plateau in Suez Governorate, and "NMU", with its headquarters in New Mansoura City, in Dakahlia Governorate.

National non-profit universities aim to achieve balance between the graduate's skills and knowledge, and to link the education process and its outputs with the priorities of labour market. National non-profit universities are non-profit, and contribute to providing quality education through advanced educational programs that keep pace with time, accompanied by a developed infrastructure that allows conducting modern scientific research in priority areas for Egypt, the Arab and African region, and aims to have such national non-profit universities be distinguished based on Egyptian and international quality standards. Also, national non-profit universities seek to serve community and develop the environment in Egypt in general, and the environment surrounding the said universities in particular.

National non-profit universities contribute to achieving the goals of the strategic plan for Higher Education until 2030, by providing a high level of academic and applied education that contributes to increasing opportunities for Higher Education, with high quality in many branches of cultural, scientific and applied sciences, qualifying graduates to be able to compete in local, regional and global labour markets, participating in building a generation characterised by high skills, cultural awareness and ability to assume responsibility, in addition to preparing an appropriate structure for scientific research and technology that contributes to solving problems facing economic development plans nationally.

The boards of trustees of these universities are selected from an elite group of businessmen and intellectuals who are able to market the universities, increase their resources, and monitor administration work, while selecting university leaders, from among specialists who have the ability to lead and strive for global excellence. It was decided to allocate 100 free scholarships for the first high school diplomas and the first technical secondary certificates to enroll and study in national non-profit universities, provided that the Long Live Egypt Fund (LLEF) will bear the financing of the costs of those scholarships. EGP30 billion has been allocated to expand the establishment of these universities.

Source: Presidency of the Council of Ministers (P.C.M.)

The government has also taken a set of steps to achieve the goals of the National Strategy for Science, Technology and Innovation 2030, including developing the laws around scientific research. In this regard, *Law No. 23 of 2018* was issued regarding incentives for

science, technology and innovation,¹¹⁰ *Law No. 150 of 2019* was issued regarding the establishment of the Science, Technology and Innovation Funding Authority (previously STIFA; now STDF),¹¹¹ and *Law No. 1 of 2019* was issued regarding the establishment of an

Innovators Support Fund (ISF).¹¹² The Innovators Support Fund has been established in accordance with the aforementioned law. It is a public body with a distinct individual legal personality that reports to the Minister of Scientific Research. It aims to support and sponsor researchers and innovators, fund science, technology and innovation projects, and find new mechanisms for financing them by encouraging individuals and the private and civil sectors to do so.¹¹³ In addition, *Law No. 3 of 2018* was issued regarding the establishment of the Egyptian Space Agency (EgSA), which aims to create, transfer, localize and develop space science and technology and to have the capacity to build and launch satellites, in order to serve Egypt's strategy in the areas of development and national security.¹¹⁴

The government, through the Academy of Scientific Research and Technology (ASRT), launched the National Technology Incubators Programme (Intilaq) in 2015. It is the largest umbrella for establishing and managing technology incubators in the entrepreneurship and innovation system, covering all regions of Egypt and with the ability to transform ideas and research outputs into competitive technology companies by providing technical, material and logistical support to entrepreneurs. Intilaq's first phase included the establishment of 19 technology incubators throughout Egypt and the incubation of 93 start-ups.¹¹⁵

Likewise, the Egyptian Innovation Bank (EIB) was established in 2018 as a government platform for innovation in Egypt and in the region. It aims to transform current technological challenges into investment opportunities using innovative solutions and ideas, to present the most important and marketable Egyptian patents; to introduce available funding opportunities; and to foster networking, incubation, marketing and participatory financing.¹¹⁶ It also aims to encourage innovations and inventions that lead to the generation of national technology, and contribute to coordinating national efforts to develop innovative capabilities by providing a marketing outlet

for innovations and supporting innovators, inventors and civil society organizations. The EIB had established 15 business incubators and participated in 40 graduation projects by the end of 2020.¹¹⁷

The number of Egyptian scientific research papers published in internationally indexed journals increased from 14,100 in 2014 to 21,961 in 2018, and Egypt's ranking in the Global Innovation Index (GII) advanced from 107th place (out of 128 countries) in 2016 to 95th in 2018 (out of 126 countries).¹¹⁸

It is still too early to assess the policies implemented by Egypt in this area, although it seems clear that Egypt has invested heavily in preparing the legislative and institutional structure necessary to bring about a renaissance in the field of higher education. The steps taken by Egypt can be characterized by two important features: the first is opening up to the outside world, and the second is focusing on creativity and innovation. To translate these efforts into tangible achievements, these policies must be promoted locally, regionally and internationally, and crystallized in the form of real investment opportunities and competitiveness.

1.5.3 Health development strategies, policies and programmes (2014-2020)

Egypt has developed a National Population Strategy and its five-year operational plan for 2015 to 2020. It is based on a set of pillars related to family planning and reproductive health, including providing family planning services with health insurance and at all government hospitals and treatment institutions, and providing an adequate balance of family planning methods, as well as working on integrating population issues into the national education programmes and awareness campaign.¹¹⁹ Between 2014 and 2020, Egypt adopted a set of policies and launched a number of health programmes and initiatives aimed at achieving the strategic objectives of the health sector, which are related to the

advancement of the public health of Egyptians within a framework of justice and equity, achieving universal health coverage, and improving health sector governance.

Programmes and initiatives for treatment and control of disease

Disease treatment and control programmes have focused on diseases that have the greatest impact on Egyptians, in order to reduce their prevalence and mortality rates. They include non-communicable chronic diseases such as heart disease, diabetes, kidney disease, cancer and respiratory diseases, and infectious diseases such as viral hepatitis, schistosomiasis and tuberculosis.¹²⁰ These initiatives come under the framework of Egypt's efforts to target individuals with chronic and infectious diseases in the short term, while the health insurance system is being enhanced by the issuance of the new *Comprehensive Health Insurance Law*, which will be detailed further in Chapter 3 of this report.

- **Towards hepatitis C elimination: The Egyptian experience**

Egypt was previously considered one of the countries in the world with the highest rates of hepatitis C. A random sample survey conducted in 2008 showed that the prevalence of the disease in Egypt was estimated at 9.8 percent of the total population. A second survey from 2015 showed a decrease in the rate to about 4.4 percent.¹²¹

The Egyptian experience in dealing with hepatitis C is one of the leading models worldwide: a national campaign to eradicate the virus was launched in 2014, new drugs were imported at reduced prices, and a new treatment system was implemented based on online applications. In 2015, a real breakthrough occurred in the control and treatment of the disease through the development of a new treatment system based on the production of similar medicines manufactured in Egypt at lowcost.¹²²

The cost of treating a single patient decreased from about \$900 in 2014 to less than \$200 in 2016,¹²³ and this contributed to achieving financial savings in the cost of treatment estimated at EGP 8 billion.

The use of modern medicines has also allowed a breakthrough by shortening the treatment period from a year to 3 months and bringing recovery rates from about 50 percent to more than 98 percent.¹²⁴

The Ministry of Health and Population's (MOHP) plan to eradicate and combat the disease relied on three pillars: eliminating patient waiting lists by providing them with treatment, whether at public expense or through health insurance, and increasing the number of public treatment units and centres nationwide from 35 in 2014 to about 164 units and centres in 2019, and the number of centres treating hepatitis C under the health insurance system increased from 15 to 84 centre. The second axis was represented in the National Plan for Comprehensive Medical Survey, which included a survey of all patients in government hospitals, all government sector workers, new university students and frequent visitors to central laboratories and blood banks, and others, in addition to a field survey at the level of governorates. The third axis was controlling infection and reducing infection rates to limit the spread of the disease.¹²⁵ The total number of hepatitis C patients treated during 2014 to 2018 reached about 1.5 million.¹²⁶

- **The 100 Million Healthy Lives Initiative for Early Detection of Hepatitis C and Non-Communicable Diseases**

In 2018, Egypt launched a national initiative called "100 Million Health Lives for Early Detection of Hepatitis C and Non-Communicable Diseases." It took place in all governorates and cost an estimated EGP 7 billion. It aimed to provide early detection of these diseases for more than 50 million Egyptians above 18 years of age, and to provide the necessary

treatment free of charge, with the aim of completely eliminating hepatitis C by 2020 and reducing deaths caused by non-communicable diseases, which make up a high proportion of total deaths in Egypt.¹²⁷ Between October 2018 and April 2019, this campaign resulted in the examination of about 47 million Egyptians nationwide, of whom about 628,000 received treatment. The campaign also provided its services to non-Egyptians, with about 24,000 foreign citizens receiving treatment under the scheme.¹²⁸

- **The 100 Million Healthy Lives Initiative For Supporting Egyptian Women's Health**

This initiative was launched in 2019 and aimed to screen 30 million Egyptian women aged over 18 for breast cancer and other non-communicable diseases (diabetes, hypertension, obesity, heart disease, and osteoporosis), and to provide family planning services. The initiative was implemented in three phases: the first phase, which began on 1 July 2019, included nine governorates; the second phase started on 1 September 2019 and included 11 governorates; the third phase began on 1 November 2019, and included seven governorates.¹²⁹ As of 2021, about 13 million women had benefited from this initiative.¹³⁰

- **The 100 Million Healthy Lives Initiative for Early Detection of Obesity, Stunting and Anaemia Among School Children**

This initiative was launched in 2019 and aims to screen about 11.5 million students in more than 22,000 schools with the aim of early detection of obesity, stunting and anaemia. It was implemented in three phases. The first phase, from 16 February to 11 March, included 11 governorates. The second phase, from 6 March, included 11 governorates. The third phase, from 21 March, included five governorates.¹³¹ About 10.7 million students had been assessed as part of the initiative by the end of 2020.¹³²

- **Presidential Initiative to Put an End to Patient Waiting Lists**

This initiative aims to put an end to waiting lists for critical interventions and operations, and was implemented in two phases, at a total cost of EGP 1.4 billion. The first phase was from 6 July to 31 December 2018, while the second phase began on 1 January 2019 and will last for three years.¹³³

In addition to the above initiatives, the government launched a number of other initiatives covering early detection of kidney disease, early detection of hearing impairments in newborns, and detection of diseases in pregnant mothers that could be transmitted to the foetus.¹³⁴ The planned appropriations in fiscal year 2020/2021 for the kidney disease initiative and for the detection of hearing impairments in newborns amounted to about EGP 9.6 million and EGP 32 million respectively.¹³⁵

In addition, Egypt has recently paid special attention to the issue of combating and treating addiction and drug abuse, as shown in the qualitative and quantitative leap forward in the activities of the Fund for Drug Control and Treatment of Addiction (FDCTA) in a number of areas, including awareness and preventive programmes, availability and promotion of treatment and rehabilitation services, early detection, and research. These efforts have resulted in a reduction in the proportion of number cases of drug use among the workers test in the private sector and in the public sector, among school bus drivers, and as among motorists on highways, between 2015 and 2020.¹³⁶

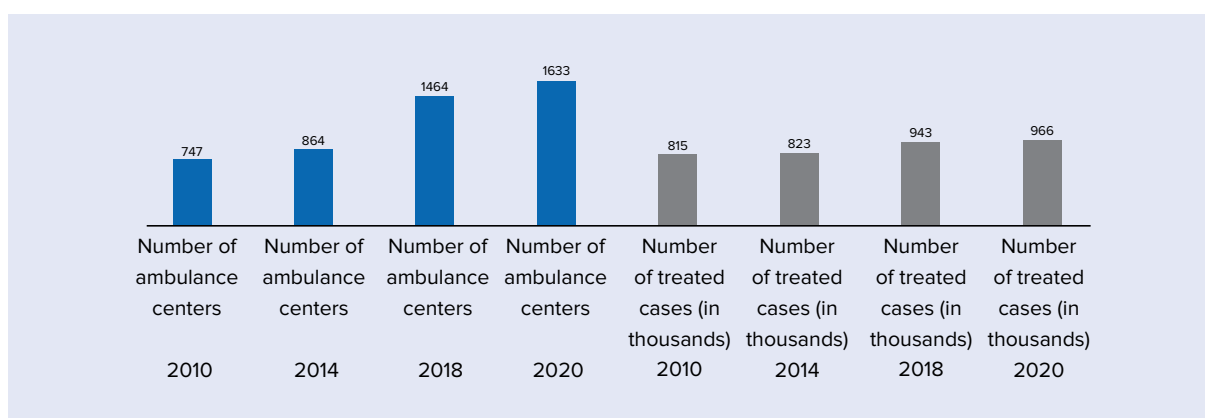
Expanding the availability and equipment of hospitals and fast ambulance dispatch centres and initiating health system automation

Between 2015 and 2018, 67 hospitals and 44 specialized centres for obstetrics, gynaecology and paediatrics were established and developed in all Ministry of Health and Population sectors and bodies, at a total cost of about EGP 9.2 billion. In the same period,

the number of intensive care beds increased from 1,968 to 5,144, and the number of neonatal intensive care units increased from 2,269 to 5,046. Eight new emergency centres were also established.¹³⁷ Also, 122 treatment hospitals, 17 psychiatric hospitals, 35 centres affiliated with the Secretariat of Specialized Medical Centers, eight one-day surgery clinics and five fever hospitals were developed during the period from 2014 to 2020.¹³⁸ In the fiscal year 2020/2021, EGP 4.8 billion was allocated for hospitals in the first phase of the *Comprehensive Health Insurance Law*, about EGP 800 million for the development of critical and urgent care departments in hospitals, and about EGP 222 million for model hospitals.¹³⁹

With regard to ambulance services, the data show a doubling in the number of fast ambulance dispatch centres (all of which are government-run) nationwide between 2010 and 2020, and an increase in the number of cases treated by these centres during the same years, as shown in Figure 1.15. Between 2014 and 2017, about 1,315 ambulances were equipped with satellite tracking devices. In addition, the number of equipped ambulances increased from 2,058 in 2014 to 3,007 in 2020. The total number of ambulance staff in 2018 reached nearly 17,000, including doctors, staff, paramedics and drivers.¹⁴⁰

Figure 1.15 The number of ambulance centers and number of treated cases during the period (2010-2020)



Source: Central Agency for Public Mobilization and Statistics (www.capmas.gov.eg), and Public Authority for Ambulance (2021), unpublished data.

Egypt has also focused on improving the management of the health sector by providing accurate and updated health data to support the decision-making system. It has aimed to build a unified and integrated database linking all health facilities, in order to facilitate circulation of information and automation of health services.¹⁴¹ In this regard, a health map of Egypt was developed, the dispensing system for baby formula was automated, and about 4,571 health offices were connected all over Egypt. The bodies providing treatment services at the state's expense were automated and linked electronically to the specialized

medical centres, and around 165 hospitals were automated through the ADT application, as were 202 blood banks and critical care departments at 77 hospitals, using tablets as a first stage.¹⁴² The birth and death data systems were also automated; a database was created for this purpose and made available to the various relevant authorities.

Regulation and development of pharmaceutical industry

A new law (*Law No. 151 of 2019*) was issued to establish the Egyptian Authority for Unified Procurement, Medical Supply and Technol-

ogy Management (AUPP), and the Egyptian Drug Authority (EDA).¹⁴³ The AUPP is an economic public authority with a distinct legal personality which reports to the Prime Minister. Its competencies include activating plans and policies for medicines and medical technology, following up on their implementation in accordance with the applicable laws and local and international health systems, setting specifications and guiding standards for the requesting authorities in preparing their needs for medical preparations and supplies subject to the provisions of this law, and coordinating with pharmaceutical companies and medical suppliers in order to enhance the strategic medical stocks of the state. The AUPP can enter into contracts with all private medical companies, agencies and institutions inside and outside Egypt to purchase medical preparations and supplies, for the benefit of the requesting parties. It establishes a system for evaluating medical technology in accordance with the latest global systems, to benefit from modern technology of effective value, in coordination with the requesting parties. The AUPP is also responsible for developing programmes and systems for electronic registration of local or foreign companies working in the field of medical preparations, for establishing an integrated database for medical technology in centres, hospitals, warehouses and all public health facilities to follow up on needs, use, maintenance and training, managing the storage, transportation and distribution system for medical preparations and supplies, and managing the unified maintenance system for medical devices to improve after-sales services.¹⁴⁴

In accordance with the provisions of the same law, the Egyptian Drug Authority was established as a public service authority with a legal personality which reports to the Prime Minister and replaces the National Organization for Drug Control and Research (NODCAR), the National Organization for Research and Control of Biologicals (NORCB), and other administrative bodies and entities with competence in the field of control of medical preparations and supplies. The EDA replaces the Ministry

of Health and Population in the competencies stipulated in *Law No. 127 of 1955* regarding pharmacists and related to the registration, circulation and control of preparations and supplies. The EDA is responsible for the registration, circulation and control of the preparations defined in Article 1 of this law. The EDA's competencies include putting in place policies, rules and regulations for everything related to regulating, implementing and controlling the production and circulation of medical preparations, supplies and raw materials in Egypt; developing and ensuring the quality, efficacy and safety of these preparations; setting up accurate and up-to-date databases; drug awareness and education for the community; and cooperation and coordination with national and international organizations concerned with cosmetics and public health.¹⁴⁵

On the other hand, the Egyptian city of medicine was opened in April 2021, located on an area of 180,000 square meters, with the aim of manufacturing pharmaceutical raw materials in Egypt becoming a leading city on this front in the Middle East. In addition, the Egyptian state is making efforts towards developing Covid-19 vaccines as part of a strategy to strengthen pharmaceutical manufacturing in Egypt.

In general, health programmes and initiatives have helped to increase the performance rates of the components of the health system in Egypt, including hospitals and health centres, as they have been provided with more medical staff and supplies to achieve the goals of these programmes and initiatives, which are usually implemented by political leadership at the level of the Cabinet and the President. These initiatives have led to coping with a number of modest indicators of the quality and outputs of health services in Egypt. At the same time, the reorganization of the pharmaceutical industry, starting from 2019, and especially in light of COVID-19 and the need for a developed local industry, is a step on the right path, although more time is needed to assess and evaluate the results of the creation of the AUPP and the EDA and the issuance of *Law No. 151 of 2019*.

1.6 Government spending on education, health and housing in Egypt

This part analyses the financial aspects related to the development of spending on the education, health and housing sectors in Egypt from 2010/2011 to 2019/2020.

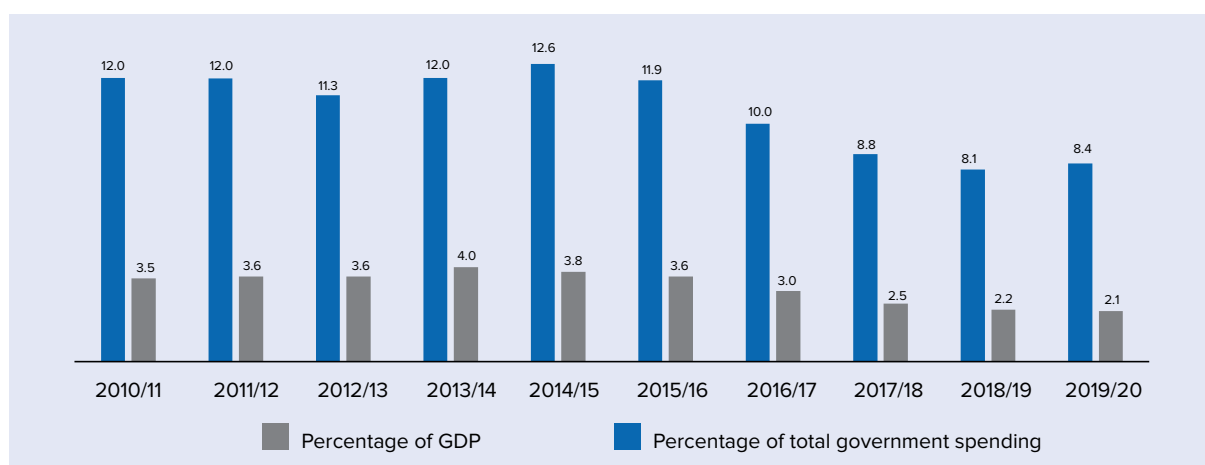
1.6.1 Government spending on education

Government (functional) spending on education (pre-university and higher education) in Egypt amounted to about EGP 132 billion in the approved budget for fiscal year 2019/2020, while government spending on education constituted 10.7 percent of overall

government spending, and about 3.2 percent of GDP on average during 2010/2011 to 2019/2020. During this period, government spending on education increased from EGP 92 billion in 2014/2015 to EGP 109 billion in 2017/2018 and EGP 132 billion in 2019/2020.

Despite the increase in government (functional) spending on education in Egypt, as an absolute value and at current prices, from about EGP 48 billion in 2010/2011 to EGP 132 billion in 2019/2020, there was a decline in education spending as a percentage of overall government spending in this period, from 12 percent to 8.4 percent, and as a percentage of GDP, from 3.5 percent to 2.1 percent, which is illustrated by Figure 1.16.

Figure 1.16 Government (functional) spending on education in Egypt as a share of total government spending and GDP (%)



Source: The figure is based on the state's general budget final accounts for the period (2010/11-2017/18) and the approved budget estimates for the fiscal years (2018/19 and 2019/20), published in the documents of the analytical statement and the financial statement of the budget (different years) on the website of the Ministry of Finance (www.mof.gov.eg)

The rates of government (functional) spending on education in Egypt are lower than global standards (an average of 14.3 percent of overall government spending and 4.5 percent of GDP), the average of middle-income countries, and in a number of countries with

similar economic conditions to Egypt, including Indonesia and South Africa, as shown in Table 1.13. Both of these countries are also among the 10 countries that directly precede Egypt in the Human Development Index according to the 2020 HDR.

Table 1.13

Government spending on education in selected middle-income countries

Country	as a percentage of GDP	as a percentage of overall government spending	Year
Tunisia	6.6	22.6	2015
Malaysia	4.2	17.9	2019
Jordan	3.1	10	2019
South Africa	6.5	19.5	2019
Mauritania	1.9	9.5	2019
Lebanon	2.4	8.6	2013
Thailand	4.1	19.1	2013
Indonesia	3.6	20.5	2015
Middle-income countries	4.4	15.7	2017
Upper-middle-income countries	4.1	13.5	2017
Lower-middle income countries	4	16.2	2018
Global	4.5	14.3	2017

Source: The table is based on World Bank database available on: <https://data.worldbank.org/indicator>

According to the 2014 Egyptian constitution, the State commits to allocating at least 4 percent, 2 percent and 1 percent of the gross national product on pre-university education, higher education, and scientific research, respectively. This constitutional mandate includes the amounts spent by “general government” entities according to the international definition contained in the “Government Finance Statistics 2001” manual issued by the International Monetary Fund. “General government” includes expenditures by ministries and departments affiliated with them,

and public bodies whether they are service or economic, or any other governmental scientific and research centers, or allocated amounts within the general reserves, in addition to the spending of public sector companies and the public business sector, given that all of this is included in the concept of general government spending. According to this expanded definition of general government spending, Egypt has met its constitutional obligation to spend on the three previously mentioned sectors, as shown in Table 1.14.

Table 1.14			
General government spending on pre-university education, higher education and scientific research, in EGP million and as a % of GDP, during the period 2017/2018 – 2019/2020			
Expenditure Allocations (EGP million)	Fiscal Year		
	2017/2018	2018/2019	2019/2020
Pre-university Education Sector			
Budget allocations to the functional sector	80,988	88,774	99,040
Budget allocations to relevant items other than the functional sector (*)	58,970	85,006	111,865
Total budget allocations to “pre-university education” sector	139,958	173,780	210,905
% of GDP (**)	4.1	4.2	4
Higher Education Sector			
Budget allocations to the functional sector	26,088	26,894	32,647
Budget allocations to relevant items other than the functional sector (*)	42,163	55,252	72,694
Total budget allocations to “higher education” sector	68,251	82,146	105,341
% of GDP (**)	2	2	2
Scientific Research Sector			
Budget allocations to the functional sector	6,190	6,577	8,432
Budget allocations to relevant items other than the functional sector (*)	30,904	39,127	44,516
Total budget allocations to “scientific research” sector	37,094	45,704	52,948
% of GDP (**)	1.1	1.1	1

Source: MoF (unpublished data).

(*) Including the functional sector’s share in total interest payments on public debt.

(**) GDP of the preceding year is used to calculate this ratio for each fiscal year.

By looking at the distribution of government expenditure on education according to the budget chapters, it is clear that current expenditures represent around 90 percent of

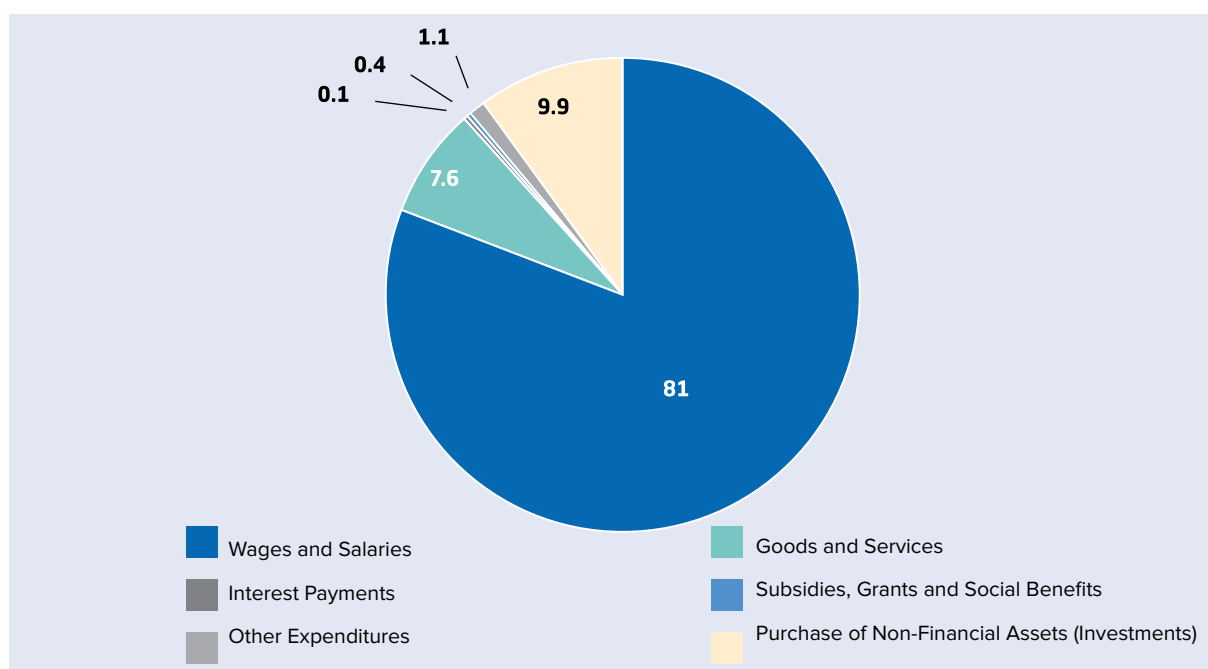
expenditure during the period 2010/2011 – 2019/2020, compared to around 10 percent of investment expenditure, on average (Figure 1.17).

Spending on wages and salaries is the largest component of current spending and the total budget of the education sector in general, which is mainly due to the large size of the human resources in the public education system in general and the pre-university public education system in particular. However, the data indicate a trend in favour of investment spending, the proportion of which increased from about 6.2 percent in 2013/2014 to 16.4 percent in 2019/2020, at the expense of the decline in the relative proportion of current spending, especially wages. This trend is confirmed by the fact that the reforms proposed by the government for the education system since 2014 have focused mainly on restructuring the education sector budget

and improving spending efficiency, rather than expanding the size of budget allocations directed to the sector.

Ministry of Planning and Economic Development data shows that total investments (public and private) implemented in the educational services sector amounted to around EGP 14.5 billion during the period (2010/2011-2018/2019) on average, which represents about 3.4% of the total investments across sectors. The structure of investments implemented in the educational services sector shows that the contribution of the public sector amounted to about 64,% compared to about 36% for the private sector on average.

Figure 1.17 Structure of government spending on education according to budget chapters: Average shares during the period (2010/2011 - 2019/2020). (%)



Source: The figure is based on the final accounts of Egypt's State Budget of fiscal years from 2012/2013 to 2017/2018 and the approved budget figures of fiscal years 2010/2011, 2011/2012, 2018/2019, and 2019/2020, available on MoF website (www.mof.gov.eg).

1.6.2 Government spending on health

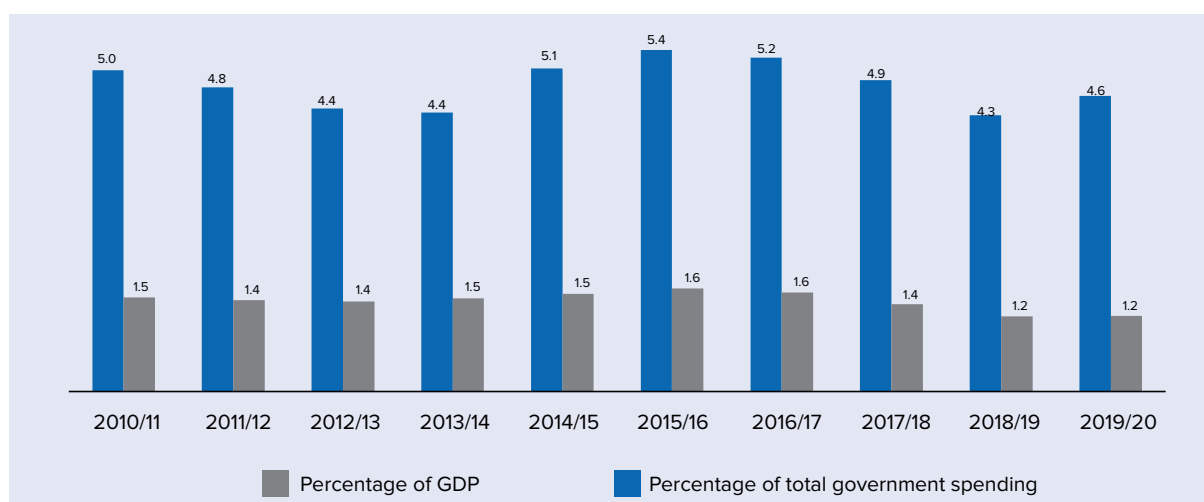
Government (functional) spending on health in Egypt amounted to about EGP 73 billion in the approved budget for the fiscal year 2019/2020, up from nearly EGP 20 billion in the final account of the state's general budget for 2010/2011. During the period between these two fiscal years, government spend-

ing on health averaged about 4.8 percent of overall government spending and 1.4 percent of GDP. Government expenditure on health, according to the data from the final accounts of the budget, increased during 2014/2015 to 2017/2018 compared to the rates prevailing during 2010/2011 to 2013/2014. During the first period, government spending on health accounted for 5.1 percent of overall government spending and 1.5 percent of GDP, while

in the second period, rates reached 4.7 per cent and 1.4 percent respectively (Figure 1.18). In the draft budget for 2020/2021, the share of government spending on health as a per-

centage of overall government spending increased to 5.5 percent and as a percentage of GDP to 1.4 percent.¹⁴⁶

Figure 1.18 Government (functional) spending on health in Egypt as a share of total government spending and GDP (%)

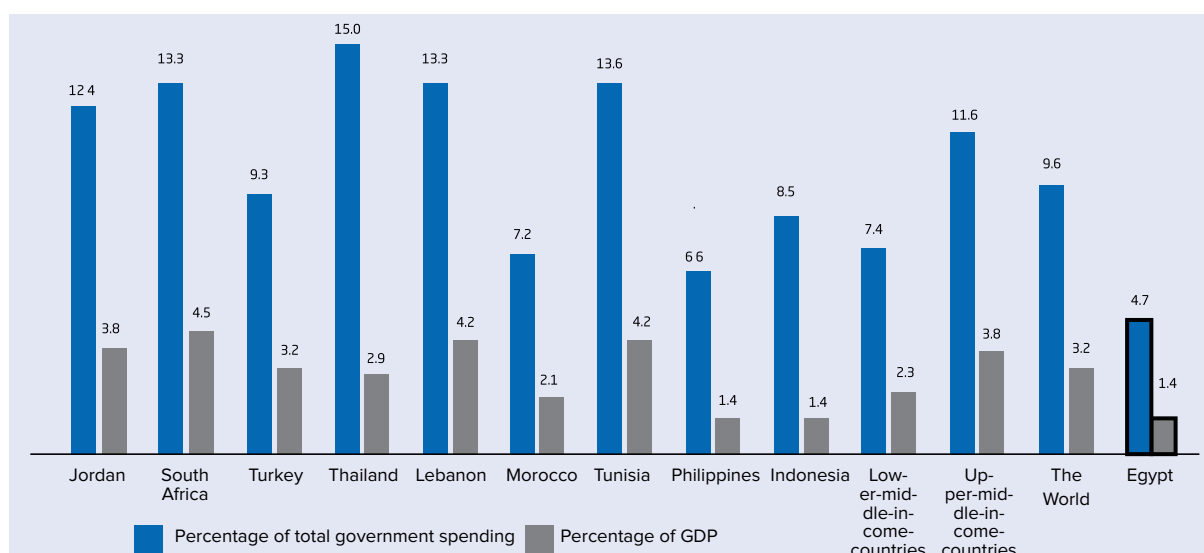


Source: The figure is based on the final accounts of the state's general budget for the period (2010/11-2017/18) and the approved budget estimates for the fiscal years (2018/19 and 2019/20), published in the documents of the analytical statement and the financial statement of the budget (different years) on the website of the Ministry of Finance (www.mof.gov.eg)

Government (functional) spending on health in Egypt is lower than the global average, the average prevailing in middle-income countries, and that of some middle-income countries that can be compared with Egypt. However, according to 2018 statistics, the

share of government spending on health to GDP in Egypt was in par with that of the Philippines and Indonesia, which are among the ten countries that directly precede Egypt in the ranking of the HDI according to the 2020 HDR, as indicated in Figure 1.19.

Figure 1.19 Government (functional) spending on health as a share of GDP and total government spending in Egypt compared to selected middle-income countries , 2018 (%)



Source: Figure is based on data from the Global Health Observatory (GHO).

According to the 2014 Constitution, the State commits to allocating at least 3 percent of its gross national product to spending on health. The expanded definition of general government spending includes the amounts spent by general government agencies from ministries and departments affiliated to them, public bodies whether they are service or economic, any amounts allocated within the public reserves, and public sector and business sector expenditure. Moreover, expen-

diture on health services includes spending on provision of drinking water and sanitation services as essential elements in achieving good health and avoiding health risks for citizens, all in line with international standards of the World Health Organization and the United Nations Office for Human Rights. Considering this definition of government (functional) spending on health, Egypt has met its constitutional commitment to spending on the health sector, as shown in Table 1.15.

Table 1.15

General government expenditure on health in EGP million and its share to GDP during the period 2017/2018 – 2019/2020

Expenditure Allocations (EGP million)	Fiscal Year		
	2017/2018	2018/2019	2019/2020
Budget allocations to the functional sector	54,922	61,809	72,812
Budget allocations to relevant items other than the functional sector (*)	52,371	79,200	102,449
Total budget allocations to “health” sector	107,293	141,009	175,261
% of GDP (**)	3.1	3.4	3.3

Source: MoF (unpublished data).

(*) Including the functional sector’s share in total interest payments on public debt.

(**) GDP of the preceding year is used to calculate this ratio for each fiscal year.

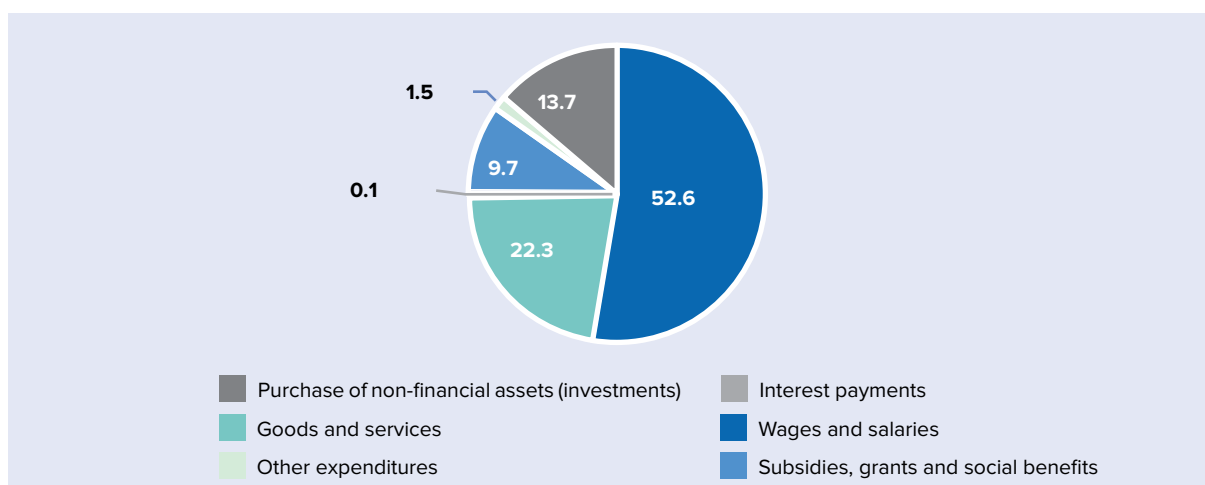
With regard to the distribution of government spending on health according to the budget chapters, Figure 1.20 shows that about half of the health sector budget is directed to spending on chapter one of the budget, “Wages and salaries,” on average. Chapter two, “Goods and Services” represents nearly a quarter of the health sector budget (about 22.3 percent on average), and the “Goods” group constitutes the vast majority of spending on this chapter, specifically the “Raw Materials” item, which includes spending on medicines, raw materials, and serums necessary to provide health services. Chapter six, “Investments,” represents an average of 13.7 percent of the health sector’s budget. Chapter four, “Subsidies, Grants, and Social Benefits” accounts for 9.7 percent of the total health sector budget on average, and the “Social Benefits” group constitutes the vast majority of spending on this chapter, especially the “Service Expenses for Non-Employees” item, which includes the costs of treating citizens at the state’s

expense, and other expenditures for health services for non-employees. The data show an increase in the cost of treating citizens at the state’s expense inside and outside Egypt between 2010 and 2018, from about EGP 2 billion to nearly EGP 8.4 billion (Figure 1.21).

Analysis of the development of actual spending on the health sector during the period between 2014/2015 and 2017/2018 indicates a decline in the share of the Wages chapter (from 60.8 percent to 50.5 percent) in favour of both the Goods and Services chapter and the Investments chapter, as the share of each increased from 20.2 percent to 25.1 percent, and from 10.6 percent to 12.4 percent respectively. This was a result of the government’s efforts to develop the infrastructure of the health sector and to implement a set of initiatives and programmes aimed at expanding the availability of health services, as outlined in this chapter.

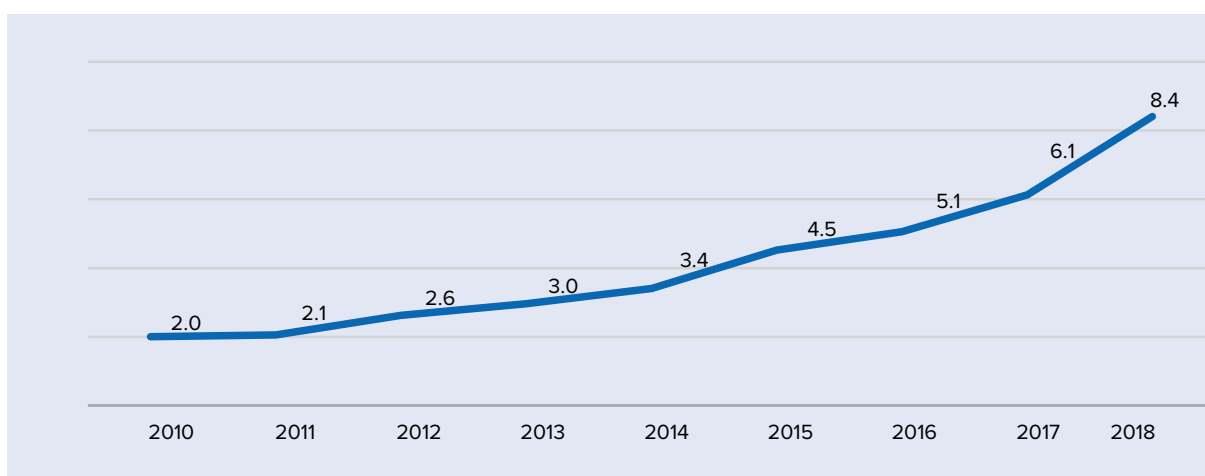
The private sector bears the largest burden

Figure 1.20 The structure of government spending on the health sector according to the budget chapters : Average shares during the period (2010/2011-2019/2020) (%)



Source: The figure is based on the data of the final accounts of the State's general budget for the fiscal years 2012/2013 to 2017/2018 and the approved budget estimates for the fiscal years 2010/2011, 2011/2012, 2018/2019, and 2019/2020, which are published on the Ministry of Finance website (www.mof.gov.eg).

Figure 1.21 Cost of treating citizens (within the State and abroad) at the expense of the State (EGP billion)

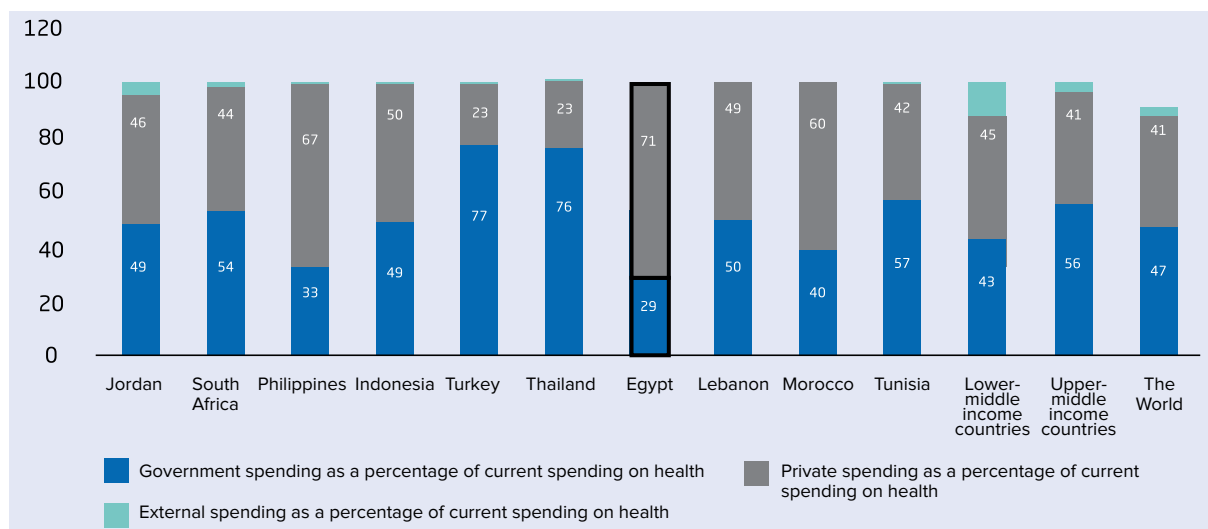


Source: The figure is based on the Central Agency for Public Mobilization and Statistics, (2019-a), "Annual Bulletin of Health Services Statistics for the Year 2018".

of financing current spending on health in Egypt; data from the World Health Organization (WHO) shows that private spending represents about 71 percent of the total current spending on health in Egypt, according to estimates in 2018, compared to 29 percent which comes from government funds. The share of the private sector in financing current spending on health in Egypt is clearly

higher than the world average, which is about 41 percent, and is also higher than that of a number of middle-income countries that can be compared to Egypt, including South Africa, Indonesia and the Philippines, which are among the 10 countries that directly precede Egypt in the Human Development Index according to the 2020 HDR, as shown in Figure 1.22.

Figure 1.22 The financing structure of current spending on health in Egypt and selected middle-income countries, 2018 (%)

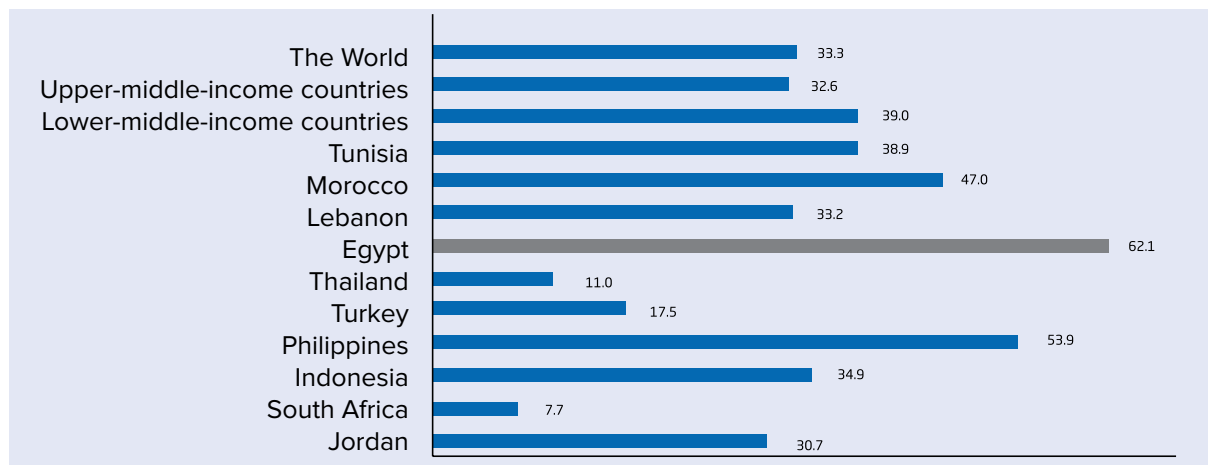


Source: Figure is based on data from the Global Health Observatory (GHO) and database of the World Bank

Out of pocket payments borne by individuals and families represent the largest proportion of private spending on health in most countries in general, but Egypt is one of the highest countries in terms of the contribution of direct payments by individuals in the total current spending on health, amounting to nearly 62 percent in 2018. This percentage is close to twice the global average and more than the rates prevailing in a number of middle-income countries, including South Africa, the Philippines and Indonesia, which are among the 10 countries that directly precede Egypt in the Human Development Index according to the 2020 HDR, as shown in Figure 1.23.

According to data from the Central Agency for Public Mobilization and Statistics' (CAM-PAS) household income, expenditure and consumption survey of 2017/2018, spending on health at the household level is in third place after spending on food and housing, and makes up 9.9 percent of total household expenditure. More than half of this health expenditure is directed to medicines, medical products and devices,¹⁴⁷ meaning that the poorest Egyptian families may find it difficult to obtain adequate health services, and the spending of those families on health services will deepen the cycle of poverty and further lower their standard of living.

Figure 1.23 Share of out of pocket payments borne by individuals out of the total current spending on health in Egypt and selected middle-income countries, 2018 (%)



Source: Figure is based on data from the Global Health Observatory (GHO)

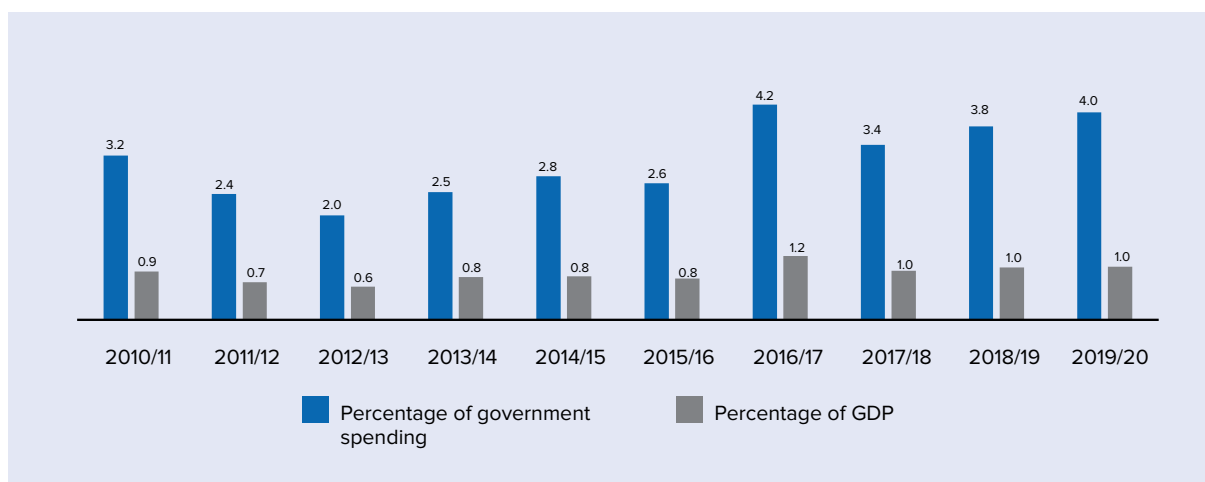
Data of the Ministry of Planning and Economic Development indicates that the total investments (public and private) implemented in the health sector amounted to about 9.7 billion pounds on average during the period (2010/2011 and 2018/2019), representing about 2.3 percent of the total investments implemented across sectors. As for the structure of those investments, public investments accounted for about 53 percent on average, compared to about 47 percent for private investments.

1.6.3 Government spending on housing and public utilities

According to the approved budget data for the fiscal year 2019/2020, government

(functional) spending on housing and public utilities is about EGP 63.4 billion, which constitutes about 4 percent of overall government spending and 1 percent of GDP. The final accounts data on government spending on the housing sector between the periods 2010/2011 to 2013/2014 and 2014/2015 to 2017/2018, shown in Figure 1.24, shows an increase in spending from 2.5 percent to 3.5 percent of overall government spending on average, and from 0.8 percent to 1 percent of GDP on average, which indicates the attention paid to this sector since 2014.

Figure 1.24 Government (functional) spending on housing and public utilities in Egypt as a share of total government spending and GDP (%)

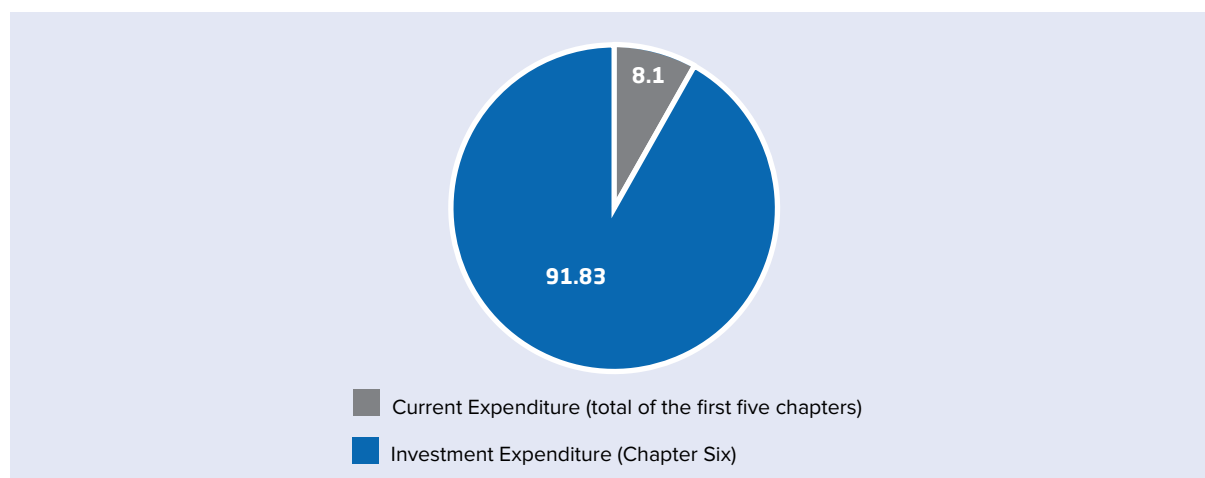


Source: The figure is based on the data of the final accounts of the state's general budget for the fiscal years 2012/2013 to 2017/2018 and the approved budget estimates for the fiscal years 2010/2011, 2011/2012, 2018/2019, and 2019/2020, which are published on the Ministry of Finance website (www.mof.gov.eg)

The structure of government spending on the housing sector according to economic classification indicates that chapter six of the budget (investments) accounts for the vast majority of spending on this sector, constituting about 92 percent on average between 2010/2011 and 2019/2020, compared to an average of

about 8 percent for current spending (including wages) (Figure 1.25). This spending structure is generally consistent with the nature of the sector, which depends primarily on huge investments directed to the construction of housing buildings and public utilities.

Figure 1.25 The structure of government spending on the housing and public utilities sector according to the budget chapters (%): Average shares during the period (2010/2011-2019/2020)



Source: The figure is based on the data of the final accounts of the state's general budget for the fiscal years 2012/2013 to 2017/2018 and the approved budget estimates for the fiscal years 2010/2011, 2011/2012, 2018/2019, and 2019/2020, which are published on the Ministry of Finance website (www.mof.gov.eg)

On the other hand, data from the Ministry of Planning and Economic Development (MPED) show that the total investments implemented in the construction sector amounted to about EGP 14.4 billion on average during 2010/2011 to 2018/2019,¹⁴⁸ which represents about 2.5 percent of the total investments implemented in all sectors, on average. Public investments in this sector average about 39.1 percent, compared to about 60.9 percent for private investments. An analysis of the development of the value of the investments implemented in the construction sector reveals an increase in the proportion of these investments in the total implemented investments from about 1.4 percent during 2010/2011 to 2013/2014 to 3.4 percent during 2014/2015 to 2018/2019 on average. The proportion of public investments implemented in this sector of the total public investments implemented all over Egypt also increased from 0.9 percent to about 3.7 percent between the same two periods. This reflects Egypt's tendency since 2014 to give greater priority to this important sector, not only in the overall investment map but in the public investment map as well.

Investments in the water and sanitation sectors (which are all public investments) amounted to about EGP 14.2 billion on average during 2010/2011 to 2018/2019,¹⁴⁹ and these investments constituted about 8.6 per-

cent on average of the total public investments implemented in Egypt. In contrast to the construction sector, the relative size of the annual average investments implemented in the water and sanitation sector decreased between 2010/2011-2013/2014 and 2014/2015-2018/2019, from 4.4 percent of the total implemented investments to 3.3 percent, and also of the total public investments implemented all over Egypt, from 11.3 percent to 6.5 percent.

1.7 The education and health sectors' responses to COVID-19 in Egypt

Egypt has directed considerable efforts and resources to invest in human capital in recent years, developing health, education and adequate housing systems with the aim of expanding the availability of services to all citizens and improving their quality, and increasing their competitiveness, as outlined above. The government's implementation of the economic reform programme in 2016 helped to enhance these efforts, one of the most important features of which was reforms to the subsidy system. The gradual abolition of subsidies for energy and petroleum products is aimed at increasing the fiscal space

available for Egypt to expand spending on the areas that are of top priority and related to the needs of citizens – especially the lower-income groups – such as health, education, and adequate housing.

With the outbreak of COVID-19 and the resulting shocks to the demand and supply sides of the health and education systems, the development of these systems is no longer an option, but rather an absolute necessity and key priority for all governments around the world.

In the health sector, the demand-side shock is represented in the sharp increase in the demand for health services as a result of the pandemic, while the supply shock is related to the ability of the health system to confront the crisis. The COVID-19 pandemic has challenged the capacities of health systems of nearly all countries worldwide. Most countries' health systems have responded by focusing on two main goals at the same time: slowing the spread of cases, and increasing preparedness to tackle the crisis as it develops. In general, the success of countries in achieving these two goals has depended on the availability of four basic components: decisive, rapid and sound management of the crisis by the state, the ability of health systems to provide services, the level of progress in the ICT sector and its role in all stages of the crisis, and the population structure in terms of age groups.¹⁵⁰

In the education sector, the COVID-19 pandemic has posed a threat to the progress made by education systems worldwide through two major shocks: the closures of schools and universities in most countries around the world, and the economic stagnation caused by anti-pandemic measures. These two shocks have resulted in learning losses, an increase in dropout rates, an increase in inequality in access to educational opportunities and a decline in the demand and supply sides in the field of education due to the economic crisis. There is a resulting decrease in the ability of families to spend and invest in education on the one hand and a decrease in both government and private spending on education on the other, leading

to a decline in the quality of the education provided. These effects ultimately harm the development of human capital and countries' long-term development prospects. To combat this, education systems must respond with a range of policies based on adaptation, continuity management, and improving and accelerating learning, thus limiting the damage done by the pandemic and seizing the opportunity to make education more inclusive, effective and resilient.¹⁵¹

1.7.1 Education sector's response to COVID-19

The performance of the education sector in Egypt during the COVID-19 pandemic reflects an acceptable and appropriate level of preparedness to deal with the crisis, especially with regard to the use of distance education mechanisms in schools and in higher education institutions. In general, the preparedness of international schools and universities in Egypt to implement distance learning was higher than that of private and public schools and universities. Within public schools, preparedness was higher for those already implementing the new education system.¹⁵²

The Ministry of Education and Technical Education (MoETE) took a series of steps to activate distance education systems during the period when schools were closed, including preparing tablets for first and second grade secondary students to access education platforms with different connections (data SIM or home WIFI network). Distance learning activities for technical education students were made available through educational channels (Egypt's Educational Channel, available via Nilesat satellite) and the Technical Education channel on YouTube, while all visual study and educational materials for pre-final years in technical education schools were made available online on technical education sector forums. In addition, a website for communication between students at applied technology schools and teachers during the school suspension period was created. The Ministry of Education and Technical Education has also provided an electronic library (separate from the Egyptian Knowledge Bank) that students

can access using mobile phones or computers that includes all curricula for all educational levels from kindergarten to secondary school in both Arabic and English, and large amounts of digital scientific content (including videos, photos, and documentaries) to explain the lessons, in addition to providing an electronic platform for communication between students and teachers. The Ministry has issued a set of decisions and controls to determine the method of evaluating students at all educational levels, and to organize the process of preparing electronic exams for students in the first and second grades of secondary school, as well as taking the necessary precautionary measures to secure high school exam proctoring committees and to safeguard students' health.¹⁵³

Similar measures have been taken to activate the distance education system at the university level, within the limits of the capacity of each university's technological infrastructure. In June 2020, the Cabinet approved the amendment of some provisions of the executive regulations of the *Organizing Universities Law, Law No. 49 of 1972*, regarding the approval of teaching curricula electronically in the distance education system, as well as conducting exams electronically according to the nature of study in different colleges and institutes, whenever the college or institute has the infrastructure and technological capabilities to do so.

In addition, Egypt has supported the general office of the Ministry of Higher Education and Scientific Research's plan for fiscal year 2019/2020 with funds of EGP 200 million to equip university hospitals to confront COVID-19.¹⁵⁴

1.7.2 Health sector's response to COVID-19

Egypt has adopted a phased plan for the health sector to deal with the crisis, focusing its efforts during the first phase (before any cases appeared in Egypt) on expanding awareness campaigns on ways to prevent the virus arriving and on sound community practices, as well as conducting tests for returnees from countries abroad with COVID-19

cases. During the following stages, after the emergence of cases in Egypt, preventive health measures included suspending studies in schools and universities, suspending international air traffic, closing places for public gatherings, and imposing a partial curfew. The Ministry of Health and Population announced the allocation of around 12 hospitals equipped for isolation in a number of governorates, and the preparation of 27 university hospitals for isolation, as well as the allocation of 47 fever hospitals and 35 chest hospitals to examine and transfer suspected COVID-19 cases. University dormitories were equipped as medical areas to isolate simple cases in stages, with a total capacity of about 19,800 beds.¹⁵⁵ In addition, MOHP has adopted a set of initiatives to support digital health in light of COVID-19, including the launch of the *Sehet Misr (Egypt's Health)* mobile application in April 2020, which can be accessed by smart phones, and which includes educational guidelines and an interactive service to report suspected cases. The General Authority for Healthcare (GAH) has developed various applications and electronic platforms for reservation and diagnosis services, home delivery of medicines, remote medical consultations and health instructions.¹⁵⁶

Egypt has also strengthened the investment plan of the Ministry of Health and Population's general office for fiscal year 2019/2020 with an additional appropriation of EGP 350 million to increase the capacity of hospitals to deal with COVID-19.¹⁵⁷ Egypt's efforts in dealing with COVID-19 include working to provide all medical and health services and capabilities necessary to deal with cases by increasing the number of hospitals dealing with cases. This includes allocating many public and central hospitals to treat COVID-19 cases and developing a number of fever and chest hospitals in different governorates to do so, as well as preparing and distributing treatments through treatment convoys and units and preparing and distributing treatments for home isolation cases and their close contacts. Central operating rooms were also established for each governorate, specializing in assessing positive

cases and distributing them within the governorate's hospitals, following up and operating the governorate's ambulance operations room, and following up on patients in home isolation and dispensing medication to them.¹⁵⁸ In response to the risk to the lives of medical workers, Egypt's parliament in July 2020 approved a draft law submitted by the government to amend some provisions of an existing law regulating the affairs of the medical professions that work in entities affiliated with the Ministry of Health and Population (other than those covered by special laws or regulations) issued by *Law No. 14 of 2014*, to increase allowances for medical professions, extend services to members of the medical professions, and to establish a compensation fund for medical professionals who face risks.

1.7.3 Egypt's preparedness to respond to COVID-19

UNDP produced a dashboard to assess the extent of different countries' preparedness to respond to COVID-19 via three basic components: human development, the health system, and connectivity. Table 1.16 shows the results for several countries.

In general, Egypt is assessed to be at a medium level of preparedness, and ranks medium-to-low on equality indicators. Of the indicators of preparedness within the health system, the numbers of doctors and beds in hospitals are at a high/average level, while the numbers of nurses and the amount of health spending are at a medium/low level. Egypt scores better on the connectivity component, with a high level of mobile phone subscriptions, and a high level, close to average, of broadband subscriptions.¹⁵⁹

Table 1.16
Countries' Preparedness to Respond to COVID-19*

Country	Human development			Health system				Connectivity	
	HDI (value, 2018)	Inequality adjusted HDI (value, 2018)	Inequality index - HDI (percentage - 2018)	Doctors per 10,000 people (2018-2010)	Nurses and midwives per 10,000 people (2018-2010)	Hospital beds per 10,000 people (2018-2010)	Health expenditure (percentage) of GDP - (2016)	Mobile phone subscriptions per 100 people (2018-2017)	Fixed broadband subscriptions per 100 people (2018-2017)
Algeria	0.759	0.604	20.4	18.3	22	19	6.6	121.9	7.3
Tunisia	0.739	0.585	20.8	12.7	26	23	7.0	127.7	8.8
Lebanon	0.730	-	-	22.7	26	29	8.0	64.5	0.1
Jordan	0.723	0.617	14.7	23.4	34	14	5.5	87.6	4
Philippines	0.712	0.582	18.2	12.8	2	10	4.4	110.1	3.7
Moldova	0.711	0.638	10.4	32	45	58	9.0	88	15.4
Turkmenistan	0.710	0.578	18.5	22.2	46	74	6.6	162.9	0.1
Uzbekistan	0.710	-	-	23.7	121	40	6.3	75.9	12.7
Libya	0.708	-	-	21.6	67	37	-	91.5	4.8
Indonesia	0.707	0.583	17.5	3.8	21	12	3.1	119.8	3.3
Samoa	0.707	-	-	3.4	19	-	5.5	63.6	0.9
South Africa	0.705	0.463	34.4	9.1	35	-	8.1	153.2	1.9
Bolivia	0.703	0.533	24.2	16.1	7	11	6.9	100.8	4.4
Gabon	0.702	0.544	22.5	3.6	26	63	3.1	138.3	1.4
Egypt	0.700	0.492	29.7	7.9	14	16	4.6	95.3	6.7
Morocco	0.676	-	-	7.3	11	11	5.8	124.2	4.3
India	0.647	0.538	16.9	7.8	21	7	3.7	86.9	1.3
Kenya	0.579	0.426	26.3	2	15	14	4.5	96.3	0.7
Pakistan	0.560	0.386	31.1	9.8	5	6	2.8	72.6	0.9

Readiness Level: Low Medium High

Source: UNDP (2020a). COVID-19 and Human Development. Global Preparedness and Vulnerabilities Dashboard

*The countries in this table have been selected from the 10 that precede Egypt in the Human Development Report 2020, as well as some non-oil-exporting Middle Eastern and North African countries, and other middle-income countries.

1.8 Future policies for the education, health and housing sectors in Egypt

The analysis above highlights a set of challenges facing the education, health and housing sectors which Egypt has been seeking to deal with and aims to focus on in the coming period, with the goal of ensuring the effectiveness of the reform measures that have been taken so far and maximizing their positive effects related to improving the productivity of human capital, to foster sustainable development in all its dimensions.

1.8.1 Financing policies and the widening gap between demand and supply

Financing constraints are one of the most important challenges facing the education, health and housing sectors in Egypt, as they pose a threat to the quality of services provided by these sectors. Specifically, the rates of (functional) government spending on education and health in Egypt are lower than global averages, which makes development of these services more challenging. In addition, the relatively high cost of building housing units is another major challenge facing the housing sector specifically. The problems of inadequate funding are deepened by the widening gap between the demand for education, health and housing services and the available supply of those services. This is closely related to the pressure caused by the continuous increase in the population on the one hand, and the high cost of health, education and housing services provided by the private sector for the broad sector of Egyptians and middle-income families on the other, especially in light of the limited incomes of public sector workers in general.¹⁶⁰

At the same time, the contribution of the private sector in the financing, implementation and management of infrastructure projects, services and public utilities, in terms of public-private partnerships (PPPs), is relatively

modest, due to the low financial returns or lack of economic feasibility, which increases the burden on the public sector.¹⁶¹ Despite this, PPPs are expected to assume a growing role in the future in spending on health, education and public utilities, to relieve the pressure on the state budget in this regard. This is especially possible due to the already existing legal framework (*Law No. 67 for the year 2010* and its executive regulations), and an enabling institutional mechanism whereby PPP units have been set up in both the Ministry of Finance and the Ministry of Planning and Economic Development. These units provide technical assistance to relevant ministries with regards to PPP project proposals, and puts in place the standards needed for implementation of such projects. Previous successful experiences of PPPs in the water and sanitation sector and in the construction sector (building of new cities) in Egypt indicate potential for similar initiatives in establishing and managing schools and hospitals.

The challenges related to financing health, education and housing services, the widening gap between demand and supply, and the high out of pocket (families' contributions) to financing these services, are not limited to the Egyptian economy alone, but constitute global challenges facing a large number of countries, according to reports issued by international institutions.

For example, the 2019 Human Development Report indicates that in many developing countries, the amount of payments made by the middle classes is not commensurate with the quality of the state services they receive, which pushes individuals to move towards services provided by the private sector. This is shown by the increases in the proportion of students enrolled in private schools at the primary grade level in a number of countries from about 12 percent in 1990 to about 19 percent in 2014.¹⁶² This trend is consistent with the prevailing pattern in Egypt, where the proportion of students enrolled in private schools increased from 8.8 percent of the total num-

ber in pre-university education in 2010/2011 to about 10.7 percent in 2019/2020, and the share of the number of private schools in the total number of schools increased in Egypt between the same two years, from 12.4 percent to 15.2 percent.¹⁶³

In addition, a Global Education Monitoring Report by the United Nations Educational, Scientific and Cultural Organization (UNESCO) in 2018 indicates that the high cost of education is one of the main obstacles to the participation of low- and middle-income families in schools. Accordingly, estimating household spending on education is one of the necessary tools for planning educational policies and monitoring their effectiveness and fairness.¹⁶⁴ International experience indicates that cash transfers conditional on school attendance encourage poor families to assume their responsibilities related to providing education to their children, and may (if properly used) contribute to overcoming obstacles caused by low family income or poor parental education, as these transfers provide an incentive that helps to cover school expenses that burden poor families.¹⁶⁵

On the other hand, the lack of school infrastructure (due to lack of funding) is one of the most important obstacles to learning in countries at all income levels, especially in disadvantaged areas.¹⁶⁶ Estimates show that low-income and lower-middle-income countries face an annual financing gap in the education sector of about \$39 billion during 2015 to 2030, which in low-income countries is equivalent to 42 percent of the total cost of education needed to achieve the SDGs' key targets. Meeting this gap requires donor aid for education in low- and lower-middle-income countries be six times higher than 2012 levels.¹⁶⁷

Among the proposed solutions is the imposition of a progressive tax on the revenues and profits of private companies in order to direct the resulting resources to deal with the most prominent challenges in the sector, such as providing textbooks, electricity, water

and sanitation services in schools with low resources.¹⁶⁸

The World Health Organization issued a report at the beginning of 2020 listing the most urgent challenges that the world would face over the next decade in the field of health. The report suggested that problems associated with poor financing of health systems worldwide are largely responsible for most of these challenges, including poor access to medicines and health products, lack of effectiveness in preventing the spread of infectious diseases, lack of effectiveness in preparing for or preventing epidemics, and a lack of investment in education and training of health workers.¹⁶⁹ Specifically, the report states that nearly a third of the world's population does not have access to medicines, vaccines, diagnostic tools and other essential health products, which threatens the health and lives of individuals. According to that report, medicines and other health products represent the second largest expenditure for most health systems (after human resources) and the largest component of private spending on health in low- and middle-income countries. Also, countries worldwide spend far more money on responding to disease outbreaks, natural disasters, and other health emergencies than they do on preparing for and preventing them.¹⁷⁰

In addition, the chronic underinvestment in the education and training of health workers, as well as a failure to ensure decent wages, has led to a shortage of health workers worldwide, jeopardizing sustainable health and social care services and health systems. It is estimated that the world will need an additional 18 million health workers by 2023 in low- and middle-income countries, which requires new investments in education, training, upskilling and decent wages for health workers.¹⁷¹ On the other hand, funding constraints hamper the ability to provide water, sanitation and hygiene services to health care facilities, which negatively affects health system performance and quality of care, and increases the risk of contracting disease.¹⁷²

With regard to the housing sector, one of the most important challenges facing cities in both developing and developed economies alike is the ability to provide adequate housing and affordable housing service to poor and middle-income citizens. The gap between the actual cost of global housing units and affordable housing costs is estimated at \$650 billion annually, or 1 percent of global GDP, and for some poorer cities that gap may exceed 10 percent of GDP.¹⁷³ Global estimates indicate that, by 2025, there will be approximately 440 million urban families globally (at least 1.6 billion individuals) living in inadequate, substandard or unsafe housing or facing financial stress due to poor housing affordability, compared to about 330 million households in 2014 estimates.¹⁷⁴

It is estimated that replacing housing units below the current standard and building additional units through 2025 requires an investment of between about \$9 trillion and \$11 trillion for construction only. If the cost of the land is included, the total cost may reach about \$16 trillion, of which about \$13 trillion must be financed by the public sector.¹⁷⁵ Among the potential solutions that could help reduce the cost of providing housing are providing land in the right locations, reducing construction costs through value engineering and industrial methods, increasing the efficiency of operations and maintenance, and reducing the cost of financing for buyers and developers.¹⁷⁶ In this context, it is worth noting the initiative of the Central Bank of Egypt for real estate finance, which was launched in July 2021, with an allocation of 100 billion Egyptian pounds, through banks or mortgage companies, and aims to support low and middle income segments of society to acquire adequate housing with low interest rates of 3% for a maximum period of 30 years.¹⁷⁷

Although “public” government spending on pre-university education, higher education, scientific research, and health in Egypt (as a percentage of GDP) meets the constitutional obligation, there is a need to increase “func-

tional” government spending on these sectors in order to safeguard that the needed financial resources to develop the services provided in terms of quantity and quality are made available, and to ensure that competitiveness of these services are enhanced in line with international standards (as referred to in the previous analysis).

1.8.2 Institutional policies

The development of organizational structures and administrative and institutional capacities, and the consequent clarification of roles, responsibilities and mandates (both within entities within the same sector, and within those of different sectors) is considered by Egypt to be one of the most important policies to bring about changes in the performance of the country’s education, health and housing sectors. For example, within the health sector, boundaries are put in place between the service provider and the financing source. It is also expected that the implementation of the new *Universal Health Insurance Law* in Egypt will contribute to overcoming issues of overlapping mandates, since it will involve the separation of the General Authority for Healthcare (GAH) and the General Authority for Health Insurance (GAHI), in addition to the establishment of an independent public authority for health accreditation and control that will ensure the quality and accreditation of health services. The government will also continue to strengthen mechanisms to prevent illegal construction and encroachment on agricultural land.¹⁷⁸

Egypt aims to reduce the overlapping mandates between the Ministry of Higher Education and Scientific Research and other state bodies in fields related to scientific research, and to establish a unified system to evaluate the performance of universities and research centres at the ministerial level and to follow up on the efficient and effective implementation of their plans and policies.¹⁷⁹ Egypt will also work to reduce the conflict between different state authorities around public land that result from conflicting laws and powers,

will simplify the procedures for obtaining permits from the competent authorities, and will increase the incentives for renting out unused housing units.¹⁸⁰

It is also necessary to strengthen communication and coordination mechanisms between the authorities concerned with providing health and education services and other relevant government agencies. In addition, mutual coordination between the health, education and housing sectors and development partners from the private and civil sectors is a key issue that requires strengthening the information exchange system between the relevant authorities.¹⁸¹

The government plans to develop the technical and administrative capabilities of human resources in the education and health systems by increasing training allocations¹⁸² and achieving efficiency in distributing human resources in the education and health systems fairly and according to the needs of different geographical areas. In addition, the brain drain, or the loss of skilled human capital to emigration abroad, is one of the most important challenges facing the education and health sectors in Egypt, and one which is negatively reflected in the quality of services provided.¹⁸³ A comprehensive programme of work is required to address this issue.

The lack or inaccuracy of data and related information is one of the main institutional challenges facing the education, health and housing systems in Egypt, limiting decision makers' abilities to carry out their planning and executive roles with the required efficiency and effectiveness.¹⁸⁴ In addition, there is potential to benefitting from modern technology (such as big data) in data analysis to serve the formulation of sound policies in the sectors of health, education and housing.¹⁸⁵

UNESCO dedicated its 2018 Global Education Monitoring Report to addressing issues related to accountability and its role in building inclusive, equitable and quality education systems, emphasizing that accountability is

a means to an end rather than an end in itself, that it is inclusive of all educational actors (government, schools, teachers, parents, students, NGOs, the private sector), and that it should be applied with caution to avoid introducing quick and superficial reforms that have potentially negative consequences.¹⁸⁶ Creating a credible education plan with clear goals is the core of the accountability process in Egypt's education sector, along with allocating resources through transparent and trackable budgets, establishing credible, efficient and effective regulations and monitoring mechanisms, and adhering to follow-up procedures. In addition, the success of any accountability approach depends on an enabling environment that provides actors with the resources, capabilities, incentives and information needed to fulfil their obligations.¹⁸⁷

Given that access to information is one of the main pillars of accountability mechanisms in education, health and housing systems, the 2019 Global Human Development Report focused on the essential role that the expansion of data and information availability can play in building objective measurement indicators and developing powerful tools for analysis based on combining data sources, enabling the formulation of policies capable of reducing the disparity in the distribution of human development in general, whether between or within countries.¹⁸⁸

1.8.3 Social affairs policies

Overpopulation is a major challenge that negatively affects the education, health and housing reform programmes in Egypt. The facilities and services provided by the government sector are not sufficient to absorb the growing demand of an expanding population, especially with the particularly high pressure on the capital, Cairo, and other major cities.¹⁸⁹ The population issue in Egypt is one of the main obstacles to sustainable development as it negatively affects the returns of development, the quality of life of Egyptians, and the quality of services provided. It is also both a cause and a consequence of poverty.

The population of Egypt exceeds 100 million people as of 2021, up from around 80 million in 2011, making it the 14th most populous country in the world. The latest edition of the United Nations Population Division estimates that the population of Egypt will reach 120.8 million by 2030 and 160 million by 2050.¹⁹⁰ Despite the decline in the population growth rate in Egypt from 2.4 percent in 2014/2015 to 1.8 percent in 2018/2019, the change in the population pyramid, or population distribution, portends a population boom during the period from 2030 to 2042. This is due to the fact that the most numerous age group according to the 2017 population census are those aged between 0 and 9 years old. Together, this cohort makes up about a quarter of the population, and they will be at the age for marriage and childrearing between 2030 and 2042. Accordingly, the executive plan of the National Project for Family Development 2021-2023 aims to control population growth and improve population distribution by reducing the reproductive rate from the 3.4 children per woman in the 2017 census data to 2.4 children by 2030 and 1.9 children by 2052.¹⁹¹

In future reform programmes, Egypt intends to focus more attention on the equitable distribution of health, education and housing services between the different categories of beneficiaries, according to their economic and social conditions, and between different regions and geographical areas. This is due to the fact that the disparity in the distribution of these services, to the disadvantage of poorer people, deepens the cycle of poverty and unemployment and exacerbates the social problems associated with inequality.¹⁹² The phenomenon of squalid overcrowded districts, especially in informal settlements, is one of the most important challenges facing the housing sector in Egypt, and in essence reflects dimensions related to social justice.¹⁹³

The 2019 Arab Human Development Report *Leaving No One Behind: Towards Inclusive Citizenship in Arab Countries* showed that disparities between individuals based on

economic and social status is one of the most important areas of injustice in the Arab world, including in Egypt. Specifically, the inability of some groups (whether for reasons related to income, gender or geographic location) to obtain good education opportunities, enjoy healthy lifestyles and obtain adequate housing will undoubtedly reflect on the productivity of these groups, the employment opportunities available to them, and their ability to compete in the labour market, and hence their income level. This increases the poverty of these disadvantaged groups and entrenches inequality and justice, undermines confidence in government effectiveness in providing health and education services, and results in a low level of satisfaction with the services provided among members of these demographics.¹⁹⁴ According to WHO, one of the best ways to reduce health inequalities is to provide primary health care that meets the majority of an individual's health needs. As a result, WHO is calling on all countries to allocate an additional 1 percent of their GDP to primary health care, so that more people have access to the quality basic services they need close to home.¹⁹⁵

The overlap or correlation between inequality in the distribution of income and inequality in the distribution of human development opportunities is discussed in detail in the 2019 Human Development Report. The report focuses on issues related to justice in the distribution of human development, whether within or among countries, noting that inequality in the level of human development results in undesirable effects on societies and social cohesion, and on individuals' trust in governments and institutions. It also limits individuals' ability to reach their maximum potential, both within work and outside. Issues related to injustice or inequality in general should therefore be understood and addressed via a new, people-centred approach, and in a framework that goes beyond focusing on income dimensions or superficial measures of inequality based on averages. This perspective should also bear in mind the global chal-

lenges and transformations associated with climate change and technological progress.¹⁹⁶

Since inequalities in the distribution of human development opportunities, which accumulate throughout life, usually reflect deep imbalances within society, the economy and political structures, addressing such inequalities necessarily requires dealing with those structural factors. For example, social and cultural norms and customs are largely responsible for behaviour that perpetuates gender inequality globally.¹⁹⁷ This issue is of particular importance in the Egyptian context, as the pre-eminence of traditional cultural views around the role of women and women in the workplace negatively affects girls' schooling and their ability to actively participate in various aspects of life and engage with different sectors, including the health, education, scientific research and housing sectors.¹⁹⁸ While the gender gap in net enrolment rates in pre-university education in Egypt has almost disappeared, gender inequality in employment and employment opportunities still exists and comprises a major challenge for the country's development plans. The 2019 Human Development Report proposes explicit policies to address stereotypes and stigma around disadvantaged groups as one of the tools required to tackle gender inequality.¹⁹⁹

In addition, there is a need to give priority in educational reforms to expanding the provision of quality education opportunities for people with disabilities that suit their specific requirements. This is one of the points emphasized in the 2019 Arab Human Development Report (AHDR) *Leaving No One Behind: Towards Inclusive Citizenship in Arab Countries* as a key human development challenge for the region, and is further complicated by inconsistency in definitions of who can be considered people with disabilities, and by the poor availability of relevant data.²⁰⁰

Although Egypt has made important strides in this field through the concept of special education schools, there is a need to expand the services provided to these groups by adopt-

ing policies more responsive to their needs. These may include more suitable curricula, educational materials or methods of teaching or adapting classrooms and equipment, in line with the concept of inclusive education, which seeks to remove obstacles that prevent access to education.

The national initiative *Hayah Karima*, which was launched in 2019, is a serious step towards investing in the development of Egyptians and distributing development gains in a fair manner. This initiative aims to achieve comprehensive development for rural communities most in need, with the aim of eliminating multi-dimensional poverty and improving living conditions in Egyptian villages. The initiative focuses on a set of interventions that target most vulnerable families in rural communities, the elderly, people of determination, women heads of households, and children. Specifically, this initiative focuses - with regard to providing decent and adequate housing - on building housing complexes in the villages most in need, and extending water, sewage, gas and electricity connections inside homes. In terms of medical services, the initiative aims to build hospitals and health units, provide equipment and medical staff, and launch medical convoys to provide health services. As for educational services, the initiative focuses on building schools and nurseries, raising their efficiency and equipping them, and providing educational cadres, as well as establishing literacy classes.²⁰¹

Government policies aim to take advantage of the available opportunities to enhance investment in human capital. There is a strong political will for development and change in education, health and housing. On education, there is a clear move to change existing educational methods, both pre-university or higher, in favour of more innovative methods, and to develop the skills of students, and to link educational outcomes with the labour market, especially in terms of the skills required to keep up with technological developments. There is also a strong propensity to support the health sector, especially in light of the

COVID-19 pandemic, with a view to improving the working conditions of doctors and to considering the institutional structures of this sector to serve the development process. One of the opportunities available is Egypt's approach of covering all citizens comprehensively, which helps to change health policies and procedures to ensure they are comprehensive and take into account those most in need. The same approach prevails in promoting adequate housing, as there is considerable political will to safeguard human dignity by ending the crisis of informal settlements and unsafe areas and by providing social housing for middle-income groups.

The existence of the constitutional commitment to increase spending on pre-university education, higher education, scientific research, and health, represents an important opportunity for human development. Egypt has a strong commitment to fulfil this obligation without prejudice to other state obligations. In addition, the clear interest in women and people with disabilities, as reflected in several health initiatives, is an important opportunity to provide a foundation whereby these groups are taken into account when formulating policy on education and health. This is important as these groups represent a large part of Egyptian society and contribute to its productivity and development. Moreover, Egypt has also paid special attention to population growth, believing in its impacts on development goals and returns. Accordingly, it has released several population policies during the last five decades, the most recent of which, the National Population Strategy 2015-2030, aims to improve the quality of life of Egyptians by reducing population growth.²⁰² This strategy adopted a number of following principles. First, it considered population to

be one of the elements that make up the comprehensive strength of the country, provided that population growth does not exceed the State's ability to provide basic services of appropriate quality. Second, it acknowledged the right of each family to determine their number of children, while securing their right to obtain family planning supplies. Third, it is the State's responsibility to educate members of society about the risks associated with high fertility rates, and it commits to integrating the population component into economic and social development plans. Fourth, it foresees a stimulating environment for the participation of NGOs and the private sector and should decentralize the management of its population programme.²⁰³

The executive plan of the National Project for Family Development 2021-2023 is based on a set of pillars, namely economic empowerment; service intervention; cultural, media and educational intervention; digital transformation; and legislative intervention. The plan targets women aged 18-45, university students and school students, rural children, rural communities, and religious leaders, at a total cost estimated at EGP 8.6 billion over the three years of the plan.²⁰⁴ Investing in family planning programmes is an economically viable investment, with the average return on each EGP 1 spent on these programmes estimated at EGP 151.70.²⁰⁵

In view of the above analysis, it is clear Egypt has taken major steps forward in terms of investments in human capital, looking to promote human development and achieve sustainable development, and reflecting the belief that people are the real wealth of nations. The path forward nonetheless requires further efforts and more reform.

Chapter 2

Economic reform in Egypt: Paving the way for a development shift





This chapter presents an assessment of Egypt's development experience since the beginning of 2014, focusing on the economic and financial reform programme it implemented, and the output that resulted. In addition, the new reality imposed by the COVID-19 pandemic revealed a number of facts that must be reflected in development priorities of the period ahead, especially in light of the new challenges, the shortage of resources available to the State, individuals, and companies, as well as the global repercussions of the pandemic and their expected effects on external financing opportunities and foreign investment flows. All of these factors require appropriate consideration, whether in evaluating past experiences or in monitoring Egypt's direction and policies for the upcoming period, while also hedging against all kinds of potential risks.

In 2014, Egypt began working on two parallel tracks. The first track involved the elimination of terrorism and the re-establishment and strengthening of the foundations of the State. The second track represented a strong start to all aspects of the development process, with a special focus on launching a number of major state projects that would establish and support a strong infrastructure on which all economic and social activities would be based on.

Regarding the second track, which is the development track, and in particular the economic development that this chapter focuses on, we can talk about a number of features that characterized the Egyptian development experience, starting in 2014. The most important feature may be the balance and comprehensiveness of economic activities, with a particular focus on energy and transportation activities, as well as on social housing, agriculture, and, to a lesser extent, industry. The decision-making process in this period was also characterized by a radical approach to the main imbalances in the economy. As such, the national economic and social reform programme included several compo-

nents that previous Egyptian governments had largely avoided. In 2016, the exchange rate was completely liberalized, and decisive measures were approved to deal with energy subsidies and Egypt's general budget deficit.

The economic and social reform programme and a number of major state projects formed the basis for development during this period. The Sustainable Development Strategy: Egypt Vision 2030, also outlined a vision for the path ahead,¹ while incorporating international commitments related to sustainable development. The Government's Action Programme (2018/2019-2021/2022) focuses on human development and investment in people as a whole, with education, health, culture and sports being the main targets of all development policies and programmes for this period and beyond.²

Egypt's development vision during this period was the continuation of its orientation towards a free economy and the primary role of the private sector, alongside a greater role for the State. The State's role is particularly important in establishing and developing a strong infrastructure that advances development, providing more and better services to citizens, as well as prioritizing the poor. This approach is demonstrated by the construction of social housing projects and a reduction in the number of informal settlements, the strengthening of social protection programmes, the launching of health initiatives and campaigns, and the development of the education sector. These measures attempt to balance considerations of comprehensive development in the long term with urgent problems and improving the conditions of citizens in the short term.

The role of the State in the economy and development became evident in the aftermath of the June 2013 revolution. During this period, it was difficult to convince the local or international private sector to invest in Egypt and to take risks in an unstable and insecure environment, resulting in foreign and local

capital flight to more stable economies. As a result, Egypt had to rely on public institutions such as government bodies, economic institutions, and public sector companies, in addition to the economic and engineering departments of the Egyptian Armed Forces, to accelerate growth and construction, especially in the various areas of infrastructure.

As stability has improved over time, Egypt has been able to repay debt owed to the local and international private sector. The private sector has slowly begun to play its role in investing and participating in economic growth, both through independent projects and through entering into partnerships with various state institutions. Between 2015 and 2020, Egypt's performance improved in terms of the main international indicators: on the Global Competitiveness Index, issued by the World Economic Forum, Egypt moved from 116th position to 93rd; on the Quality of Overall Infrastructure Index, also issued by the World Economic Forum, the country moved from 114th to 52nd; and on the World Bank's Ease of Doing Business Index, Egypt moved from 131st to 114th.

Egypt's national economic and social reform programme, alongside other efforts, has yielded positive results that have been reflected in the country's economic performance. Egypt's GDP growth increased from 2.2 percent in the fiscal year 2011/2012 to 5.6 percent in 2018/2019, before it was negatively affected by the COVID-19 pandemic. Growth predictions for 2023/2024 are around 6-7 percent, according to the Ministry of Planning and Economic Development. In addition, the unemployment rate has decreased, down from 12.8 percent in 2015 to 7.3 percent in 2020. The budget deficit decreased from 10 percent of GDP in 2011/2012 to around 7.8 percent in 2020/2021. As a percentage of GDP, the total debt of the State's general budget agencies decreased from 108 percent in 2016/2017 to 89.8 percent in 2020/2021. International reserves increased from \$15.3 billion in 2011/2012 to \$40.6 billion in 2020/2021. On

the other hand, some vulnerable groups faced difficulties due to high inflation rates, which peaked in 2016 and 2017, reaching 23.3 percent in 2017, before decreasing to around 5.4 percent in 2020. These difficulties were addressed with a package of social protection programmes, as detailed in Chapter 3 of this report. However, some challenges remain, and Egypt is attempting to address these effectively and with the same commitment shown during the earlier reform period.

Following the completion of the short-term requirements of the national economic and social reform programme and the implementation of a large number of state projects, a new phase began in order to assess the appropriate direction for the next stage of development and how it will address existing challenges. There was consensus on the need to start a phase of structural reform based on advancing production activities (especially industry), effectively encouraging the private sector and local and foreign investment, making strong moves towards financial inclusion and the digital economy, adopting modern technologies, continuing to advance education and health, and forging a greater connection with the SDGs.

In this context, a new challenge has emerged that has caused a violent earthquake in the whole world, namely the COVID-19 pandemic. The pandemic has caused upheaval and unprecedented shock to economic activity all over the world. Countries worldwide, including Egypt, have shifted their focus to addressing the new pandemic that continues to drain state resources. Decision makers must assess the critical balance between safeguarding citizens' health and not putting a halt to economic activity. Limiting economic activity affects the livelihoods of millions of people and can move many into poverty. In this context, Egypt's ability to respond to the crisis has been significantly strengthened by its national economic and social reform programme over recent years.

2.1 The economic situation in Egypt before the National Economic and Social Reform Programme

In the period prior to 2010, the Egyptian economy witnessed its highest GDP growth rates in 2006, at 7 percent. Growth subsequently declined to 5.1 percent in 2009/2010. So-

cial debates at the time revolved around the fair distribution of growth between the different segments of society. Inflation rates were at their lowest in 2009/2010, at 5.5 percent. In addition, the gross domestic savings rate was around 14.3 percent and the gross domestic investment rate was 17.1 percent. In 2009/2010, the average per capita GDP growth rate was 3.1 percent.

Table 2.1

Egypt's key macroeconomic indicators, 2009/2010 to 2013/2014 (%)

Year	GDP growth rate	GDP per capita growth rate	Inflation rate	Unemployment rate	Gross domestic savings rate	Gross domestic investment rate
2009/2010	5.1	3.1	5.5	9.0	14.3	17.1
2010/2011	1.9	-0.3	5.8	12.0	13.0	16.4
2011/2012	2.2	0.0	8.6	12.7	8.1	14.2
2012/2013	2.2	-0.1	6.9	13.2	7.9	10.5
2013/2014	2.2	0.7	10.1	13.0	5.2	14.3

Source: Ministry of Finance: Monthly financial report, various issues.

In fiscal year 2010/2011, the ratio of the budget deficit to GDP was 10 percent, and the public debt-to-GDP ratio was 73.6 percent. With regard to foreign trade, the trade balance

deficit was \$27.1 billion, the current balance deficit was \$6.1 billion, and foreign exchange reserves stood at \$26.6 billion.

Table 2.2

Egypt's scores on selected economic and financial variables, 2009/2010 to 2013/2014 (\$ billion)

Fiscal year	Foreign direct investment	Net international reserves	Current balance deficit	Trade balance deficit	Debt-to-GDP ratio (%)	Deficit-to-GDP ratio (%)
2009/2010	6.7	35.2	-4.3	-25.1	72.5	-8.1
2010/2011	2.2	26.6	-6.1	-27.1	73.6	-10
2011/2012	4	15.3	-10.1	-34.1	80.3	-10.1
2012/2013	3.8	14.9	-6.4	-30.7	82.1	-12.9
2013/2014	4.2	16.7	-2.8	-34.159	85.3	-11.5

Source: Ministry of Finance: Monthly financial report, various issues.

Despite the improvements in economic performance prior to the 2011 revolution, there were major challenges facing the development process. One of the most important of these challenges was the high rate of population growth, which had reached 2.5 percent

annually, and included a high dependency ratio. This put pressure on state resources in terms of the provision of health and education services, the allocation of sufficient resources for investment in infrastructure and scientific research, as well as the improvement of

services and their geographical distribution. The poverty rate increased from 21.6 percent in 2008/2009 to 25.2 percent in 2010/2011

and further increased to 26.3 percent in 2012/2013.³

Fiscal year	Poverty rate	Fiscal year	Poverty rate	Fiscal year	Poverty rate
2008/2009	21.6	2010/2011	25.2	2012/2013	26.3

Source: Heba El-Leithy, *Analysis of Poverty Indicators from Income, Expenditure and Consumption Surveys (2019)*.

The unemployment rate also increased from 9 percent in 2009/2010 to 12 percent in 2010/2011, and Egypt was unable to reduce unemployment to reasonable rates that would accommodate the new entrants to the labour market every year, especially young people.

Another important challenge was the inequality in distribution of income, wealth, and the proceeds of development between the differ-

ent sections of society and between different regions, and the increasing disparities seen as a result. These disparities were a key reason behind the revolution in January 2011, alongside increasing rates of corruption, the weak performance of the public administration, the poor investment climate in general, and the weak competitiveness of the Egyptian economy.

Region	Contribution to value added GDP	Region	Contribution to value added GDP
Greater Cairo	44.5	Southern Upper Egypt	8.2
Alexandria	14.2	Northern Upper Egypt	5.7
Delta	12.8	Central Upper Egypt	2.0
Suez Canal	12.6		

Source: Central Agency for Public Mobilization and Statistics.

With the outbreak of the January 2011 revolution and the resulting upheaval, suspension of economic activity and successive acts of economic sabotage, all indicators of economic performance declined. The growth rate fell to approximately 2 percent in 2010/2011, down from 6.7 percent in 2009/2010. The growth rate in the average per capita GDP declined to a negative rate, the unemployment rate rose, the inflation rate increased, and the sav-

ings and investment rates declined. International reserves decreased from \$35.2 billion in 2009/2010 to \$26 billion in 2010/2011 and further decreased to \$15 billion in 2012/2013. The trade and current balance deficits rose, and the ratios of public budget deficit and public debt to GDP increased (Table 2.2). At the same time, the number of tourists visiting Egypt declined from 14.7 million in 2010 to 9.8 million in 2011.

2.2 Egypt's national economic and social reform programme

In the wake of internal and external political pressures on the political system after the June 2013 revolution, and despite the terrorist operations that, along with the Egyptian Armed Forces and the police, targeted civilian sectors (particularly electricity, transportation, and sanitation), the priority of the new Egyptian administration was to strengthen the foundations of the State and its institutions, and pave a way for the launch of the development process.

To start accomplishing this task, a new Constitution was drafted to fit the country's new phase. The new Constitution was issued in January 2014, establishing a new social contract for Egyptians that would respond to their demands of the previous years. The 2014 Constitution includes principles that establish the rights of Egyptians to a decent life in all aspects. For example, Article 27 stipulates that "the goal of the economic system is to achieve prosperity in the country through sustainable development and social justice in a way that ensures increasing the real growth rate of the national economy, raising the standard of living, increasing job opportunities, reducing unemployment rates, and eliminating poverty."

The Constitution also mandates the equitable distribution of the proceeds of development and a reduction in the disparities between income levels. It also requires a minimum wage and pension be put in place, as well as a maximum wage for salaried employees of Egypt's public administration bodies. It also ensures balanced growth across geographic regions, sectors, and environments, and calls for the State to pay attention to small and medium-sized enterprises, as well as work on regulating and training the informal sector. The Constitution also stresses the importance of maximizing investment in human agency within the framework of sustainable development. For the first time, the Egyptian

Constitution stipulates minimum rates for government spending on health (3 percent of GNP), education (4 percent), higher education (2 percent), and scientific research (1 percent), as it considers these areas to be the most important elements supporting human development (see Chapter 1).

In February 2016, the Ministry of Planning and Economic Development launched the Sustainable Development Strategy: Egypt Vision 2030. The national strategy constitutes the governing framework for development plans and programmes in Egypt and was developed through a participatory approach which saw contributions from public and private development partners, civil society and academic experts. Egypt committed to ensuring that the development vision within the strategy was in line with the SDGs, as well as the African Union's Agenda 2063.

The strategy includes a roadmap that maximizes Egypt's capabilities and competitive advantages and aims to make Egypt one of the 30 largest economies in the world by 2030. It includes three dimensions: the economic, the social, and the environmental. It is divided into 10 themes, each of which has a set of goals and indicators to measure progress.

Despite the importance of completing the new Constitution and formulating the national sustainable development strategy, the economic conditions in the wake of the January 2011 revolution and the decline in Egypt's financial resources (Tables 2.1 and 2.2) prevented the possibility of maintaining the pace of economic performance prior to 2011. Given this, Egypt had no choice but to implement a comprehensive national reform programme to launch the development process and achieve the goals set out in the Constitution and Egypt Vision 2030. The country began negotiations with the International Monetary Fund (IMF), and in August 2016, agreed on a loan of \$12 billion, to be repaid over a period of three years. This financing was part of a comprehensive programme of adjustment

and reform in order to restore macroeconomic stability and pave the way for sustainable long-term growth.

The national economic and social reform programme aimed to achieve stability in macroeconomic indicators and to ensure consistency and integration of fiscal and monetary policies. It also aimed to provide a stable environment that would enhance confidence in Egypt's economy and its ability to attract the high investment rates needed to achieve comprehensive development. The programme focused on reducing public debt rates while providing an appropriate amount of financing for the private sector and productive projects. It also aimed to reduce the balance of payments gap and restore foreign direct investment flows. Furthermore, the programme aimed to enhance the Central Bank of Egypt's ability to manage a flexible exchange rate, while also gradually shifting to a system targeting low inflation rates to maintain the real incomes of citizens and the competitiveness of the Egyptian economy.

Among the most important taxation reforms included in the programme supported by the IMF were the implementation of a value added tax (VAT), the development of a new, simplified tax system for medium and small-sized enterprises, and the introduction of measures to increase the efficiency of tax administration. The programme also reformed the energy subsidy system, gradually rationalizing subsidies over a period of five years. Well-targeted social programmes were prioritized instead, and spending was increased on health, education and infrastructure development in order to support human development and improve public services.

2.2.1 Government Action Programme 2018-2022

After implementation of the governmental programme for 2016-2018, which aimed to address the economic crisis, Egypt in 2018 formulated a national action programme from the fiscal year 2018/2019 to 2021/2022 in line

with the Sustainable Development Strategy: Egypt Vision 2030, and the obligations stipulated in the 2014 Constitution concerning health, education, and scientific research. The medium-term sustainable development plan (2018/2019 to 2021/2022) is the schematic framework of the national action programme and has been approved by the parliament. The programme includes five main objectives: 1) protection of Egyptian national security and foreign policy; 2) building the Egyptian nation; 3) economic development and improving efficiency of government performance; 4) higher operating levels; and 5) improving standards of living for citizens. The programme includes a set of sub-goals and outlines specific policies and programmes by which they can be achieved, in line with the comprehensive economic and social reform programme.

The action programme aims to expand partnerships with the private sector and includes structural reforms to improve the investment climate and stimulate local industry and exports. The goal is to strengthen the competitiveness of the Egyptian economy, which will in turn help to achieve inclusive growth, create new job opportunities, and develop Egyptian exports. Egypt also issued a new law on natural gas which allows the private sector to take part in trading and distribution activities for the first time.

2.2.2 Fiscal policy

Within the national economic and social reform programme, the main objective of the fiscal policies laid out is to achieve fiscal control and to bring about a decline in the deficit and public debt rates. This is to be achieved through a rationalization and rearrangement of public spending and by increasing revenues. The fiscal policy also aims to increase social protection allocations and increase programmes that target the most vulnerable groups. Furthermore, it aims at contributing to the goal of increasing growth and employment and developing a stimulating business environment for the private sector.⁴

As of 2016, Egypt has implemented several measures to achieve these goals, including the adoption and implementation of the *Civil Service Law*, the implementation of a value-added tax, and a diversification of funding sources through the issuance of dollar bonds in international markets. The draft budget of 2017/2018 was the main focal point of the national economic and social reform programme and included a set of measures aimed at controlling the total deficit. It targeted a medium-term deficit of between 5 percent and 6 percent by 2020, a revenue growth rate that exceeded the expenditure growth rate, and a reduction in government debt rates in the medium term, to reach 80-85 percent of GDP by 2020/2021.

In 2017/2018, an increase in the prices of some oil products was approved at an average of 13 percent, in addition to an increase in the tax exemption limit from EGP 6,500 to EGP 7,300, an increase in the tariffs for transportation, an increase in cash support by EGP 100 per month for all beneficiaries of the *Takaful and Karama* “Solidarity and Dignity” social safety net programme, the payment of debt to oil companies, an increase in pensions, an increase in the monthly subsidies for ration cards from EGP 21 to EGP 50, and an increase in taxes on tobacco and cigarettes. The 2020/2021 budget targeted a total deficit of 6.3 percent, but due to the impacts of the COVID-19 pandemic, the expected percentage is likely to reach 6.9 percent.⁵

Fiscal policy was not only limited to efforts to reduce the public budget deficit and public debt; there were also efforts to improve financial management. The Ministry of Finance developed the process of preparing the general state budget by expanding the application of programme and performance budgets, with the aim of maximizing the return on expenditures and achieving the greatest possible use of state resources and giving more scope for monitoring, evaluation, and accountability. The Ministry has also established a system to automate the management of government financial information within all public bud-

get entities, with the aim of managing cash flows from the general budget more effectively, more closely monitoring general budget flows, and tightening financial control. In 2018/2019, the Ministry implemented the full activation of electronic payment methods to ensure the speedy collection and payment of financial obligations, and to ensure that all parties comply with the financial allocations for the general budget bodies.

2.2.3 Monetary policy

The liberalization of the exchange rate was the most important feature of monetary policy during the post-2014 period, leading to a decrease in the value of the Egyptian pound against the US dollar from about EGP 9 to EGP 18, and a rise in the inflation rate. The price of the dollar began to decline, reaching less than EGP 16 by the end of fiscal year 2019/2020. In 2016/2017, Egypt raised interest rates by 500 basis points, in line with the procedures for correcting foreign exchange trading policy through liberalizing exchange rates, aiming to restore circulation by legitimate channels and ending the parallel foreign exchange market. In 2017, the Central Bank of Egypt also increased the cash reserve ratio at banks from 10 percent to 14 percent, in order to give more flexibility to liquidity management. The monetary policies adopted by the Central Bank of Egypt led to an improvement in the situation in the foreign currency positions in the banking sector, an increase in net foreign reserves, and an improvement in the balance of payments.⁶

In 2020, amid the emergence of the COVID-19 pandemic, the Central Bank of Egypt decided to keep interest rates unchanged through January and February. In March 2020, as the crisis deepened, the central bank reduced basic interest rates by 300 points, making the credit and discount rates 9.75 percent. By November, it had lowered these rates to 8.75 percent (Table 2.7), taking into account global conditions, and aiming to provide adequate support for economic activity, given the target inflation rate of 9 percent (\pm 3 percent).

External debt increased by about 17 percent between June 2017 and June 2018 as a result of the increase in net loans and debt facilities, and the exchange rates of most borrowed currencies against the US dollar. Egypt's external debt is within safe limits, according to the classifications set out by the IMF and the World Bank, as debt-to-GDP ratio amounted to about 34.1 percent in 2020. However, the general rise in debt indicates the need to curb borrowing and conduct studies to estimate the size of debt in the future and its impact on the state budget.

It should be noted that the regulation of debt management in Egypt is based on Prime Ministerial Decree No. 188/2013, which established a committee for managing public debt and regulating external debt that is headed by the Minister of Planning and Economic Development, and includes representatives from the Central Bank of Egypt, the Ministry of Finance, and the Ministry of Investment. The committee has several tasks, including monitoring the developments of external debt, following up on external loans and grants, studying strategic alternatives to external financing, and proposing ways to rationalize external borrowing, with the view of reducing the debt burden.

Egypt has also worked to expand financial inclusion in this period. The Central Bank of Egypt established a financial inclusion department in November 2016 that reports directly to the bank's Governor. In 2017, a presidential decree established the National Payments Council, headed by the President. The functions of the council are to reduce the use of banknotes outside the banking sector, support and stimulate the use of electronic means and channels for payments, develop national payment systems and parallel supervisory frameworks to reduce the risks associated with them, achieve financial inclusion by integrating the largest number of citizens

into the banking system as possible, integrate the informal sector into the formal economy, reduce the cost of money transfers, and lastly, increase tax receipts.

There were also a number of developments in payment systems and information technology in 2017/2018, including the start of a trial run of the national branded payment card programme, *Meeza*, in December 2018. In addition, the Central Bank of Egypt developed a financial strategy and created a fund to support technological innovations. In January 2019, a law regulating the use of non-cash payment methods was approved, a digital financial technology strategy was developed, and an innovation financing fund worth EGP 1 billion was established. These efforts aim to develop an integrated strategy in accordance with the latest international standards and in line with the nature of the Egyptian market. In parallel, the moves are also meant to advance the financial technology industry and its services, while also transforming Egypt into an important regional centre in the field of financial technology within three years.

2.2.4 Major state projects

Since 2014 and until now, the pattern of development in Egypt has been characterized by the launch of a large number of major state projects⁷ in multiple fields and spread across the country. These projects have focused on the transport sector, the Suez Canal, the energy sector (especially electricity), the establishment of new regional roads, the improvement of main roads, and the development of new cities, particularly the New Administrative Capital and New Alamein City on the Mediterranean coast. The Sustainable Development Strategy: Egypt Vision 2030, requires such projects in order to achieve the structural national economic and social reform programme. Box 2.1 outlines some of the most important projects.

Box 2.1 Most important national projects since 2014

Development of the Suez Canal Axis

The projects of the Axis began with the project of digging the new Suez Canal, which was completed in one year, from 2014 to 2015, and with national funding through the issuance of investment certificates of EGP 64 billion. The idea behind establishing the new canal is based on maximizing the use of its current waterways in order to achieve the highest level of ship flow in both directions without stopping, thus reducing the transit time of ships and increasing their carrying capacity. The project to develop the Suez Canal Axis is based on exploiting the current capacities of its ports, and exploiting its geographical location in establishing industrial and logistical zones, in addition to constructing seven tunnels to connect Sinai with the rest of the regions, with the aim of transforming Egypt into a global economic and logistical hub, as well as attracting foreign investments, and providing an opportunity for national companies to participate in the implementation in order to achieve the recovery of these companies.

National Project for the Development of Sinai

The project includes the establishment of residential cities east of Port Said, Ismailia and New Suez, the construction of more than 77,000 housing units in the Sinai Peninsula, a network of roads and industrial zones, and the establishment urban space of fish farms.

One and a Half Million Feddan Project

The project aims to exploit desert land, increase the agricultural area, and redraw Egypt's population map by expanding space and establishing integrated modern urban communities, maximizing the use of Egypt's resources from groundwater, and cultivating economic crops that generate a large financial return. It would also contribute to bridging the food gap and establishing many industries related to agricultural activity, livestock, and food industries, aiming to increase Egypt's exports of crops and provide new ideas to create job opportunities for young people.

National Road Network Project

The National Roads Project is one of the most prominent projects undertaken by the State and aims to improve and increase the efficiency of existing roads, construct new roads, improve infrastructure, and build new urban communities. The total target of establishing the national road network is 30,000 km, and it includes several axes, the most important of which are the Rod Al-Farag Axis and the Egypt-Africa Axis. Several projects have been implemented within the framework of Egypt's interest in the roads and bridges sector, in order to accommodate the increasing volume of transport, while achieving traffic fluidity, in addition to serving national projects. The projects included the construction and duplication of new roads, the development of roads, increasing their efficiency, and implementing six axes on the Nile, in addition to the construction of El-Dabaa Axis and the construction of El Galala Road. The government also sought to implement a number of projects aimed at the comprehensive development of railways, and the port sector witnessed the implementation of many projects to exploit Egypt's distinguished geographical location, which contributed to the improvement of Egypt's ranking on the road quality index in the Global Competitiveness Report from 128th to 28th globally.

National Project for New Cities

The project includes the New Administrative Capital, which is built to the highest international standards, New Alamein City, which is an integrated tourism and urban project, and the new city of East Port Said, which includes an industrial area. There is also El Galala Maritime City, which is located on the Galala Mountain Plateau. It includes many tourism and service projects, including the establishment of Galala University and the first Olympic village. New Ismailia is the first model city in Egypt that takes into account people with special needs. It also includes the city of New Suez, which represents the first steps in the development of Sinai and one of the steps to eliminating terrorism in the urban community in Sinai.

Box 2.1 Most important national projects since 2014 (continued)

National Energy Project

The State provides all the required energy sources, with an emphasis on clean energy, such as the Benban Solar Park, which received the award for the best project funded by the World Bank in 2019 to establish investment, development and service projects. In the electricity sector, an urgent plan was designed to add 2,600 megawatts with the construction of a giant Siemens plant and El Dabaa Nuclear Plant. Egypt is working on developing the national electricity network to receive its additional capacities and developing control stations. The national electricity grid has achieved great stability, and its surplus production has reached more than 4,000 megawatts. The State was able to confront the phenomenon of power outages, through the implementation of 169 projects at a total cost of about EGP 308 billion, which contributed to increasing the electrical capacities of the National Electricity Grid of Egypt to 52,000 megawatts. In the field of electricity transmission and distribution, ten gas stations were built and the transmission network of extra-high and high voltage was reinforced as the medium and low voltage network, as well as the construction of new distribution networks, the re-planning of networks, and the installation of 4.6 million prepaid meters. The State was also keen to carry out maintenance activities for the existing stations and provide the fuel needed for operation, which contributed to bridging the gap between production and consumption.

In the petroleum sector, about 69 projects were implemented, which contributed to achieving an economic return, providing petroleum products to meet the needs of the local market and exporting the surplus. Agreements were signed with investments estimated at EGP 14.7 billion, 186 new petroleum discoveries were made, the number of ports to receive butane increased, and the import of liquefied gas began. A number of projects were also set up to develop gas and oil fields, the most important of which is the Zohr Field development project, which is considered one of the most important development projects, in addition to preparing a plan for developing refineries, and the implementation of several projects in the field of infrastructure.

2.3 Progress on economic performance indicators with the implementation of the reform programme

Since Egypt began implementing its reform programme, it saw an increase in the GDP growth to 5.6 percent in 2018/2019 and a decline in the unemployment rate to 7.5 percent in the same year. The rates of savings and gross domestic investment initially increased, before decreasing amid the COVID-19 pan-

demic. They increased again during 2020/2021, as shown in Figure 2.1.

According to estimates by the Ministry of Planning and Economic Development, the growth rate will reach 5.4 percent in 2021/2022, the inflation rate will reach 6 percent, the unemployment rate 7.3 percent, the average per capita GDP growth rate will reach 3.6 percent, the gross domestic savings rate 11.2 percent, and the gross domestic investment rate will reach 17.6 percent.

Figure 2.1 Key economic indicators, 2009/2010 to 2020/2021 (%)



Source: Ministry of Planning and Economic Development (2021).

Table 2.5 shows that the state budget deficit decreased from 12.9 percent in 2012/2013 to 10.7 percent in 2016/2017 and further decreased to 8.2 percent in 2018/2019. The goal for the primary deficit was also achieved, as a deficit of 3.5 percent in 2014/15 was changed to a surplus of 1.8 percent of GDP

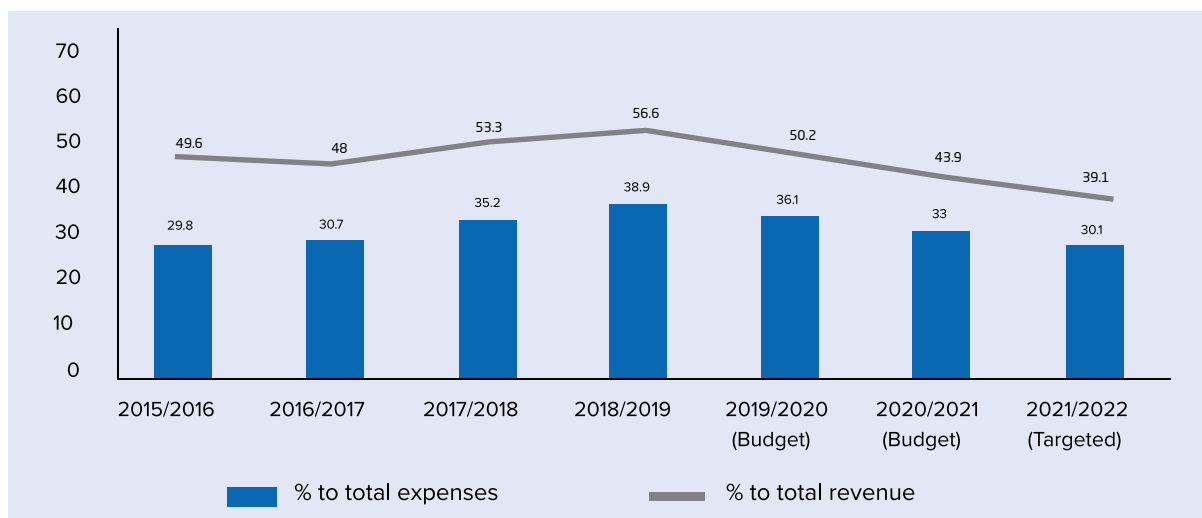
in 2019/2020, before declining to 0.9 percent in 2020/2021. The ratio of public debt-to-GDP increased from 82.1 percent in 2012/13 to 96.7 percent in 2015/2016 and then began to decline to 87.5 percent in 2019/2020. It increased again to 89.8 percent in 2020/2021.

Table 2.5

Deficit and debt indicators amid reforms, 2009/2010 to 2020/2021 (%)

Year	Budget deficit to GDP ratio	Primary deficit/surplus ratio to GDP	Debt-to-GDP ratio
2009/2010	-8.1	-	72.5
2010/2011	-10	-	73.6
2011/2012	-10.1	-	80.3
2012/2013	-12.9	-	82.1
2013/2014	-11.5	-3.9	85.3
2014/2015	-11	-3.5	86.6
2015/2016	-12	-3.5	96.7
2016/2017	-10.7	-1.8	91.1
2017/2018	-9.5	0.1	91
2018/2019	-8	2	90
2019/2020	-7.1	1.8	87.5
2020/2021	-7.6	0.9	89.8

Figure 2.2 Interest payments as a share of total revenues and total expenses, 2015/2016 to 2021/2022 (%)



Source: Ministry of Finance, multiple budgets and final accounts.

Figure 2.2 indicates a decline in interest payments as a percentage of total revenues by 12.7 percentage points between 2018/2019 and 2020/2021, and as a percentage of total expenditures by 5.9 percentage points during the same two years.

With regards to subsidies, the petroleum subsidies increased from EGP 66.5 billion in 2009/2010 to EGP 126 billion in 2013/2014, then declined to EGP 51 billion in 2015/2016. However, as a result of the significant decline in the value of the Egyptian pound against the dollar in November 2016, and the import of dollar-priced petroleum products, the value of petroleum subsidies increased significantly in 2016/2017, reaching EGP 115 billion, then EGP 120 billion in 2017/2018. With the subsequent improvement in the value of the Egyptian pound and the completion of the subsidy system reform programme, the value of petroleum subsidies decreased to EGP 84.7 billion

in 2018/2019, EGP 53 billion in 2019/2020, and EGP 28.2 billion in 2020/2021.

In line with social protection programmes, the amount spent on food subsidies increased steadily over this period. Food subsidy costs increased from EGP 16.8 billion in 2009/2010 to EGP 39.4 billion in 2014/2015, then to EGP 87 billion in 2018/2019 and to EGP 89 billion in 2019/2020. Likewise, the value of social benefits borne by the public budget increased from EGP 4.5 billion in 2009/2010 to EGP 41 billion in 2014/2015, to EGP 76 billion in 2018/2019, to EGP 128.9 billion in 2019/2020, and to EGP 181.1 billion in 2020/2021 (as shown in Table 2.6). The increased funding of social protection programmes was intended to counter the effects of the national economic and social reform programme on the poor, aiming to shift to cash subsidies and to directly target the poor.

Year	Petroleum subsidies	Food/good subsidies	Total subsidies	Social benefits
2009/2010	66.5	16.8	93.6	4.5
2010/2011	67.7	32.7	111.2	5.3
2011/2012	95.5	30.3	134.9	5.3
2012/2013	120.0	32.5	170.8	20.8
2013/2014	126.2	35.5	187.7	35.2
2014/2015	73.9	39.4	150.2	41.0
2015/2016	51.0	42.7	138.7	53.9
2016/2017	115.0	47.5	202.6	64.2
2017/2018	120.6	80.5	243.5	77.8
2018/2019	84.7	87.0	203.7	76.0
2019/2020	52.9	89.0	149	128.9
2020/2021	28.2	84.5	115.1	181.1

Source: Ministry of Finance (several years).

These changes over the past 10 years reflect a shift away from energy subsidies, primarily oil and electricity, which are consumed more by higher-income groups, towards subsidizing food and social programmes that primarily benefit lower-income groups, with the aim of increasing distributive justice and combating poverty.

In addition, Egypt established a new minimum wage of EGP 700 per month for public administration employees in July 2011, and raised it to EGP 1,200 in January 2014. Accordingly, the wages of about 4.1 million employees were increased by different rates, according to their grades, with the annual cost of these increases amounting to about EGP 18 billion. Subsequently, Prime Ministerial Decree No. 1,627/2019 raised the minimum wage for all civil servant grades to EGP 2,000 per month,

beginning in July of that year. The total number of government bodies required to implement the resolution was 3,286. The decree also introduced periodic bonuses for civil servants, ranging from 7 percent to 10 percent of their salary.

With regard to the structure of public spending during this period, the increase in the percentage of interest paid on debt is a noteworthy development, increasing from 25 percent of total public expenditure in 2013/2014 to 39 percent in 2018/2019. By contrast, the percentage spent on subsidies decreased from 33 percent to 21 percent in 2018/2019. The tax rate as a proportion of GDP decreased from 14 percent in 2009/2010 to 8.4 percent in 2014/2015, and then increased to 14.7 percent in 2018/2019.⁸

Year	Interest rate (%)	Exchange rate (EGP to \$)	Inflation rate (%)	Year	Interest rate (%)	Exchange rate (EGP to \$)	Inflation rate (%)
2009/2010	8.5	5.7	5.5	2015/2016	12.25	8.9	10.3
2010/2011	8.5	5.8	5.8	2016/2017	17.25	17.9	23.3
2011/2012	9.5	6.1	8.6	2017/2018	17.25	17.9	20.9
2012/2013	10.25	7	6.9	2018/2019	16.25	16.6	13.9
2013/2014	8.75	7.18	10.1	January 2020	12.75	16.1	7.2
2014/2015	9.25	7.8	11	January 2021	8.75	15.8	5.4

Source: Central Bank of Egypt.

As a result of the liberalization of the exchange rate, the inflation rate increased to 23 percent in 2016/2017. The Central Bank of Egypt addressed this increase by raising interest rates to 20 percent. With the decline in inflation rates at the end of 2017, the central bank cut interest rates to 16.25 percent in 2018/2019 and then lowered them several more times in a row until they reached 12.75 percent at the end of 2019. To stimulate the economy in the face of the COVID-19 crisis, rates were reduced further to 9.25 percent in May 2020.

Indicators on banking in Egypt show the development of the system's deposit and lending structure. The average annual growth rate of domestic deposits ranges around 20 percent; however, the growth rate increased to 26.8 percent in 2017, while the growth rate of foreign deposits saw a significant increase to 114.4 percent in the same year, but later decreased to about 3 percent in 2018. This boom was due to the liberalization of the exchange rate and the significant rise in the price of the dollar at the end of 2016, as well as the efforts of the Central Bank of Egypt to attract dollar deposits in order to increase international reserves. Household sector deposits constitute the largest percentage, increasing from 75.7 percent of the total in 2016 to 79.5 percent in 2019. The ratio of loans to deposits also increased from about 44.5 percent in 2016 to about 47.8 percent in 2019, and the value of

loans in Egyptian pounds also increased after 2016 due to the rise in the value of the dollar.

Loans to the private sector by banks (excluding the Central Bank of Egypt) constituted about 60 percent of all loans in 2019 compared to 70 percent in 2016, which reflects the high investment by banks in treasury bills to address the budget deficit.

The share of loans provided to the government, especially in foreign currency, increased during the period 2016 to 2019. Although the industrial sector is the sector that receives the most loans, it is important to note the large and increasing volume of borrowing for the household sector, which exceeds borrowing in all other sectors, including by the government. This indicates an increase in borrowing for consumption, which calls for an in-depth study of its economic and social effects, especially with the decline in the average per capita income and saving rates, and the spread of luxury consumption, which usually depends on imported goods. In general, the increase in household consumption through borrowing, despite the need to study it in more depth, increases the rate of consumption. Both consumption and investment rates constitute the pillars of economic growth.

According to foreign trade indicators, Egypt's trade deficit rate increased from 10.7 per-

cent of GDP in 2012/2013 to 15 percent in 2016/2017. It declined to 14 percent in 2017/2018 as a result of a rise in the cost of imports after the liberalization of the exchange rate and the resulting import restrictions imposed by the Central Bank of Egypt. Foreign trade declined in 2018/2019 according to the indicators, and the trade deficit increased by a small percentage compared to the previous two years. The current balance deficit also increased, although it was better than the level in 2016/2017.

The overall balance became a deficit in 2018/2019, having achieved a surplus in the previous two years. Looking at exports and imports, a rise in domestic production of natural gas has meant that energy is now the largest group of exports, overtaking finished goods, although it must be noted that the majority of natural gas exports belong to a foreign partner, and their returns do not belong to Egypt. In contrast, the share of finished goods in total exports decreased to about 37.2 percent in 2018/2019, down from about 41.5 percent in 2016/2017.

Intermediate and consumer imports together constitute more than half of Egypt's imports, which highlights the need for a manufacturing policy that meets the needs of the local market by replacing some of these imports and thereby reducing the trade deficit. However, domestic goods must be of the same quality as imported goods in order for this policy to be successful. Small projects can contribute to the production of some intermediate goods, such as spare parts for large projects, provided that there is good coordination between the projects.⁹ It is expected that imports as a share of GDP will decline from 20.7 percent in 2019/2020 to 16 percent in 2021/2022. Exports as a share of GDP will also decrease from 13.1 percent to 9.6 percent over the same two years.

A number of international institutions have recognized the success of the economic reform process in Egypt. In several of its reports on the performance of the Egyptian economy under the national economic and social

reform programme, the IMF stated that the Egyptian economy continues to perform well despite less than positive global conditions.¹⁰ The World Bank has also recognized the success of the reform experience in enhancing investor confidence in the Egyptian economy. Deutsche Bank, Bloomberg, and Moody's credit rating agency recognized the Egyptian experience, and their expectations for future growth were positive and encouraging. In May 2018, Standard & Poor's rating agency raised Egypt's sovereign credit rating to B, reflecting confidence in the Egyptian economy and its ability to repay debts in light of the improvement in the country's economic outlook and the strength of its economic policies. The Purchasing Managers' Index, which reflects the degree of confidence in the economic performance and in the future outlook of the economy by the private sector, has also improved, rising from 41.8 in October 2016 to 50.7 in November 2017, although it subsequently declined in May 2020 on the backdrop of the COVID-19 pandemic. It increased again to 51.4 percent in October 2020, above the value of 50 percent that separates stagnation from growth.

2.4 The repercussions of COVID-19 on the Egyptian economy and measures to confront it

International institutions agree that the COVID-19 pandemic's effects on the global economy constitute the worst economic crisis that the world has ever experienced. Its effects have extended to both supply and demand, leading to a decline in foreign investment flows, a slowdown in global trade and a disruption of international supply chains. International institutions have predicted a 4.9 percent decline in global output in 2020, a 11 percent contraction of international trade,¹¹ the loss of about 495 million jobs across the world (most of which are in the middle-income segment) and a 16 percent increase in the number of people in poverty.¹²

These estimates are reviewed and amended at frequent intervals due to the uncertainty around the pandemic and the timeline of the global vaccine rollout. The crisis has been exacerbated by the accumulation of debts by many countries worldwide, including developed countries, which has weakened their ability to deal effectively with the crisis.

COVID-19 was first recorded in Egypt on 14 February 2020, with cases subsequently increasing and reaching their first peak during the months of June and July. Egypt had prepared for the crisis since January 2020 and collaborated with the World Health Organization (WHO), adopting WHO-recommended health measures and introducing measures to limit the spread of the virus (see box 2.2).

Box 2.2 Egyptian policies and decisions to tackle COVID-19 pandemic

- Reducing the price of natural gas for industry to \$4.5 per million thermal units. It was also decided to reduce electricity prices for industry for ultra-high, high and medium voltage by 10 piasters, and to stabilize electricity prices for other industrial uses for the next 3 to 5 years.
- Providing EGP 1 billion to exporters during the months of March and April 2020 to pay part of their dues, according to the agreed mechanisms (the investment and cash payment initiative announced to exporters). Also, postponing the payment of the real estate tax due on factories and tourist facilities for a period of three months, and allowing them to pay it in monthly installments for previous periods for a period of six months.
- With regard to stock exchange transactions, the State allocated EGP 20 billion for investment in the stock exchange out of the total financial stimulus program of EGP 100 billion. The service fees for stock exchange operations were reduced by 20%. The decision to specify brokerage commissions and fees for listing securities and stock exchange operations was amended to reduce service fees by 17%. Clearing and settlement services for shares, bonds, and other debt instruments were also reduced by 20%. Foreigners were completely exempted from capital gain taxes, which were postponed for residents until the beginning of 2022. The stamp tax and tax on dividends were reduced by 50% to 5% on companies listed on the Exchange.
- The tax exemption limit was increased from EGP 8,000 to EGP 15,000, and the income tax segments were reduced. The remuneration for internship doctors in university hospitals of the Ministry of Higher Education and Scientific Research, and Al-Azhar University hospitals, which currently spend between EGP 400 and EGP 700, was increased to EGP 2,200 per month.
- The deadlines for submitting tax returns and the deadlines for paying all or part of the tax due have been extended in accordance with the provisions of the *Income Tax Law* and/or the *Value Added Tax Law*, for a period not exceeding three months, renewable for another similar period, for financiers or for those registered in the economic or productive sectors or services affected by the repercussions of confronting the virus. These sectors include: aviation, tourism and antiquities (including restaurants and cafes), hotels (tourist and hotel establishments), the press and media (due to the significant impact on the most important financial resource, which is the proceeds of advertising and marketing), and companies operating in the field of communications and information technology, except for those licensed to provide landline and mobile phone service, as well as companies operating in the sports field, the transport and communication sectors, car distributors, the hospital sector, contracting, and the industrial sector (especially companies working in the field of export), except for industrial facilities operating in the food and pharmaceutical sector, health care supplies and detergents. A total of EGP 50 billion was allocated to support the tourism and hotel sector, and the cost of borrowing decreased to 8%. Mask production lines were also doubled to increase local production to 3 million masks per day.

Box 2.2 Egyptian policies and decisions to tackle COVID-19 pandemic (continued)

- The interest rate was reduced by 300 basis points, bringing the credit and discount rate to 9.75% to support economic activity.
- Additional financial allocations of about EGP 5.1 billion were provided during the fiscal year 2019/2020 to support the health sector in its various tracks across the country, meet the urgent and inevitable needs of medicines and medical supplies, and disburse incentive rewards to medical staff and workers in quarantine outlets, isolation hospitals, central laboratories, governorate laboratories, epidemiological surveillance teams, and the ambulance service.
- An additional EGP 5 billion was made available to the Ministry of Supply and Internal Trade during the fiscal year 2019/2020 to manage the additional needs for wheat and other food commodities and to ensure the provision of basic and food commodities to citizens.
- Government investments were increased by an additional EGP 10 billion during the fiscal year 2019/2020 in a way that contributes to preserving employment, and paying the dues of contractors and suppliers, while improving the level of services provided to citizens. Some economic sectors were also supported by about EGP 10 billion, whether through tax facilitations or additional financing. A grant of EGP 500 for irregular workers was also disbursed for a period of three months from April to June 2020, and this grant was extended until the end of the year.

Despite the positive impact of policies in maintaining the gains of the national economic and social reform programme, Egypt's foreign exchange reserves decreased from \$45.5 billion in February 2020 to \$37 billion in May, although they subsequently rose to \$38.4 billion in September, and rose further to \$40.5 billion in June 2021. The target growth rate for 2019/2020 was lowered from 6 percent to an achieved growth rate of 3.6 percent, placing Egypt as one of the few countries in the world to achieve positive growth rates during COVID. The debt volume increased by EGP 44 billion (equivalent to 3 percent of GDP), as a result of the increase in necessary expenditures. Public revenues decreased by about EGP 75 billion, of which EGP 65 billion was lost in tax proceeds. The projected state budget deficit was revised to exceed 8 percent, while the actual growth rate in 2019/2020 was 3.5 percent.

Revenues from the tourism sector saw a decline of 84 percent in the period from April to June 2020, compared to the corresponding quarter of 2019, according to data from the Central Bank of Egypt. Domestic tourism revenues also decreased as a result of the closure of restaurants and cafés for a period of

three months. Aviation revenues decreased as flights were suspended, and remittances from overseas workers also decreased. During the first quarter of 2020, Egypt lost 548,000 tourists, 3.1 million tourist nights, and \$295 million in revenues. According to data from the Central Bank of Egypt, revenues of the tourism sector witnessed a sharp decline, estimated at 84 percent, from April to June 2020, compared to the corresponding period in 2019. Shares in tourism and entertainment companies listed on the Egyptian Stock Exchange declined by 4.1 percent in February 2020 and then by 18.9 percent in March of the same year. Aviation sector revenues dropped as a result of suspending flights and lack of remittances from workers abroad.¹³

Egyptian non-oil exports increased during the first quarter of 2020 by about 2 percent to reach \$6.728 billion, compared to about \$6.58 billion during the same period in 2019, and imports witnessed a significant decline of about 24 percent, to reach \$13.814 billion, compared to \$18.233 billion during the same period in 2019. These indicators contributed to decreasing Egypt's trade deficit by \$4.566 billion, a decline of 39 percent over the same period in 2019.¹⁴

Despite the losses outlined above, many sectors within Egypt's economy were able to adapt to the impacts of the COVID-19 pandemic and find new opportunities amid the crisis, the most important being IT and communications, agriculture, pharmaceutical and chemical industries, and construction. The report on Egypt's urgent plan for 2020/2021 to deal with the COVID-19 crisis expects a decrease in total investments to EGP 740 billion, compared to about EGP 840 billion in 2019/2020, and an increase in the proportion of public investments in 2020/2021 to more than 80 percent of the total expected investments, as a direct result of the decline in foreign and domestic private investments in the wake of the pandemic.¹⁵

At the same time, the COVID-19 crisis has also generated a number of opportunities, the most important being a decline in the import bill for commodities such as edible oils, sugar, and meat and poultry, the global prices of which are expected to decrease. There is also an opportunity to benefit from the decline in trade growth rates and from protectionist restrictions by deepening local manufacturing, especially in the food and pharmaceutical industries, to meet increasing demand. Another benefit is the likely-temporary decrease in global oil prices, which has led to a decrease in Egypt's import bill for crude oil and some petroleum derivatives, as well as a decrease in the energy subsidy bill.

On the back of the efforts of the State, the private sector, and civil society, international institutions predict that Egypt's economy will have a better recovery than other countries in the Middle East and North Africa, and these institutions have also recognized the measures Egypt has taken. The World Bank and the IMF confirmed that Egypt is the only country in the region that has achieved positive growth rates despite the crisis. Fitch Ratings, a credit rating agency, indicated the success of the economic reform policies adopted since 2016 and the effectiveness of the measures taken to tackle the impacts of the

COVID-19 pandemic. In April 2020, Standard & Poor's maintained Egypt's credit rating in both local and foreign currencies at B/B, with its outlook at stable.

Moody's also maintained its credit rating for Egypt in both local and foreign currencies at B2, and the outlook at stable, through May, August and November 2020. These decisions reflect the continued confidence of international institutions and rating agencies in the ability of the Egyptian economy to deal positively with the impacts of COVID-19. It also reflects the confidence of Moody's experts and analysts in the policies pursued by Egypt to deal with the economic and health crisis brought about by the pandemic.

In May 2020, the IMF approved Egypt's request for emergency financial assistance of \$2.772 billion under the Rapid Financing Instrument (RFI) to meet the urgent balance of payments needs that resulted from the pandemic. The funds aimed to help provide urgent financing in order to mitigate the negative impact of the crisis on the macroeconomic stability that Egypt had achieved. By the end of June 2020, the IMF also approved a 12-month Stand-by Arrangement for Egypt worth \$5.2 billion. Egypt also issued dollar-denominated bonds valued at \$5 billion in three tranches of 4 years, 12 years, and 30 years.

In January 2021, in the IMF's first review of the Stand-by Arrangement, the report indicated that the negative effects of the COVID-19 pandemic on the Egyptian economy were less than expected as a result of government measures to deal with the crisis. This led to increased growth expectations for 2020/2021. However, some expected risks were identified that must be dealt with, especially due to the continued ambiguity and uncertainty regarding the path of recovery from the second wave of the pandemic at both the local and global levels. The IMF report stressed the importance of continuing structural and governance reforms to achieve more inclusive growth led by the private sector, more trans-

parency regarding state-owned enterprises, the provision of equal opportunities for all development partners, and the removal of bureaucratic obstacles facing the private sector. The report also indicated that the high level of public debt exposes Egypt to situations in which there is a degree of vulnerability in terms of international financing conditions.¹⁶

A study by the US Agency for International Development (USAID), in cooperation with The Economist,¹⁷ looked at possible scenarios for the Egyptian economy after the COVID-19 pandemic and until 2025. The study predicts a gradual increase in GDP growth to 5.28 percent in 2025 under the base scenario, growth of 5.7 percent in the optimistic scenario, and growth of 5.22 percent in the pessimistic scenario. The unemployment rate was predicted to decline in all three scenarios, reaching 9.5 percent by 2025 in the base scenario and 8.1 percent in the optimistic scenario.

2.5 Development prospects in Egypt

In 2016, the Sustainable Development Strategy: Egypt Vision 2030, was developed to provide a governing framework for interim action plans and programmes which are consistent with the UN SDGs, as well as with the African Union's Agenda 2063.¹⁸ In terms of progress on the SDGs, Egypt's Voluntary National Review, prepared by the Ministry of Planning and Economic Development in 2018,¹⁹ indicates that Egypt has made progress on some of the SDGs and is still working to fulfill the remaining goals. A report by the Central Agency for Public Mobilization and Statistics (CAPMAS) indicates that the share of SDG indicators that were available to track Egypt's performance until the end of 2018 was around 47.5 percent.²⁰ Due to the lack of data necessary to measure all indicators, the existing indicators showed that the best achievement rate was that of Goal 7, on meeting energy needs. This was followed by Goal 2, on eradicating hunger and providing food security, and Goal 9,

on building resilient infrastructure, stimulating inclusive industrialization and encouraging innovation. The least implemented goals were those related to sustainable cities and communities and sustainable consumption and production patterns.

In terms of development partners, the private sector continued to play the leading role, with a predicted contribution to GDP of around 68 percent in 2021/2022. It accounted for over 90 percent in some areas, such as agriculture, manufacturing, construction, internal trade, tourism, information technology, real estate, and social services. Private investment contributed about 52 percent of total investments in 2018/2019. It is expected that this percentage will reach 25 percent in 2021/2022. While there has been a significant increase in investments in the area of housing and real estate, especially in luxury housing for residential complexes, investments have still not reached the level required, resulting in modest growth of the industry compared to other sectors. In light of the problems faced by the industrial sector in the past, Egypt issued a new law on investment and put in place several measures to shorten times and procedures for establishing businesses and to facilitate the process. Notably, despite the importance of the economic reform process and its aim of enhancing macroeconomic stability, the private sector has been significantly affected by the high rates of inflation and the increase in interest rates, especially between 2017 and 2019. This has resulted in investors being reluctant to invest and in high costs for starting or expanding a business.²¹

Despite the existence public-private partnership (PPP) law, and a PPP unit in the Ministry of Finance since 2010, the projects carried out under this framework have nonetheless been limited. To address this, the Prime Minister established a committee in 2018 to activate partnerships with the private sector, especially in the fields of education and public utilities. Administrative authorities were also permitted to finalize licenses, approvals and

permits. Decisions were made to allocate the necessary land to projects before putting them up for bids and to stress the need to find a mechanism for selecting projects that would be conducted on the basis of participation, while conducting technical and financial studies for them. A committee was also formed at the Ministry of Finance to study and make the necessary legislative amendments to the law regulating private sector participation, including the development of new mechanisms for contracting with the private sector and the expansion of investment fields available to the private sector. The Ministry of Planning and Economic Development has also established a unit for feasibility studies and partnership with the private sector and governmental organizations with the aim of selecting suitable PPP projects according to defined criteria, promoting the projects nominated for the partnership, and coordinating with the PPP unit in the Ministry of Finance.

In addition to the private and public sector, the cooperative sector has a strong presence internationally and has made important contributions to employment and operations, as well as to social protection. The number of cooperatives in Egypt is estimated at nearly 10,000 and they work in several areas of production and consumption. The total number of members is estimated at more than 12 million, and turnover exceeds EGP 50 billion.²² Cooperatives are subject to several laws and several jurisdictions that regulate their activities. This sector requires attention to regulate it and the services provided to its members, especially younger and low-income people.

It is worth emphasizing that a partial approach is not sufficient in order to address areas where developmental progress is weak; instead, a strong push forward is required to create momentum that boosts progress in all areas. The Egyptian experience is in line with the “big push model” theory formulated by economist Paul Rosenstein-Rodan in 1943 and later developed by Kevin M. Murphy in 1989,²³ where Egypt has adopted multiple policies, especially in the field of exchange

rate liberalization, dealing with energy subsidies, and implementing major state projects in infrastructure in various fields on a large scale, as stated in Box 2.1.

In order to achieve sustainable development and tangible impact, a certain amount of infrastructure investment must precede or coincide with investment in other production and service activities. Egypt has clearly adopted this approach. Due to limited financing, identifying innovative alternative financing mechanisms and borrowing became justifiable, as theory and reality indicate that infrastructure projects pave the way for all other productive activities and for local and foreign investment.

Large-scale investment in infrastructure projects also stimulates market demand for other economic sectors, which encourages investment in those sectors. This is what happened in Egypt, where state infrastructure projects employed large numbers of workers and generated incomes as a result, creating a demand in the market that boosted production and investment in other sectors, contributing to advancing development.

State authorities play an essential role at this stage, and state intervention is important to compensate for the low rate of savings, and the inability of the private sector to invest in infrastructure which does not generate appropriate profits in the short and medium term. The private sector cannot manage the huge investment required for infrastructure alone. However, due to the level of development problems and their accumulation over many years, some pressing challenges predate the beginning of this development process. In light of this, the government policies that will be implemented in the coming years seek to preserve achievements in the field of infrastructure and achieve macroeconomic stability by addressing these challenges, which are outlined below.

- **Financing development:** Due to the increasing financial burdens of development requirements, Egypt has faced

problems related to financing development, limited domestic resources, low savings rates, and a lack of foreign investment flows at the required and expected rates. The issue of a weak savings rate is exacerbated by Egypt's high budget deficit, which consumes the largest proportion of domestic savings and thus increases pressure on resources. The gross domestic investment rate increased slightly from 16.7 percent in 2017/2018 to 18.2 percent in 2018/2019, while the gross domestic savings rate increased from 6.2 percent to 10 percent, narrowing the domestic financing gap from 10.5 percent to 8.2 percent. Due to a rise in the national savings rate to 15.7 percent, the financing gap decreased to 2.5 percent. However, these savings and investment rates are still far from the levels required to achieve a qualitative step forward on the path to development.²⁴ According to forecasts from the Ministry of Planning and Economic Development, the financing gap is expected to reach 6.4 percent of GDP in 2021/2022.

- **Modest growth rates in industry and lack of investment in manufacturing, particularly by the private sector, despite the importance of manufacturing to development and employment:** The growth rate of the industrial sector declined from 4.8 percent in 2017/2018 to 3 percent in 2018/2019 and is expected to reach 2.1 percent in 2021/2022. According to an analysis of GDP in 2018/2019, the three sectors that contributed the most to GDP that year (manufacturing industries, wholesale and retail trade, and agriculture) were not the sectors seeing the highest growth; in fact, they were the least developing sectors. This emphasizes the importance of the manufacturing

and agricultural sectors and their essential role in boosting GDP and achieving development goals.

- **Increasing constraints on export performance; tariff and non-tariff barriers affect the performance of Egyptian exports:** The external customs duties imposed by Egypt are high compared to the rest of the world. The average simple tariff applied globally is 10 percent, compared to 19 percent in Egypt. Consequently, Egypt is considered the second largest protected economy in the world, after Sudan, which undermines the process of local competition. There are also significant non-tariff restrictions affecting export performance, such as technical requirements, import bans and export restrictions.²⁵
- **High rates of poverty:** The poverty rate in Egypt has been increasing since 2008/2009, according to the biennial Household Income, Expenditure and Consumption Survey conducted by CAPMAS. It increased from 21.6 percent in 2008/2009 to 32.5 percent in 2017/2018. It subsequently decreased to 29.7 percent in 2019/2020, while the extreme poverty rate decreased from 6.2 percent in 2017/2018 to 4.5 percent in 2019/2020. This indicates that structural reforms and social protection measures have begun to achieve returns for vulnerable groups, especially with the various projects to improve the standard of living of the poor. The most important of these is the national project for the development of Egyptian rural areas, *Hayah Karima*, at a total budget of more than EGP 700 billion over three years, to develop Egyptian villages by developing projects in various fields, with a focus on education, health, infrastructure, and employment.

Box 2.3 *Hayah Karima* project to develop Egyptian villages

- The project aims to achieve the following objectives and activities during the period 2020 to 2023:
 - Improve living conditions and invest in people (social care and protection/decent housing/ social awareness/rehabilitation of persons with disabilities);
 - Improve urban infrastructure and service provision (sewage/drinking water/ paving roads /gas /electricity/postal service);
 - Enhance the quality of human development services (education/health/sports and cultural services);
 - Promote economic development and employment (financial inclusion/loans for small projects/ vocational training and professional qualification/industrial complexes/agricultural and fishery development);
- The *Hayah Karima* initiative is targeting 4,584 villages located in 175 districts (*markaz*) in 20 governorates.
- It is targeting investments of EGP 700 billion benefiting 58 million beneficiaries in total.
- The total appropriations directed to the villages of the first phase amount to EGP 260 billion, targeting 52 districts in 20 governorates.
 - Criteria for selecting district (*markaz*) to join the project:
 - Share of the district's rural population of the total district population;
 - Share of district's poor rural population of the district's total rural population;
 - Share of the poor residing in the poorest 2,000 villages nationwide out of the district's total rural population;
 - Share of villages with access to waterways;
 - Share of households headed by women;
 - Illiteracy rate of individuals aged 15 years or above;
 - Share of villages that have security-related issues;
 - Share of households with no access to public sewage network;
 - Share of families with no access to public water networks.
- Among the most important strategic outputs expected of the project are::
 - Decreased average poverty rate;
 - Improvement in the quality of life index (the rate of availability of basic services);
 - Improvement in coverage of health services;
 - Improvement in coverage of educational services;
 - Improve sustainable management, access to drinking water, and sanitation services;
 - Provide loans to small and medium-sized enterprises;
 - Provide thousands of job opportunities.
- The United Nations has included *Hayah Karima* among the best international initiatives/ practices for many reasons: the initiative has clear quantitative goals, is measurable and tracks achievement levels, is verifiable for its entry into force, resources are available that guarantee its implementation, it has a specific time frame, and it converges with many of the SDGs.

Source: Ministry of Planning and Economic Development

Analysis of the characteristics of poverty in Egypt shows a significant correlation between poverty and family size, which further highlights the burden and challenge of the country's population problem. Population growth rate reached 2.62 percent in 2016/2017, but decreased to 1.79 percent in 2018/2019. The analysis also showed that the low quality of

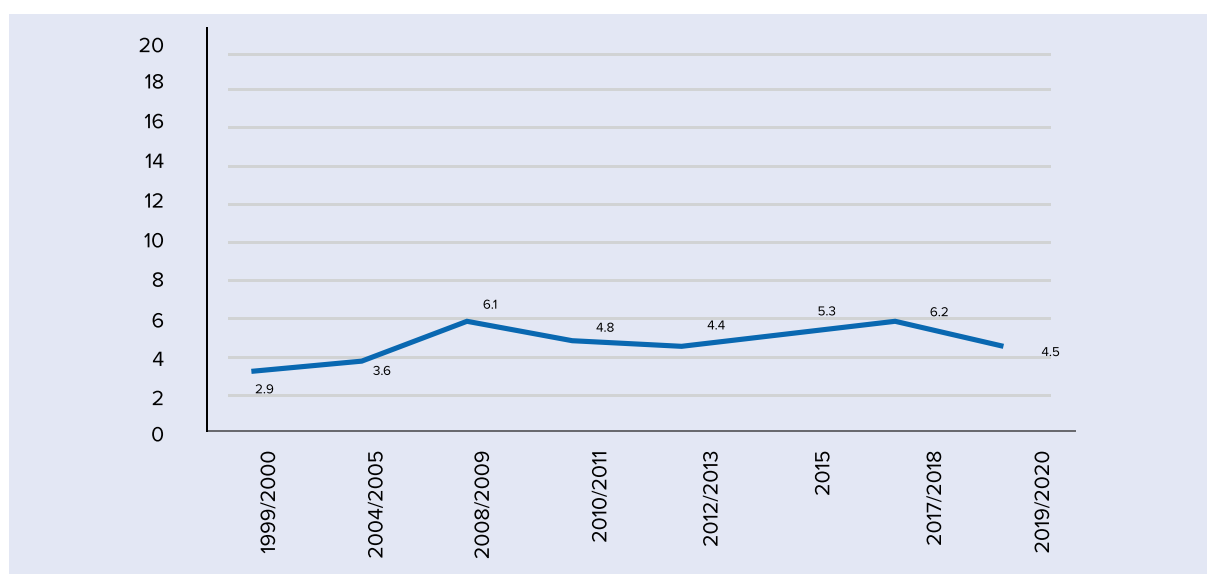
education and the weak ability of the educational sector to respond to the needs of the labour market are among the factors most associated with the risk of poverty, leading to individuals that lack skills and who are forced to engage in sporadic marginal work in the informal sector.

Year	Poverty rate	Year	Poverty rate
2008/2009	21.6	2015	27.8
2010/2011	25.2	2017/2018	32.5
2012/2013	26.3	2019/2020	29.7

Source: Heba El-Leithy, *Analysis of Poverty Indicators from Income, Expenditure and Consumption Surveys (2019)*, and the Central Agency for Public Mobilization and Statistics, *Research on Income, Expenditure and Consumption Results 2019/2020 (2021)*.

Central Agency for Public Mobilization and Statistics. "Research on Income, Expenditure and Consumption Results 2019/2020."

Figure 2.3 Extreme poverty rates, 1999/2000 to 2019/2020 (%)



Source: Central Agency for Public Mobilization and Statistics, *Key Results of Research on Income, Expenditure and Consumption 2020/2019 (2021)*.

- **Regional disparities:** Egypt has long suffered from major disparities and imbalances in the level of development between different governorates and regions. Economic censuses and indicators clarify the picture of development in the different geographical areas. CAPMAS

conducted the first economic census at the level of regions and governorates in 2012/2013,²⁶ and it was followed five years later by the economic census of 2017/2018. There had been no data available in previous years on the distribution of GDP between geographical regions,

so this was estimated using employment data. The follow-up of the development in the geographical distribution of economic activity is therefore limited to the period between the two censuses. It should be

noted that there was some modification in the census methodology in 2017/2018 to avoid some of the shortcomings of the 2012/2013 census.

Economic region	2012/2013	2017/2018
Greater Cairo	44.5	41.9
Alexandria	14.2	18.1
Delta	12.8	11.2
Suez Canal	12.6	17.5
Southern Upper Egypt	8.2	5.9
Northern Upper Egypt	5.7	4.0
Central Upper Egypt	2.0	1.4

(* It should be noted that the activity of the government and economic bodies is excluded from the value of the regional GDP.
Source: Central Agency for Public Mobilization and Statistics, Results of the Economic Census 2017/2018.

The statistics in Table 2.9 show that the governorates of Upper Egypt (i.e. the southern part of the country from Fayoum to Aswan) contributed approximately 16 percent of GDP in 2012/2013. This percentage decreased to less than 12 percent in 2017/2018. Lower Egypt (or northern Egypt) and the urban governorates contributed approximately 88 percent of economic activity. Notably, the contribution of the Suez Canal region was high compared to both Greater Cairo and Upper Egypt.

These results show that there is still a need to dampen regional imbalances especially in Upper Egypt, despite the efforts and investments directed to the region. It should be noted, however, that this analysis is limited

to one indicator only, the distribution of GDP by region and governorate, and that different indicators may offer a more detailed picture. For example, data on the average wage in different governorates as shown in Table 2.10 indicates that five governorates in Upper Egypt have the lowest average wage, and the governorates that attract a lot of tourism and/or feature petroleum sector activity (such as Red Sea and Matrouh) have the highest average wage. However, it should be noted that the wage disparities involved are not high; the highest average wage is 3.3 times the lowest wage. For example, the poverty rate in Port Said is less than 8 percent, while in Assiut it is more than eight times that, at 66.7 percent.²⁷

Table 2.10

Average monthly wage and population below the poverty line in Egypt's governorates, 2017/2018

Governorate	Average monthly wage (EGP thousands)	Population below national poverty line (%)	Governorate	Average monthly wage (EGP thousands)	Population below national poverty line (%)
South Sinai	6,952	Border provinces 51.5% on average	Sharqia	2,803	24.3
Red Sea	6,681		Menoufia	2,705	26.0
Matrouh	6,446		Al-Wadi Al-Jadid	2,681	51.5
Suez	6,126		Gharbia	2,622	9.4
North Sinai	6,053		Dakahlia	2,592	15.2
Port Said	4,579	7.6	Beheira	2,585	47.7
Cairo	4,156	31.1	Damietta	2,529	14.6
Alexandria	3,831	21.8	Beni Suef	2,394	34.4
Aswan	3,808	46.2	Kafr El-Sheikh	2,305	17.3
Giza	3,766	34.0	Minya	2,207	54.7
Ismailia	3,257	32.4	Luxor	2,205	55.3
Qena	3,007	41.2	Fayoum	2,190	26.4
Qalyubia	2,991	20.1	Sohag	2,061	59.6
Assiut	2,822	66.7	Nationwide average	3,496	32.5

Source: Central Agency for Public Mobilization and Statistics, Results of the Economic Census 2017/2018.

- Economic databases:** One of the most important challenges facing development in Egypt is the problem of database deficiencies. These gaps result in poor capacity to use advanced analysis and planning methods, and a weak ability to predict the expected effects of various policy alternatives. Egypt's economic database system suffers from several problems, perhaps the most important of which is related to the available statistics and the extent to which they cover all activities, and the absence of information on some important indicators such as the distribution of income and credit available to the community. The national project to develop the country's information infrastructure, and the establishment of the National Center for Spatial Information Infrastructure, aim to contribute to the development of databases and linking them electronically. This will lead to the effective interconnection of all state institutions and improvements in their performance, boosting administrative reform.
- The system of values and community awareness:** A major challenge facing Egyptian society is the country's value system and the negative aspects that have been seen over recent years. This has a serious impact on Egypt's most important resource, its human capital. This problem is directly reflected in economic variables such as a decline in the value of hard work, proficiency and productivity, poor awareness of the importance of preserving public funds, excessive consumption by some groups, and a decrease in the tendency to save. This directly affects economic performance and the potential for growth. Therefore, a strategy for building human capacities has been launched and is being implemented.

- **Challenges and new realities imposed by the COVID-19 pandemic:** The emergence of COVID-19 revealed the importance of hedging risks as a major component of the development process. Among the most important concepts illustrated by the pandemic are: climate change and epidemics are closely linked to economic development; the importance of infrastructure in the health sector and its geographical distribution; the importance of education and raising awareness among citizens; and the importance of infrastructure in the ICT sector.

It should be noted in this context that the Government's Action Programme (2018/2019-2021/2022) includes main and subsidiary objectives and programmes to deal with the previously-listed challenges. The programme presents a vision of increasing funding resources through programmes to improve the efficiency of tax collection, maximize the benefit from international financing opportunities, enhance the cooperation of the Sovereign Fund of Egypt with other sovereign funds and major financial institutions, and the expansion of financing in partnership between the public sector and the private sector. It also includes a set of programmes to deepen industry, raise employment levels, reduce population growth, address regional disparities, develop Upper Egypt (the poorest region) and the Sinai Peninsula, work on environmental improvement, and spread positive values in society.

2.6 Policies to support Egypt's development path

Egypt is seeking to complete the structural reform process by focusing on production activities (especially industry), creating a business environment that allows the private sector to play its natural role in these activities, and lastly, by activating and revitalizing the partnership between the State and the private sector to address the lack of state funding

resources and to reduce pressure on public debt. Egypt aims to advance partnership projects with the private sector, expand its scope to include many sectors, make the necessary amendments to laws regulating private sector participation, as well as create new mechanisms for contracting with the private sector.

It may also be useful to expand the scope of participation and find a mechanism for the participation of the private sector in development planning within a permanent institutional framework. The participation of the private sector is not based on individuals but is achieved via organizations, such as the Federation of Egyptian Industries, chambers of commerce, federations of investors, and trade unions. Such mechanisms would allow the private sector to interact with decision makers that have a better understanding of development goals, societal priorities, and governing constraints. It could also highlight the problems that hinder the private sector from investing in industry and could help find mechanisms to solve these issues.

The persistence of large income disparities is one of the challenges that must be addressed. As tax policy is one of the most important tools to address this disparity, Egypt has made amendments to the *Income Tax Law* in May 2020, in the direction of increasing taxes. More amendments in the same direction, in addition to an increase in the tax exemption limit, are still required at a future stage. It is also important to develop a clear policy and gain a firmer hand on geographical imbalances, which are still salient and constitute a key development challenge. This issue in particular can also affect the social cohesion of the country and limit its economic capabilities and potential.

Egypt is also seeking to avoid increasing debt, both internal and external, which has resulted in an increase in debt service. The State aims to accomplish this by strengthening the management of public debt, strengthening risk management, and building its own

capacities, as well as raising capacities related to financial analysis and forecasting.

Egypt has realized significant development achievements in recent years and it is therefore crucial to protect and maximize these achievements. In this context, the trade-off between the costs of preparing for risks and the costs of addressing their consequences must be assessed and evaluated. The World Bank recommends that analysing risks in light of uncertainty and resource scarcity should be at the heart of economic and public policies,²⁸ and proposes an analytical framework to address risk as follows: 1) evaluation of the primary objectives of risk management and their triggers; 2) understanding the environment in which the risks occur; 3) components of risk management including preparing and adapting to negative and positive events; 4) assessment of the main obstacles facing individuals and societies when managing risks; and 5) the potential role of groups and teamwork. It may be useful to be guided by the proposals of the World Bank in this area. In addition, acquisition of knowledge and the accumulation of information is an essential component of risk management, and of particular importance are capabilities related to assessment and judgement and the use of modern technology in the field of communications.

The world is now in agreement that there must be coexistence with COVID-19, as it is predicted to last for a considerable period of time. This requires investing in people through health and education, as well as investment in infrastructure and social safety nets. Egypt's economic census in 2017/2018 showed that the average wage in the health sector is the lowest in comparison to other sectors. This contradicts the importance of this vital sector and the risk that workers face in relation to exposure and infection. Low salaries have also led to a noticeable decrease in the quality of health services, especially in government institutions where people of middle- and low-income brackets are treated.

Increasing the incomes of health sector workers is therefore a key priority.

At the same time, the COVID-19 pandemic has demonstrated the need to boost financial inclusion to facilitate the normal flow of economic activity and services. This requires a significant strengthening of infrastructure in the field of communications and IT, which must be geographically dispersed to serve all parts of the country. It is also crucial to utilize the opportunity presented by the pandemic in terms of the importance of digital technology and communications. Their value is especially visible in the education sector in the implementation of distance education and rethinking school usage in order to reduce overcrowding. In addition, the experience of working from home as part of the COVID-19 precautionary measures should be subject to further research in order to expand this practice where appropriate.

The COVID-19 pandemic has prompted a change in Egypt's priorities and policies, especially due to the significant shortage of resources in terms of the State, the private sector, individuals, and the community in general, as well as the shrinking opportunities for foreign aid and borrowing. The change in priorities not only reflects on public spending increases for health, scientific research, and the environment, but also on economic activities (especially agriculture, industry, and energy) to secure a minimum level of self-sufficiency in strategic goods. Analytical studies are needed on the mechanisms to achieve these changes and to assess the priorities and balances required by the economy. It may also be necessary to pay attention to import substitution for some strategic goods, including those production inputs that would hinder industrial activity if in shortage. The fundamental issue of how to direct the private sector to invest in these activities at the required levels still remains.

During the next few years, Egypt is seeking to implement the second phase of its economic and social reform programme. The pro-

gramme targets the real economy for the first time, with significant and purposeful structural reforms in order to transform the Egyptian economy into a productive, knowledge-based economy that has competitive capabilities on the global stage. This will include encouraging inclusive growth, creating decent and productive job opportunities, diversifying and developing production patterns, improving the investment climate and business environment, localizing industry, and increasing the competitiveness of Egyptian exports. These efforts will contribute to achieving sustainable economic development, as well as comprehensive and sustainable economic growth. The programme includes six key themes, the key theme being restructuring the economy with a focus on the real sector. Other complementary themes include: the business environment and role of the private sector; the flexibility of the labour market and increased efficiency of vocational training; human capital (education, health, and social protection); financial inclusion and access to finance; and the efficiency of public institutions, governance and digital transformation.

In addition, three productive sectors have been identified as major priorities for the structural reform programme, with the aim of encouraging investment and developing the business environment in accordance with Egypt's goals and in coordination with the private sector. These are the agricultural sector, the technology-intensive manufacturing sector, and the ICT sector. In parallel with the implementation of the themes of the national economic and social reform programme, service sectors that complement and support the productive sectors and that are capable of creating job opportunities and generating foreign currency will be supported. Among

these sectors are logistics, the construction sector, and tourism. The green economy will also be strengthened.

The second phase of the national economic and social reform programme is based on five reform systems: the legislative reforms system, the government performance development system, the transportation and logistics efficiency improvement system, the financing and financial inclusion development system, and the demographic system. The improvement of population characteristics is also part of this programme. In its second phase, the programme aims to achieve a growth rate of 6-7 percent by fiscal year 2023/2024, to increase the contribution of the manufacturing sector to GDP to 15 percent, that of the agriculture sector to 12 percent, and that of the ICT sector to 5 percent. In the same year, the programme seeks to achieve a surplus in the balance of payments ranging between \$3 billion and \$5 billion, and to increase the proportion of industrial exports with a high-tech component to 7 percent. The programme is based on increasing the primary surplus as a percentage of GDP to 2 percent, reducing the overall budget deficit of GDP to 5.5 percent, and reducing public debt to 84.5 percent of GDP.

In addition, the social aspect will receive increasing attention during the second phase of the programme. By 2023/2024, Egypt aims to have increased spending on social protection to EGP 355.5 billion, to have increased spending on food subsidies to EGP 91.6 billion, to have increased contributions to pension programmes to reach EGP 201 billion, and to have provided cash support of EGP 21 billion via the *Takaful and Karama* programme.

Chapter 3

Social protection:

Towards a more inclusive and empowering social contract in Egypt





Recent years have witnessed a fundamental shift in the orientation of social protection from a relief approach, characterized by only helping the most vulnerable groups in society, to a human rights approach. The human rights approach considers social protection an integral part of the right to development, which is one of the most important rights, according to the Declaration on the Right to Development issued by the United Nations General Assembly in 1986. Social protection is considered a right that must be guaranteed to all human beings throughout their lives. The social protection platform launched by the International Labour Organization (ILO) in 2012 under Resolution No. 202 was a clear expression of this shift in the orientation of social protection. With this new direction, it became logical to consider social protection as a path to achieving social justice and sustainable development. An ILO report on social protection from 2017 described social protection as a right, and defined it as a set of policies and programmes designed to reduce or prevent poverty and vulnerability through all the stages of a person's life. It therefore includes advantages and benefits provided to children and families, maternity protection, unemployment benefits, work injury benefits, disability benefits, as well as universal public health care for all.¹ Social protection therefore intersects with all areas of public policy.

Social protection programmes are divided into two main types: programmes that are based on financial contributions from beneficiaries, such as social and health insurance, and those that are not. The latter group includes programmes that target the most vulnerable groups in society, including all forms of social assistance, partially undertaken as a state responsibility and partially by society through social solidarity. Taking into account the human rights perspective, which considers social protection a way to achieve social justice, the importance of the empowerment component in social protection programmes

becomes clear, as empowerment is a key element in achieving equity and social justice. One of the key foundations of empowerment is qualifying the most vulnerable groups to enter the labour market through active labour market programmes and seeking to include them within social protection based on contributions. Active labour market programmes are one of the intermediate links that can transfer beneficiaries from the category of social assistance programmes, which are not based on contributions, to contribution-based social protection programmes (specifically social and health insurance), through the role they play in empowering the most vulnerable groups and helping them escape the cycle of poverty.

Social protection as a right is one of the foundations of the social contract between the citizen and the State. It is public and universal in nature and has a clear developmental dimension, enabling individuals to develop productive capabilities and engage in the labour market. By contrast, social safety nets are not public and universal, but rather are targeted at the most vulnerable groups in society, and they often do not have a tangible and sustainable development impact. In addition, in certain cultural contexts, the relationship between the provider of social assistance and the recipient may become a beneficial one; recipients may be satisfied with receiving assistance and be reluctant to change their circumstances, becoming a drain on the resources allocated to social assistance without a significant developmental return.² This does not mean social safety nets' importance should be underestimated or that they should be abandoned, but rather that they should exist within the framework of a protection system with a holistic nature. These systems should be based on a human rights perspective, seek to empower people, be consistent with the Sustainable Development Goals (SDGs) and represent an essential stepping stone for achieving social justice.

This shift in considering social protection to be a public right aligns with the 2019 UNDP Human Development Report, *Beyond Income, Beyond Averages, Beyond Today - Inequalities in Human Development in the 21st Century*, which highlights the need to promote enhanced capabilities, including access to quality health and education services and the effective use of technology, leading to human empowerment.³

The role of social protection nets and programmes has been particularly salient in light of the outbreak of COVID-19 and its resulting impacts, and these programmes have shown they are able to enhance people's ability to cope with shocks. There has also been much discussion about the extent to which countries are able, through existing or new social protection packages, to enhance people's capability to face the negative effects of the pandemic on life as a whole, whether with regard to health systems, the state of the economy and work, or other affected areas. The release of the United Nations report *We are all in this Together: Human Rights and COVID-19 Response and Recovery* is an indication of the required methodology in dealing with the pandemic, and the priorities that should be set out, based on a human rights perspective. At the beginning of the report, it was noted that human rights are key in shaping the pandemic response, both in terms of the public health emergency and the broader impact on people's lives and livelihoods, and therefore the basis should be to ensure proper health care for everyone and to preserve human dignity. Responses to the pandemic must also focus on dealing with basic questions, the most important of which are, who is suffering most; why; and what can be done about it?⁴

3.1 General framework for social protection in Egypt

3.1.1 Social protection: An integrated human rights and development approach

The radical change in the perspective on social protection in Egypt stems from three main sources: the 2014 Constitution, the SDGs, and the Sustainable Development Strategy: Egypt Vision 2030. The Constitution includes many articles related to social protection issues from a broad and integrated perspective, both for social protection issues and for the target groups. Article 8 stipulates that "society is based on social solidarity. The State commits to achieving social justice, providing the means to achieve social solidarity to ensure a decent life for all citizens, in the manner organized by law." Article 9 focuses on the State's obligation to ensure equal opportunities for citizens without discrimination. In addition, both Articles 8 and 9 provide a holistic framework for social protection in connection with the goal of achieving social justice. Attention to basic services as an entry point to improve the lives of citizens is highlighted in Articles 18 and 19, which are related to health and education. Article 17 deals clearly with social insurance, social security, and the provision of a pension for casual employment. Article 11 addresses issues of equality between men and women, with reference to providing care and protection for mothers and children, female breadwinners, elderly women, and for the most vulnerable women.⁵

The SDGs deal with the issue of social protection via a number of approaches. Goal 1 aims to end poverty in all its forms everywhere, and its third target is to design and implement social protection systems suitable for all, achieving substantial coverage for the poor and the vulnerable. Goal 2, on eliminating hunger, deals with issues of food security and nutrition. Goal 3, on health, deals with ensuring universal health coverage. Goal 8, on

promoting sustainable and inclusive economic growth, addresses full and productive employment, and particularly decent work that is protected through social and universal health insurance. Finally, Goal 10 relates to reducing inequality within and among countries, and its fourth target focuses on the need to adopt financial and social protection policies that achieve equality.

Egypt's Sustainable Development Strategy: Egypt Vision 2030 also includes many goals related to social protection, including "improving the quality of life and standard of living of the Egyptian citizens," by providing an integrated system for social protection. The strategy adopts a holistic approach in dealing with social protection, seeking to develop an integrated and universal system for social protection that achieves standards of equity and justice, is inclusive and consistent with the SDGs, and that aims to improve the quality of life of all citizens without discrimination. It is based on universal social and health insurance programmes, social safety nets (cash and in-kind assistance), and labour market programmes. It aims to secure human capital and enhance its ability to face crises, manage risks, and resist shocks. It also aims to provide for the basic needs of poor groups, improve their standard of living through social assistance programmes, and address the multidimensional causes of poverty. Protection policies are therefore driven by a human rights perspective on the basis of citizenship, with the aim of reducing forms of inequality within society, whether in terms of gender, geographical region, age or disability. The national strategy also stresses capacity building as an essential component of providing social protection; this is achieved through a focus on education, health and skills acquisition to create income-generating employment opportunities.

The Constitution and the Sustainable Development Strategy: Egypt Vision 2030 provide the basis for dealing with the issue of social

protection from a holistic perspective, the ultimate end of which is to achieve social justice by moving from protection to justice through empowerment, and to expand citizens' choices by enhancing their capabilities and enabling them to access assets and resources.

The functions of social protection vary to include the following:⁶

- The protective function, which aims to relieve deprivation through the provision of cash and in-kind support to those in need, and comes close to the idea of relief.
- The preventive function, which protects individuals from falling into deprivation through the expansion of social insurance nets, saving systems and funds.
- The promotive function, which enhances capabilities and empowerment, leading to income generation. This includes public works programmes and other active market work programmes.
- The transformative function, which enables societal progress towards equity, inclusion and empowerment.

3.1.2 Social protection in Egypt: Transformations on the path to social reform

Egypt has a long-standing history of extensive social protection nets, including both contribution-based programmes such as social and health insurance, which date back to the 1960s, and those not based on contributions, such as food subsidy programmes, which also date back many decades.

Social safety nets in Egypt are not limited to state efforts; NGOs in Egypt have a long history of providing aid and support to the poor, as do Islamic and Christian religious institutions. This is in addition to informal networks, which illustrate the strength of social capital in Egyptian society. These mechanisms include rotating saving and credit associations

and mutual aid, whether between neighbours or coworkers. The private sector also plays an important role in this regard through corporate social responsibility efforts directed at supporting health, education and other sectors that enhance social protection in a broad sense. In addition, many private companies have established affiliated NGOs for the purpose of institutionalizing social responsibility initiatives and facilitating the ability to build partnerships, both with the relevant state institutions and with specialized NGOs. It is also worth noting that, within the framework of social safety net development policies, government policies support Egyptian society efforts to combat hunger through the Egyptian Food Bank, an NGO that provides food aid and whose goal is to end hunger in Egypt. In 2019, the Egyptian Food Bank assisted about 3.5 million families through its monthly and seasonal feeding programmes, as well as providing nearly 3 million school meals to 24 schools.

Egyptian contribution-based social protection systems have faced many challenges over the past decades, including limited coverage and financial sustainability problems. One effect has been that many health insurance contributors rely instead on their personal spending in health care,⁷ as outlined in Chapter 1 of this Report.

The limited developmental returns of the multiple social protection nets prompted a review of their institutional status, functions, resources, and management style in recent years. In the wake of the implementation of national economic and social reform programme, starting in 2016, there has been a profound transformation in the philosophy of social protection. One of the most important pillars of this transformation was the implementation of legislative reform to create the basis for an inclusive social protection scheme, the ultimate goal of which is empowerment. The features of this transformation are as follows:

- The legislative reforms included the issuance of a new Social Insurance and Pensions Law (*Law No. 148 of 2019*) and the Comprehensive Health Insurance Law (*Law No. 2 of 2018*). With regard to social assistance, there is a move towards unifying legislation on cash transfers for the most vulnerable groups in one law, and a draft law on this topic is currently under discussion.
- Legislative reform was not the only step; in fact, it was preceded by a change in the set of principles upon which the social protection system is based. The principles of inclusion, coverage, equity and governance were the governing principles of both the philosophy of the Comprehensive Health Insurance Law and the Social Insurance and Pensions Law.
- The philosophy behind social safety nets, both those administered by the Ministry of Social Solidarity and the Ministry of Supply and Internal Trade, was transformed via a number of changes. First, the accuracy of targeting was improved so that cash and in-kind transfers do not go to those who are not entitled to them. Second, empowerment was considered an essential component of the programmes provided by the Ministry of Social Solidarity, so there was a necessity to link cash transfers with economic and social empowerment programmes. Third, there would be a focus on the most vulnerable social groups and the poorest geographical areas, thus contributing to achieving equity. Fourth, the right to entitlement is to be reviewed periodically to ensure equity in the distribution of social assistance. Lastly, work was done to link cash transfers and active labour market programmes through partnerships with relevant entities, both governmental and non-governmental, in order to advance the empowerment process and establish a partnership between government, civil society, and the private sector.

- An expansion in the scope of social protection by taking into account public policies for the most vulnerable groups, including those related to health, education, housing, and employment. Among the most prominent examples of such programmes are the Healthcare Programme for Vulnerable Groups, the Informal Settlements and Unsafe Areas Development Programme, and the Health and Social Care Programme for Irregular Employment. This has led to the integration of social protection into the public policy-making process, and this transformation has provided an opportunity for a close link between economic and social policy-making.

These transformations at the national level are largely consistent with the radical shift in the philosophy of social protection in international development discourse in recent years, towards viewing it as a right of an inclusive nature, as in Egypt's national development strategy. These transformations represent a qualitative shift in the functions of social protection from a protective function of a relief nature to a preventive and promotive function.

3.2 Social protection programmes in Egypt

Egypt's social protection ecosystem is complex and diverse, though it can be divided into two main types of programmes. The first includes social protection systems and programmes that are not based on beneficiaries' financial contributions but fall under state care and protection. These include social safety nets, such as social security pensions and the *Takaful and Karama* programme, as well as complementary programmes such as *Forsa* "Opportunity", *Hayah Karima* and others. Also included in this section are in-kind support such as ration cards, subsidized bread

cards, and the school feeding programme. The second type includes social protection systems and programmes that depend on beneficiaries' financial contributions, such as social and health insurance.

Egypt's insurance schemes have been characterized by poor integration of their components, as each component was regulated by an exaggerated number of laws which reduced effective performance, despite high rates of spending. It was necessary therefore to carry out major reforms to this system, particularly the legislative reforms mentioned above. The legal review process is still underway within the framework of other social protection programmes, including social security pensions and the *Takaful and Karama* Programme, with plans to introduce a unified law on cash transfers.

A number of ministries formulate and implement social protection policies and programmes in Egypt, specifically Ministry of Social Solidarity, Ministry of Supply and Internal Trade, Ministry of Health and Population, Ministry of Planning and Economic Development, Ministry of Education and Technical Education, and Ministry of Manpower, as well as the Micro, Small and Medium Enterprises Development Agency. Other state institutions also play a role in social protection, including the National Council for Childhood and Motherhood, the National Council for Disability Affairs, and the National Council for Women. There are also non-governmental actors involved, including Islamic and Christian institutions that channel zakat donations and charity to the poor, as well as NGOs such as the Egyptian Food Bank, Misr El-Kheir, Orman Association, and others, which play a broader care role by supplying the poor with food, clothing, and other basics. The private sector also finances part of these care services through corporate social responsibility. Finally, informal social protection nets also play a role.

3.2.1 Non-contribution-based social protection systems

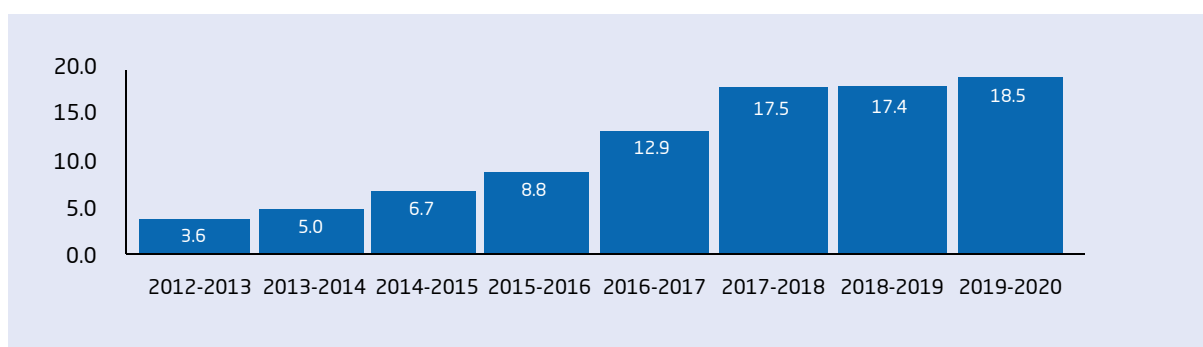
Social protection systems, that are not based on financial contributions, include social safety nets and social assistance provided to the most vulnerable groups, economic empowerment programmes, and emergency relief assistance, and may be targeted at a region, a particular crisis or a family.

Social safety nets

There are many forms of social protection provided by the Ministry of Social Solidarity, including social assistance, which takes the form of monthly pensions (such as the social security pension and the *Takaful and Karama* monthly payment) and which are directed to the most vulnerable families. There are also

monthly or annual benefits for children, in order to ensure their continuity of education, as well as benefits for persons with disabilities and other vulnerable groups. The number of beneficiaries of all forms of cash support reached 3.8 million families in 2020, according to a statement of the Minister of Social Solidarity to the House of Representatives in February 2021. This was after 1.7 million beneficiaries of the social security pension were transferred to the *Takaful and Karama* programme. Figure 3.1 shows the development of spending on cash support programmes over the period from fiscal year 2012/2013 to fiscal year 2019/2020. Notably, the years from 2012 onwards saw successive growth in spending on cash support programmes, from EGP 3.6 billion to EGP 18.5 billion.

Figure 3.1 Cash support programmes (*Takaful and Karama* programme and social security pension), 2012/2013 to 2019/2020 (EGP billion)



Source: Ministry of Finance website (www.mof.gov.eg).

Social security pension

The Social Security Law (*Law No. 137 of 2010*) regulates the conditions for entitlement to a social security pension, replacing an older Social Security Law (*Law No. 30 of 1977*). The 2010 law stipulates the right of poor individuals and families to receive social security assistance. The status of the individual and the family is determined through field research based on a number of targeting indicators, including income, education, number of family members, work, housing status, health status (elderly or persons with disabilities) and social status (*i.e.* orphans, widows, and divorced women). These social security services are

diverse and range from recurrent pensions to emergency help, as shown in box 3.1

The Ministry of Social Solidarity's philosophy of working to empower target groups is reflected in the Social Security Law outlined above. The law stipulates that Social Solidarity Directorates shall assist all beneficiary individuals and families to engage in work via training or the provision of a grant to set up a small business, while they remain eligible for the security benefits. Social Security Directorates will also provide assistance in obtaining small business loans to set up their businesses and in obtaining necessary tools and machines.

Box 3.1 Services of the social security system in Egypt

- The monthly security assistance, which is disbursed to poor families according to the study of the economic and social status of the family. The value of this assistance varies according to the number of family members, as it starts from EGP 323 per person up to EGP 450 per month for four family members.
- Exceptional assistance; assistance that is disbursed once a year to families benefiting from the Social Security Law. It is earmarked for education expenses and its value varies from one stage of education to another. For example, it is EGP 100 for a child enrolled in kindergarten or nursery school, and up to EGP 300 for a student in the intermediate education stage, provided that the value of the assistance during the year does not exceed EGP 500. Extraordinary assistance also includes funeral expenses, maternity expenses and urgent emergencies.
- Child pension, a pension issued up to the age of 18 and in specific cases for children who are orphaned or of unknown parentage, children of a breadwinning or divorced mother if the mother marries or dies, children of legal detainees or imprisoned men or women for a period of no less than one month.
- The monthly scholarship offered to the children of the beneficiaries of security assistance, at a sum of EGP 40 per person, and a maximum of EGP 200 for five individuals during the academic year.
- Social security employment projects to help engage beneficiaries in the labour market.
- Compensations, which are very diverse, and deal with disasters that befall citizens, whether individual or collective, such as desertification and others.

Source: Ministry of Social Solidarity

Highlighting the seriousness of the empowerment approach, the law stipulates that all social security assistance should be suspended if the beneficiary refuses three times to join one of the trainings, or to engage in work by any of the aforementioned means, without an acceptable excuse. Benefits will also be suspended upon verification of an earning capacity of at least twice the value of the assistance.

In order to control targeting and ensure verification, the law stipulates that the Ministry of Social Solidarity should establish a central database of all beneficiaries and the kinds of assistance they receive. The data must be updated by linking it to the databases of the National Authority for Social Insurance, the Civil Status Authority and other relevant authorities. The governmental and non-governmental entities accredited by the Ministry of Social Solidarity must, upon request, inform the Regional or Central Information Centre in one of its directorates on what aid they disburse or have disbursed in cash or in-kind to any individual or family.⁸

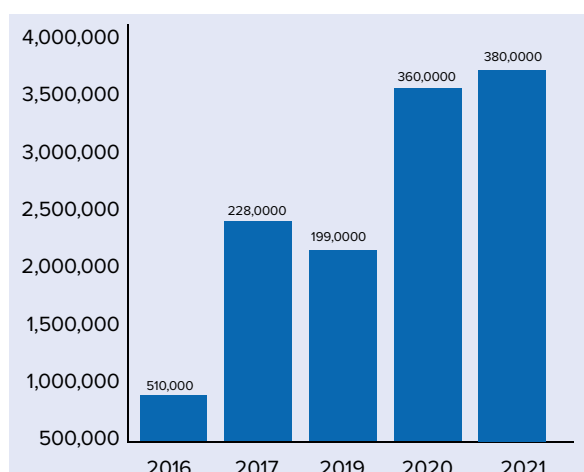
Despite this new orientation, as expressed in the Social Security Law, effective implementation has not been achieved for a number of reasons, perhaps the most important of which is the absence of economic empowerment initiatives that encourage beneficiaries to engage, and at the same time, oblige those in charge of implementing the law to enforce it. The process of rethinking issues of conditionality and empowerment led to attempts to reform and modernize the social assistance system, beginning with the initiation of the *Takaful and Karama* programme in 2015.

***Takaful and Karama* “Solidarity and Dignity”**

In 2015, as part of wider attempts to achieve major economic and social reforms, Egypt began implementing an expanded social protection programme, *Takaful and Karama*. This programme was assigned to the Ministry of Social Solidarity and was initially co-financed by both the state budget and the World Bank. It is now fully funded by the general state budget. The *Takaful* element was designed as a conditional cash transfer programme to provide income to poor families with children under 18 years old. The value of cash trans-

fers to each family was initially EGP 325 per month, with an increase depending on the number of children and their level of education. The amount per child according to their educational stage was as follows: EGP 140 for those at the secondary level, EGP 100 for children at the lower secondary stage, EGP 80 for those at the primary stage, and EGP 60 for children between 5 and 6 years old. Initially three children per family were eligible, but this was reduced to a maximum of two children from January 2019 in order to provide an opportunity for coverage of more families, and to reduce the rate of population growth. The conditionality of the benefit is based on children's school attendance and on periodic health follow-up visits for the children, as well as for expectant mothers at primary health care units. In its first year, *Takaful and Karama* targeted 510,000 beneficiaries, rising to 2,280,000 in 2017, which represented a significant leap forward. Through evaluation of the programme, a need to verify the accuracy of targeting emerged. All data were reviewed and a number of mechanisms were used to exclude those who were not entitled. As a result, the number of beneficiaries in 2019 was 1,990,000. After the beneficiaries of the social security pension were transferred to the *Takaful and Karama* programme, the total number of beneficiaries of all cash support programmes reached 3.8 million families in 2021.

Figure 3.2 Number of beneficiaries of the *Takaful and Karama* programme, 2016-2020

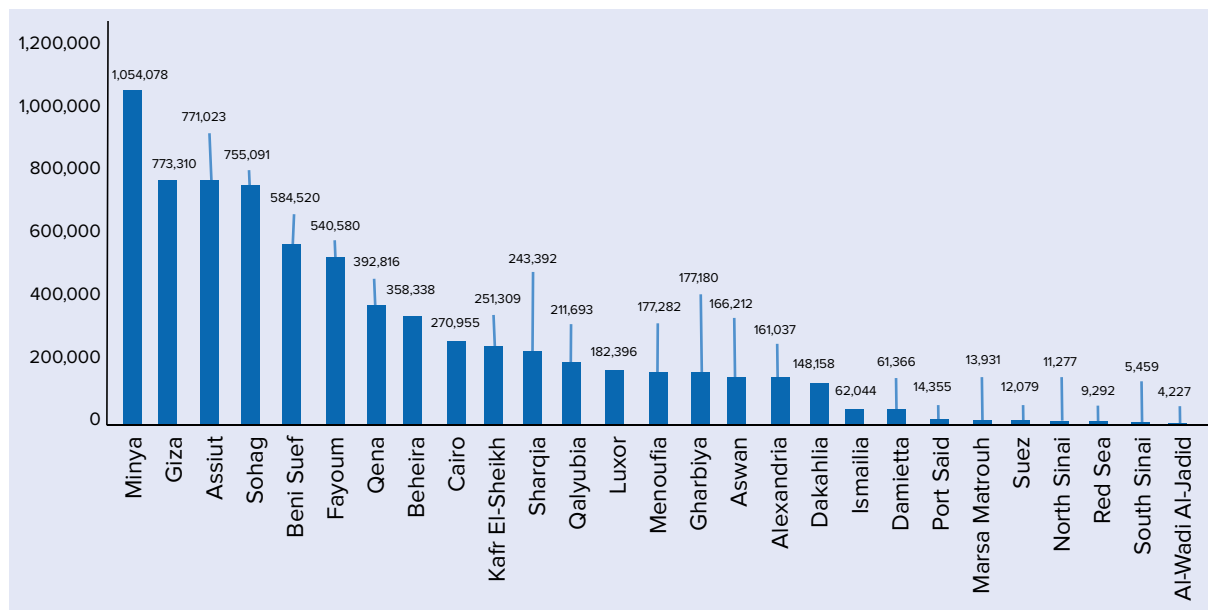


Source: Ministry of Social Solidarity website (multiple years).

Takaful is one of the programmes that targets mainly women, and nearly 90 percent of its beneficiaries are women. The idea behind this approach is that delivering cash transfers to women leads to greater spending on nutrition, as has been demonstrated by other experiences around the world, including in Latin America and Southeast Asia, as well as in Egypt itself.⁹

A number of targeting methodologies have been applied by the *Takaful and Karama* programme, including direct targeting of poor families and categorical targeting of women via *Takaful*, and the elderly and people with disabilities via the *Karama* section. At the beginning of its implementation, *Takaful and Karama* also focused on the poorest governorates in Upper Egypt, but it is now applied in all governorates. Despite the conditionality of the *Takaful* element, it was not fully and comprehensively implemented until the beginning of 2020. It is notable that the *Takaful* element continuously reviews the eligibility of its cash support beneficiaries. To do so, it relies on community accountability committees, which include leaders from local communities and NGOs. Cash support is suspended immediately in the event of a beneficiary's non-entitlement. The *Karama* section of the programme was designed as an unconditional cash transfer programme for the elderly poor (over 65 years old) and people with severe disabilities. The amount of aid ranges from EGP 350 to 450 per month for each beneficiary, depending on his or her status. *Takaful and Karama* now covers all 27 governorates, but still focuses more on the governorates of Upper Egypt, which are the poorest in the country, as evidenced by the analysis of regional imbalances in Chapter 2.

Figure 3.3 Number of beneficiaries of the *Takaful and Karama* programme, by governorate



Source: Ministry of Social Solidarity website (multiple years).

An independent international body conducted an evaluation study of the *Takaful and Karama* programme and its effects,¹⁰ with results presented in box 3.2.

With regard to the management of the programme, a ministerial committee for social justice was formed under the chairmanship of the Prime Minister and with the membership of ministers from all areas of the government. The Ministry of Social Solidarity assumed the overall responsibility, for implementing the programme via its directorates and local units in the governorates. Memoranda of understanding have been signed with the Ministry of Education and Technical Education and the Ministry of Health and Population to monitor the application of criteria in health and education sectors and the availability of necessary services.

Conditional cash transfers have been adopted in many regions of the world, including in many Arab countries. The absence of conditionality in regular social assistance has led to an inability to break the cycle of poverty and avoid transmitting poverty from generation to generation. This is the main reason behind the spread of cash transfer programmes that are conditional on children's school at-

tendance and health follow-ups. The aim of this type of programme is to work on building human capital, which would allow recipients to break the cycle of poverty. Despite the importance of this transformation, its realization depends on the state of basic services in the community, especially those related to health and education. The lack of availability of these services, and their low quality, prevent conditionality from achieving its main goal of building human capital.

Cash transfer programmes in Egypt, like their global counterparts, face three main challenges. The first challenge is the inadequacy of cash transfers to meet the needs of its beneficiaries. The second is the quality of services provided, especially the services for women, children and people with disabilities. However, strictly linking these programmes to enhancing human capabilities will lead to lifting many target groups out of poverty, and thus provide an opportunity to target others and improve the quality of services provided. The third challenge is the difficulty in assessing the impact of this type of programme on building human capital in the short term, given that these effects require a longer period to take effect.

Box 3.2 Results of an independent evaluation study of *Takaful and Karama* programme

- A total of 45% of *Takaful* beneficiaries are from the poorest quintile of the population, and 22% are from the second poorest quintile of the population.
- *Takaful*, according to the evaluation results, increased the family consumption from 7.3% to 8.4% as compared to the non-beneficiaries. Also, *Takaful* transfers represented an average of 23% of the family's monthly expenditure.
- Poverty has diminished according to the three lines, whether \$1.90 for each person per day, the \$1.25 extreme poverty line, or the national poverty line. *Takaful* programme has reduced poverty for those below the first poverty line (\$1.90) by 11% and 8% for those living below the national poverty line. An increase in the beneficiaries' consumption of food, especially fruit and meat, was also observed.
- The programme had a positive effect on the nutritional status of children under two years old, in terms of weight gain compared to height, which is a short-term indicator for assessing the nutritional status of children.
- There was no clear impact of the *Takaful* programme on women's ability to make decisions regarding family matters, especially as the percentage of female beneficiaries is 90%, and most are from Lower Egypt and have education below the primary level.
- As a result of the non-application of conditionality, it was not clear that the programme had any effect on school enrolment and attendance, as well as with regard to receiving health services, especially those related to prenatal and postnatal care. More spending on school supplies and student transportation has been observed for families with at least one child at the primary or secondary level.
- Cash transfers represented 28% of the spending of the beneficiary families of *Karama* programme.

Source: IFPRI (2018).

Developing the *Takaful and Karama* programme therefore requires work on a number of major issues, as outlined below.

- The aforementioned evaluation of the programme showed that the transfers had a positive impact on the nutrition of children. Due to this success, expansion of the programme was required, with more scrutiny directed to the targeting process, specifically targeting families suffering from extreme poverty (4.5 percent of the population). In the context of an ongoing debate regarding whether cash transfers achieve nutrition-related goals, especially in light of the high prices of food commodities, an alternative is to have cash transfers accompanied by food vouchers, especially for extremely poor groups. The justification for considering

this kind of proposal as a complementary intervention can be found in the findings of a multidimensional poverty report by the United Nations Children's Fund (UNICEF), which indicated that approximately 30 percent of children in Egypt suffer from multidimensional poverty and 21 percent suffer from stunting, an indicator of malnutrition.¹¹ Considering subsidizing *Takaful* with other packages of services that have a positive impact on children's nutrition, such as food vouchers, may be beneficial for groups suffering from extreme poverty.

- There should be serious application of conditionality within the *Takaful* programme, including on children's school attendance and health care, while working to expand the scope of this conditionality

to include empowering women by eradicating illiteracy, and then applying labour market programmes for all recipients, at all levels of education. This requires offering technical support as a step towards women's empowerment.

- The quality of basic services should be improved, especially those related to health and education, in order to ensure the fulfilment of conditionality and the achievement of its goal, which is to build human capital.
- The accountability and verification committees set up by the Ministry of Social Solidarity, in cooperation with NGOs and community leaders, were successful in identifying lapses in implementation of the criteria. This experience is worth developing to identify what prevents the criteria from being applied. The role of these committees could be expanded to take on roles that go beyond verification, to help implement conditionality and raise awareness of the importance of economic empowerment and labour market engagement, as well as the cultural change targeted by the *Waii* "Awareness" programme). The capacities of these committees would need to be enhanced, especially given that the Ministry provides many economic empowerment programmes that rely heavily on local community figures for implementation.
- The legal framework regulating all cash transfers, including the social security pension and *Takaful and Karama*, as well as all transfers to other groups (children, persons with disabilities and others) should be unified. Unifying the legal framework will allow a broader view of the work of the social safety net system as a whole. The legislation should also pave the way for the establishment of an empowerment path. Efforts to eliminate the fragmentation of the social safety net system have already seen an important step forward, namely the inclusion of both

social security pensions and *Takaful and Karama* benefits in one cash support programme. Geographical targeting is also being used, as shown in Figure 3.3 above on the distribution of *Takaful and Karama* beneficiaries among the governorates.

It is evident that all forms of social assistance are concerned with the family as a whole, with more care and financial allocations for children, persons with disabilities, female heads of families, and the elderly. The orientation towards integrating all types of assistance is also evident through the draft law under discussion regarding unified cash support. There are also multiple targeting methods, based on income, group, or location, which ensures greater coverage, and there are reviews of the beneficiaries' entitlement every three years. This protective system is also linked to both the universal health insurance system and the food subsidy system.

Economic and social empowerment programmes

Although there had been an interest in empowerment among Egyptian policymakers since the issuance of the Social Security Law, it was not realized until the *Takaful and Karama* programme was put in place. There is now an awareness that continuing to work with traditional systems will only result in a greater influx of the poor into social safety nets, regardless of their entitlement, which increases the financial burden on the public purse in an irreducible way over time. To tackle this, the Ministry of Social Solidarity has begun to work on the component of economic empowerment through a set of programmes aimed at providing job opportunities and qualifying the poor to engage in the labour market. These programmes, such as *Forsa* and *Mastoura* "Satisfied Needs", fall within the framework of active labour market programmes, which are an essential component of the social protection package of any society.

The Ministry has also designed a programme, *Sakan Karim*, "Decent Housing" with two

goals: improving living conditions, housing and infrastructure in poor areas, and providing job opportunities for young people and small contractors in these areas, which brings it closer to public works programme.

The issue of social protection is challenging, as the continuation of assistance to the poor has created a state of dependency that does not foster engagement in empowerment programmes. To tackle this, time limits should be put in place for social assistance programmes, and an obligation to engage in economic empowerment programmes should be established. It has also become clear to the Ministry of Social Solidarity that there are cultural obstacles that must be dealt with. It is not enough to focus on economic and social empowerment. The values and culture of the most vulnerable groups and the poorest regions must be addressed. The Waai programme was launched to address this, aiming to foster change in the mental and intellectual system of citizens.

Finally, Nasser Social Bank, which is affiliated with the Ministry of Social Solidarity, plays an important role in financing economic empowerment projects. It has the most projects in this field in terms of capital value, with a total of EGP 280 million, and an average value per loan of up to EGP 20,000. Other lending initiatives include Poverty Reduction Project loans with a funding of EGP 81 million and a value per loan of up to EGP 5,000; Rural Women's Development Project loans with a capital of EGP 56 million pounds and a value per loan of up to EGP 5,000; loans for productive families with capital of up to EGP 50 million; and projects for Mothers of Community School Children, with a capital of EGP 25 million.¹²

***Forsa* “Opportunity” Programme**

The *Forsa* programme aims to complement existing conditional cash transfer programmes and other assistance programmes by assisting the most vulnerable groups in finding suit-

able job opportunities. The purpose of the programme is to increase the income of the targeted families so they are less reliant on social assistance. *Forsa*'s main objective is to create an integrated system to support individuals and families with low incomes, and to integrate the largest number of them into successful and productive economic activities. It does so by promoting the spirit of work and production and the move from dependency to economic independence. In order to make the experiment successful, work is underway to provide a supportive environment for micro enterprises and income-generating projects and value chains, as well as to develop models of sustainable development partnerships.

Forsa targets able-bodied family members aged 15 to 55, including both those who are beneficiaries of the *Takaful and Karama* programme or the social security pension, and those who were rejected by *Takaful and Karama*. It also aims to provide 30,000 job opportunities in eight governorates of Upper Egypt, and 50,000 soft loans to generate job opportunities for female breadwinners, in partnership with Nasser Social Bank, and with EGP 250 million in funding from the *Tahya Misr* state fund. It will also provide 10,000 job opportunities in industrial zones, in coordination with investors' associations, and aims to develop the capacities of 20,000 young people via apprenticeships and craft skills. The first phase of the programme, from January 2020 to December 2022, targets 50,000 beneficiaries.

On the logistical level of programme management, 1,000 social units and 150 zakat committees at Nasser Social Bank will be equipped to work as one service office, and to receive training and employment requests. The institutional and human capacities of the Ministry will also be developed at both the central and local levels, to manage lending and economic empowerment programmes and coordinate the efforts of partners.¹³

Mastoura “Satisfied Needs” microfinance programme

Mastoura is a microfinance programme for women, launched by Nasser Social Bank in cooperation with the *Tahya Misr* state fund. It provides livestock production loans, industrial loans, commercial loans, service loans and home project loans, provided that these projects comply with environmental and health requirements. The target groups are varied, including women with monthly incomes such as the social security pension, *Takaful and Karama* benefits, or alimony disbursements from bank branches, as well as women who applied for *Takaful and Karama* benefits but were rejected, able-bodied women with no income, low-income working women, and the children of women entitled to support.¹⁴ By early February 2020, Nasser Social Bank had financed nearly 19,216 *Mastoura* loan projects at a cost of EGP 320 million.¹⁵

Hayah Karima “Decent Life” initiative

The *Hayah Karima* initiative aims to expand the umbrella of comprehensive social protection by focusing on meeting the needs of Egyptians in the poorest villages. The initiative also aims to achieve the goal of geographical justice by addressing regional disparities that affect rural areas such as Upper Egypt. This initiative represents a model for partnership between ministries, relevant government institutions, private sector and civil society. The ministries and government institutions involved include Ministry of Social Solidarity, Ministry of Planning and Economic Development, Ministry of Manpower, Ministry of Local Development, and Ministry of Finance, in addition to the Micro, Small and Medium Enterprises Development Agency (MSMEDA) and other government institutions. A number of NGOs, the banking sector, the Egyptian Zakat and Charity House, and some private universities also participate in the initiative.¹⁶

The initiative has four strategic goals: building human capital, improving citizens’ quality of life, improving the standard of living of the most vulnerable citizens, and providing decent and productive job opportunities.¹⁷ The initiative seeks to achieve the SDGs, particularly Goal 1 on ending poverty in all its forms everywhere, and Goal 10 on reducing inequality within and among countries. However, all of the initiative’s interventions are consistent with the SDGs overall. The importance of this initiative lies in its design of intentional interventions to achieve specific goals in areas of greatest need. For this reason, a financing formula has been prepared for the distribution of investments to the targeted villages. The formula takes into account two basic variables, the population size and the poverty rate in each village, in order to reach an indicative financing ceiling that is taken into account when determining financing priorities.

It should be noted that the United Nations has listed the *Hayah Karima* Initiative as one of the international best practices for the SDGs for a number of reasons: the initiative has clear quantitative, measurable and track delivery targets that are verifiable; it is achievable since implementation has already started; it has resources to ensure its implementation; is time-bound; and it converges with several SDGs.¹

Waii “Awareness” programme

The *Waii* programme represents a soft approach to social protection by disseminating and promoting positive practices and societal developmental change. The programme was launched at the beginning of 2020 and aims to create positive societal values, attitudes and behaviours that improve the quality of health and education, and social and economic life for all family members, thus contributing to the family’s gradual exit from the cycle of multidimensional poverty and promoting sustainable development efforts.

¹ *Haya Karima* initiative is among the projects that the UN General Secretariat has agreed to include and publish within its “Partnerships for Achieving SDGs” platform. The initiative fulfills the platform SMART criteria as it is specific, measurable, achievable, relevant, and time-bound. It also leads to the implementation of 2030 development plan in addition to the initiative’s endeavor to localize the SDGs in all its steps. It is worth mentioning that the “Partnerships for Achieving SDGs” is an open platform managed by the Division for Sustainable Development Goals (DSDG) in the UN Department of Economic and Social Affairs (UNDESA). The initiative is the basis for the challenge of multi-stakeholder partnerships and voluntary commitments to be presented at the annual High-level Political Forum on Sustainable Development that takes place at the UN Headquarters in New York.

The *Waa'i* programme responds to the awareness that misguided beliefs, practices and behaviours can contribute to poor quality of life and entrenchment in poverty. It is therefore imperative to empower citizens with documented scientific, health, social, religious and legal information and knowledge by integrating such knowledge and attitudes into social protection and socialization programmes. This will allow citizens to reject negative social practices and build positive values and directions that drive human and community development.

Thirteen issues have been identified as important for shifting cultural narratives: family planning; safe motherhood; economic empowerment; children's health; the elimination of FGM; early detection of disability; child marriage; education, knowledge and literacy; hygiene and healthy lifestyles; positive parenting; respect, diversity and social difference; combating smoking and drugs; and illegal migration. Informative materials with easy-to-understand messages have been produced and are being disseminated in a variety of ways, including at literacy classes, through direct contact with families, at seminars carried out by female village leaders, to female public servants during training, via e-mail and social media, at *Takaful and Karama* programme outlets (post offices, Ministry of Social Solidarity units, and ration outlets), and at health units, schools and community development associations. The materials are also integrated into all social protection programmes.

The target groups of the programme include beneficiary families of Ministry of Social Solidarity social protection programmes; beneficiary families of women's programmes, and welfare and social development programmes at the Ministry; social workers in all services of the Ministry; families transferred from unsafe informal settlements to new housing developments such as Asmarat and Rawdat Al-Sayeda Zeinab; male and female beneficiaries of the *Hayah Karima* initiative; and male

and female beneficiaries of all programmes and initiatives of the Ministry of Social Solidarity, such as *Forsa* and *Kefaya*.

***Sakan Karim* “Decent Housing” programme**

The *Sakan Karim* programme provides basic services, in particular infrastructure for drinking water and sanitation, home renovation, and other services, with the aim of sustainably improving the health and environmental conditions of the most vulnerable poor families, especially *Takaful and Karama* beneficiaries. It aims to ensure housing in the villages most in need in targeted governorates is adequate and safe. The aim is to have several effects on its target beneficiaries, most notably improving health indicators for beneficiary families in poor and underserved areas, reducing pollution, reducing mortality rates for children under the age of five, and improving infrastructure and environmental indicators for beneficiary families' homes. In addition, the programme will lead to job opportunities for unemployed people of both genders in the implementation of its components in the targeted areas.¹⁸

The poorest villages are selected via a poverty map, as are villages with public networks for drinking water and sanitation, villages where *Takaful and Karama* recipients and social security pension recipients live, and villages where residents did not meet the requirements of *Takaful and Karama* and the social security pension, but nonetheless need some basic services.

The programme involves multiple parties, including government agencies, NGOs and the private sector, and is a model of partnership in terms of financing and implementation. The Ministry of Social Solidarity represents the overarching authority and a number of other government institutions cooperate on the programme, such as the Ministry of Religious Endowments, the Ministry of Housing, Utilities and Urban Communities, the Ministry of Planning and Economic Development, and the Ministry of Local Development. A number of

NGOs, such as Misr El-Kheir, Orman Association, the Egyptian Food Bank, and the Sawiris Foundation for Social Development, take part, as do some private sector companies. Implementation actors include the Holding Company for Water & Wastewater and its subsidiaries, local contractors, and partner NGOs and their branches.

The programme's first phase targeted the governorates of Minya, Assiut, Sohag, Qena and Luxor, and concluded in March 2020. During this phase, *Sakan Karim* carried out intervention for the most vulnerable families in a number of villages in the five governorates, including constructing roofs for 3,897 homes, renovating 2,240 homes, and providing drinking water connections for 7,437 homes. In addition, 39,165 sewage connections were installed at a total cost of about EGP 145 million. With regard to the construction of homes, 659 homes were built in 23 villages at a cost of about EGP 26.2 million. The total number of beneficiaries in this phase for whom targeted services have been implemented or are being implemented from the programme's funds and other supportive sources was around 58,000 families in more than 200 villages.

An analytical look at the Ministry of Social Solidarity's social protection efforts clarifies the shift in the level of targeting and coverage on the one hand, and the diversity in services provided on the other. It also highlights the reconsideration of the component of economic and social empowerment and the realization of the importance of cultural change. It is also worth noting that the Ministry is no longer only targeting the poor as individuals and families, but is also targeting the poorest areas directly, specifically the rural areas of Upper Egypt. It has also succeeded in building partnerships with other development entities, both in civil society and in the private sector.

This shift is embodied in the many economic empowerment programmes offered by the Ministry of Social Solidarity, most of which are active labour market programmes, an essential component of any social protection

strategy. The programmes provide a variety of job opportunities, both through micro and small-sized projects or through public works programmes. They also target the beneficiaries of cash support programmes, as well as women and young people. Through public works programmes, job opportunities are created for segments of workers, both skilled and unskilled. The targeting is not limited to specific groups, but includes geographic targeting of the poorest villages. One of the main challenges for these programmes at present is the lack of evaluative studies of their impact on the quality of life of the most vulnerable groups and in the poorest areas, because most of them are still recent in terms of rollout.

To ensure the success of these programmes, indicators are required to allow periodic follow-up. This is largely absent in the institutional culture around social protection in Egypt, and it needs to be worked on. Also noteworthy is the need to take into account the close linkage between these programmes and cash support programmes. It is assumed that beneficiaries who engage in these programmes exit the cash support programmes as a result. However, this cannot be achieved if the available job opportunities are not sustainable or do not provide sufficient income. It is therefore important for the available job opportunities to offer decent conditions in terms of continuity, sufficient income, and social protection, including social insurance and universal health insurance. They should also make available childcare facilities for women.

Food subsidy

Over the past few years, there has been an interest among decision makers in improving Egypt's longstanding food support system. As a result, Egypt has now adopted a different methodology on providing food subsidies than on energy subsidies. Energy subsidies are in the process of being phased out, whereas food subsidies are being adapted in order to reduce excessive consumption and avoid the re-selling of subsidized products on the black market.¹⁹

Since 2014, a number of efforts have been made to develop the food subsidy system. In fiscal year 2014/2015, an unused bread points system was introduced (a cash support of 10 piasters for each loaf that was not obtained) at an additional cost of EGP 4.4 billion. The monthly cash support per person on ration cards was increased from EGP 15 to EGP 18 in July 2016, then to EGP 21 in November 2016. Between 2018 and 2019, the data of beneficiaries beneficiaries were updated updated by screening ration cards, with the aim of ensuring only eligible beneficiaries were included. The monthly cash support per person on ration cards was increased again from EGP 21 to EGP 50, an increase of 140 percent.²⁰ Approximately 69 million people benefit from the ration card system, while nearly 79 million people benefit from bread subsidies. Expenditure on these two areas amounts to about 6 percent of public spending.²¹

The State also provides basic food commodities at reduced prices through a distribution network consisting of 1,172 outlets at branches of companies affiliated with the Ministry of Supply and Internal Trade and covering all governorates. There are a number of other state distribution efforts, such as the *Jami'ati* project, which has a total of 4,605 commodity distribution outlets and is planned to reach 6,000 outlets in 2020. There are also currently 2,414 mobile distribution outlets that operate in a number of governorates, and 1,000 new vehicles are scheduled to be added to the system by 2022. There are also numerous seasonal exhibitions of subsidized products.

The new system works to redistribute the support to those who are eligible in an efficient and equitable manner. The system allows ration card holders freedom to choose the types of commodities (from more than 20) and the quantities that they wish to receive, within the limits of the value of the ration support they receive, which is registered on a smart ration card. A new mechanism is being developed to exclude non-entitled persons

from ration cards and to allow flexibility to join and exit the system according to changes in beneficiaries' economic and social conditions. This mechanism has benefited from the integration of relevant government databases in formulating the general policies of the State.

However, there remains controversy around entitlement to subsidies, as the system is not limited to the poor but currently covers large segments of the middle class. This raises the question of how to convince the middle and upper middle classes that they do not need to receive this support, and that waiving this right will benefit the poor. The controversy about switching from in-kind support to cash support may be a manifestation of this problem.

A switch to cash could resolve this issue in favour of the most entitled persons, especially if the database of those entitled to social assistance from the Ministry of Social Solidarity was linked to the Ministry of Supply and Internal Trade's databases. However, the idea of switching to cash support also has drawbacks, foremost among them the fear that this will lead to inflation for food commodities, especially in light of the weakness of consumer protection associations.

As for free school feeding, the National School Feeding Programme is the joint responsibility of several ministries: Ministry of Social Solidarity, Ministry of Supply and Internal Trade, Ministry of Education and Technical Education, Ministry of Health and Population, and Ministry of Local Development. It is one of the social protection nets that provides a sustainable investment in human capital, as it contributes to enhancing the ability of poor children to remain in school and continue their education, as well as to raising their achievement capabilities. The cost of the programme in the fiscal year 2018/2019 was around EGP 972 million and it covered nearly 11,200,000 pupils,²² up to 81 percent of whom were enrolled in the basic educa-

tion stage (kindergarten, primary and lower secondary school stages) in the public and Al-Azhar education systems. In the budget for fiscal year 2019/2020, the Ministry of Finance approved around EGP 2 billion for school feeding, and around 70 million meals were produced during the 2019/2020 academic year.

Finally, it must be noted that the automation of many social safety net services, whether cash transfers, bread subsidies, or ration cards, has improved governance and efficiency by helping eliminate corrupt practices related to the traditional mechanisms of service delivery.

3.2.2 Social protection systems and programmes based on beneficiaries' contributions

Social protection programmes that are based on beneficiaries' contributions are divided into social insurance and health insurance schemes. Egypt has had such programmes in place since the 1960s, and they have been subject to many developments and changes over time. They have played an important role in protecting large numbers of Egyptians, especially those working in the formal sector. However, with the passage of time, these programmes have become unable to perform their protective function, and as a result, new legislation has been issued to cover the gaps. This has included laws that provide social insurance to certain groups, such as agricultural labourers, or that provide health insurance coverage, such as to children in school. As a result, both the social and health insurance systems are governed by a number of different laws, and the different benefits granted to each group may differ, violating the principle of justice and equity.

These insurance systems suffer from other structural problems, some of which are related to the continued lack of coverage as a result of population growth on the one hand, and the difficulty of ensuring financial sustainability on the other. This situation has resulted

in the poor quality of the services provided, whether in terms of health services or the inability of social insurance schemes to pay pensions commensurate with inflation rates. Given this situation, Egypt decided against continuing the same approach of introducing piecemeal reforms and decided instead to implement radical legislative reforms that address all previous challenges.

Social insurance system

Problems of the social insurance and pension system in Egypt have been a key topic of discussion among decision makers for the last two decades. The most serious of these problems is the deterioration in financial sustainability due to the failure of contributions collected to cover the pensions that are disbursed. There are also problems related to the lack of economic efficiency and fairness in the distribution of pensions.

There are number of factors behind these problems. Firstly, the dependency rate has increased as a result of the improvement in life expectancy rates upon retirement, as well as the increase in the unemployment rate in the 15-40 age group. Secondly, some of the rules applied have weakened the financial sustainability of the system, such as the high contribution rate, the low maximum monthly contribution, the determination of the value of an individual's pension in the manner of defined benefits, and the leniency in terms of early pension entitlement. Thirdly, the method of financing due pensions has changed. Although the pensions system was originally based on the method of total financing, it has since become partially financed, as it increasingly depends on financial support from the government to pay the pensions due. The Public Treasury Authority finances from general revenues the planned annual increases decided since 1987. Fourthly, the method of managing insurance funds has caused problems. Under the previous insurance system, the government assumed the task of managing pension funds through two insurance funds,

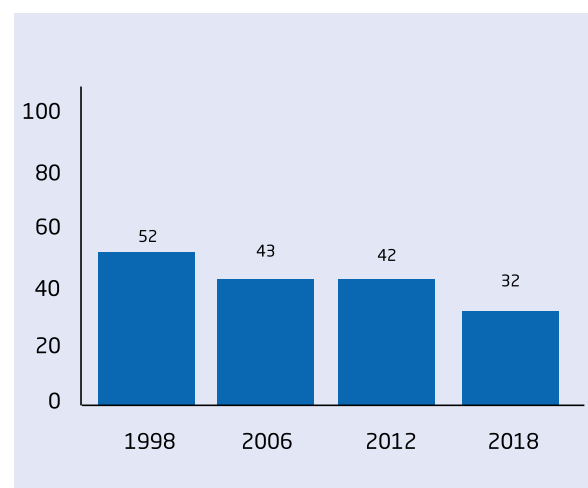
the social insurance fund for government employees and the social insurance fund for public and private sector employees. Both funds were obligated to transfer the surplus pension funds to the National Investment Bank, and this surplus was not invested in any other way, except after the approval of the bank's board of directors. This legal obligation reduced the efficiency of the investment of pension funds and led to a lack of diversity in the investment portfolio of the funds, as the vast majority of pension funds were invested in the National Investment Bank, and part of the pension funds were used to finance the State's budget deficit.²³ Article 17 of Egypt's 2014 Constitution stipulates that "the State provides social insurance services. All citizens who have no access to the social insurance system have the right to social security to ensure a decent life, if they are unable to support themselves and their families in the event of incapacity to work, old age or unemployment. The State works to provide appropriate pensions to small farmers, agricultural workers, fishermen and casual workers in accordance with the law. Insurance and pension funds are private and enjoy all forms of protection afforded to public funds. Together with their returns, they represent a right of their beneficiaries. They shall be invested in a safe manner and managed by an independent entity, in accordance with the law. The State guarantees the funds for insurance and pensions."²⁴

There are many laws regulating insurance protection in Egypt, including the Social Insurance Law (*Law No. 79 of 1975*), the Social Insurance Law for Employers (*Law No. 108 of 1976*), the Social Insurance Law for Egyptians Working Abroad (*Law No. 50 of 1978*), the Universal Social Insurance (*Law No. 112 of 1980*), the Retirement, Insurance and Pensions for the Armed Forces Law (*Law No. 90 of 1975*), and the Law on Granting Exceptional Pensions and Awards (*Law No. 71 of 1964*). This multiplicity of legislation has brought about fragmentation within the insurance system. Although the goal of enacting all of these laws was to increase coverage and im-

prove targeting, there has been a significant decrease in the number of workers who are insured over the years. The coverage rate for male workers in 2018 was around 30 percent, compared to 39 percent in 2012, 43 percent in 2006, and 50 percent in 1998. The situation was slightly better for women, with 45 percent covered in 2018, compared to 41 percent in 2006 and 61 percent in 1998.²⁵

The social insurance system suffers from a number of challenges, most notably low coverage, insurance evasion, and negative incentives in laws that push employers and employees to evade payments. As a result of this, the State is less able to collect contributions from both parties.²⁶ There is also a large informal sector outside the scope of insurance protection. A report by the National Authority for Social Insurance issued at the time of the new Social Insurance and Pensions Law in 2019 highlighted a number of the challenges facing the system and creating the need for radical reform. Among the problems highlighted in that report was the incompatibility of some provisions of existing insurance laws with the 2014 Constitution, and the fact that the actuarial and monetary deficit had reached dangerous levels.

Figure 3.4 Overall social insurance coverage rates, 1998-2018 (%)



Source: Selwanes and Ehab (2019).

The National Authority for Social Insurance report also indicated that the pensions paid out through the old system are very small as a result of their lack of correlation with inflation rates, which places a great burden on the insurance system and the Public Treasury Authority, which used to bear about 60 percent of the value of the pensions bill.

The financial intertwining of the social insurance system with the Public Treasury Authority and the National Investment Bank is also a challenge, along with the poor returns on investment funds. In addition, there are different methods of calculating pensions according to each group of employees, depending on their employer, if they work in Egypt or abroad, or if they work irregularly. There is also a multiplicity of insurance funds, as well as a special fund for government employees and another for public and private sectors' employees.

The National Authority for Social Insurance report also highlighted the problem of insur-

ance evasion through a lack of disclosure of real wage amounts and a failure by employers to insure their entire workforce. It also cited the increase in cases of early retirement, which led to the entitlements for early retirement becoming more substantial than entitlements for those reaching full retirement age. In light of these challenges, legislative reform of the social insurance and pension system was judged to be necessary.²⁷

The most important aims of the 2019 Social Insurance and Pensions Law were to completely resolve the financial intertwining of the Public Treasury Authority and the National Investment Bank, to ensure fair pensions for those entitled, and to achieve financial sustainability. Thus, the new Social Insurance and Pensions Law was issued in order to address the aforementioned problems and challenges facing the social insurance system. Box 3.3 presents the most important features of the new law.

Box 3.3 Basic features of the Social Insurance and Pensions Law (No. 148 of 2019)

- Unifying social insurance rules for a number of targeted social groups, whose insurance conditions were regulated through a set of laws. These groups include: persons employed by others, whether in the State's administrative apparatus, the public sector or the private sector, employers and the like, Egyptians working abroad, or in casual employment.
- Resolving the historical intertwining between the Ministry of Finance and social insurance funds, while giving great independence to the National Authority for Social Insurance.
- The insurance system includes several types of insurance: old age, disability and death, work injuries, sickness insurance, unemployment insurance, with the establishment of one insurance fund and the allocation of a special account for each type of insurance mentioned.
- Stakeholders represented on the Authority's board of directors include experts, representatives of pensioners and representatives of the following bodies: the Egyptian Trade Union Federation (ETUF), the Federation of Egyptian Chambers of Commerce (FEDCOC), and the Federation of Egyptian Industries (FEI). Also present on the board are representatives of related government institutions. The independence of the Authority was also demonstrated by the appointment of a full-time chairman of the board of directors with experience in the field of pensions and social insurance, rather than appointing the competent minister.
- Extending the insurance umbrella in detail for casual employment, whether in or outside the agriculture sector. According to the national statistical report to follow up on the indicators of the Sustainable Development Goals 2030 issued by CAPMAS, the percentage of informal employment in the non-agricultural sector in 2017 was about 31.8%, and in the ESCWA 2020 study, a higher percentage of informal employment was indicated in all sectors, at 63%, rising in the countryside to 72% and in the agricultural sector to 98%. In the context of this situation, the challenge of coverage emerges significantly, and this has prompted the new Social Insurance and Pensions Law to include casual employment, yet the challenge remains the degree of citizens' awareness of the importance of these insurance umbrellas.

Box 3.3 Basic features of the Social Insurance and Pensions Law (No. 148 of 2019)

(continued)

- Setting a minimum commensurate with the minimum wages in society, as well as a maximum covering the wages of more than 80% of the categories of the workforce. The minimum and maximum contribution wages are determined by the executive regulations of the law.
- Setting a unified wage for social insurance and one pension for such wage, thus ending the issue of dividing the wage into two parts, basic and variable, and an independent pension for each of them, calculated in different ways.
- Establishing a mechanism to increase pensions by a percentage of the inflation rate to be borne by the social insurance system with a maximum increase of 15%.
- Establishing a fund for management and investment of insurance funds, which is formed by a decision of the Prime Minister after the approval of the Board of Directors of the National Authority for Social Insurance, and is concerned with setting the general policy of the investment fund and the necessary plans and programmes to ensure the development of its financial resources along with establishing a real estate investment fund for which lands are allocated from the State.

The ability of the new Social Insurance and Pensions Law to achieve its objectives clearly depends on finding solutions to the problems of financial sustainability by expanding the base of insurance coverage and by investing funds effectively and safely. The private sector must also be obligated to provide insurance for its employees, and the role of the relevant departments in the Ministry of Manpower must be strengthened. In addition, addressing the issue of casual employment requires nationwide awareness campaigns that clarify how to participate and the benefits associated with doing so. It is worth noting that one of the reasons for insurance evasion among some parts of the workforce is the conviction that the contributions paid over the course of a working life are not commensurate with the resulting pension, and this should be addressed via campaigns explaining the new system.

Universal health insurance system

Egypt adopted a health insurance system in 1964, to protect Egyptian citizens from the risks and effects of diseases, and the Health Insurance Organization was established by Presidential Decree No. 1209 of that year to implement the new system. The health insurance system at that time covered employees in the governmental sector, local administration units, public bodies and institutions; work-

ers in the public, state-owned business sector; and those subject to the Social Insurance Law at that time. At its inception, therefore, the health insurance system did not cover agricultural workers, domestic servants, the self-employed, craftsmen or employers. After nearly three decades, the health insurance umbrella was extended to include school pupils under *Law No. 99 of 1992*.²⁸ It was subsequently extended to cover other categories such as female breadwinners, children under school age, farmers and agricultural workers, through a series of successive laws.

The total number of insured people reached about 55.6 million in 2018, half of whom were children in school. Nearly one quarter of that group, or around 12 million, were employed, slightly more than half of the number of total workers nationwide, which was estimated at 22.5 million that year.²⁹ Despite the development of the health insurance coverage rate since 1990 and the expansion of the base of the insured, the percentage of private spending on health by citizens indicates the poor quality of services provided to by the system. The coverage rate in 1990 reached nearly 10 percent, and 56 percent of total expenditure on health was private spending. With the addition of other groups to the health insurance umbrella, the base of coverage reached 37 percent in 1995, with private spending on

health at 51 percent. Coverage expanded to 45 percent in 2000, with an increase in the percentage of private spending on health to reach 61 percent. By 2015, the coverage rate reached 58 percent, and private spending on health was at 62 percent. A study on social protection reform in Arab countries by the United Nations Economic and Social Commission for Western Asia (ESCWA) in 2019 indicated that, according to a survey conducted in Egypt, at least 80 percent of households had at least one member with public health insurance. However, only 25 percent of these households benefited from the system, due to the poor quality of services and bureaucratic performance.³⁰

Despite the important role that health insurance has played over decades in providing health services to its beneficiaries, it has suffered from many problems, the foremost of which is a lack of coverage. People outside the formal sector are deprived of health coverage, as are the families of those that are insured. As for the level of health care insurance, although the health insurance adhered to the concepts of the hierarchy of therapeutic services, the General Authority for Health's continuity as the sole service provider through its units led to the slow expansion of health insurance on the one hand and the absence of competitors on the other, which affected the quality of services provided. There has also been a lack of balance between revenues and expenditures, which is being addressed by three measures: bridging the gap between the revenues and the expenditures of the Public Treasury Authority; reducing expenditures by limiting benefits in light of cost-of-service elements and price trends; and reconsidering the contributions borne by the insured, employers, and the State.³¹

Another challenge is the deep fragmentation of the health system itself in Egypt; there are many health service providers, both governmental and private, the latter including those affiliated with NGOs and religious institutions. There is also a major disparity in the quality of the services provided by the different pro-

viders and the financial compensation each provider receives.³²

Prior to reform, at least seven different laws and decrees regulated health insurance services, with each law dealing either with a particular social group or regulating a part of the system. These laws were annulled by the 2018 Comprehensive Health Insurance Law.³³

Health spending increased significantly between 2012 and 2020, as illustrated in Chapter 1 of this Report. However, this increase was not sufficient to improve the efficiency of the health system in Egypt, or to reduce private spending on health sector.

The Comprehensive Health Insurance Law (*Law No. 2 of 2018*) aimed to deal with some of these problems via comprehensive legal reform combining the previously mentioned laws into one law. The main philosophy governing the new legislation is inclusion. In addition to providing coverage for all citizens, the family is considered the unit of coverage, not the individual as in the past. Article 2 states that "universal health insurance is a mandatory system, based on social solidarity. Its umbrella covers all citizens of the Arab Republic of Egypt, and the family is the main insurance coverage unit within the system. The State shall bear its burdens instead of vulnerable groups, in accordance with the exemption controls to be determined by a decree of the Prime Minister." Considering the family as the unit of coverage is important, as it resolves the problem of the members of the same family often being subjected to different insurance systems. The principle of inclusion also means that all health expenses are now covered, settling the controversy regarding which health services are to be included or excluded from the scope of insurance. Article 3 of the law stipulates that the scope of the services provided includes diagnostic, therapeutic and rehabilitative services, as well as medical and laboratory examinations, with the possibility of adding other services. Covered services include everything from family doctor or general practitioner visits to treat-

Box 3.4 Governance of the health insurance system in Egypt

- **Universal Health Insurance Authority (UHIA):** An economic authority with legal personality and an independent budget, subject to the general supervision of the Prime Minister. It is entrusted with the management and financing of the system, as well as the safe investment of the system's funds in accordance with Article 4 of the law. The primary mission of this authority is to mobilize and manage financial resources as the agent for subscribers to the system. It also purchases medical services according to clear criteria from health service providers, provided that they comply with the standards of GAHAR. Regarding the nature of the formation of the UHIA's board of directors, it included representation of various stakeholders, such as the head of ETUF, the head of FEDCOC, and the head of FEI, as well as the relevant government parties and representatives of private sector health service providers, in addition to related experts. According to Article 14 of the law, this Authority is accountable to the Cabinet and the House of Representatives, by submitting semi-annual performance reports on its financial position and financial statements on its work.
- **General Authority for Healthcare (GAH):** A public service authority with legal personality and an independent budget, subject to the general supervision of the Minister of Health. This authority is responsible for providing health care and treatment services at its three levels, inside and outside hospitals, to all insured through the UHIA service delivery outlets. It is entrusted with controlling and regulating the provision of health insurance services. It manages hospitals affiliated with the Ministry of Health and Population, and all health facilities for which a decree is issued by the Prime Minister, after rehabilitating and fulfilling the required conditions. Hence, all hospitals and specialized centres currently affiliated with the health directorates will be transferred to GAH, and other government institutions, regardless of their affiliated entities, will be added thereto, with the exception of units, centres and hospitals affiliated with the Ministry of Defence, the Ministry of Interior, and the Ministry of Higher Education, to remain affiliated with their Ministry. These entities reserve the right to contract with UHIA, provided that they meet quality standards and specifications. Given that GAH is responsible for providing the service, decentralization has been adopted by stipulating in Article 25 of the law that "GAH shall provide health care services on the basis of decentralization by dividing the governorates of the Republic into a group of regions as approved by its board of directors, provided that each region has a head assisted by an executive council to be formed by a decision of the board of directors". As in the case of UHIA supervision, GAH is obligated to submit semi-annual performance reports on the health and treatment services it provides and its financial statements to the House of Representatives and the Cabinet.
- **General Authority for Healthcare Accreditation and Regulation (GAHAR):** An authority with legal personality and an independent budget, but distinct from the two previous authorities in that it is subject to the general supervision of the President, in accordance with Article 26 of the law, and its work system is issued by virtue of a decree of the President. This Authority aims to ensure the quality of health services and their continuous improvement, and to regulate, organize and provide health insurance services, in accordance with specific standards of quality and accreditation as indicated by the executive regulations of the law. This authority is concerned with regulating the health sector to ensure its safety, stability, development and improvement of its quality. To this end, its missions are greatly multiplied, beginning with setting quality standards for health services and including accrediting and registering medical facilities that meet quality standards, supervising and regulating all medical facilities, and suspending or canceling accreditation and registration if a facility violates any of the requirements for granting accreditation and registration. The Authority's competencies also extend to accrediting and registering members of the medical professions, according to the different specializations and levels of work in the system, and conducting periodic inspections of them, as well as stopping or canceling the accreditation and registration if they violate any of the registration requirements. It is basically a supervisory authority, and with a desire to ensure its ability to carry out its role to the fullest, it is stipulated that it shall be subject to the supervision of the President. Its board of directors is formed by a decree of the President, unlike UHIA, which is formed by a decree of the Prime Minister and is subject to his supervision, and GAH, which is subject to the supervision of the Minister of Health.

ment abroad, expanding the types of medical service providers available.

The second important guiding principle of the new universal health insurance system was to ensure effective governance. Article 2 of the law states that the system is based on the separation of financing from service provision.³⁴ Based on this principle, three independent authorities were established to manage the universal health insurance system: the Universal Health Insurance Authority (UHIA), the General Authority for Healthcare (GAH) and the General Authority for Healthcare Accreditation and Regulation (GAHAR). Box 3.4 outlines the complementary roles of these three authorities and how they each play a role in ensuring accurate governance of the universal health insurance system.

With regard to financing the system, Article 40 of the law details the various sources of financing, including the contributions by employer and employee, the additional costs for receiving services, and the returns on investment of resources, among others. It also outlines the obligations of the Public Treasury Authority to provide coverage for vulnerable groups and the amount these groups will contribute. They include the unemployed, vulnerable persons, and non-entitled persons, and those whose unemployment compensation has expired, as well their dependent family members. For them, the Public Treasury Authority supports monthly 5 percent of the government's declared national minimum wage.

The full provisions of the new Comprehensive Health Insurance Law will be applied in six phases spread over 15 years, from 2018 to 2032. The first phase, from 2018 to 2020, included the governorates of Port Said, Ismailia, Suez, South Sinai and North Sinai. The second phase will run from 2021 to 2023 and will include the governorates of Luxor, Matrouh, Red Sea, Qena and Aswan. The third phase will be from 2024 to 2026 and will include Alexandria, Beheira, Damietta, Sohag and Kafr

El-Sheikh. The fourth phase will take place from 2027 to 2028 and will include Beni Suef, Assiut, Minya, Al-Wadi Al-Jadid and Fayoum. The fifth phase will take place from 2029 to 2030 and will include Dakahlia, Sharqia, Gharbiya and Menoufia. The sixth and final phase, from 2031 to 2032, will include Cairo, Giza and Qalyubia.³⁵

The application of the new system started with a pilot operation in the governorate of Port Said. The governorate has a population of around 930,000 people, and its health facilities include 644 hospital beds, 144 intensive care beds, 79 neonatal intensive care units, and 110 dialysis machines. The rollout was based on several key aspects: infrastructure, meaning the development of health units and hospitals; mechanization and digital transformation, which includes patient data management and registration, coverage requests and financial claims; human resources, which includes the appointment, testing and training of new members of medical teams; and awareness and media, which involves workshops, seminars and guiding materials to raise awareness of the new system and how to use it.

The World Health Organization has praised the universal health insurance system and described it as a cornerstone of health reform. As part of its proposal for the cooperation strategy with Egypt with the support of international financing agencies, the World Health Organization recognized that the Egyptian health system has many strengths, such as the geographical spread of primary health care units, the regularity of vaccinations and the degree of coverage for the vast majority of children, and its success in reducing child and maternal mortality. However, the main challenge facing the health system is in achieving equity and justice at the level of health outcomes and access to service, as well as justice and equity in bearing the financial burdens of health provision. Achieving justice and equity in the field of health is

the main challenge that the universal health insurance system must deal with, given that investment in health is an investment in people and a guarantee of a better economic and social future.³⁶

Despite the devastating effects of the COVID-19 pandemic, especially with regard to the strain on the health system, the injection of more funding into the health sector in order to enhance its ability to respond to the pandemic may be an opportunity to accelerate the development of the health system and reduce the scheduled 15-year rollout of the new insurance system, especially with the provision of international funding opportunities to address the pandemic.

Ensuring universal coverage in a manner that achieves justice and equity is one of the main challenges facing the system, and depends on the results of the reforms that are being implemented. The willingness of Egyptians to join the system, especially those who must decide to participate voluntarily, depends on the system's performance. The future of the system as a whole therefore depends on the way it is managed from the very beginning. The second challenge facing the new health insurance system is the solidarity aspect, in terms of coverage for vulnerable groups. Given the large scale of the informal economy, expansion of coverage to these groups will necessarily reduce the financial sustainability of the system, and formalization of the informal sector would be an effective way to address this anticipated problem before it has an impact.

3.2.3 Active labour market programmes

Labour market programmes aim to facilitate the integration of jobseekers into the labour

market, while seeking to manage the risks of this market by providing income during periods of unemployment or work stoppage. Active labour market programmes are interventions and initiatives that help individuals find a job if they are unemployed, or move to a better job if they are already working. Active work policies may include providing job search assistance, providing labour-intensive projects such as public works, training and retraining individuals, developing micro and small-sized enterprises, and providing wage subsidies directly to the private sector. There are also inactive policies, such as unemployment benefits and early retirement.³⁷

The following table shows Egypt's rankings and scores on some of the skills, product and labour markets indices that are found in the World Economic Forum's 2019 Global Competitiveness Report. The table indicates the disparity in Egypt's ranking and its points on the set of indexes. For example, Egypt scored well on the service competition index, coming 33rd out of 141 countries, with a total score of 72.1. Egypt also performed well on the indices of market dominance and internal labour movement, coming 36th and 46th respectively. However, the country's ranking in terms of a number of other components declined, coming 129th on the quality of vocational training, for example. Egypt received its lowest score, 27.1 points, on the active labour market policies index. In addition, Egypt's ranking in critical thinking in teaching was 123rd, with a total score of 28.6.³⁸ It is clear from the table that Egypt needs to pay more attention to indices related to skills and the product market, and it also needs a set of policies that help promote active labour markets to create job opportunities and reduce unemployment rates.

Table 3.1

Egypt's rankings on indices for skills, product and labour markets, 2019 Global Competitiveness Report

Index	Ranking (out of 141 countries)	Points (out of 100)
Quality of vocational training	129	36.7
Ease of finding skilled personnel	89	50.2
Critical thinking in teaching	123	28.6
Service competition	33	72.1
Market dominance	36	54.2
Tariff complexity	86	65
Active labour market policies	107	27.1
Payroll tax rate	121	71.1
Internal labour movement	46	63.3

Source: World Economic Forum (2019)

Many entities provide active work programmes in Egypt, but the Ministry of Manpower is the main entity entrusted with employment policies. The Ministry has 380 employment offices, 27 vocational training centres focusing on dropouts and illiterate people, and 10 mobile training centres. The number of people trained annually ranges from 12,000 to 16,000, aged 15 to 45. Employment offices provide a number of services such as registering jobseekers, providing career guidance and training to pass job interviews and tests, and preparing lists of job vacancies at work sites. Despite their varied range of tasks, they suffer from a lack of qualified staff, and their offices are often in inaccessible locations and in a dilapidated condition.³⁹

The Ministry of Trade and Industry is responsible for the Technical and Vocational Education and Training (TVET) programme, a European Union-funded programme that seeks to work with companies and projects.⁴⁰ In the same way, the Local Development Fund of the Ministry of Local Development works to provide soft loans for the implementation of micro-projects for young people and female breadwinners, in order to reduce unemployment and improve standards of living. The Local Development Fund works through local units in the governorates which carry out

technical studies of projects that are seeking loans. After a project is approved, a contract is signed by the Local Development Fund as a lender and the local unit as a borrower. During the period of July 2014 to April 2018, the Local Development Fund provided 12,993 loans to micro-projects, with funding worth a total of EGP 58.8 million.⁴¹

Despite the existence of these conventional programmes, the future of active labour market programmes is contingent on the success of the Micro, Small and Medium Enterprises Development Agency (MSMEDA) and the Financial Inclusion Initiative, which adopt a different approach.

Micro, Small and Medium Enterprises Development Agency

MSMEDA is one of the most important government agencies concerned with active labour market programmes. Established by Prime Ministerial Decree No. 947 of 2017 and amended by Resolution No. 2370 of 2018, the agency reports directly to the Prime Minister and is the successor agency to the Social Fund for Development. The main mission of the agency is to develop a national programme for the development of micro, small and medium-sized enterprises, to create a fa-

avourable climate for these businesses, and to motivate Egyptians to enter the labour market through them. It also aims to spread the culture of entrepreneurship, research, creativity and innovation and coordinate the efforts of all stakeholders in this field, with the goal of alleviating poverty. The mission also extends to implementing community and human development programmes and labour-intensive public projects that contribute to raising living standards. The agency works in all active labour market programmes, both public employment programmes and micro and small-sized enterprises, as well as provides training in the skills and trades required by the labour market. It targets the poorest areas that host many unemployed young men and women.

Since January 2017, MSMEDA has also been implementing a public works programme with the aim of reducing unemployment and providing job opportunities through the implementation of activities in the unplanned settlements, in cooperation with the Egypt Urban Upgrading Programme. It is based in four targeted areas, two in Cairo governorate (Al-Zawiya Al-Hamra and Ezbet Khairallah) and two in Giza governorate (Ard El-Lewa and Mit Okba). Projects are being implemented to develop water and sewage networks, pave and illuminate roads and streets, restore schools and health units, and provide urban services. These public works programmes are implemented in cooperation with partners and according to geographical targeting mechanisms, and aim to contribute to the development of infrastructure and community, while at the same time enhancing human development endeavours and providing permanent or short-term employment opportunities for young people.

With regard to public works programmes in the countryside, MSMEDA has prepared a map to target the poorest governorates, villages and regional divisions nationwide, in cooperation with the Central Agency for Public Mobilization and Statistics (CAPMAS). Priorities have been set and the target areas

and groups have been identified according to the map, based on regularly-updated data for a set of indicators including a lack of water, sanitation and health services, and high rates of illiteracy and unemployment. In order to achieve the goal of providing suitable job opportunities, a set of requirements have been set out for projects that can be implemented in a labour-intensive manner.

MSMEDA also uses another complementary mechanism, namely community development programmes, through which it works to build the institutional capacities of NGOs to qualify them to implement projects and perform services that would also create job opportunities. Standards and conditions are based on this mission, such as the use of labour-intensive implementation, provided that the wage component of the projects is not less than 70 percent of the total funding. The projects must be able to meet the needs of the local community, especially the poor, and the projects must address the needs of women and encourage them to participate in development. The projects must also provide sustainable services to the local community and must not conflict with the requirements of preserving the environment. This initiative has included projects that spread awareness of reproductive health, maternal and child health, and preserving the environment; projects that implement literacy programmes; projects that establish kindergarten classes; and others. The target group of these programmes is unskilled workers aged 18 to 29, located via the poverty map.⁴²

With regard to training and qualification for the labour market, MSMEDA outlines the needs of the labour market in terms of trades and skills and designs training and qualification programmes accordingly for jobseekers of both genders, for self-employment or regular employment. A total of EGP 5.4 billion in loans was granted to micro and small-sized enterprises in 2018, financing around 251,000 projects and providing nearly 407,000 jobs.⁴³

MSMEDA is also working on targeting the most vulnerable areas in Upper Egypt and reaching the poor in these areas, especially young people and women. As a result, the share of the agency's funding that went to Upper Egyptian governorates had reached 50 percent as of November 2018. The percentage of female-headed micro and small-sized projects supported by MSMEDA reached about 50 percent in 2017. According to data published by MSMEDA, from April 2017 to June 2020, 729,500 micro and small-sized projects were established, providing 1.1 million job opportunities, with total loans amounting to EGP 16.8 billion. Upper Egypt's share of the funding was 48 percent, and the percentage of projects directed at women was 47 percent. In the same period, EGP 373.8 million was spent on infrastructure, development and training projects, providing 2.1 million daily wages.⁴⁴

MSMEDA has also launched a small projects platform in order to motivate young people to start small businesses and learn how to manage and develop them. The platform also allows young people who are interested to seek advice on the topic.⁴⁵

In order to expand the base of beneficiaries of microfinance in all governorates, especially those with low incomes, MSMEDA has paid particular attention to supporting associations, institutions, and intermediary entities involved in microfinance. It has worked to develop their financial, technical, administrative and institutional capacities, to enable them to provide microfinance services efficiently and effectively, and to target a larger base of clients in governorates, villages and remote hamlets. Microfinance channels are numerous and include associations, NGOs and private microfinance companies. According to a Financial Regulatory Authority decision regarding microfinance rules (Decision No. 13 of 2015 - Article 40), NGOs are classified into three categories, based on the value of their lending portfolio: Class A (more than EGP 50 million), Class B (EGP 10 million to EGP 50

million) and Class C (less than EGP 10 million).⁴⁶ NGOs are particularly important for microfinance because of their ability to reach beneficiaries in the most remote and most vulnerable areas of the country, which are difficult for other funding channels to reach.

Financial Inclusion Initiative

Financial inclusion refers to the idea that every individual or institution in the community has an opportunity to obtain financial products (such as savings accounts, current accounts, payment and transfer services, and financing and credit) through legitimate channels, such as banks, postal agencies, and NGOs, and at reasonable prices. This allows everyone in society to participate in managing their own finances. Financial inclusion also helps boost comprehensive and sustainable economic growth that avoids excluding any individuals, institutions, or marginalized groups, such as the poor, women, owners of micro, small and medium-sized enterprises, children and young people. It also ensures that financial institutions develop their own products and compete to provide appropriate and non-monopolistic financial products. Financial inclusion also contributes to the integration of informal sector projects into the formal sector and the integration of the poor into the market through micro-projects and family projects, meaning it also functions as a strategy to combat poverty.⁴⁷

The Central Bank of Egypt is the main driver behind the principle of financial inclusion. It has put in place rules and legislation to facilitate procedures for banking transactions in all forms and has approved the availability of simplified financial services such as the use of mobile phones for electronic payments. In 2017, President Abdel Fattah El-Sisi established the National Payments Council via Decree No. 89 of that year, in a move to institutionalize financial inclusion in Egypt. The decree aims to reduce the use of cash outside the banking sector, to support and stimulate the use of electronic means and channels for payments, and to develop national payment

systems and frameworks to supervise these new electronic channels and reduce the risks associated with them, resulting in safe, efficient and effective systems.

The overall aim is to achieve financial inclusion by integrating the largest number of citizens into the banking system and by incorporating the informal sector into the formal sector.⁴⁸

The Financial Inclusion Initiative began with the Central Bank of Egypt establishing a central administration for financial inclusion in 2016. Among its activities was the support of small loans and microfinance. In 2019, the central bank formed a committee for external data for financial inclusion, chaired by the deputy governor for monetary stability and including representatives of the ministries and bodies concerned with financial inclusion: Ministry of Finance, Ministry of Communications and Information Technology, Ministry of Social Solidarity, Ministry of Industry and Trade, Financial Regulatory Authority, MS-MEDA, the National Press Authority, Nasser Social Bank, and the Egyptian Credit Bureau. The committee aims to identify priorities and needs for data and information, as well as to agree on the main indicators of financial inclusion to be developed in accordance with the international indicators issued in this regard.⁴⁹

In addition to the above, several measures have been taken to provide the necessary financing for micro, small and medium-sized enterprises. Among the most important of these measures was obligating banks to increase the volume of credit directed to these companies to reach 20 percent of their total credit portfolio. In addition, in 2020, a unified definition of micro, small and medium-sized enterprises was issued.

The initiative resulted in an increase in the loan portfolio granted to micro, small and medium-sized companies of around EGP 144.2 billion between the end of December 2015 and the end of June 2019, benefiting 566,000

customers. In addition, banks were encouraged to provide financing to microfinance companies and associations, by including this financing within the 20 percent outlined above. This had a positive impact on microfinance activity, and the number of beneficiaries reached more than 3.2 million, with the value of financing balances exceeding EGP 21.2 billion at the end of the second quarter of 2019 compared to EGP 6.9 billion in 2017, a growth rate of about 207 percent. In the same period, the percentage of female beneficiaries of microfinance loans reached 59.4 percent, the number of associations, NGOs and companies providing microfinance numbered 938, and the total number of financing outlets reached 2,216, located in all the governorates of Egypt.

As part of the Central Bank's ongoing efforts to enhance financial inclusion and to integrate citizens into the formal financial system in an affordable and fair way, a number of banks were encouraged to issue Aman savings certificates for individuals, so that these certificates would accompany the insurance of individuals. As of March 2018, the value of the certificates sold had reached EGP 800.2 million, and by May 2019, the number of buyers had reached 819,700. Aman certificates are designed to be attractive to buyers; they have a duration of three years and are automatically renewed twice only. They include a life insurance policy, and customers are entered into a draw for valuable prizes. Returns of 16 percent are to be paid at the end of the certificate period, after deducting the value of insurance premiums from the returns.⁵⁰

The Central Bank has also organized training courses on the basic topics and concepts of financial education (saving, financial planning, and entrepreneurship) for workers in the branches of the National Council of Women. More than 800 female rural leaders were trained, while the Egyptian Microfinance Federation trained more than 70 NGOs staff members on the same topics, in order to allow them to spread financial knowhow to their clients.

In the same context, the central bank launched the NilePreneurs initiative in February 2019, in partnership with a number of local and international entities. The initiative is implemented by Nile University and aims to support entrepreneurship and small projects by providing training and incentive mechanisms in order to boost creativity and technical skills and attract young people to a culture of entrepreneurship. The overall aims are to increase gross domestic product and encourage technological transformation, to enable the development of industries, and the deepening of local industrialization. The initiative carries out a number of activities, the most important of which are entrepreneurship training programmes, technical and engineering design firms, business incubators, business accelerators, and business development service centres.

Active labour market programmes focus primarily on training, micro and small-sized enterprises, and entrepreneurship, in addition to public works programmes, thus covering a wide range of needs. However, it must be noted that excessive encouragement of micro and small-sized enterprises, which may not provide major job opportunities, may not be an advisable approach in the long run, and that more attention must be paid to medium-sized enterprises that can provide more substantial job opportunities with a degree of protection for employees. On the other hand, public works programmes, despite their success in providing many job opportunities, provide mainly unsustainable opportunities that often lack any kind of social protection.

Although it is important to have a multiplicity of active labour market programmes to meet the needs of different target groups, the number of entities offering these programmes can be problematic. They include not only MSME-DA, the Financial Inclusion Initiative and the Ministry of Social Solidarity, but other ministries, such as the Ministry of Manpower, as well as programmes funded by international agencies, NGOs and the private sector. A fur-

ther challenge is that there is no coordination mechanism or integrated and comprehensive vision based on a clear national plan for employment. This leads to the dispersal of efforts and an increase in the service supply, and it is unclear if there is sufficient demand, given the absence of in-depth studies of existing labour market programmes in Egypt and the extent of their ability to meet all forms of work demand.

It is important to note that one section of society is not being served by the current labour market programmes, namely young people who are outside education, training and employment. This group suffers from complete exclusion from the labour market, which only increases their poverty rate. Moreover, their long periods of unemployment lead to inactivity, which impedes their ability to engage in the labour market. Even if they do engage, their engagement is usually temporary, intermittent, and does not lead to the development of their capabilities.⁵¹

On another level, giving more importance to wage support programmes may be one way forward, given international experiences. In Uruguay, for example, efforts were made to train employees in accordance with the needs of the private sector, and the State then subsidized a portion of trainees' wages for a period of time in order to encourage the private sector to employ them, rely on them, and further develop their expertise.⁵²

In the same context, the design of active labour market programmes must take into account two aspects. Firstly, they must benefit from the competitive advantages of the governorates in which they are implemented, to ensure that the training provided is appropriate to local opportunities, and to ensure the sustainability of emerging job opportunities. Secondly, they must link the active labour market programmes to the dominant economic sector in the targeted areas. If the dominant sector in the rural areas of Upper Egypt is the agricultural sector, then appropriate and sustainable opportunities must be

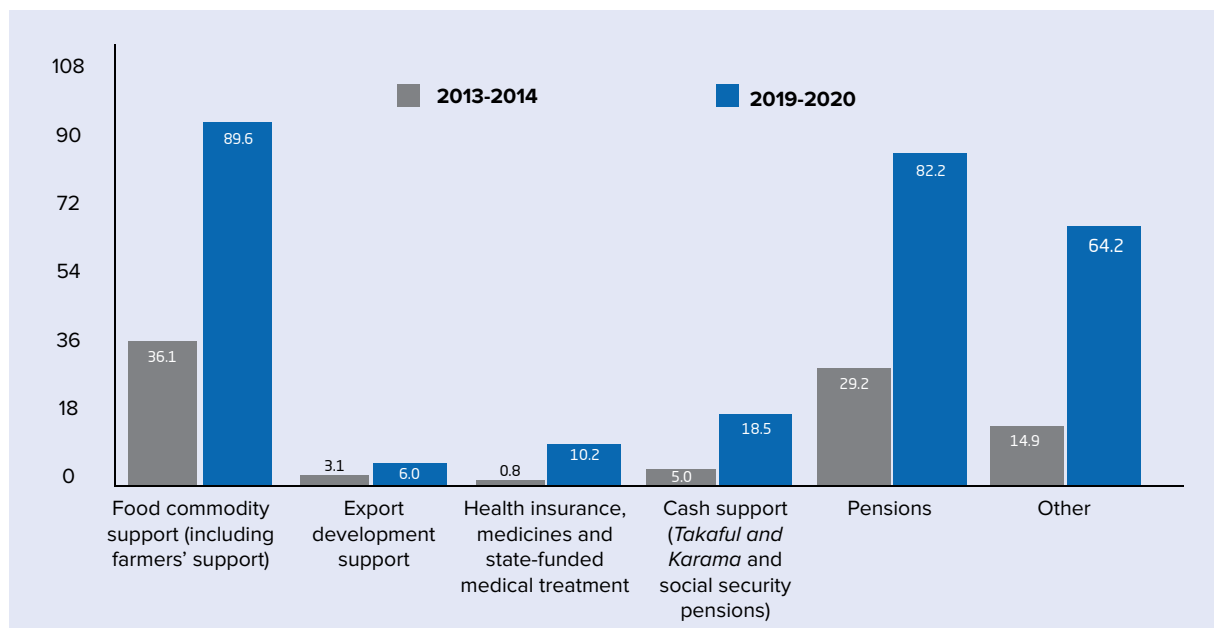
linked to this sector, either by encouraging contract farming, agricultural industrialization, or other related professions. The impact will go beyond the job opportunities benefits of those targeted and will also maximize the return from the dominant economic sector.⁵³

3.2.4 Spending on social protection programmes

The value of subsidies, grants, and social benefits amounted to EGP 327.699 billion in fiscal year 2019/2020, according to the general budget data.⁵⁴ There has been significant growth in spending on social protection programmes in recent years, particularly in the wake of the implementation of the national

economic and social reform programme from 2016 onwards. According to the Challenges and Achievements Report issued by the Ministry of Finance in 2019, the financial allocations for subsidies in the State's general budget have increased from EGP 198.5 billion in the 2014/2015 budget to about EGP 327.7 billion in the 2019/2020 budget, a growth rate of 65 percent over five years. Subsidies were also restructured, with 82.6 percent of subsidy spending in the 2019/2020 budget going to social protection programmes, compared to only 50 percent in 2014/2015. Energy subsidies (petroleum products and electricity) were reformed to the benefit of social protection programmes.

Figure 3.5 Spending on social protection programmes, 2013/2014 and 2019/2020 (EGP billion)



Source: Ministry of Finance, Citizen's Budget 2019/2020, Semi-annual report on financial and economic performance.

3.3 Social protection measures to confront the impacts of COVID-19

Since 2020, Egypt has adopted a set of policy measures to address the impacts of the COVID-19 pandemic. These include mone-

tary support for specific sectors, especially health and social protection, and regulations designed to limit the spread of the virus. In terms of the funding for the health sector, an extra EGP 3.8 billion was allocated to meet urgent needs and provide supplies, as well as an immediate EGP 1 billion for the Ministry of

Health and Population to procure preventive supplies. Doctors and all medical personnel were also supported by raising the remuneration for medical interns (paid to them during the internship training period) in hospitals affiliated with the Ministry of Higher Education and Al-Azhar University from EGP 400 per month to EGP 2,200, applicable to December 2019 graduates of medical colleges. About 12,000 interns benefited from this increase, which had a total cost of EGP 320 million. Incentive bonuses were also disbursed to medical staff and workers in quarantine facilities, isolation hospitals, central laboratories and their branches in the governorates, epidemiological surveillance centres and the ambulance authority. The 2020/2021 budget also included a 75 percent increase in the infection risk allowance for members of the medical profession, raising the minimum from EGP 400 to EGP 700 and the maximum from EGP 700 to EGP 1,225, at a total cost of EGP 2.25 billion. Finally, a risk fund for medical professionals was established.⁵⁵

As for social protection, 100,000 new families affected by the pandemic were added to the *Takaful and Karama* programme, and the value of the cash transfer programme budget was increased from EGP 18.5 billion to EGP 19.3 billion.⁵⁶ Other measures included reducing overcrowding and implementing social distancing in accordance with precautionary COVID-19 measures by distributing monthly pensions over a number of days instead of all at once.

Workers in the informal sector were among the groups that were severely affected by the pandemic. To tackle this, casual workers who registered with the Ministry of Manpower were granted monthly compensation payments of EGP 500 for a period of three months, disbursed from April 2020. A total of 1.5 million workers benefit from this grant.⁵⁷ Complementing these efforts, a grant of EGP 500 was disbursed to 12,000 people, particularly those in poor villages in Assiut, Sohag and Qena governorates. This grant was

issued in cooperation with the World Food Programme, and as part of the mechanisms of the Upper Egypt Local Development Program (UELDP) and the *Hayah Karima* initiative. Lists of beneficiaries in targeted governorates were prepared and sent to the World Food Programme for review, in coordination with the local development councils in the targeted villages and Ministry of Manpower Directorates, to ensure the assistance reached those eligible, and that no payments were made to any families who were already beneficiaries of cash support programmes and social security pensions. This was done to ensure the application of justice and the standard of non-discrimination.

Further support was provided through the provision of basic foodstuffs and some medical protection gear to eight governorates in Upper Egypt and border regions (Minya, Assiut, Sohag, Qena, Luxor, Aswan, Al-Wadi Al-Jadid, and Red Sea), via a third charity convoy. The convoy contained 1,250 tonnes of foodstuffs.

In order to unify the efforts of all development partners to help and support the most vulnerable families in facing the crisis, the *Tahya Misr* state fund launched the largest COVID-19 humanitarian assistance convoy as part of the campaign *Natashaarak Hana'adi Al-Azma* ("We Get Involved, We Overcome the Crisis") in cooperation with the Ministry of Social Solidarity and a number of NGOs. The convoy targeted 300 of the most vulnerable villages in 16 governorates. As part of the same initiative, the *Tahya Misr* fund provided the Ministry of Health and Population with a large number of COVID-19 medical supplies.⁵⁸

Despite the enormity of the health, economic and social consequences of the pandemic, it nevertheless created some opportunities in several aspects:

Firstly, it has contributed to the development of social protection policies and programmes, making them responsive to shocks. The speedy targeting of affected families through

the horizontal expansion of *Takaful and Karama* programme, and the benefits of digitization in the ease and speed of access to the affected groups, represent a challenge that has been overcome. This is an added asset to the institutional capabilities of the social protection system and it must be refined by further building of information bases and accurate data on vulnerable groups and those at risk of falling into poverty. The capacities of employees and those in charge of targeting must also be strengthened so that accuracy is improved. In addition, given the recurrent shocks and crises that have occurred in recent years, COVID-19 also represents an opportunity to think about designing emergency programmes that are flexible and responsive, and it may be important to link them with the systems responsible for crisis and disaster management.

Secondly, the state financial support provided to casual workers has been a positive step forward and has helped to bring to light more data about the informal sector, which had previously been only superficially understood. The registration of casual workers with the Ministry of Manpower must be utilized to the fullest extent possible in order to identify the true size of this sector and the most vulnerable groups who are part of it, as well as the reasons for their vulnerability and the nature of the work they carry out. Strategies to formalize this sector can then be formulated based on clear evidence. In fact, this opportunity is also related to the new Social Insurance and Pensions Law, which stipulates that this sector must be covered.

Thirdly, despite the challenges the pandemic has posed to the health system in Egypt, there have also been opportunities for more funding, part of which has gone to developing hospitals and health units. This creates an opportunity to accelerate the development of the health system as a whole, the goal that the Comprehensive Health Insurance Law aims to enact over the course of 15 years. This means that there is an opportunity to reduce

the timeframe for developing the health system and to take advantage of the international financing opportunities available to health systems at present.

3.4 Future policies for the development of the social protection system

The previous analysis outlines the many transformations that have occurred in Egypt's social protection system in recent years, particularly since the start of the national economic and social reform programme in 2016. The system had been suffering from fragmentation, inefficiency, poor coordination and a decline in the expected returns for decades, due to the reasons outlined in the sections above. It has now been completely restructured through a multi-dimensional reform process. Comprehensive legislative reform has been carried out with regard to social insurance and health insurance, based on a clearly defined vision and philosophy and on the principles of inclusion, equity and efficiency, with clear frameworks for governance. The transformation included the two social insurance systems and the universal health insurance system, which indicates the desire to include Egyptians of all classes in these protective umbrellas. With the completion of these transformations, serious work begins in dealing with the most important issues, both for ordinary people and for decision makers. These include, firstly, the intertwining between insurance and pension funds and the Public Treasury Authority, which will be resolved by returning rights to their owners according to a timetable. Secondly, the controversy that took place over universal health insurance nearly 15 years ago and the multiplicity of proposed bills that differed in their advantages. Thirdly, and perhaps most important, is the issue of which health services are to be included or excluded from insurance coverage, an issue that has preoccupied many in Egypt, on the grounds that a person does not choose his

or her disease. The Comprehensive Health Insurance Law has resolved the issue in favour of all conditions. These achievements represent a good start for the roadmap that will now move to the implementation stages and seek to overcome future challenges.

With regard to social safety nets, the legislative reform process is in place, and stems from the need to unify the laws on cash transfers into a single piece of legislation regulating this issue. Reforms were not limited to the legislative aspects only, but extended to the entitlement verification process, and subsequently to continuous targeting, which has been a major challenge during past years due to the rights of the most vulnerable groups going to people who were not entitled. Verification is ongoing to ensure that the most vulnerable groups are empowered and their living standards are improved, paving the way for them to leave the safety nets and support system.

The transformation also included a clear development vision based on a path of empowerment, the goal of which is to get people out of poverty. In the past, social safety nets were limited to merely providing assistance to the poor, and such assistance was not able to help poor people break out of the cycle of poverty. Unfortunately, this created a culture of dependency among many poor people, who became used to receiving state assistance, to be supplemented through other assistance from religious institutions or NGOs. These dependent recipients do not see value in work and initiative. The *Takaful and Karama* programme and the economic empowerment programmes paid more attention to the poorest geographical areas, where quality of life is lower, as well as to the most vulnerable groups, such as women, young people, and persons with disabilities. The economic empowerment programmes, including *Forsa*, *Mastoura*, and others, are active labour market programmes, and aim to empower vulnerable groups and provide them with job opportunities that allow them to progress.

The transformation was not limited to economic empowerment, but also included culture. Cultural aspects such as large numbers of children, hygiene, FGM and early marriage, exacerbate the difficulties of the lives of marginalized and poor groups and impede development at the societal level. The *Waai* programme accordingly aims to address the values system of the most vulnerable groups.

The alignment of the reform of all social protection sub-systems, including social insurance, health insurance, support systems or social safety nets, has led to comprehensive coverage of all sections of society and has established the principle of protection for all, including all family members at all stages of life. The system as a whole is based on human rights and is in line with international standards and the SDGs. However, completing the process of reforming the social protection system depends on overcoming a number of challenges. Some are relevant only to parts of the system, as outlined at the end of each subsection of this chapter, and others are related to the interrelationship between all the social protection systems or to managing the protection system as a whole.

Egypt aims to support the social protection sector with a set of policies to complement the path it has taken over the past years, as follows:

- Linking social protection systems that are based on beneficiaries' contributions with those that are not. In many cases, citizens are reluctant to join social protection nets based on contributions when they find that the return on safety nets that are not based on contributions is higher. This places additional burdens on safety nets that are not based on contributions and deprives insurance systems of contributions. A balance must therefore be struck between the two types. The incentives offered by protection programmes that are not based on contributions should not cause citizens to exit protection programmes based on contributions. In some

Latin American countries, such as Argentina, Brazil and Chile, it has been observed that people may exit the formal economic sector for the informal one. During the 1990s and the 2000s, the proportion of workers participating in pension programmes in these countries declined. This coincided with an expansion in the scope of social protection programmes that are not based on contributions, such as the Bolsa Família programme in Brazil, as benefiting from these programmes required not working in the formal sector and not receiving pensions from the social insurance programme. During the same period, reforms were made to the programmes based on contributions in order to achieve financial sustainability, such as raising the value of contributions and raising the retirement age. This reduced their attractiveness and increased the attractiveness of the programmes that were not based on contributions.⁵⁹

- Developing the relationship between the programmes of the Ministry of Social Solidarity responsible for economic empowerment, such as *Forsa* and *Mastoura*, and the active labour market programmes implemented by MSMEDA and national banks. There are many similarities, which calls for coordination between all concerned parties in order to avoid duplication and to better allocate the work, whether on the basis of the type of projects, their targets, or the geographical areas in focus. A coordination mechanism could be developed at the level of each governorate, which would coordinate and follow up on the progress made on the ground. In fact, the biggest challenge in providing job opportunities in accordance with these initiatives is how to expand the umbrella of social protection, specifically social and health insurance, to include the target groups of active labour market programmes. Of course, this also requires coordination with the concerned offices of the Ministry of Manpower at the governorate level.

Finally, in the light of the above analysis, new interventions for the development of the social protection system in Egypt could include the following:

- **Establishing and unifying databases for all components of the system.** This requires more in-depth surveys and research that will provide strong evidence to inform policy making and intervention design. Success in achieving this will provide integrated information systems for social protection, which will lead to overcoming fragmentation and overlap between multiple programmes and will make the targeting of social protection programmes more effective.
- **Continuing institutional and administrative reform, as one of the most important elements for efficient performance of the system as a whole.** The legislation regulating social insurance and health insurance has established a rigorous governance system. However, the implementation of this system is linked to the success of the administrative reform experience and depends on political will. Legislation requires efficient and effective administrative bodies to ensure its implementation.
- **Coordinating with all non-governmental agencies that provide social assistance and play a protective role,** such as religious institutions and NGOs providing care services, to create a unified database for assistance recipients and coordinating efforts. Despite the availability of a degree of coordination that amounts to partnership between NGOs, the Ministry of Social Solidarity, and MSMEDA, there is a need to establish an institutional partnership that shifts the most vulnerable groups from protection to empowerment. There is no doubt that such an institutional partnership will lead to the mobilization of more financial resources while ensuring proper targeting and broadening the base of beneficiaries, as well as sharing

the cost of managing the system, as there are many and varied mechanisms for providing services.

- **Establishing effective complaints mechanisms in order to achieve fairness and build trust between citizens and the State.** The effectiveness of social protection systems depends to a large extent on the confidence of the population in their integrity and credibility.

The shift from protection to social justice requires a radical transformation in vision, such that social protection is viewed from a broader perspective. It is not limited to simply protecting the most vulnerable groups in society but includes the protection of all sections of society through social insurance systems with

wide coverage. This ensures social integration, empowers the most vulnerable groups, and reduces inequalities. The foundational rules have already been laid down through the major reforms outlined above, the Comprehensive Health Insurance Law (*Law No. 2 of 2018*) and the Social Insurance and Pensions Law (*Law No. 148 of 2019*). At the same time, considering protection as a gateway to social justice entails a number of other requirements related to investing in human capital. These include upgrading basic services in health, education and infrastructure in terms of availability and quality, as basic entry points for the development of citizens' capabilities, and to enable citizens to manage their resources and assets in a way that improves their quality of life.

Chapter 4

Renaissance of Egyptian women: Leading roles and societal contribution





Gender equality and the empowerment of women are the cornerstones of achieving sustainable development. Ensuring that all men and women enjoy equal rights and opportunities represents the essence of human rights. Achieving gender equality requires structural and cultural changes at all levels. Therefore, the issue of gender equality and women's empowerment has been one of the most important issues on the development agenda since the Millennium Development Goals (MDGs) of 2000. Given the limited results achieved by the MDGs in this regard, the issue of gender equality and women's empowerment remains a critical United Nations objective.

The fifth Sustainable Development Goal (SDG) is concerned with achieving gender equality and empowering all women and girls, including ending discrimination and combating violence against women and girls, early marriage, female genital mutilation (FGM), and ensuring access to reproductive health services and education. It also targets ensuring women's access to leadership opportunities at all levels, and their participation in decision-making in political, economic, and social life.

On the basis of the principle of the Right to Development, Egypt has made major efforts in recent years to promote the integration of women and women's issues into various policies and to enhance their political, economic, and social role. These efforts to bring about the empowerment of women in Egypt have achieved positive results despite significant challenges.

This chapter looks at the current period of renaissance for Egyptian women, assessing the changes brought about in the constitutional, legal, and strategic frameworks, and looking at the efforts and challenges related to the political, economic and social empowerment of women, with a focus on issues of social protection.

4.1 The constitutional and legal framework for promoting women's rights

The 2014 Constitution and its amendments in 2019 pay great attention to the issue of gender equality and women's empowerment and affirmed Egypt's commitment to the international treaties and conventions it has signed on this topic, such as the Convention on the Elimination of All Forms of Discrimination against Women¹ and the African Charter on Human and Peoples' Rights.

In Article 1, Egypt's Constitution adopts the principle of citizenship as a basis for Egypt's governance system, which means the rights of citizens are guaranteed by law without discrimination. In Article 4, it stipulates that national unity is based on the principles of equality, justice, and equal opportunities for all citizens; thus, it guarantees gender equality as a right and general principle. Article 9 guarantees equal opportunities for all without discrimination. Article 214 stipulates the independence of national councils, including the National Council for Women. Article 53 prohibits discrimination on the grounds of sex, or any other grounds. Article 11 confirms the right of women to be appointed to judicial bodies, which was a matter of controversy in the past. This Article obliges the State to protect women against all forms of violence, to ensure that women are able to reconcile family duties with work requirements, and to ensure equality between women and men in all civil, political, economic, social and cultural rights. Furthermore, the Article obliges the State to provide care and protection for mothers and children, for female breadwinners, elderly women, and for the most vulnerable women. Article 6 of the Constitution affirms that citizenship is a right "for anyone born to an Egyptian father or an Egyptian mother."

After the approval of a series of constitutional amendments in April 2019, a quarter of the seats in the House of Representatives (the

lower chamber of parliament) were allocated to women, as stated in the amended Article 102, in addition to several constitutional articles that affirmed non-discrimination between the sexes in all rights and duties, namely the amended Articles 8, 9, 17, 19, 74, 80, 81, 83, 93, 181, 180, 214 and 244.

There are many laws that support gender equality and women's empowerment, such as *Law No. 10 of 2004* regarding the establishment of family courts that are specialized in handling family matters (known in Egypt as *Personal Status Law*). *Law No. 11 of 2004* established the Family Insurance Fund, which guarantees the implementation of judgments issued on maintenance or alimony payments to a wife, divorcee, children, or relatives. The legislative changes also included an amendment of the Nationality Law in accordance with *Law No. 154 of 2004*, to enable Egyptian mothers to transmit their nationality to their children. In addition, the Child Law was amended in accordance with *Law No. 126 of 2008* to guarantee rights related to penalties for the marriage of a minor (under 18 years old), the right of a custodial mother to have jurisdiction over her children's education, the establishment of a nursery in each prison for the children of imprisoned women, and the amendment of issues of guardianship over money to provide care for incapacitated people and the safeguarding, supervision and management of their funds. *Law No. 64 of 2010* on combating human trafficking and *Law No. 23 of 2012* regarding the health system for female breadwinners were also issued.

Since 2014, Egypt has seen considerable legal momentum with regard to laws and decisions related to women. *Law No. 144 of 2020* was issued amending the House of Representatives Law (*Law No. 46 of 2014*), allocating women no less than 25 percent of the total number of seats. A presidential decree was also issued in 2015 regarding the protection of imprisoned mothers and their right to have custody of their children until they reach the

age of four, and to have visitation rights after this age. The *Civil Service Law*, (*Law No. 81 of 2016*), grants benefits to working mothers such as increasing paid maternity leave from three to four months. Some provisions of the Penal Code (*Law No. 58 of 1937*) were amended in accordance with *Law No. 6 of 2020*, which stipulates penalties for those evading alimony payments. All forms of bullying were also criminalized.

In addition, several important laws were amended to guarantee gender equality and women's empowerment in opportunities and rights, such as the Investment Law (*Law No. 72 of 2017*), the Comprehensive Health Insurance Law (*Law No. 2 of 2018*), the Rights of Persons with Disabilities Law (*Law No. 10 of 2018*), and the Inheritance Law (*Law No. 219 of 2017*) which amended the provisions of *Law No. 77 of 1943*. In addition, the Code of Criminal Procedure was also amended in order to protect victims' data.

These frameworks, laws and amendments all represent progress for women's rights, but these laws must be effectively implemented, in order for women to benefit from them. This is a challenge especially considering the customs, traditions and social norms that hinder change on these issues. If societal consensus on these habits remains, these legal changes will not be effective.

4.2 The strategic framework for promoting women's rights

The National Sustainable Development Strategy: Egypt Vision 2030, functions as a general and comprehensive framework for development in the country. It aims to achieve inclusive growth and build a just and unified society characterized by equality in economic, social and political rights and opportunities and with the highest degree of societal integration, while supporting various groups within society and achieving protection for the most vulnerable. The strategy considers the issue of

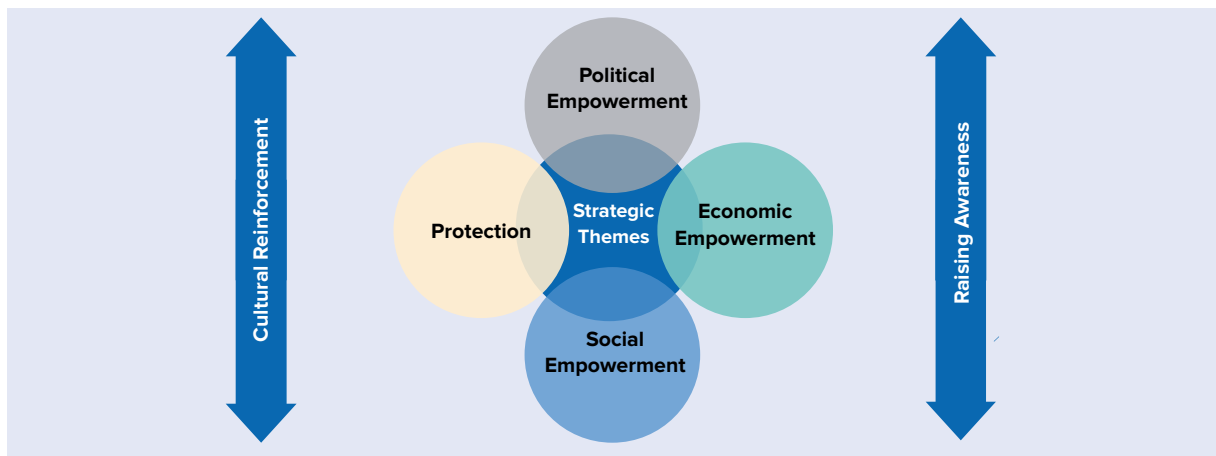
gender equality and women's empowerment a crosscutting issue that intersects with its other themes, which are related to economic development, education, health, social justice and others. In line with Egypt Vision 2030 and coinciding with the designated year of Egyptian Women in 2017, Egypt has adopted the National Strategy for the Empowerment of Egyptian Women 2030, which focuses on highlighting the role of women as a key driver in achieving sustainable development, in a country that guarantees their protection and economic, social and political opportunities in such a way that enables them to advance their capabilities. The strategy was prepared using a participatory approach that included both decision makers and citizens, with more than 100,000 people participating in the process.²

The National Strategy for the Empowerment of Egyptian Women 2030 includes four main pillars, all of which intersect with the issues of cultural promotion and awareness-raising. The first pillar concerns women's **political empowerment**, their roles in decision-making and leadership with the aim of stimulating women's political participation in all its forms, including legislative representation at the national and local levels, preventing discrimination against women in leadership positions in executive and judicial institutions, and preparing women to succeed in these roles. The second pillar focuses on **economic empowerment**; it aims to develop women's capabilities to widen their professional opportunities, to increase their participation in the labour force, and to achieve equal opportunities in terms of employing women in all sectors; including the private sector, entrepreneurship, and key positions at pub-

lic bodies and private companies. The third pillar of the national strategy concerns the **social empowerment** of women which aims to create opportunities for greater social participation by women, to expand their abilities to make choices, and to prevent practices that harm them or perpetuate discrimination against them, whether in the public sphere or within the family. The fourth and final pillar is **protection**, which aims to eliminate all forms of violence against women and any negative phenomena that threaten their life, safety, dignity, or prevent them from effective participation in all fields. This pillar also seeks to protect women from environmental hazards that may negatively affect them in economic and social terms.

In addition, the Government Action Programme outlines seven principles that seek to reduce gender disparities within the framework of the National Sustainable Development Strategy and the National Strategy for the Empowerment of Egyptian Women 2030. These principles are; equality before the law; political rights; educational rights - including equal educational opportunities and compulsory education laws; labour rights - including the right to hold public office and to equal pay; maternity protection - including the right to family planning, prohibition of Female Genital Mutilation (FGM) and child marriage, and laws regulating abortion; the amendment of rules to allow mothers and fathers equal rights to transmit their Egyptian citizenship; development of family arrangements - including consent to marriage, the right to sign upon marriage, enhanced custody rights for mothers, and an increase in the age of custody for sons and daughters.

Figure 4.1 Pillars of the National Strategy for the Empowerment of Egyptian Women 2030

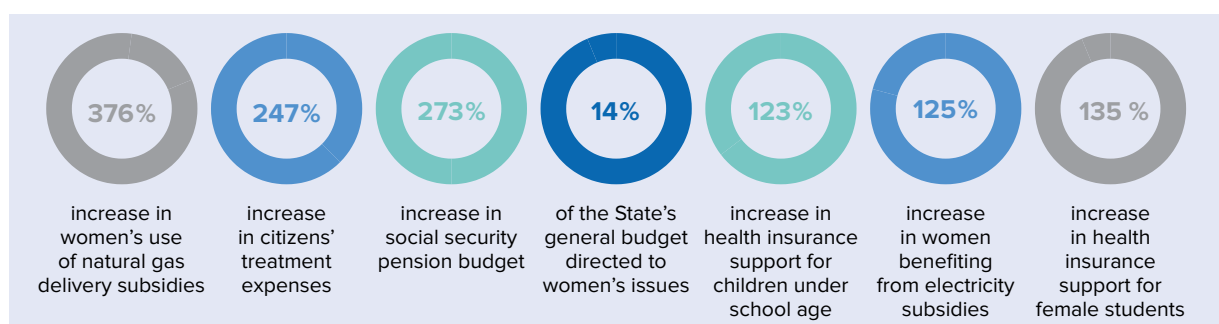


The third annual plan for sustainable development for 2020/2021, as part of the medium-term sustainable development plan for the period 2018/2019-2021/2022, emphasized the activation of women’s participation in the labour market, particularly in small and micro businesses which generate income for female breadwinners, especially in rural areas. It also reiterated focus on women’s health.³

It should be noted that Egypt’s implementation of programme and performance-based budgeting ensures that budgets are gender-responsive, and they aim to achieve equal opportunities for both sexes to benefit from programmes financed by the State’s budget. A report published by the Ministry of Planning and Economic Development on the main features of the gender-responsive budget indicated that 14 percent of the general budget during the period from 2015/2016 to 2019/2020 directly addressed women’s issues, as shown in Figure 4.2. The report indicated a growth in

cash support directed to women amounting to EGP 65.5 billion during the period 2015/2016 to 2019/2020 compared to the period from 2010/2011 to 2014/2015. During that same period, there was also a 204 percent increase in the number of families benefiting from cash support programmes to reach 3.8 million households in 2019/2020, where the majority of beneficiaries were women. The report also indicated that 830,000 female breadwinners were beneficiaries of health insurance, bringing the financial allocations to EGP 663 million during the period from 2015/2016 to 2019/2020, in addition to EGP 12 billion allocated for the medical treatment of women at public expense.⁴ It should also be noted that the first gender-responsive plan includes priority projects and performance indicators related to gender issues. The plan also directs all government agencies to integrate these issues into their annual plans, starting with the sustainable development plan for the fiscal year 2021/2022.

Figure 4.2 Main features of the gender-responsive budget, 2015/2016 to 2019/2020



Source: World Economic Forum (multiple years). Global Gender Gap Report.

Given that women's issues are intersectional in nature, it was necessary that an institutional entity coordinate these issues and act as the primary focal point. This pivotal role is played by the National Council for Women, which was established in 2000 by decree. *Law No. 30 of 2018* was passed to reorganize the Council, replacing the decree. The Council enjoys strong authority as a result of its direct reporting to the President. It is composed of 29 public figures, including representatives of persons with disabilities (PWDs), young people and rural women.

The role of the National Council for Women is to propose general policies that advance women's affairs and enable them to perform their role in society, to integrate their efforts in comprehensive development programmes, to develop a national plan to advance women issues and tackle their problems, to monitor and evaluate public policies relevant to the area, and to present suggestions and observations to the competent authorities in this regard. The Council also provides expert commentary on draft laws and legal decisions related to women's issues, recommends new laws and legal decisions that are necessary to improve women's conditions, provides an

opinion on all agreements related to women's issues and represents them in international forums and to organizations concerned with their affairs.

The National Council for Women has played a pivotal role in formulating policies and strategies to empower women politically, economically, and socially. It was the main driver behind the issuance of the National Strategy for the Empowerment of Egyptian Women 2030, and has also played a key role in the development of qualified women who have since assumed leadership positions within state institutions. In addition, the Council works on encouraging partnerships and strengthening the role of civil society and localities to contribute to the advancement of women in rural and urban areas, supporting their participation in public decision-making, and preparing them to participate in various councils, unions, and political parties. The Council also seeks to expand capacity-building at the central and local levels, leads the mission of raising awareness of women's issues, and ensures the effective coordination between different agencies, both governmental and non-governmental, to enhance the role of women in society.

Box 4.1 Egyptian women's observatory:

A tool to enhance monitoring and evaluation of women's policies

- In 2017, the National Council established the Egyptian Women's Observatory as a mechanism to follow up on the implementation of goals related to the status of women during the period 2017-2030. The Observatory represents one of the main tools that the Council relies on in monitoring indicators of the National Strategy for the Empowerment of Egyptian Women 2030, which reflects the extent to which its goals are permanently achieved, including enhancement of the process of its follow-up and evaluation, and the effective implementation of its objectives.
- The Observatory carries out its tasks by compiling the indicators' values and displaying them on its website, preparing a set of periodic reports on the status of Egyptian women, gender-based gaps, and listing and presenting laws related to women.
- Since its establishment, the Egyptian Women's Observatory has issued several reports that monitor the status of women's issues, such as monitoring policies and programmes that respond to women's needs during the Covid-19 pandemic, and reports related to monitoring the implementation of the role of various bodies for the objectives of the National Strategy for the Empowerment of Egyptian Women 2030, in addition to a set of reports that address specific issues such as health, information technology, economic issues, leadership positions, marriage and divorce.

Source: The National Council for Women.

Box 4.2 Efforts to mainstream a gender perspective in Egypt: equal opportunity units in ministries

- Within the framework of its work since the 2000s, the National Council for Women has drawn up plans to mainstream a gender perspective in Egypt through national plans, and this effort has been culminated in the National Strategy for the Empowerment of Egyptian Women 2030.
- The Equal Opportunities Units in the ministries are one of the important mechanisms that aim to mainstream a gender perspective. It is considered a national mechanism established in various government agencies with the aim of consolidating the principle of gender equality and equal opportunities in all institutions, in order to improve the conditions of Egyptian women in a way that supports their access to leadership positions and narrows the gender gap.
- The units work to provide statistical data on the situation of women in leadership positions, provide their share of benefit from the projects implemented by the ministries and their affiliated agencies, integrate the principle of gender equality and equal opportunities in the stages of preparation, planning, monitoring and evaluation of national strategies and plans, prepare studies and research in the field of women's empowerment and participate in raising awareness on the concepts of gender equality and the implementation of gender responsive budgets.
- 31 Equal Opportunity Units have been established at the level of ministries.

Source: The National Council for Women.

4.3 Empowering Egyptian women

The empowerment of Egyptian women is the cornerstone of achieving the comprehensive and balanced development that Egypt is working towards. In recent years, the issue of women's empowerment has received great attention at various levels. According to the Global Gender Gap Report for 2021, Egypt ranks fourth out of 19 countries in the Middle East and North Africa group with a total score of 0.639, ahead of Jordan, Lebanon, Turkey, Algeria, Bahrain, Qatar, Kuwait, Morocco, Oman, Mauritania, Saudi Arabia, Iran, Syria, Iraq and Yemen. This ranking is the highest place that Egypt has obtained during the past 10 years, up from eighth place in 2020 and 2019, ninth in 2018, tenth in 2017 and 2016, and 13th in 2010.⁵ The metric demonstrates that Egypt has significantly improved on these indicators compared to other countries in the Middle East and North Africa.

The following section reviews the political, economic and social dimensions of Egyptian women's empowerment, and uses the available data to outline the efforts made by Egypt on this issue, as well as the challenges these efforts face.

4.3.1 Empowerment and political decision -making positions

The political empowerment of women is considered one of the basic requirements for strengthening democracy. Enhancing the participation of women in decision-making improves policies directed not only to women, but to all parts of society, and serves to promote equality and equal opportunities. In Egypt's previous 2012 Constitution, women's rights were severely marginalized and undermined, resulting in a decline in their political contribution and role in society's decision-making processes. This Constitution did not explicitly guarantee a quota for women in elected bodies, and as a result, the number of women in parliament in 2012 was low (at just 2 percent) compared to 12.7 percent in 2010 when a quota system was applied.

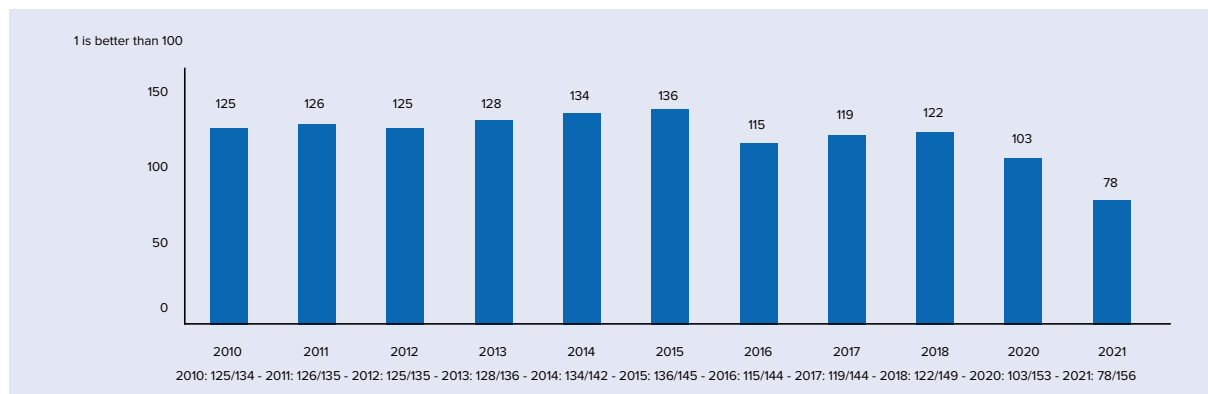
The subsequent 2014 Constitution restores women's rights and confirms their importance and centrality within society. The Constitution explicitly stipulates equality between men and women in civil, political, economic and social rights. It guarantees women the right to assume public and senior management positions and to be appointed to judicial authorities and bodies. It also guarantees adequate

representation for women in representative bodies: a quarter of the seats on local councils must be held by women, at least a quarter of the seats in the House of Representatives, and at least 10 percent of the total seats in the Senate. In 2020, when Senate elections were held, President Abdel Fattah El-Sisi appointed women to 20 percent of the one third of seats he is entitled to appoint. There were 20 appointed female senators in total, including for the first time a woman deputy speaker of the Senate. In the 2020 elections for the House of Representatives, the number of women to secure seats was 162, or 28 percent of the total. This was an increase over the numbers from the previous parliamentary session, when women made up 25 percent of the body. In total, 14 percent of Senate members are women, as are 25 percent of cabinet ministers, 27 percent of deputy ministers, and 31 percent of deputy governors.

The political empowerment theme of the National Strategy for the Empowerment of Egyptian Women 2030 is based on political participation, increasing women’s participation in elections, achieving gender balance in parliament, and non-discrimination in participation in decision-making through appointment to and promotion within judicial bodies, executive authorities, and other public entities.

Figure 4.3 reflects the progress made on the political empowerment of women in Egypt, outlining Egypt’s increasing ratings on the Political Empowerment Subindex of the Global Gender Gap Report. The status of women’s political empowerment in Egypt has improved in recent years starting from 2016, despite the relatively low ratings in 2017 and 2018, and its high score in 2021 demonstrates the effectiveness of efforts made on this issue. In 2021, Egypt’s ranking reached 78 out of 156 countries, the best ranking the country has achieved over the past 10 years.

Figure 4.3 Egypt’s ranking on the Political Empowerment Subindex of the Global Gender Gap Report, 2010-2021



Source: World Economic Forum (multiple years). Global Gender Gap Report.

Table 4.1 shows the rankings of selected middle-income countries on the Political Empowerment Subindex in 2021, including countries

that precede Egypt on the Human Development Index.⁶

Country	Rank (out of 156)	Country	Rank (out of 156)
South Africa	14	Kenya	79
Bolivia	34	Indonesia	92
India	51	Pakistan	98
Tunisia	69	Morocco	113
Egypt	78	Jordan	144

Source: World Economic Forum (2021). Global Gender Gap Report.

Despite this significant progress, Egypt continues to work towards improving empowerment mechanisms, especially regarding the appointment of women to senior and leadership positions, where there is still a large gender gap. Table 4.2 illustrates this gap, showing that women make up about 10.5 percent of positions related to legislation and senior officials, about 6 percent of directors of state institutions, and about 25.5 percent of general managers.

Positions	Males	Females	Total
Legislators and senior officials	128	15	143
Directors of state institutions	28,272	1,818	30,090
General managers	354	121	475
Total	28,754	1,954	30,708

Source: Central Agency for Public Mobilization and Statistics (2019). The national statistical report to follow up on the indicators of Sustainable Development Goals 2030 in Egypt.

Many efforts are being made on this issue; on judicial bodies, Egypt has put in place a number of mechanisms, including setting cri-

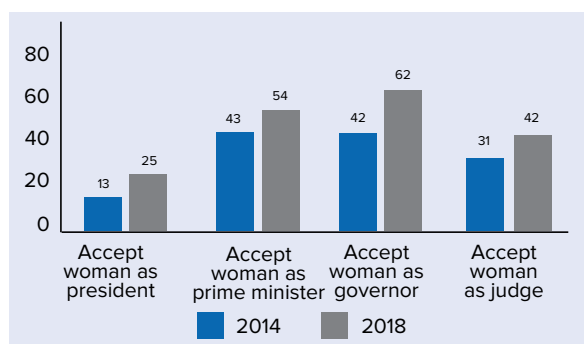
teria for selecting candidates for judicial positions that avoid discrimination against women and prioritize competence. Women are now beginning to be appointed in all bodies and levels of judicial institutions.

These efforts are clearly reflected in presidential directives to the Ministry of Justice regarding the appointment of women to the State Council and the Public Prosecution, in line with constitutional provisions that guarantee equality between citizens. This is evident particularly in Article 11, which stipulates that the State guarantees women the right to be appointed to judicial bodies and authorities, and this confirms the eligibility of Egyptian women to hold diverse positions. In terms of leadership positions within executive bodies and enhancing their performance, there has been an increase in the number of women occupying the positions of minister, deputy minister, assistant minister, governor, and deputy governor, as well as leadership positions at the local level such as village chief, district chief, and city chief. This has been achieved through the development of integrated programmes for young female leaders that prepare them to assume these positions and train them to carry out their duties. Work systems have also been put in place to ensure the representation and participation of women in the process of planning and drafting policies and budgets at the national, local and sectoral levels.

The degree of women's political empowerment is usually related to the citizens' awareness and acceptance of having women in decision-making positions. Figure 4.4 shows the results of a survey conducted by the Egyptian Centre for Public Opinion Research (Baseera), on Egyptians' perceptions of women's appointment to leadership positions. The results showed a noticeable improvement in public awareness of the role of women. This improvement provides an enabling environment for work on increasing the percentage of women occupying leadership positions.

Figure 4.5 present some numbers highlighting efforts on political empowerment of women in recent years, including representation in parliament, local administration, judicial bodies, women's participation in elections, and the share of female ministers and deputy ministers, among others.

Figure 4.4 Acceptance of women holding political leadership positions, 2014-2018 (%)



Source: National Council for Women et al. (2019)

Continuing these necessary efforts, which require changing social norms, clearly takes a long time and requires continuity and coordination between the various authorities and awareness of the importance of women's participation and empowerment in terms of its benefit for all other groups.

Table 4.3 shows the distribution of women in leadership positions in local administration, broken down by governorate. The table shows that the highest rate of women's representation in public leadership positions is in Alexandria, at 56 percent, followed by Assiut, at 50 percent, by Giza at 41 percent and then Menoufia and Qalyubia at 38 percent each. Six governorates in total lack any women in leadership positions: Kafr El-Sheikh, Beheira, Ismailia, Aswan, Matrouh, and South Sinai. These figures represent a good basis for the National Council for Women and other insti-

tutions working on this issue to advance on evidence-based policies and programmes, aimed at increasing women's representation in all governorates and reducing geographical disparities. The causes of these disparities should be researched and they can then be targeted with interventions designed around their particular social and economic contexts.

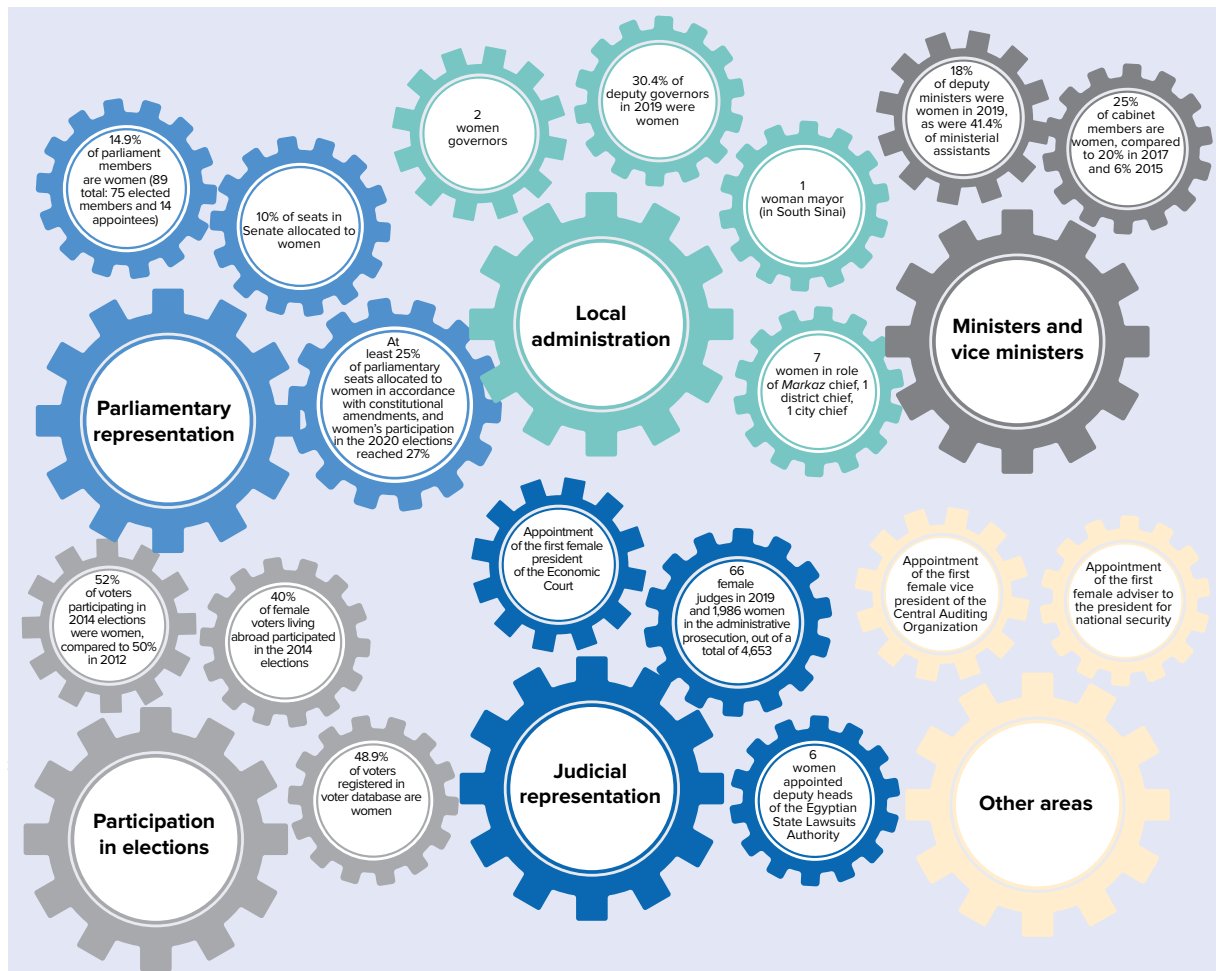
Table 4.3

Share of women in public leadership positions, by governorate (%)

Governorate	Share of women in public leadership positions	Governorate	Share of women in public leadership positions
Cairo	33	Beni Suef	8
Alexandria	56	Fayoum	13
Port Said	33	Minya	35
Suez	20	Assiut	50
Damietta	36	Sohag	17
Dakahlia	15	Qena	10
Sharqia	21	Aswan	0
Qalyubia	38	Luxor	13
Kafr El-Sheikh	0	Red Sea	19
Gharbiya	16	Al-Wadi Al-Jadid	13
Menoufia	38	Matrouh	0
Beheira	0	North Sinai	14
Ismailia	0	South Sinai	0
Giza	41		
National average		24%	

Source: National Council for Women (2018). Follow-up report on the role of ministries, universities and various agencies in implementing the National Strategy for the Empowerment of Egyptian Women 2030

Figure 4.5 Political empowerment of Egyptian women in numbers



4.3.2 Economic empowerment

The sustainability of economic growth depends on its inclusive nature, meaning the participation of all members of society, especially women, in the growth process. There is no doubt that increasing women's participation in the labour market, providing them with opportunities, while empowering them economically, will contribute to achieving higher rates of economic growth, as confirmed by many reports produced by international organizations. Policy makers must therefore formulate policies that help empower women through access to quality education, health services, and easy access to public services.

The economic empowerment pillar of the National Strategy for the Empowerment of Egyptian Women 2030 aims to fundamentally address the factors affecting women's economic empowerment by developing their capabilities to widen their professional oppor-

tunities, increasing their participation in the labour force, and working towards achieving equal opportunities for women in all sectors, including the private sector and in entrepreneurship. The strategy identifies several mechanisms for women's economic empowerment. These mechanisms include developing investment policies and management and financing systems that incentivizes the private sector to commit to an appropriate representation of women on corporate boards; implementing one-stop-shop systems for female investors; expanding experimental efforts to establish economic cooperatives directed at women; providing financial services for initiatives to encourage savings, group lending for women, and the development of banking and non-banking financial services directed at women, as well as increasing women's awareness of these options, including loans to small businesses, via different forms of media; and developing public procurement and supply

policies to ensure women-owned businesses receive a fair share of the business.

Much effort has been made to promote the economic empowerment of women, and such efforts have had a positive impact. For example, Egypt is the first Arab country to apply the Gender Equality Seal Certification Programme in private and public institutions. This programme provides guidance to Egyptian companies on how to address the challenges facing women, such as access to work, gender wage gap, sexual harassment, work-life balance, and access to leadership positions. Around 10 private companies have been evaluated for certification and one government agency, the Micro, Small and Medium Enterprises Development Agency (MSMEDA), was awarded the seal in 2019.⁷

In addition, Egypt has launched the Closing the Gender Gap Accelerator initiative in cooperation with the World Economic Forum, the first country in Africa or the Middle East to do so. This initiative is a model for cooperation between the public and private sectors to enhance their efforts in bridging the gender gap in various fields. It works to support leaders within the business community and the public sector to develop innovative paths to achieve gender parity, enhance diversity and inclusion, and improve the ability of individuals and families to develop their living conditions through economic mobility, by achieving four main goals. These goals are to prepare women for the labour market in the wake of the COVID-19 pandemic, to close the gender wage

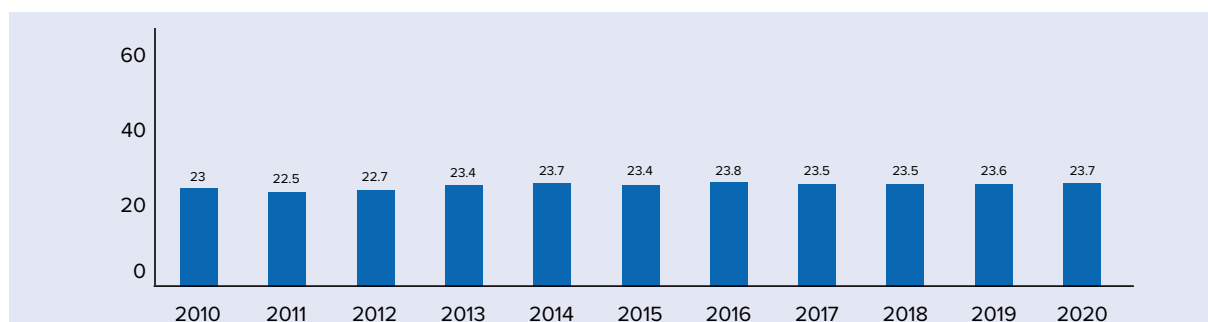
gaps between and within sectors, to empower women to participate in the workforce, and to boost the number of women in managerial and leadership positions. Four major private companies and around 100 smaller firms are participating in the accelerator initiative, in addition to experts from civil society.⁸

Regarding decisions and legislation supporting the economic empowerment of women, a number of ministerial decrees have been issued to boost women's economic empowerment. These have covered the right of women to work at night at their request, under the principle of equal opportunity, gender equality, non-discrimination at work and guaranteeing the right to health and social care. These decrees have also covered necessary measures and services related to work, such as safe transport, occupational safety, and the rights of working mothers.

Women and the labour market

In 2020, the World Bank estimated that women make up 23.7 percent of the Egyptian labour force, up from 23.5 percent in both 2017 and 2018 and from 23.6 percent in 2019. As Figure 4.6 shows, the lowest participation rate was in 2011, at 22.5 percent, and the highest was in 2016, at 23.8 percent.⁹ There has been slight improvement in the rate of women's participation in the labour market, which indicates that the policies put in place to empower women have begun to bear fruit, but further efforts are still needed to provide the right environment and opportunities for women.

Figure 4.6 Female labour force participation rate by share of total female population, 2010-2020 (%)

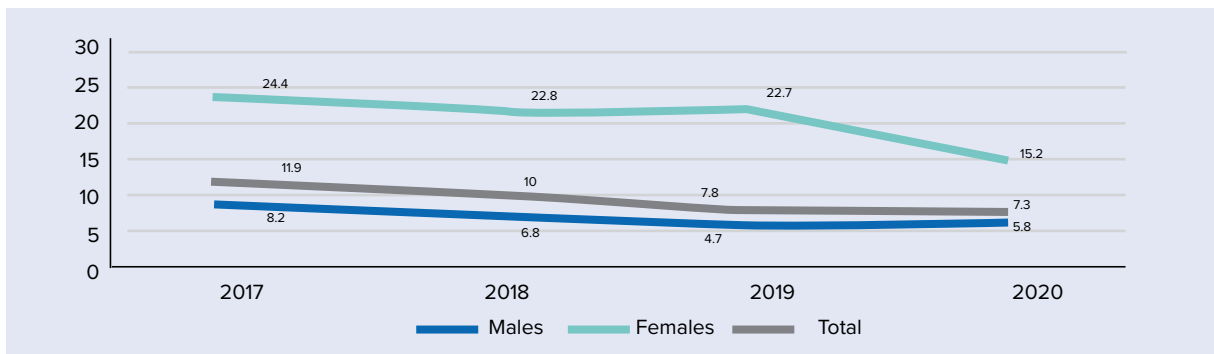


Source: World Bank database.

Figure 4.7 shows the significant increase in women’s unemployment compared to men, although the difference decreased during the period from the third quarter of 2019 to the third quarter of 2020. Overall unemployment rates witnessed a successive decline from 11.9 percent in 2017 to 7.3 percent in 2020.

Women’s unemployment followed the same trend, decreasing from 24.4 percent in 2017 to 15.2 percent in 2020. However, men’s unemployment decreased from 8.2 percent in 2017 to 4.7 percent in 2019, but rose to 5.8 percent in 2020.

Figure 4.7 Unemployment rates by gender (measured in third quarter of each year) (%)

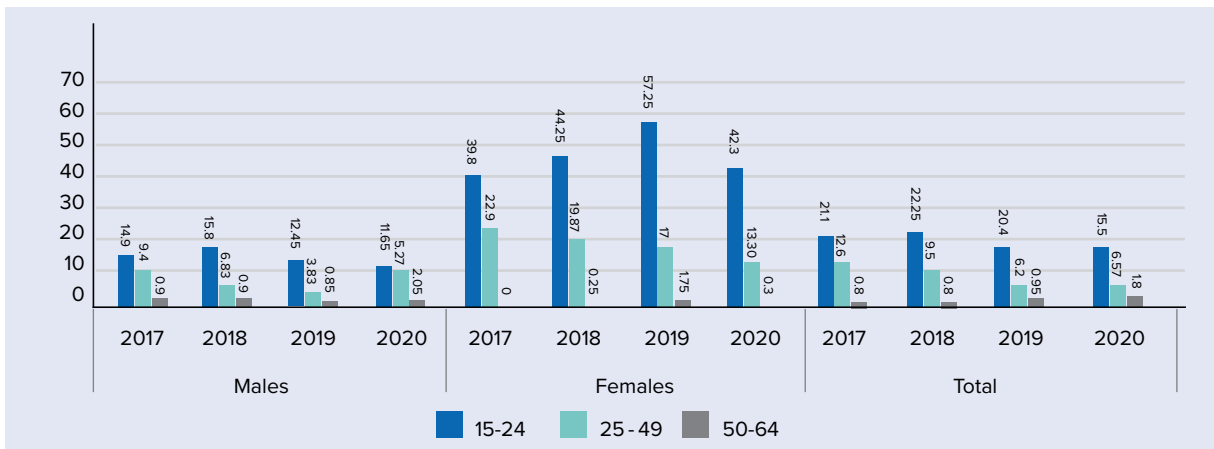


Source: Ministry of Planning and Economic Development (2020).

Looking at Figure 4.8, which shows unemployment rates according to age group, it appears that, in general, the highest unemployment rates are among Egyptians aged 15 to 24, for both genders. This may reflect the difficulty of moving from school to work for newcomers to the labour market. Also notable is that the

increase in men’s unemployment rates in the third quarter of 2020 compared to the same quarter of 2019 (Figure 4.7) is mainly driven by an increase in unemployment among men in the age groups 25 to 49 and 50 to 64, while men aged 15 to 24 saw a decrease in unemployment.

Figure 4.8 Unemployment rates by age groups and gender (measured in third quarter of each year) (%)

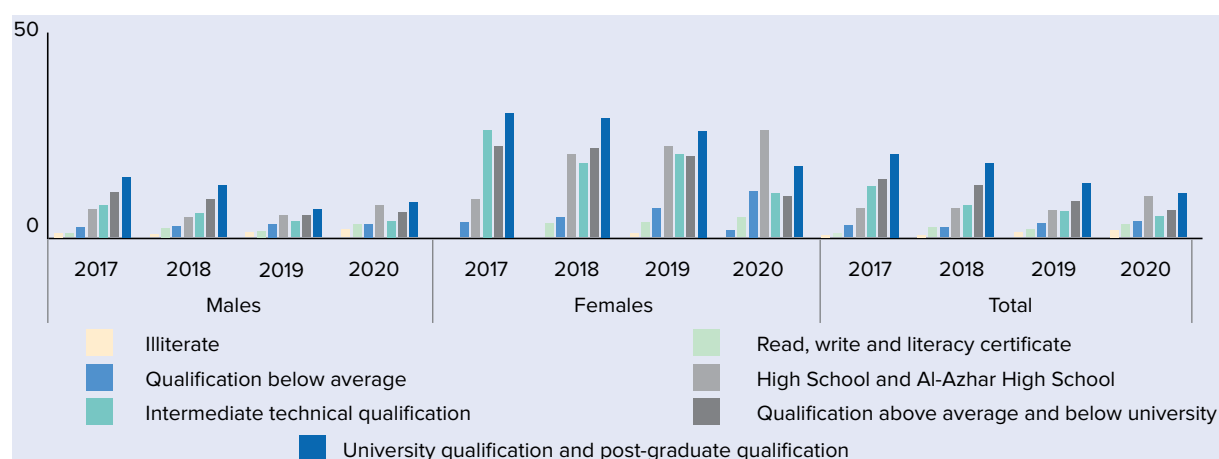


Source: Ministry of Planning and Economic Development (2020).

Figure 4.9 shows a decrease in overall unemployment rates in the third quarter of 2020 compared to the same quarter of 2019, attributable to the decrease in unemployment rates among workers with intermediate technical skills, first-tier technical skills, undergraduate

and postgraduate qualifications. This is mainly driven by the decrease in women's unemployment rates at these educational levels, while men's unemployment rates increased at all levels of education between the third quarter of 2019 and the third quarter of 2020.¹⁰

Figure 4.9 Unemployment rates by educational status and gender (measured in third quarter of each year) (%)



Source: Ministry of Planning and Economic Development (2020).

Table 4.4 shows the 2019 unemployment rates by governorate. The Red Sea governorate recorded the highest unemployment rate among women, at 52.5 percent, followed by North Sinai at 48.8 percent, Luxor at 43.5 percent, Matrouh at 40.7 percent and

Damietta at 39.3 percent.¹¹ Hence, there is a need to develop plans that target women and enhance their employment opportunities in these governorates, especially those in Upper Egypt.

Governorate	Males	Females	Total	Governorate	Males	Females	Total
Cairo	7.9	25.6	11.4	Beni Suef	1.6	16.4	5.2
Alexandria	7.8	24.2	10.9	Fayoum	2.7	7.6	3.5
Port Said	8.8	25.7	12.7	Minya	2	19.2	4.6
Suez	11.8	27.7	15	Assiut	3.4	25	5.8
Damietta	16.5	39.3	21.1	Sohag	2.8	25.1	5.1
Dakahlia	3	19	5.5	Qena	3.2	21.9	4.8
Sharqia	4.1	34.1	10.2	Aswan	7.4	23	10.5
Qalyubia	6.1	19.8	8.9	Luxor	1.6	43.5	5.5
Kafr El-Sheikh	4	13.5	6.4	Red Sea	7.7	52.5	14.8
Gharbiya	3.9	14.6	6.5	Al-Wadi Al-Jadid	0.5	24.3	7.3
Menoufia	3.8	9.6	5.2	Matrouh	4.6	40.7	8.1
Beheira	4.5	19.8	7	North Sinai	6.6	48.8	15.6
Ismailia	3.5	25.8	8.7	South Sinai	0	0	0
Giza	5.3	24.1	7.9				
National rate	Males			Females			Total
	4.8			22.7			7.8

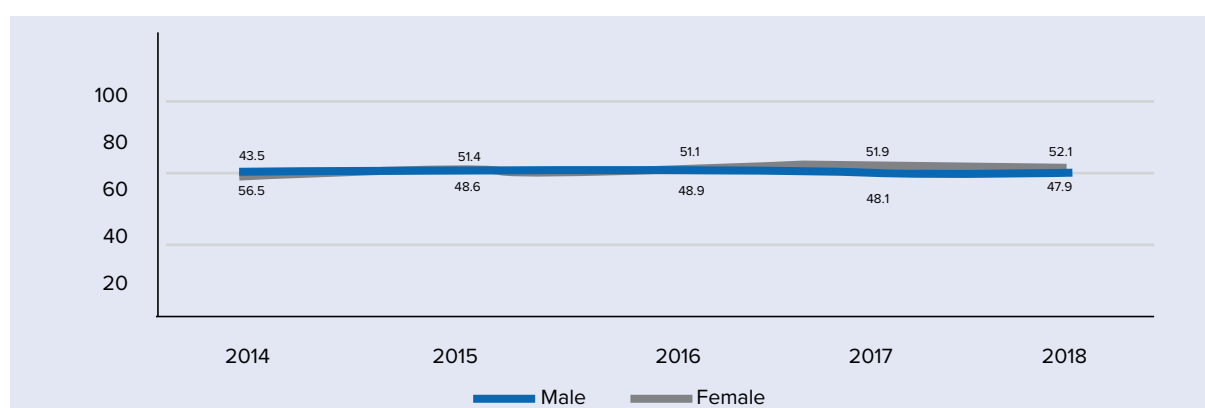
Source: Central Agency for Public Mobilization and Statistics (2020), Labour Chapter, Yearbook.

Despite the clear improvement in unemployment rates among women, they remain high compared to the rates among men, and the overall share of women's participation in the labour force is still low. This is despite the improvement in education enrolment rates in pre-university education and graduation rates in higher education. As Figure 4.10 shows, women outnumber men among graduates of higher education.¹² The percentage of female graduates was 52.1 percent in 2018, up from 43.5 percent in 2014. These rates do not correspond to the labour market rates shown in Figure 4.6, which indicates a decline in the rates of female participation.

Women also made up a higher proportion of students enrolled in postgraduate studies in 2017/2018, as shown in Figure 4.11. Among students of diplomas and masters programs,

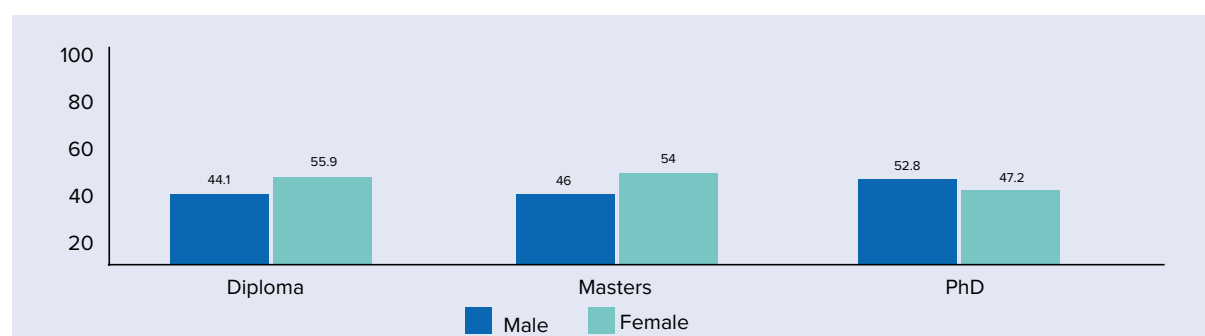
55.9 percent and 54.1 percent are women, respectively. At the doctoral level, men make up 52.8 percent of students and women 47.2 percent. This discrepancy may be due to a number of factors, the most important of which are cultural norms. A study prepared by the National Council for Women concluded that the low participation of women in the labour market, despite their high rates of education, is due to cultural legacies and the role that women play in supporting their families. On the demand side, the study indicated that the low rate of women's participation in the labour market is due to the lack of family-friendly employment opportunities available to women, especially with the shrinking of the public sector and the unwillingness of the private sector to employ women and invest in building their capabilities, given the high cost.¹³

Figure 4.10 Gender breakdown of higher education graduates, 2014-2018 (%)



Source: Central Agency for Public Mobilization and Statistics (2018), Graduates of Higher Education and Scientific Degrees.

Figure 4.11 Gender breakdown of students enrolled in graduate studies at universities and institutes, 2017/2018 (%)



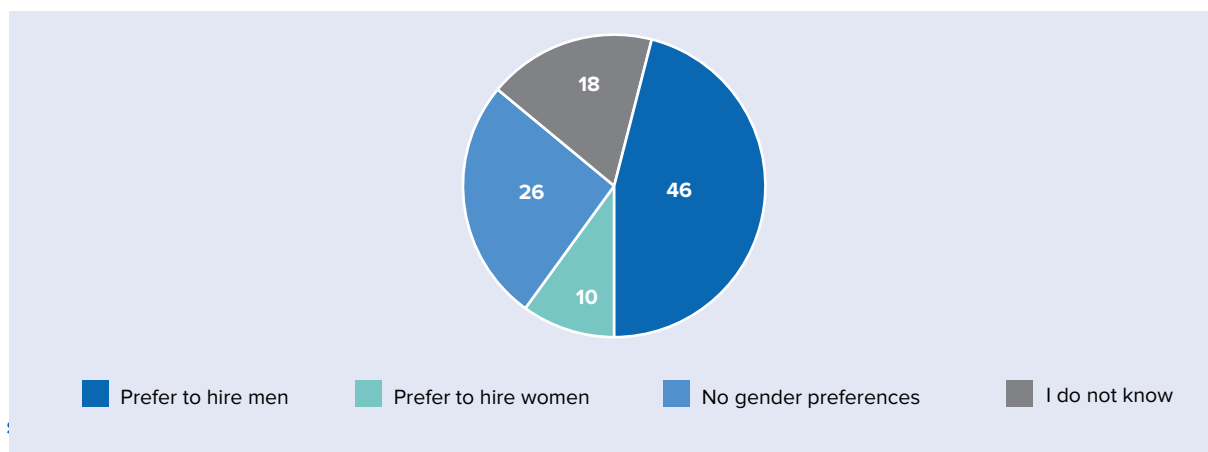
Source: Central Agency for Public Mobilization and Statistics (2018), Graduates of Higher Education and Scientific Degrees.

Rural women contribute significantly to the agricultural sector, which is one of the most important economic sectors in the country. In Egypt, the concept of rural women encompasses women who live in rural and desert environments, which includes about 4,625 villages and their dependencies. These women make up an estimated 27.8 percent of the population. Statistics from 2017 indicate that 53.8 percent of rural women are employed in the agricultural sector, forestry, logging, or fishing. Women also participate in most agricultural tasks and stages of agricultural production. The unemployment rate among rural women was 18.8 percent in 2017, compared to 7.1 percent among men.¹⁴

Egypt has implemented a national development programme that has benefited nearly 18,000 women, which includes providing soft loans to rural women through the Local Development Fund, and providing training and technical assistance to support them in micro and small-sized enterprises and handicrafts.¹⁵

A survey carried out by polling firm Baseera in 2018, in cooperation with the National Council for Women and the World Bank, looked at the living conditions and opportunities for rural women. Based on a sample of 1,054 rural women over 15 years old, it showed that 26 percent of rural women had not attended school, around 39 percent had attained an educational level less than the vocational and technical training, while 28 percent had attained vocational or technical training or higher and 6 percent attained a university degree. Of the women surveyed who were not higher education graduates, about 33 percent had not gone on to higher education due to marriage, 27 percent due to financial circumstances, 11 percent did not want to, and 9 percent did not do so because of customs and traditions.¹⁶ This survey also showed, as illustrated in Figure 4.12, that 46 percent of women believe that recruiters prefer to hire men, while only 10 percent believe that recruiters prefer to hire women.

Figure 4.12 Rural women’s perception of recruiters’ gender preferences (%)



Source: National Council for Women et.al. (2018).

Women’s participation in different economic sectors

The percentage of women on company boards is one of the most important indicators of the extent to which women are empowered to lead and be involved in decision-making. In 2018, the share of women on the boards of directors of firms in the banking sector was 11.4 percent; for companies listed on the stock market it was 10.2 percent and

for public companies, 8.3 percent. Among public companies, the pharmaceutical sector has the highest representation of women, at 22 percent of board members.¹⁷

Table 4.5 shows women’s participation in the public administration sector in 2019. The share of female employees in the public administration sector and in public companies appears low, at 12.4 percent in 2018. This figure rose slightly to 13.3 percent in 2019. Among sec-

tors, health, social and religious services sector had the largest participation of women, at 34.2 percent, followed by the finance and economy sector at 30.2 percent, and agriculture, public works and water resources sector at 22.7 percent. The housing and construction sectors saw the lowest rates of female participation, at just 6.7 percent. It should be noted that the Financial Supervisory Authority has obligated companies listed on the Egyptian stock exchange to have at least one female member on their boards of directors, according to decrees number 123 and 124 of 2019.¹⁸

With regard to government bodies, Table 4.7 indicates that the number of female employees had reached 25.4 percent in 2016/2017, up from 20.1 percent in 2015/2016. One of the possible reasons for this rise is that women prefer to work in the governmental sector due to its stability and favourable environment. There are also more opportunities for leadership positions and advancement compared to the private sector, as the working conditions in the private sector usually do not meet the requirements for women related to

job security and working hours.¹⁹ A study by the National Council for Women indicates that working women in Egypt suffer from many challenges, including low wages and limited opportunities for advancement.²⁰

It should be noted that the Civil Service Law (*Law No. 81 of 2016*) enhances women's rights at work, guaranteeing them the right to apply for public positions in units of the State's administrative apparatus according to merit and without discrimination. It also gives women working in the civil service the right to promotion on the basis of seniority and performance and guarantees women the right to apply for leadership and supervisory positions. In addition, the law also guarantees women the right to apply for part-time work for three days a week at 65 percent pay. The law also offers sick and emergency leave, four months maternity leave, childcare leave, a leave to accompany a spouse or a patient, and to take leave on test days (for female employees enrolled in academic programmes) and in some cases to reduce the number of daily working hours.²¹

Sectors	2018			2019		
	Male (%)	Female (%)	Total	Male (%)	Female (%)	Total
Agriculture, public works and water resources	73.4	26.6	17,321	77.3	22.7	22,412
Industry, petroleum and mineral resources	89.3	10.7	201,298	88.7	11.3	183,775
Electricity	87.9	12.1	12,990	87.3	12.7	127,420
Transportation	92.0	8.0	50,480	92.0	8.0	48,711
Supply and internal trade	82.5	17.5	34,148	82.5	17.5	30,367
Finance and economy	75.2	24.8	62,666	69.8	30.2	70,063
Housing and Construction	93.8	6.2	222,091	93.3	6.7	212,163
Health, social and religious services	64.6	35.4	26,893	65.8	34.2	24,061
Culture and media	83.1	16.9	1,968	83.0	17.0	1,901
Tourism and aviation	84.0	16.0	47,465	84.1	15.9	45,746
Defense, security and justice	89.5	10.5	24,498	89.6	10.4	24,579
Total	87.6	12.4	818,788	86.7	13.3	791,198

Source: Central Agency for Public Mobilization and Statistics (2020), Labour Chapter, Yearbook.

Tables 4.6 and 4.7 show that, in government bodies, women make up more of the workforce in urban areas, at 41.8 percent, than in rural areas, at 28.3 percent.²² This may reflect the importance of working in the government sector for women, as it is more suitable for their circumstances than the private sector in terms of working hours and the application of regulations and laws. However, it is clear that rural areas see a major discrepancy between genders, and this may be due to the nature of work in the countryside for women, which is dominated by work related to agriculture and other activities. In the pri-

ivate sector, the data shows the low participation rate of women; 14.8 percent for women inside establishments, and 13.3 percent women outside establishments. These low rates of participation indicate that the private sector should deploy more efforts to understand the unique challenges that women face in terms of working environment, including whether their regulations and rules are commensurate with women's conditions, the relevant laws, and the cultural norms that dominate society, and are then reflected in the idea of women occupying jobs in the private sector.

Table 4.6								
Percentage of employed people (15 years and over) in rural and urban areas, by sector and gender, 2018 (%)								
Location	Gender	Sector (%)						Total (%)
		Public	General	Private		Investment	Other	
				Inside establishments	Outside establishments			
Urban	Males	58.2	85.7	84.9	93.6	83.2	68.3	81.2
	Females	41.8	14.3	15.1	6.4	16.8	31.7	18.8
Rural	Males	70.7	93.9	85.5	84.3	90.8	66	82.2
	Females	28.3	6.1	14.5	15.7	9.2	34	17.8
Total	Males	65	89.3	85.2	86.7	86.4	67.2	81.8
	Females	35	10.7	14.8	13.3	13.6	32.8	18.2

Source: The percentages were calculated according to the figures issued by the Central Agency for Public Mobilization and Statistics. (2019). Compiled Annual Bulletin of Manpower Research.

Table 4.7					
Employees in the government, by gender (%)					
Fiscal year 2015/2016			Fiscal year 2016/2017		
Males (%)	Females (%)	Total	Males (%)	Females (%)	Total
79.9%	20.1%	5,771,915	74.6%	25.4%	5,022,821

Source: Central Agency for Public Mobilization and Statistics (2019). Yearbook.

Women and microfinance

A large number of women are employed in Egypt's informal sector, including self-employment in small and micro-sized enterprises. It is worth noting that the Investment Law, (*Law No. 72 of 2017*), promotes equality in invest-

ment opportunities and therefore confirmed the right of women to access investment opportunities without discrimination. *Law No. 152 of 2020* regarding the development of micro, small and medium-sized enterprises also provided incentives and tax and customs exemptions for these businesses, which has

greatly benefited women. It is clear that Egypt is making efforts to enhance the economic empowerment of women through the provision of microfinance. As Table 4.8 shows, the values of microfinance balances affiliated with the Financial Supervisory Authority, and the number of beneficiaries, grew in the second quarter of 2020 compared to the same quarter of the previous year. Women also held the largest share of microfinance balances, and the number of female beneficiaries at the end of the second quarter of 2020 stood at about 1.97 million, with financing balances of EGP 8.19 billion. This is up from about 1.93

million beneficiaries at the end of the second quarter of 2019, and a financing balance of EGP 6.82 billion.

Male beneficiaries, by contrast, amounted to about 1.1 million in the second quarter of 2020, with financing balances of EGP 9.03 billion, compared to about 1 million beneficiaries at the end of the second quarter of 2019, with a balance of EGP 6.97 billion.²³ Both men and women have seen large increases in financing, which reflects the level of support for small businesses, and a recognition of their role in promoting economic growth and reducing poverty.

Beneficiary Type	End of the second quarter of 2019				End of second quarter of 2020			
	Number of Beneficiaries	Percentage (%)	Funding balances in EGP	Percentage (%)	Number of beneficiaries	Percentage (%)	Funding balances in EGP	Percentage (%)
Males	10,047,91	34.23	6,971,997,651	50.55	11,256,46	36.26	9,031,141,840	52.44
Females	19,302,44	65.77	6,821,427,419	49.45	19,790,17	63.74	8,191,046,696	47.56

Source: The Financial Supervisory Authority (2020), the report of the second quarter of 2020 on microfinance activity.

Box 4.3 Egyptian women's guide to entrepreneurship

- In the context of promoting women's economic empowerment and encouraging innovation and entrepreneurship, the National Council for Women, the Egyptian Centre for Economic Studies, and Canadian Aid have prepared the Egyptian Women's Entrepreneurship Guide, with the aim of promoting economic empowerment of Egyptian women. The guide was prepared in the colloquial language to facilitate the assimilation of the information available therein. The National Council for Women participated in the preparation of training courses on the guide in cooperation with the Centre.



- The guide aims to build the capacities of women who want to start establishing a project to help them generate a suitable income, in addition to helping women who already have a project and want to expand it, or who face problems in implementing it, by providing advice and directions through this guide.
- The guide is divided into four main parts, the first of which includes how to enter the world of business and the basic information that women need to enter it, and the second part includes an explanation of the project stages and the services related to each of them, and data on where to provide these services. The third part includes a detailed explanation of the steps for establishing the project, and the fourth part deals with an information bank that includes the names and means of communication of all the parties that women can deal with in the project stages.

Source: Micro, Small and Medium Enterprises Development Agency

Table 4.9 shows the funding provided by the Micro, Small and Medium Enterprises Development Agency to micro and small-sized enterprises. In contrast to the Financial Supervisory Authority, the largest proportion of funding from this agency went to male-led projects. The table shows that the lending rate has increased over the past few years compared to the years 2010, 2011 and 2012, and that 2017 witnessed the largest number

of micro and small-sized enterprises for women. The table also shows that micro enterprises are the most favoured by women, with 48 percent owned by women (compared to 27 percent for small enterprises). This may be due to the ease with which women can manage these projects in terms of repaying loans. Also, micro enterprises can be set up by those most in need, who cannot meet the commitments involved in a small business.

Year	Small projects				Micro lending			
	Number of projects		Disbursements in EGP million		Number of projects		Disbursements in EGP million	
	Males	Females	Males	Females	Males	Females	Males	Females
2010	6,787	2,573	477	129	72,168	83,588	298	211
2011	13,282	4,670	999	273	61,951	65,033	279	193
2012	13,485	4,272	1,260	259	79,122	69,094	400	231
2013	9,403	3,126	1,529	251	97,791	67,487	553	311
2014	12,530	3,516	1,739	372.3	86,711	75,560	570.8	347.8
2015	14,954	4,389	2,570	504.3	104,870	83,406	900.8	513.2
2016	12,215	4,841	1,743	484.6	96,807	90,814	947	590
2017	11,206	4,955	2,093	722	114,781	121,216	1,333.5	935
2018	12,077	4,467	1,702	647	120,192	114,339	1890	1,237

Source: Central Agency for Public Mobilization and Statistics (2019), Statistical Yearbook, Social Welfare Chapter.

According to a the labour force survey carried out by CAPMAS in the first quarter of 2020, the number of self-employed workers was 3.527 million, including 3.171 million men and 356,000 women. Furthermore, the number of people who work at a family business or project without pay was 1.594 million, of whom 660,000 were men and 934,000 women.²⁴ These data indicate a significant increase in the number of women who are working without pay, which is usually the result of cultural norms and customs. More effort should be made to raise awareness of women's right to be paid for their work, even in family projects.

Women and financial inclusion

Egypt is a member of the international Alliance for Financial Inclusion through its central bank. The network seeks to encourage member countries to adopt financial inclusion policies with the goal of reducing poverty. Egypt has also adopted the Maya Declaration, which was issued in 2011 and is a general framework through which financial institutions set key goals for financial inclusion and integrate them into national policies. The Maya Declaration aims to contribute to the achievement of the SDGs, in particular the goal related to poverty reduction.

Financial inclusion for women is at the top of Egypt's priorities, whether in the Sustainable Development Strategy: Egypt Vision 2030, or in the National Strategy for the Empowerment of Egyptian Women 2030, which sets out the development of mechanisms to expand financial inclusion and women's access to various financial services. In the past few years, many efforts have been made to enhance financial inclusion for women, such as the signing of a memorandum of understanding between the Central Bank of Egypt and the National Council for Women on the promotion of financial inclusion. It aims to do so by raising savings rates and encouraging women's entrepreneurship by boosting their access to finan-

cial services, especially banking services. It also aims to increase financial awareness by spreading financial know-how among female school pupils and university students.²⁵ In addition, a digital savings and lending programme based on electronic wallets was launched. A media campaign dedicated to financial inclusion and increasing financial know-how and addressing harmful cultural norms was also carried out, benefiting about 119,170 women through 2019. Furthermore, the first phase of a training-of-trainers programme to raise awareness of financial inclusion was implemented, which benefited around 883 rural women nationwide.

Table 4.10
Egypt's progress on Global Financial Inclusion Index indicators (%)

Indicators Percentage of individuals above 25 years who...	2011		2014		2017	
	Males	Females	Males	Females	Males	Females
have bank accounts	13	7	19	9	39	27
have accounts in financial institutions	13	7	18	9	37	27
used the internet to pay bills in the past year	-	-	-	-	2	2
used the Internet to pay bills or to purchase products online in the past year	-	-	2	1	4	3
saved in financial institutions	1	1	4	4	9	4
own debit cards	8	3	13	6	29	21
own credit cards	2	1	3	1	4	3
sent or received transfers from Egyptians abroad	-	-	12	10	23	16
have bank accounts via mobile phone	-	-	2	0	3	1

Source: World Bank. Global Findex Database.

Despite the remarkable improvement in some of the indicators included in the Global Financial Inclusion Index shown in Table 4.10, the percentage of both men and women with

access to financial services is still low. There is also a clear gap between men and women in terms of these indicators, and although the percentage of women with bank accounts

increased from 9 percent in 2014 to 27 percent in 2017, this figure is still low compared to the figures for men, which increased from 19 percent in 2014 to 39 percent in 2017.

The table also shows the low number of people who use the Internet to pay bills, at just 2 percent for both genders, which may indicate poor financial literacy. The percentage of women with credit cards was also lower than that of men, going up from 1 percent in 2014 to 3 percent in 2017, compared to an increase from 3 percent to 4 percent among men. The figures for both genders, however, are low. The use of bank accounts via mobile phone was 2 percent for men in 2014 and 3 percent 2017, compared to an increase from 0 percent to 1 percent among women over the same period.

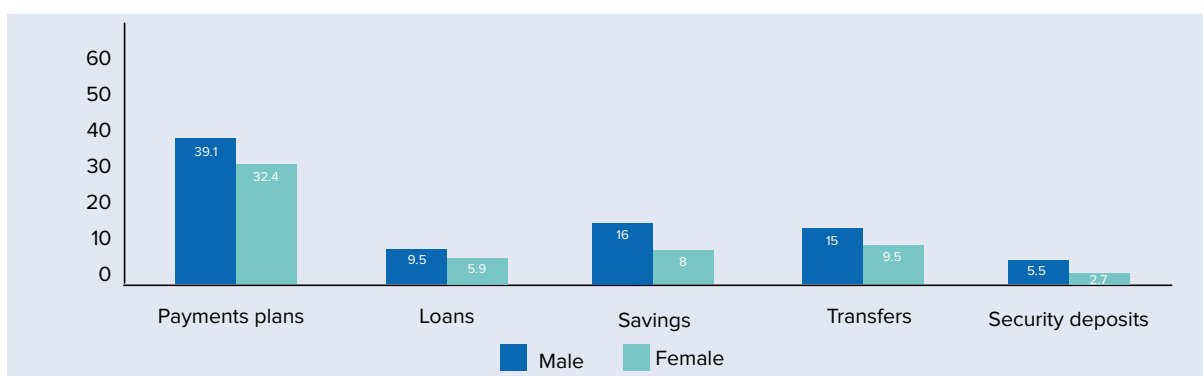
Consideration of the issue of women’s financial inclusion in Egypt requires addressing both supply and demand. On the supply side, one of the main challenges is the weakness of financial products and services to meet financial needs. On the demand side, there is a need to enhance women’s financial capabilities and improve financial knowledge and culture, in order to encourage women to

obtain and use financial products.²⁶ In general, there is a considerable challenge regarding the availability of data related to financial inclusion, but in 2018, the Central Bank of Egypt established a comprehensive database to collect and analyse data and information from the banking sector related to financial inclusion, in order to determine the real number of users of banking services.

In addition, in 2016, the Central Bank of Egypt prepared a supply-side gap analysis to measure financial inclusion, supplemented by a limited demand-side survey to verify the use of financial services. Figure 4.13 shows the use of financial services by type. As the figure shows, the gender gap in the use of financial services reaches half in some services, such as services related to borrowing, savings and insurance, which illustrates the need for more consistent policies aimed at enhancing women’s financial inclusion.

A survey conducted by Baseera at the beginning of 2017 found that 71.4 percent of women were excluded from financial inclusion efforts for a variety of reasons, compared to 63.9 percent of men.

Figure 4.13 Gender breakdown of financial service use by type, 2016



Source: AFI, Central Bank of Egypt and bridging the gap (2019). Integrating gender and women’s financial inclusion into the Central Bank Of Egypt’s (CBE) Framework: Case study.

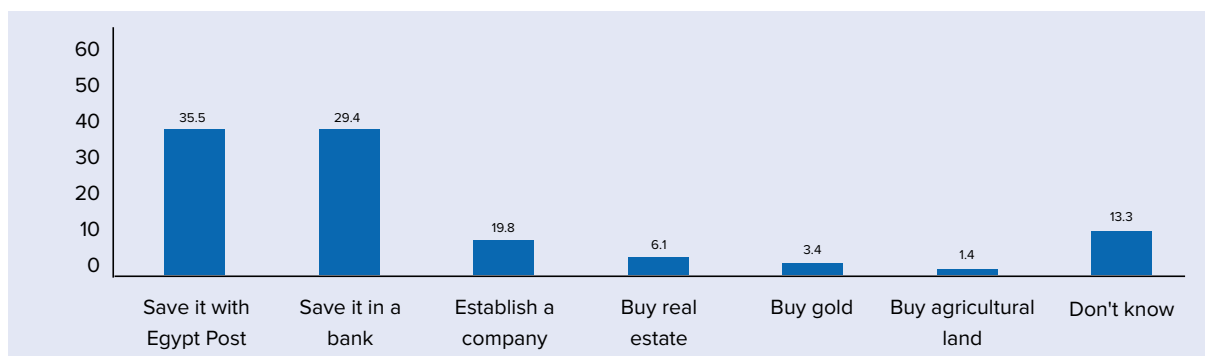
In addition, the 2018 survey of rural women carried out by Baseera, in cooperation with the National Council for Women and the World Bank, regarding the living conditions and opportunities for rural women, indicated

that about 20 percent of the women surveyed had bank branches in their villages, while 68 percent had branches of Egypt Post, the governmental agency responsible for the postal service and a provider of financial services.

According to Figure 4.14, the largest number of respondents, or 35 percent, said they preferred to keep their money with Egypt Post, followed by banks at 29 percent. These figures, though somewhat low, are a positive

indicator of women's awareness of the saving process via banking institutions. The least popular response was to store wealth via purchasing agricultural land, at 1.4 percent of respondents.²⁷

Figure 4.14 Rural women on what they would do if they wanted to safeguard money (%)



Source: National Council for Women (2018).

Use of mobile phones is one of the factors that boosts financial inclusion. Table 4.11 shows data regarding mobile phone users by place of residence and its type, showing the increase in the percentage of women who own mobile phones from 72.4 percent in 2013/2014 to 87.9 percent in 2017/2018. The breakdown for urban and rural areas is 82.4 percent and 74.2 percent respectively in 2013/2014, increasing to 91 percent and 86.7

percent in 2017/2018. This indicates the results of the targeting of women in recent years and the enhancement of communication services availability. The table also shows the narrowing of the gap between men and women with regard to the use of mobile phones, with the percentage of women reaching 87.9 percent in 2017/2018 compared to 89.2 percent for men in the same year.

Table 4.11					
Percentage of individuals (aged 6 and over) who own a mobile phone, by gender and place of residence (%)					
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Males	82.8	82.9	86.6	90.7	89.2
Females	72.4	79	82.9	84.2	87.9
Urban	82.4	83.6	88.6	90.5	91
Rural	74.2	78.9	81.8	85.2	86.7
Total	77.8	81	84.8	87.5	88.6

Source: Central Agency for Public Mobilization and Statistics (2019), The National Statistical Report to Follow up on the Indicators of the Sustainable Development Goals 2030 in Egypt.

As is clear from the above analysis, Egypt is exerting efforts to promote the economic empowerment of women (see Figure 4.15). Attention is paid to small and medium-sized enterprises because of their importance in

providing job opportunities for women, in addition focusing on the sectors that have a high rate of participation by women, such as agriculture, as well as strengthening the role of female investors. The emergence of the

COVID-19 pandemic in 2020 will likely have a positive impact on issues of financial inclusion and electronic transactions for Egyptian women. However, there is still a need to

continue formulating policies and plans that secure the greater integration of women into the economy.

Box 4.4 Efforts towards women's economic empowerment

The *Mastoura* programme was launched via Nasser Social Bank to provide financing to women, with the aim of transforming them from recipients of support into effective and productive components of society. A total of EGP 320 million has been disbursed to more than 19,000 beneficiaries, in addition to allocating 3,000 *Mastoura* loans for women with special needs, in order to integrate them into economic life.

In addition, Working Women's Service Centres were established with the aim of encouraging women to participate in the labour market. There are 41 centres in 22 governorates, and 195,000 beneficiaries. Development and expansion of nurseries for working women's children has also taken place, in order to ensure investment in early childhood.

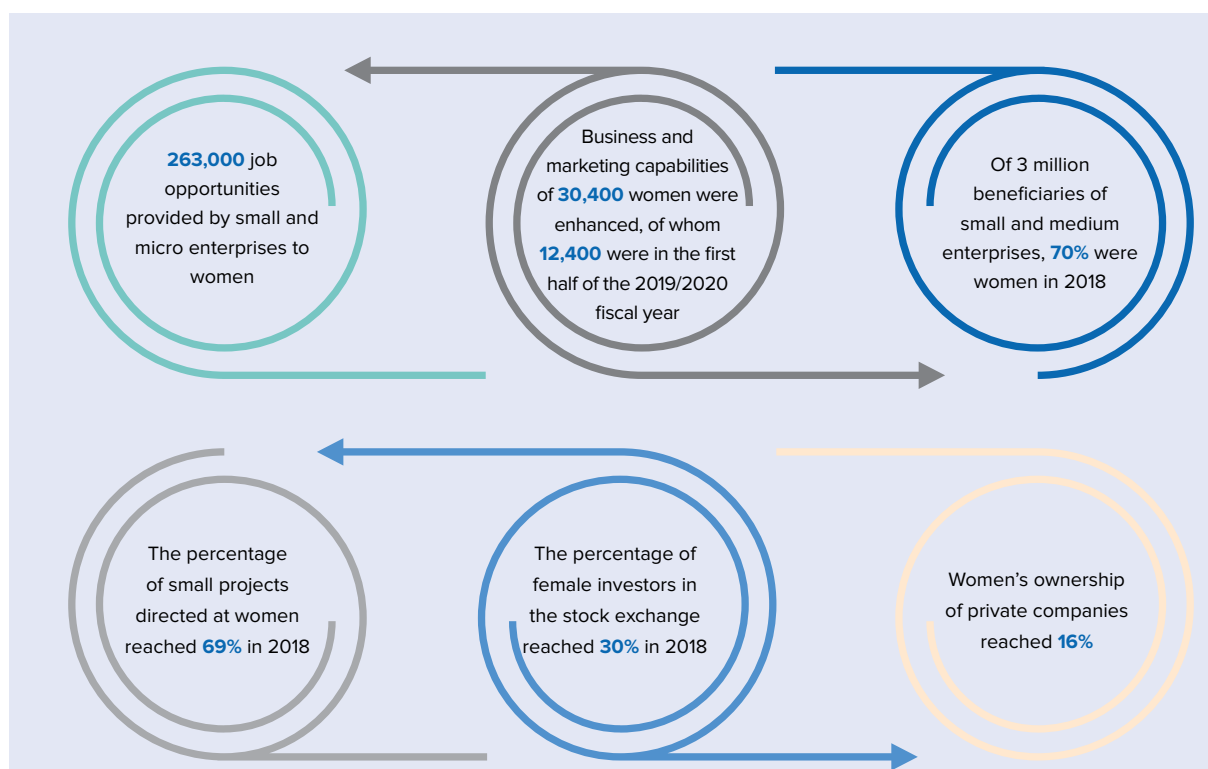
Projects including the Women and Work project, the *Provide Goodness* project, and the One Village One Product project, have been implemented to promote women's economic empowerment through information technology.

The *Adha Wadud* initiative has been launched to enable women to create handicrafts with an authentic Egyptian character, and to develop and promote their work.

The Egyptian Cotton from Planting to Harvesting initiative was launched to train women in improved harvesting, in order to increase cotton productivity.

Source: National Council for Women

Figure 4.15 Economic empowerment in numbers



4.3.3 Social empowerment

The National Strategy for the Empowerment of Egyptian Women 2030's social theme aims to achieve wider social participation by women; to maximize their ability to make choices; to prevent practices that perpetuate discrimination against them, whether in the public sphere or within the family; to provide legal support, family planning and reproductive health services; and to provide support for special groups. The strategy identifies a number of mechanisms to do so, such as the establishment of a network of counselling offices and legal services to support women, especially the poor, and to increase awareness of their rights or provide them with legal aid. It also includes activating the role of the Woman's Ombudsman Office of the National Council for Women, the first such channel for solving women's problems. Services for female prisoners have also been strengthened by providing them with the necessary health care, especially elderly prisoners, and by facilitating the procedures for female prisoners to see their children, especially those under 15 years old, and addressing other problems.

Women's health care

Health care is one of the most fundamental issues contributing to women empowerment. Egypt has seen a substantial increase in the use of family planning methods, up from 56 percent of women in 2000 to 60 percent in 2008, declining slightly in 2014 to 59 percent.²⁸ The percentage of women using family planning methods in Lower Egypt was 64 percent, compared to 50 percent of women in Upper Egypt. The fertility rate increased from 3 children per woman in 2008 to 3.5 children in 2014.²⁹ It subsequently declined, reaching 3.4 children in 2017, then to 2.9 children in 2020. These high fertility rates could negatively affect women's economic empowerment and their opportunities to participate in the labour market. In a 2018 survey of Egyptian women's perception of issues related to health and reproductive health conducted in November 2018 by Baseera, in cooperation with the National Council for Women and the World Bank, from a random sample of 1,120 women over 15 years of age, 54 percent of married women (aged 15-49) said their ideal

number of children was two or fewer, while 34 percent answered three children, 9 percent answered four or more children, and 4 percent answered it should be according to the family's capabilities and God's will. This is an improvement compared to the results of the 2014 health survey, in which 40 percent of married women wanted two or fewer children, 29 percent wanted three children, 27 percent wanted four or more, and 4 percent provided no answers.³⁰ This may be due to the governmental and non-governmental efforts at raising awareness on this issue and the availability of family planning services since 2014.

Reproductive health is one of the most important issues affecting economic and social development, as women who enjoy good reproductive health are more inclined to invest in health and education for themselves and their children. Given this, Egypt's National Population Council issued the National Reproductive Health Strategy 2015-2020 with three main themes. These themes include supporting and strengthening the health system to ensure the financial, political and institutional sustainability necessary for reproductive and sexual health services; raising societal awareness of reproductive and sexual health issues and urging the adoption of healthy reproductive behaviours and choices; and developing and supporting reproductive and sexual health programmes for adolescents and young people. The strategy faced a number of challenges, including lack of a clear concept of reproductive health among service providers, poor integration of services between different sectors, weak human capacities, especially with regard to doctors and nurses in Upper Egypt and the governorates located in Egypt's more remote border areas, and the limited availability of family planning methods. In health centres, problems included a poor quality of services, weak incentives for doctors, the deficient role of media in raising awareness around these issues, and the weakness of partnerships.³¹

The National Population Strategy 2015-2030 also includes a theme on family planning and reproductive health. The aim is to provide an adequate balance of family planning methods to meet the needs of the public and private sectors and to expand the availability of family planning and reproductive health services

through mobile clinics and NGOs, especially in poor areas and for disadvantaged women. It also aims to activate the role of women village leaders in spreading reproductive health awareness.³²

In recent years, there has been considerable progress in terms of policies promoting the health of Egyptian women. In 2018, as part of the efforts undertaken by the Egyptian Ministry of Health and Population to promote the use of family planning methods and reproductive health, the ministry started to provide family planning and reproductive health services through fixed units in all governorates at nominal prices. These services are also available free of charge in poor villages. This did not rely only on fixed health care units, it also included about 530 mobile units, which provided these services free of charge in nearly 3,180 informal settlements and remote areas. Several awareness campaigns related to reproductive health and family planning have also been held in many governorates and in remote areas. The Ministry of Health has also been working on activating the role of a group of women village leaders, who number about 14,000, through training on various issues that include reproductive health. The women village leaders carry out many tasks, such as

home visits, educational seminars and raising awareness of various health issues.³³

Table 4.12 illustrates the distribution of family planning units among the various governorates. There are fixed units in both urban and rural areas and mobile units that serve remote areas. Cairo has the largest number of fixed urban units and mobile clinics,³⁴ given its high population, and the number of informal settlements within the governorate, despite the efforts outlined in Chapter 1 to reduce the numbers of slum areas. The governorates of Dakahlia, Sharqia, Minya and Sohag saw an increase in the number of rural fixed units due to the high number of residents in the rural areas of these governorates. The number of fixed units in rural areas is greater than in urban areas as rural areas are more in need of family planning services, as the prevailing culture in rural areas needs greater focus on awareness campaigns, and the presence of such units help to enhance public understanding related to reproductive health. A total of 8 million women benefited from reproductive health services between 2014 and 2020. Also, the number of women benefiting from the public health insurance system was 10 million in the same period.³⁵

Table 4.12
Number of family planning units by governorate and type, 2018

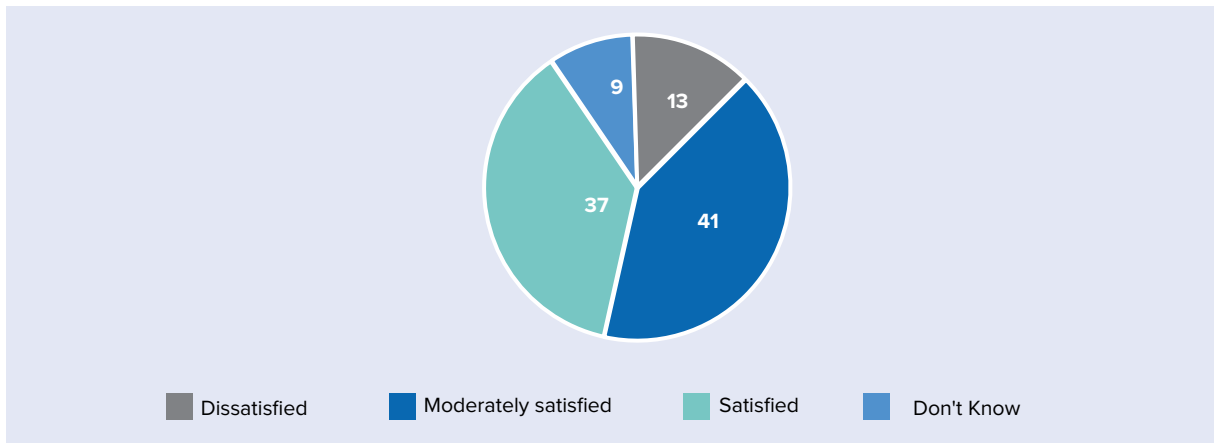
Governorate	Family planning units			Governorate	Family planning units		
	Fixed units, urban areas	Fixed units, rural areas	Mobile clinics		Fixed units, urban areas	Fixed units, rural areas	Mobile clinics
Cairo	180	-	30	Beni Suef	25	176	27
Alexandria	91	46	29	Fayoum	22	152	21
Port Said	22	16	8	Minya	35	327	28
Suez	24	9	11	Assiut	42	206	15
Damietta	23	80	12	Sohag	32	319	20
Dakahlia	65	423	35	Qena	34	212	15
Sharqia	67	407	29	Aswan	23	205	25
Qalyubia	51	154	18	Luxor	26	90	7
Kafr El-Sheikh	29	258	22	Red Sea	16	2	9
Gharbiya	40	241	19	Al-Wadi Al-Jadid	13	46	12
Menoufia	40	221	27	Matrouh	14	32	24
Beheira	73	379	20	North Sinai	18	52	18
Ismailia	19	51	9	South of Sinai	13	10	16
Giza	88	148	24				
Total	Fixed units, urban areas			Fixed units, rural areas		Mobile clinics	
	1,125			4,262		530	

Source: Central Agency for Public Mobilization and Statistics (2019), Statistical Yearbook.

In the 2018 Baseera survey conducted in cooperation with the National Council for Women and the World Bank mentioned above,³⁶ a plurality of women said they were moderately satisfied with the quality of the

health services provided, or 41 percent of respondents. Those who were satisfied numbered 37 percent, and those who were dissatisfied numbered 13 percent, a relatively low number.

Figure 4.16 Women’s satisfaction with the quality of health services provided to them (%)



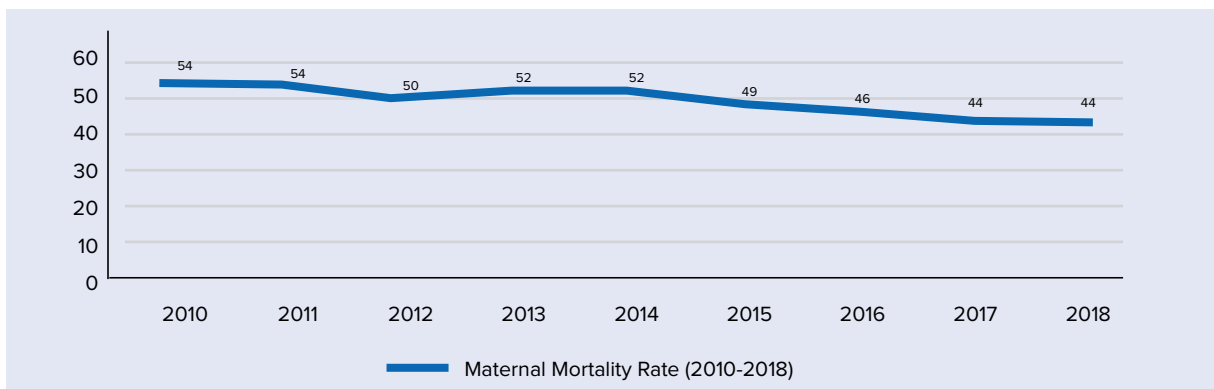
Source: National Council for Women (2019a).

Maternal mortality rates in Egypt saw a significant decline between 2010 and 2018, as Figure 4.17 shows, decreasing from 54 per 100,000 live birth to 52 and then to 44 in 2010, 2014 and 2018 respectively. This demonstrates the effectiveness of the policies being implemented in this area.

Initiatives on health, as analysed in Chapters 1 and 3. These initiatives include projects and campaigns to eradicate hepatitis C; the 100 Million Health Lives Initiative for Early Detection of Hepatitis C and Non-Communicable Diseases; and the Egyptian Women’s Health Initiative, which had reached 13 million women by 2021.

Egyptian women have also undoubtedly benefited from a number of major presidential ini-

Figure 4.17 Maternal mortality rate, 2010-2018 (deaths per 100,000 live births)



Source: Central Agency for Public Mobilization and Statistics (2019), Vital Statistics.

Social empowerment among different groups

In a 2018 survey of 1,054 rural women over 15 years old, related to living conditions and opportunities for rural women, conducted by Baseera in cooperation with the National Council for Women and the World Bank, 38 percent of respondents said they lived near sewage drains. In addition, 63 percent of respondents used minibuses as their main means of transportation to reach nearby cities, while about 16 percent used *tuk-tuks*, 3 percent taxis, and another 3 percent buses. One third of respondents had problems related to transportation; 38 percent cited high prices as the main problem, 37 percent said poor availability of transportation, and 28 percent said traffic congestion. 42 percent of the rural women said they would like to move to an urban city, while 56 percent said they did not wish to, with 2 percent undecided. Of the women who answered in the affirmative, 14 percent wanted to move to a city because of the greater availability of health services, 14 percent as a result of the cleanliness of the streets, 12 percent because of the better availability of shopping opportunities, 7 percent due to the better availability of transportation, 6 percent as a result of the better availability of schools, and 6 percent due to the quality of education.³⁷ These results demonstrate the effectiveness of policies aimed at facilitating citizens' access to services in rural areas, in order to help reduce rural-urban migration rates, which have significant economic and social repercussions for Egyptian society.

Egypt has made efforts in recent years to address the issues of people with disabilities. The 2014 Constitution stipulates the protection of the rights of people with disabilities, and *Law No. 10 of 2018* on persons with disabilities confirmed their rights and prohibited discrimination on the grounds of disability or the gender of the person with disabilities. In addition, 2018 was declared the Year of People with Disabilities, reflecting the importance of this issue for Egypt's political leadership. In addition, the National Council for Persons with Disabilities was established in 2019 by

Law No. 11 of that year. The current parliament includes seven members with disabilities, and since 2016, the board of the National Council for Women has included a female member representing people with disabilities. The Council has also created a permanent internal committee for women with disabilities. Finally, Egypt launched the *Be Productive* programme to train girls with a variety of disabilities in handicrafts.³⁸

Egypt has also implemented efforts around the issue of debtors. In 2018, President Abdel Fattah El-Sisi launched the 'Egypt Without Debtors' initiative to pay off the debts of both male and female debtors via the *Tahya Misr* fund, at a total cost of EGP 42 million. By 2020, the debts of 6,000 male and female debtors had been discharged via this initiative.³⁹ The Egyptian authorities are preparing a study on the phenomenon of debtors in preparation for the drafting of legislation to limit this phenomenon, given the negative repercussions it causes for Egyptian families. The Woman's Ombudsman Office has received a number of complaints related to this issue, and the debts of 4,602 people have been paid through cooperation with the relevant associations and institutions.⁴⁰

4.4 The protection of Egyptian women

The fourth theme of the National Strategy for the Empowerment of Egyptian Women 2030 is the issue of protection. It aims to eliminate negative phenomena that threaten life, safety and dignity of women and that prevent their participation in all fields of life. This includes eliminating all forms of violence against women, and protecting them from environmental hazards that may have negative social or economic effects. It also aims to protect women in the public sphere, including reducing harassment, promoting safe movement, eliminating all forms of violence, combating early marriage, combating FGM, improving Egypt personal status law, helping access to inheritance, protecting marginalized women and protecting women from climate change.

Egypt has worked in recent years to enhance the protection of women through legislative amendments that guarantee their right to protection of all kinds. For example, the Penal Code (*Law No. 58 of 1937*) was amended by *Law No. 11 of 2011* to affirm the protection of women by increasing punishment for specific crimes, such as indecent exposure, kidnapping, rape, sexual assault, FGM, sexual harassment, and assault that leads to abortion. It also criminalized forms of violence in its various provisions, including assault, beating, wounding and discrimination. The Penal Code was amended again by *Law No. 50 of 2014* to explicitly tighten penalties for sexual harassment, in addition to expanding the scope of crimes related to rape and sexual assault. *Law No. 82 of 2016* on illegal immigration and smuggling of migrants was also issued, which criminalized the smuggling of migrants, including attempted smuggling or assistance to smugglers, and tightened penalties for smuggling female migrants.

Measures taken in Egypt to combat the COVID-19 pandemic in gender-responsive ways reflect the political leadership's commitment to enhancing women's empowerment. Egypt is a leading country in terms of its rapid response to women's needs amid the COVID-19 pandemic. At the beginning of the pandemic, the National Council for Women prepared a policy paper that included an analysis of the current situation of women and proposed measures to respond, in light of the impact of the pandemic on health, education, social protection, violence against women, women's representation among decision makers during crisis management, economic opportunities, and promoting data

and knowledge. Between March and August 2020, Egypt developed approximately 106 policies, resolutions and measures that take into account the needs of women amid the pandemic. These procedures and policies also took into consideration different groups of women, such as women with disabilities, elderly women, and pregnant women. Egypt was one of the first countries in the world to issue a mechanism to monitor the policies and measures taken to respond to women's needs during the pandemic, and this was done through the National Council for Women.⁴¹

UN Women and UNDP have commended the measures taken by Egypt, in a report on monitoring the global responses related to gender, with a focus on North African and West Asian countries. Egypt was ranked first among North African and West Asian countries in terms of measures it took in three areas: women's economic protection, unpaid care, and combating violence against women. As Table 4.13 shows, Egypt ranked first, with 21 gender-responsive actions, followed by the State of Palestine with a difference of 10, and then Georgia, Lebanon, Morocco and Turkey with a difference of 14. As the table shows, the largest share of the measures in Egypt were directed at combating violence against women, numbering 11, followed by economic protection, with seven actions, and unpaid care with three. This indicates the importance of the issue of violence against women to Egypt's agenda, as well as that of enhancing and protecting the economic status of women and confronting the effects of COVID-19.

Table 4.13

Number of actions responsive to women's needs according to North African and West Asian countries

Country	Action on economic protection for women	Action on unpaid care	Action on combating violence against women	Total Actions
Algeria	2	1	0	3
Armenia	4	0	2	6
Azerbaijan	1	0	3	4
Bahrain	0	0	1	1
Cyprus	0	1	4	5
Egypt	7	3	11	21
Georgia	3	0	4	7
Iraq	0	0	3	3
Israel	0	0	1	1
Jordan	0	1	5	6
Kuwait	0	1	0	1
Lebanon	1	0	6	7
Morocco	3	0	4	7
Saudi Arabia	0	0	2	2
Palestine	3	0	8	11
Syria	0	0	2	2
Tunisia	2	0	4	6
Turkey	2	0	5	7
UAE	1	1	0	2
Total	29	8	65	102

Source: UN Women and UNDP (2020), monitoring the global gender response with a focus on North African and West Asian countries.

The UN Women and UNDP report included an appendix on the most important measures taken to support women during the coronavirus pandemic, and the report shed light on a number of measures taken in Egypt. These included plans by the Ministry of Social Solidarity to add 60,000 families to the *Takaful and Karama* social safety net programme, mainly targeting women who support their families. In addition, new pandemic measures granted exceptional leave to women who were pregnant or caring for children under the age of 12 years old, and job protection throughout the period of lockdowns, in addition to providing hosting centres for women, hotlines to receive complaints, and legal advice and psychological support.⁴²

4.4.1 Violence against women

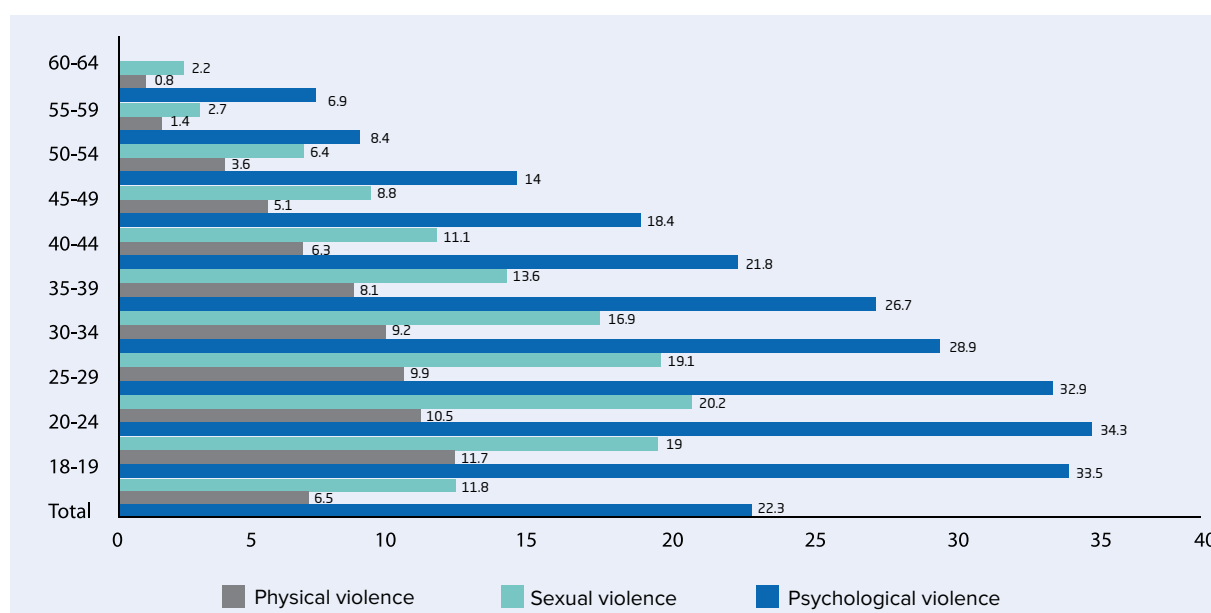
Violence against women is one of the most important obstacles to the development process, as it constitutes a significant violation

of human rights. The National Strategy for the Empowerment of Egyptian Women 2030 identified a number of mechanisms to combat this challenge. These include activating laws deterring the harassment of women, deploying female police to monitor and prevent harassment in public areas, increasing support for women in police stations, tightening oversight, adopting programmes that rehabilitate the perpetrators of violence, correcting flawed understandings within religious discourse, changing harmful cultural norms, and increasing the number of judicial departments dedicated to adjudicating cases of violence against women. In 2020, a law was issued that mandates the confidentiality of the data of victims of sexual harassment and assault (*Law No. 177 of 2020*), which demonstrates Egypt's commitment to protecting women by providing an environment that enables them to report such cases without fear of social repercussions.

The most recent Demographic and Health Survey in Egypt, carried out in 2014, together with other studies show an increase in the frequency of violence against women in general. CAPMAS conducted a survey on the economic cost of gender-based violence in 2015. As illustrated in Figure 4.18, psychological violence topped the forms of violence experienced by ever-married women, with 22.3 percent of respondents. This was followed by physical violence, with 11.8 percent of respondents, and sexual violence with 6.5 percent. Women aged 20-24 had the highest exposure to psychological and physical

violence, at 34.3 percent and 20.2 percent respectively, followed by women aged 18-19, 33.5 percent of whom had experienced psychological violence and 19 percent of whom had experienced physical violence. A total of 6.9 percent of women aged 60-64 had experienced psychological violence and 2.2 percent had experienced physical violence. Women aged 18-19 were the most likely to have experienced sexual violence, at 11.7 percent, followed by women aged 20-24, at 10.5 percent, compared to 0.8 percent of women aged 60-64.

Figure 4.18 Percentage of ever-married women aged 18-64 who experienced violence from their husbands, 2015 (%)



Source: Central Agency for Public Mobilization and Statistics (2019), the National Statistical Report to Follow up on the Indicators of the Sustainable Development Goals 2030 in Egypt.

To address the issue of violence against women, the National Council for Women issued the National Strategy for Combating Violence against Women 2015-2020, which included four main themes: prevention, protection, legal prosecution and interventions. It aims to raise awareness about all forms of violence against women, the laws that support women in this regard, and the necessary preventive measures to protect women. It also strengthens the procedures for referring women

who are exposed to violence to the relevant authorities that provide psychological, social, health and economic support, pending their reintegration into society. The strategy also aims to protect women against environmental risks and climate change that may negatively affect them from a social or economic point of view. It is based on strengthening coordination between the efforts of government, civil society and the private sector regarding the protection of rights and opportunities,

supporting the institutionalization of efforts to empower young people, women and marginalized groups, strengthening access to justice services for women, especially the most in need, implementing anti-violence awareness

initiatives and campaigns, and programmes directed to stakeholders dealing with issues of violence, especially survivors of domestic violence.

Box 4.5 Selected models of protection for Egyptian women

- Al-Azhar University has issued the “Guide to Islam’s Position on Violence against Women” as a reference for training courses for male and female preachers, which deals with various practices of violence against women from a scientific, social, psychological and medical point of view, the position of Islamic Sharia on it, the means of confronting and preventing it before it occurs, and treating it from a humanitarian perspective.
- The Ministry of Health issued the “Medical Manual for Dealing with Victims of Gender-Based Violence”, which was published and circulated to all hospitals in Egypt and doctors and practitioners were trained in its use. The guide provides health service providers with all the information and instructions required to treat a victim of violence, including: providing advice, psychological and medical first aid, how to collect and preserve forensic evidence in cases of sexual assault and rape to preserve the legal rights of the victim.
- The Public Prosecution Office and the Ministry of Justice issued the “Guideline for Public Prosecution Members to Confront Crimes of Violence against Women”, which trained prosecutors on its optimal application.
- Eight hosting centres were established to provide protection for abused women, and to provide shelter, social, health, psychological and legal services for them and their children, without being bound by the age requirement. The number of women receiving services provided by these centres is about 3,151 women and 183 children as of March 2020.

Source: The National Council for Women.

A law on combating violence against women is being drafted by the Egyptian Government, to be submitted to the House of Representatives for discussion. As part of efforts to combat violence against women, an Anti-Violence Against Women Unit was established within the Ministry of Interior, affiliated with its human rights department, and a Human Rights, Women’s Rights and Children’s Rights Department was set up at the Ministry of Justice. In addi-

tion, Equal Opportunities Units were established in 30 ministries to ensure a safe environment for women. Egypt is also working to overcome obstacles related to coordination and integration of women’s issues into all policies, in cooperation with all stakeholders. Accordingly, around 22 Egyptian universities have established units to combat harassment and violence against women.

Box 4.6 Selected efforts to protect women from violence

- The efforts and frameworks put in place by the Egyptian State to protect women from all violence have been numerous. At **the constitutional and legislative level**, Article 11 provides for the criminalization of all forms of discrimination and violence directed against women, and the State's obligation to protect women against all forms of violence. Several legislations and laws have been issued that provide legal protection for women from all forms of violence, such as laws on sexual harassment and female circumcision, criminalizing the deprivation of inheritance and assault that leads to abortion, and increasing the punishment for specific crimes such as assault on women, kidnapping, rape and sexual assault.
- Several important laws were issued to expand the scope of protection, such as laws against human trafficking and information technology crimes, amendments to the Penal Code to confront those evading alimony or reluctance to pay expense debts, the law on non-disclosure of data of victims of harassment, violence, sexual assault, corruption of morals, and the law on protection from bullying.
- The articles of the Constitution, the Child Law, and the decisions of the Minister of Justice specify the age of the child and the legal age for documenting marriage, a reference to the State's efforts to combat early marriage, in addition to the draft laws presented in that regard. *Law No. 30 of 2018* regulating the work of the National Council for Women includes receiving complaints about violations of women rights and their freedoms, referring them to the competent authorities, providing the necessary legal aid and reporting to the public authorities any violations against them or any discrimination against them.
- **At the level of strategies**, the National Strategy to Combat Violence Against Women and the National Strategy for the Empowerment of Women 2030 take the place of the country's action map with regard to the due protection of women from all forms of violence, in addition to a number of other strategies that address specific issues, such as the National Strategy to Combat Circumcision, the National Reproductive Health Strategy, the National Strategy to Combat Early Marriage, and the launch of the first study on the economic cost of violence against women.
- The **institutional level** includes the Women's Complaints Office, the Unit for Combating Violence against Women at the Ministry of Interior, the Human, Women and Child Rights Sector at the Ministry of Justice, hosting centres, the Violence against Women Unit at the National Council for Women, anti-harassment and violence against women units in universities, equal opportunities units, reception units for cases of violence in hospitals, and clinics specializing in violence against women within the Forensic Medicine Authority. The National Committee for the Elimination of Female Genital Mutilation was established in May 2019 under the co-chairmanship of the National Council for Women and the National Council for Childhood and Motherhood, which includes in its membership all relevant governmental and non-governmental bodies, executive, judicial and religious authorities, in cooperation with national and international organizations to unify all efforts and initiatives and work together to eradicate FGM.
- In order to achieve an integrated framework to protect women from violence, the Egyptian government has implemented many projects and programmes, and several **achievements** have been made, including:
 - Implementation of many campaigns, such as "Ta'a Marbouta, the Secret of Your Strength", "Protect her from circumcision", and "Your life is stations, don't let a station stop you", "Together to serve the country", "Because I am a man" as well as door-knocking campaigns, protection awareness campaigns on social media, and the 16-day campaign to combat violence against women.

Box 4.6 Selected efforts to protect women from violence *(continued)*

- Capacity-strengthening programmes in cooperation with law enforcement agencies (the Public Prosecution, the Ministry of Justice, family prosecutors' assistants and reviews, forensic doctors, and legal officials).
- Issuing training manuals for members of the Public Prosecution Office, judges, forensic doctors, police officers, and the Ministry of Health for training on dealing with victims of violence. Al-Azhar guide for training religious leaders on women's issues.
- Launching a package of basic services for women and girls who experience violence.

Source: The National Council for Women.

Furthermore, centres for abused women have been established. They provide family counselling through group and individual sessions, and over the phone, both for women and men, and hold family counselling and reconciliation sessions. They also provide psychological and legal services for women, provide training and rehabilitation for residents, create job opportunities, spread societal awareness to combat violence against women, and refer women to health services. There are eight centres so far, located in the governorates of Cairo, Giza, Beni Suef, Alexandria, Minya, Fayoum, Dakahlia and Qalyubia. Through the Women's Ombudsman's Office, 830 requests for referral to abused women's centres have been received, and positive interventions have been made by the Office through referral to partner associations and relevant institutions.

In addition, Prime Ministerial Decree No. 827 of 2021 established the Combined Unit for the Protection of Women from Violence, a one-stop-shop to protect women who are victims of violence. The unit aims to gather and coordinate the services of agencies and ministries concerned with dealing with violence against women in one place, in order to streamline procedures and facilitate access for victims to services.

In order to provide the greatest degree of safety and security for women and girls in all public transportation, the Minister of Transportation issued Decree No. 237 of 2021

which implements a national code of conduct for users, operators and workers in transportation. It aims to improve women's safety on public transport, and combat harassment, violence and discrimination.

In implementing the National Strategy to Combat Violence against Women 2015-2020, a number of mechanisms related to women's support have been strengthened and upgraded, including the Woman's Ombudsman Office and a hotline, and coordination between the Public Prosecution and the Ministry of Interior has been enhanced. Medical units were also set up in university hospitals for women who are victims of violence, and the Ministry of Health and Population has trained 2,249 doctors to deal with cases of violence against women.⁴³

4.4.2 Receiving complaints and provision of advice and legal services for Egyptian women

Providing legal support to women is one of Egypt's priorities, and as a result, the Woman's Ombudsman Office was established by the National Council for Women, with branches in all governorates. It provides a link to the Council for women who are subject to discrimination, violence, violations of their legal or constitutional rights, or violations of equality and equal opportunities, whether in the public sphere, at work, or within the home. Legally, the Council has the right to assess complaints about violations of women's rights

and freedoms, refer them to the competent authorities, work to resolve them with the concerned authorities, provide the necessary judicial assistance, and inform the public authorities of any violations. The Woman's Ombudsman Office aims to identify the problems facing Egyptian women and to make decision makers aware of issues and possible solutions; to provide free legal advice to women; to provide them with representation before the judiciary; to enhance their awareness of their rights within the human rights system in Egypt; to confront the obstacles that hinder their participation in strengthening Egyptian society; and to strengthen partnerships with official and civil institutions in order to address the problems women face.

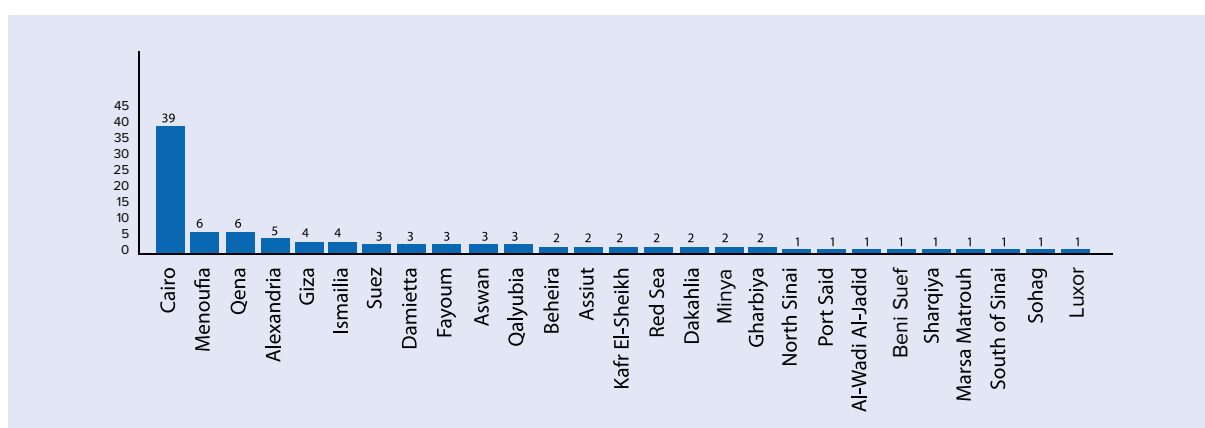
Complaints are received in person or over the phone through the service's hotline. In 2019, the Woman's Ombudsman Office received 1,239 women and provided 14,331 services to them. The share of in-person interviews was 65 percent compared to 35 percent of contacts via the hotline. The Office provides three main services: complaints, requests and

consultations. Complaints represented 40 percent of the services provided by the Office in 2019, compared to 25 percent for requests and 35 percent for consultations.⁴⁴

Figure 4.19 illustrates the distribution of complaints submitted to the office by governorate, with Cairo leading with 39 percent, 6 percent from both Menoufia and Qena, 5 percent from Alexandria, 4 percent from Giza and Ismailia, and other governorates ranging between 1 and 2 percent. This may be due to the exceptionally high population of Cairo governorate, in addition to the increased awareness of the services provided by the Office.

The data indicate that there has been tangible progress with regard to the social empowerment of women and that Egypt's policies are bearing fruit, but this is taking place slowly, at pace with social and cultural change. This change is key to women's problems in Egypt and needs time to come to fruition. However, it is necessary to strengthen training, boost awareness and provide full support, not only in the capital, but in all governorates nationwide.

Figure 4.19 Share of total complaints submitted to Women's Complaints Offices per governorate, 2019 (%)



Source: National Council for Women (2020), Women's Complaint Office statistics 2019.

4.4.3 Confronting Female Genital Mutilation

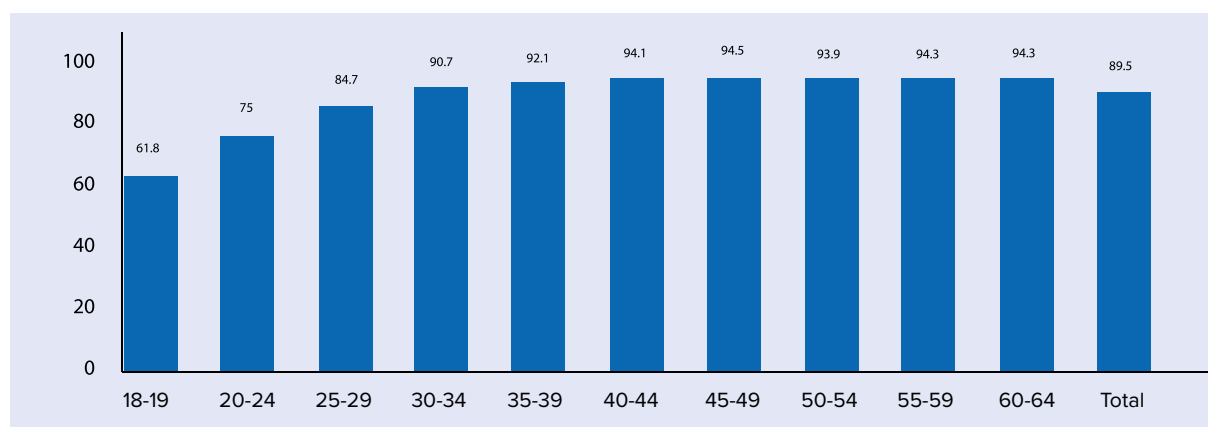
Female genital mutilation remains one of the main obstacles to protecting Egyptian women, despite being illegal. It is practiced secretly in some areas of the country and is the result of a set of inherited social customs and traditions. Tackling this phenomenon is a major challenge for Egypt, especially as it is a source of income for practitioners among some social groups, and because discussing the topic of FGM in some areas and with some groups is difficult due to cultural and religious sensitivities. Also, many geographical areas where FGM is widespread lack infrastructure and communications services, which can lead to poor communication and coordination.

A survey of the economic cost of gender-based violence conducted by CAPMAS in 2015 showed that the proportion of girls and women who had undergone mutilation or amputation of genital organs in the age group

18-19 was 61.8 percent, lower than the older cohorts. However, this percentage is still very high, and the percentage of all Egyptian girls and women who have ever undergone FGM or cutting is 89.5 percent, which has prompted the Egyptian Government to make several interventions to control the situation (figure 4.20).

During the past few years, Egypt has exerted considerable efforts to confront this phenomenon, issuing the National FGM Abandonment Strategy 2016-2020, which aims to reduce the rates of FGM, enforce legislation criminalizing FGM, educate the community about its harms, and increase punishments for doctors who perform it. The strategy's three main themes are the enforcement of the law criminalizing FGM and activation of ministerial decisions regarding it; cultural and social change that supports the rights of children, women and the family; and developing information systems and monitoring and evaluating family empowerment programmes.

Figure 4.20 Share of women aged 18-64 who have undergone female genital mutilation (%)



Source: Central Agency for Public Mobilization and Statistics (2019), the National Statistical Report to Follow up on the Indicators of the Sustainable Development Goals 2030 in Egypt.

In response to this strategy, the Penal Code was amended by *Law No. 78 of 2016* to tighten penalties for carrying out FGM, and the crime was changed from a misdemeanour to a felony. Penalties now range from five to seven years in prison for those who practice FGM, with sentences of up to 15 years if the

procedure results in permanent disability or death. The amendment also stipulates that a person seeking to have the FGM procedure be performed on another can be punished with a prison term. In addition, *Law No. 10 of 2021* amended some other provisions of the Penal Code related to FGM, aiming to pre-

vent offenders from using any manipulation or legal loopholes to escape punishment. Any reference to medical justifications for FGM were eliminated and separate punishments were introduced for doctors and nurses.

Other new penalties include disbaring medical professionals who perform FGM and removing the licences of facilities in which the crime is committed. The scope of the penalty was also expanded to criminalize all forms of incitement or encouragement to commit a crime.

This new Law was originally proposed by the National Committee for the Elimination of Female Genital Mutilation in Mid-June 2020. The National Committee for the Elimination of Female Genital Mutilation was established in 2019 under the co-chairmanship of the National Council for Women and the National Council for Childhood and Motherhood. It specializes in preparing and advising on legislation, public policies and relevant international agreements and working to activate laws, in addition to exchanging information, evaluating efforts and challenges facing various parties, and proposing solutions to them. It also reviews national strategies and legis-

lative frameworks and agrees on the general framework, themes and directions of the national strategy on FGM, including proposing legislative amendments, necessary policies, proposed activities, implementation and follow-up tools, proposing and developing national executive plans that include integrating the activities of all stakeholders and civil society, and proposing funding sources to implement the activities included in the plan, approve the national plan, and supervise and follow up on its implementation with the concerned authorities.

The committee's members include representatives from the Ministry of Foreign Affairs, the Ministry of Education, the Ministry of Health and Population, the Ministry of Social Solidarity, the National Population Council, the Ministry of Youth and Sports, the Ministry of Culture, the Ministry of Religious Endowments, the Ministry of Justice, the Ministry of Interior, the Public Prosecution CAPMAS, Al-Azhar religious institution, a number of Egyptian churches, the National Media Authority, the National Council for Disability, the National Council for Human Rights, civil society, and the General Union of NGOs.

Box 4.7 The national campaign against Female Genital Mutilation

- The National Campaign Against Female Genital Mutilation is an ongoing awareness campaign, launched by the National Committee against Female Genital Mutilation in June 2019, coinciding with the National Day to Combat Female Genital Mutilation, to educate Egyptian families in all governorates and protect their daughters from FGM, through the establishment of many activities represented in door-knock campaigns and awareness convoys, with the aim of reviving the issue of female circumcision in the minds and placing it on the priorities of the agenda of the executive authorities, civil society and international organizations, urging all segments of society to confront this crime, and supporting local and national efforts and related community initiatives.
- As part of this campaign, 124 door-knocking campaigns were implemented in 26 governorates, targeting 3,410,628 individuals (1,640,341 women - 635,711 men - 1,134,576 children) in about 1,332 villages across the governorates of Egypt.
- 69 awareness convoys were carried out in 26 governorates, targeting 18,153 individuals (14,023 women - 1,861 men - 2,269 children). The places and levels of implementation varied between cities, villages, NGOs, youth centres and health units.

Box 4.7 The national campaign against Female Genital Mutilation (continued)

- Consultation workshops were held for executive leaders and representatives of directorates concerned with the issue of FGM, each in their governorate, on the final day of the activities of the 16 Days Campaign to Combat Violence against Women in 8 governorates in Upper Egypt.
- 185 seminars were held in 26 governorates, targeting 28,360 individuals (21,972 women - 4,544 men - 1,844 children).
- There were various coordinating efforts between many government agencies, such as the Ministry of Interior, the Ministry of Education and the Public Prosecution, in addition to civil society organizations and NGOs. To ensure good follow-up of the campaign, an operation room was established in the National Council for Women to follow up on the progress of the campaign, and the numbers were counted daily, and databases of campaign activities were also created.
- The number of FGM reports received by the helpline reached 1,568 from the beginning of the campaign until the end of December 2019. Cairo governorate was the largest governorate in which reports were submitted, with the number of complaints reaching 205, followed by Fayoum and Giza with 181 and 170 each, respectively. As for the distribution of reports according to the relationship of the caller to the girl, we find that 44 percent of the reports were submitted by fathers, compared to 26 percent by the community, 18 percent by mothers, 6 percent by the girl herself, 4 percent by a relative, and 2 percent by a brother.

Source: The National Council for Women.

4.4.4 Early marriage

The phenomenon of early marriage poses a threat to women's health, future and freedom of choice. It is mainly caused by cultural factors, social practices, economic pressures, poor education, and societal customs and traditions. The National Population Council has launched the National Strategy to Combat Early Marriage 2015-2020 with the aim of eliminating this problem.

The strategy aims to empower Egyptian families, especially in disadvantaged areas, through an integrated package of development, legal and religious interventions in support of citizens' rights. This strategy intends to overcome the challenges related to the environment that supports early marriage and its place in culture and society.

The strategy is based on a set of policies that include improving access to quality primary and secondary education, eliminating the gender gap in education, creating integration between the educational, health and religious aspects of this issue, targeting the poorest villages, providing financial and health support

programmes nationally and working to raise awareness and change behaviours within the community.⁴⁵

According to Public Opinion Research Centre -Baseera, the results of the 2017 census indicate that about 111,000 women and girls had been married before the legal age of 18, with 84 percent of them living in rural areas. Besides, 11 percent of girls aged 15-19 are currently married. Also, around 5,472 girls under the age of 18 had a marriage contracted. Taking into account all married women under the age of 20, the number rises to about 470,000, of whom 82 percent live in rural areas. The number of married women and girls under 20 years of age make up about 2.4 percent of total married women and 2.3 percent of the total women in that age cohort. Among boys, around 11,000 aged under 18 are married, and about 31,000 under 20.⁴⁶ It is clear that early marriage occurs more often in rural areas, perhaps as a result of the greater strength of the customs and traditions that support early marriage which poses a threat to women's health, future and freedom of choice.

In terms of legal framework, it should be noted that Egypt was one of the first countries to issue a child law in 1996. This law was amended by *Law No. 126 of 2008*, which allows marriage only for those aged 18. The 2014 Constitution commits to protecting children under the age of 18 from all forms of violence, abuse, ill-treatment, and sexual and commercial exploitation. In addition, in March

2021, President Abdel Fattah El-Sisi directed the House of Representatives to take measures to issue legislation prohibiting the marriage of minors and children in the form of an independent law. This issue is expected to be accomplished by Parliament. Moreover, a child protection system and protection committees were activated in the governorates in 2018 as mechanisms to protect minors.

Box 4.8 Efforts to combat early marriage

- Issuing a procedural manual for working with children at risk in 2018, and training all those who deal with children, whether government cadres or civil society workers, to ensure the unification of the methodology for working with children.
- Implementation of 140 awareness seminars and discussion panels for mothers and families in a number of governorates, to raise awareness of children's rights and the dangers of child marriage, female genital mutilation, and violence against children, benefiting 3,889 beneficiaries.
- Preparing training courses for various health and awareness service providers on the psychological and physical harms of early marriage, in addition to raising awareness for families regarding the risks of child marriage, in all governorates, especially rural areas.
- The interventions and activities carried out by the Egyptian Government contributed to monitoring a large number of child marriages, with an increase in reporting rates on the child helpline by 16,000, as the total number of reports of child marriage during 2018/2019 reached about 696 reports.
- The Ministry of Social Solidarity has launched a societal change programme entitled "Awareness" to combat underage marriage and circumcision.
- The number of partner NGOs in the different governorates increased to 40 organizations at the level of 27 governorates, to support the process of monitoring children at risk and conducting a case study on them.
- Implementation of the Pioneering Mothers initiative in Fayoum Governorate by opening comprehensive development classes that provide an integrated package of interventions (literacy - family support - health education) targeting marginalized mothers, with the aim of enabling them to support and respect the rights of their children, by raising their awareness of the dangers of child marriage and all other forms of violations and provide them with the principles of positive education. Sixty-nine chapters were opened with a total number of (1,249) studies during 2018.

Source: The National Council for Women.

The above analysis of the status of women in Egypt, whether at the political, economic, or social level, or with regard to protection issues, illustrates the efforts made by Egypt to enhance the leadership role of women and to take serious steps towards creating a

renaissance around women's issues. Within the framework of the government action programme, there are a set of policies that come at the top of the government's priorities in terms of empowering Egyptian women in the coming years, as listed below:

- Building human capacities and strengthening the gender-based planning approach in order to reach more women and enhance the process of empowering them through more development programmes directed towards them. This will address the weakness of the gender-based planning process and promote its integration into national development plans and will address the weakness of human capabilities based on gender-based planning.
- Expanding the scope and frequency of data collection related to various women's issues in order to monitor developments related to empowerment and to overcome problems related to poor data and inaccurate information at the national and local levels. This is based on the need to deepen the issue of gender when carrying out statistical surveys, in addition to improving Egypt's scoring in international indicators. Notably, many of Egypt's sub-indicators do not have gender-related data, which may negatively affect the calculations related to the indicators, and consequently the country's ranking will decline, despite its efforts to promote women's empowerment. Also, collecting data related to women's issues will contribute to strengthening and supporting monitoring and evaluation systems that will identify the progress achieved and the challenges facing the implementation of reform policies and development programmes related to Egyptian women.
- Completing the process of introducing legal amendments required to empower women and achieve gender equality. This is in accordance with the Constitution, which explicitly guarantees women's political, economic and social rights in line with international treaties and Egyptian customs and traditions.
- Continuing to adopt interventions related to women's political participation and working to enhance their political empowerment and their assumption of leadership positions in all fields in the public and private sectors, due to their significant impact on economic and social empowerment.
- Working to raise awareness through participatory mechanisms with civil society organizations, the private sector, and the media to overcome one of the main challenges impeding reform policies related to women, namely cultural challenges related to societal legacies, customs and norms that undermine women's political, social and economic empowerment.

Chapter 5

Managing the environmental protection ecosystem in Egypt:

Towards achieving a sustainable environment and addressing climate change risks





The Sustainable Development Strategy: Egypt Vision 2030 emphasizes the environmental dimension of sustainable development, and seeks to integrate environmental aspects into various economic sectors to achieve effective management and preservation of natural resources, and guarantee the rights of future generations to development. This will support economic competitiveness, create job opportunities, reduce poverty and achieve social justice. The strategy envisages a series of institutional reforms, such as establishing a higher council for sustainable development, strengthening the institutional and legislative structure for managing water resources, and reforming economic policy to promote sustainable consumption patterns. The strategy is also based on establishing the infrastructure necessary for the sustainable management of water resources. In addition, it identifies the main environmental issues in Egypt, which include waste management, air pollution, biodiversity conservation, protection of the coastal and marine environment, and climate change. The strategy promotes engagement with the private sector and civil society, encourages public awareness, and supports Egypt's commitment to its responsibilities under international environmental conventions.

5.1 Legislative and institutional framework of environmental management in Egypt

5.1.1 Environmental legislation

Egypt's 2014 Constitution comprehends special provisions for protecting and preserving the environment in Articles 45 and 46, which impose political and social obligations to protect the environment as a pillar of sustainable development. The current environmental legislative framework was established under *Law No. 4 of 1994*, as amended in 2005, and *Law No. 102 of 1983* (on Natural Protected Areas). However, there are many other existing laws and regulatory frameworks that include vari-

ous environmental aspects. For example, *Law No. 48 of 1982* on Protection of the Nile River, and its amendments; *Law No. 12 of 1982* on Irrigation and Drainage, and its amendments; *Law No. 93 of 1962* on Discharge of Wastewater in Sewerage Networks, and *Law No. 15 of 2017* on the Facilitation of Granting Licenses to Industrial Facilities.

At the same time, Egypt has adopted a wide range of environmental regulatory tools that address various aspects of environmental protection and natural resource management. Many sector-specific laws include environmental considerations that have allowed some ministries, as well as industries and sectors, to monitor their environmental impacts.

Environmental policy in Egypt is formulated and implemented by many national institutions, including the Ministry of Environment, the Environmental Affairs Agency, the Ministry of Trade and Industry, the Ministry of Health and Population, the Ministry of Agriculture and Land Reclamation, the Ministry of Water Resources and Irrigation, and other agencies. Through the Ministry of Environment, the Cabinet coordinates the formulation and implementation of the environmental policy among the various ministries.

Law No. 15 of 2017 on the Facilitation of Procedures for the Granting of Licenses to Industrial Establishments, gives the Industrial Development Authority (IDA) authorisation for the first time to grant industrial establishments a unified license that covers, among other things, environmental aspects. Under the law, the IDA is authorized to receive and review the environmental impact assessment studies of industrial establishments and examine the licensed industries to ensure compliance with licensing requirements, including environmental aspects and periodic inspections during the license period. *Law No. 15 of 2017* provides for enforcement and verification procedures different from those stipulated in *Law No. 4 of 1994*. Under the new legislation, the IDA has the exclusive power to implement these procedures, with the assistance of oth-

er relevant authorities, as necessary. Based on these new legal developments, the responsibilities of the Environmental Affairs Agency regarding industrial establishments have been transferred to the IDA. Some experts believe that implementing this law will require administrative efficiency and excellent coordination between the relevant authorities to avoid creating a parallel system to existing environmental management that may lead to the fragmentation of institutional responsibilities. It is too early to gauge whether the IDA will be able to carry out its new environmental authorities and to what extent this new development will affect industry's environmental compliance and the quality of the environment in Egypt.

A new waste management law (*Law No. 202 of 2020*) was also recently promulgated to establish a new legislative and institutional framework for managing waste in Egypt. It also establishes a new Waste Management Regulatory Agency and transfers the competencies of the Environmental Affairs Agency related to waste management to this body, which reports to the Minister of Environment as an economic agency.

According to the Constitution, the legislative framework for the protection of the environment in Egypt also includes other international obligations within the scope of Egypt's membership in many bilateral, regional, and global environmental conventions, which developed significantly between the United Nations Conference on Environment and Development in Rio de Janeiro in 1992 (the Rio Earth Summit) and the United Nations Climate Change Conference in Paris in 2015. The development of the multilateral environmental convention system played a significant role in the inclusion of many environmental issues in the relevant laws of Egypt. The Ministry of Environment's responsibilities, and those of the Environmental Affairs Agency, were expanded to include many issues that have historically been included under the jurisdiction of other line minis-

tries. These include water quality, environmental health, waste management, industrial pollution, public awareness of environmental risks, and many other similar issues. This has led to a growing need for coordination to avoid overlaps in governmental institutions' responsibilities and inconsistency in the formulation of public policies.

5.1.2 Institutional organization of environmental affairs

The institutional organization of environmental management in Egypt began in 1982 with the establishment of the Environmental Affairs Agency as the authority responsible for promoting and protecting the environment. In 1994, the Agency was re-established, per the Environmental Protection Law (*Law No. 4 of 1994*), giving it public judicial status under the then-Minister for Environmental Affairs, who chairs its board of directors. The general objectives of the Environmental Affairs Agency are the protection of the environment and public health, and promotion of various environmental activities at the national level by mainstreaming environmental issues into all national policies, plans, and programmes. Given its coordinating role among all ministries, the Agency has been placed under the responsibility of the Cabinet. It was envisaged that the Agency's board of directors would be the leading entity within the Environmental Affairs Agency and would constitute a mechanism through which it could coordinate with other line ministries the mainstreaming of environmental considerations in sectoral development plans. As the delegated representatives of the ministries did not have the authorities needed to perform this role, there was an immediate necessity for a Ministry of Environment to play this role at the Cabinet level. Accordingly, the Ministry of Environment was established in order to fill this gap, and attempts to coordinate, formulate environmental policies, and control and monitor various environmental issues and indicators.

5.2 Cost of environmental degradation and its developmental impact

Egypt ranked 94th out of 180 countries on the 2020 Environmental Performance Index, scoring 43.3 out of a total of 100 points.¹ Egypt came ahead of Morocco (42.3 points), and South Africa (43.1 points), but behind other Middle Eastern and North African countries such as Tunisia (46.7 points) and Lebanon (45.4 points). This ranking was achieved due to improved air quality indicators, drinking water and sanitation services, low rates of greenhouse gas emissions due to energy policy reforms, expanded use of renewable energy, and improved energy efficiency. Despite the reforms, air, water, and soil pollution remain persistent problems which negatively affect the environment in Egypt. A World Bank report stated that the estimated cost of these effects on health was equivalent to 2.5 percent of Egypt's GDP in fiscal year 2016/2017.² The cost of ambient air pollution caused by particulate matter of less than 2.5 micrometres in diameter (PM2.5) in Greater Cairo was the highest, at an average of EGP 47 billion, equivalent to 1.35 percent of GDP. The cost of inadequate drinking water, sanitation and hygiene reached EGP 39 billion, equivalent to 1.15 percent of GDP.

Over the past few decades, the world has witnessed both a decline in infectious diseases and a considerable rise in diseases caused by the deterioration of the quality of the environment. The World Health Organization (WHO) estimates that environmental deterioration was the cause of 420,000 premature deaths in the Arab region, equivalent to about 20 percent of all deaths. Environmental deterioration has led to cardiovascular diseases, diarrhoeal diseases, respiratory infections, and cancers. The most significant environmental causes of these diseases include the deterioration of air quality, lack of access to clean water and sanitation services, and exposure to waste and harmful chemicals.

Goal 3 of the SDGs aims at ensuring healthy lives and promoting well-being for all by 2030. Achieving this goal calls for addressing the burden of environment-related diseases, as environmental exposure is deemed one of the main determinants of human health. Moreover, the environmental impact on public health will become more important in the future, with increasing rates of urbanization, which is often characterized by heavy traffic, air pollution, poor housing conditions, limited access to water and sanitation services, noise pollution, as well as other challenges, particularly climate change and loss of biological diversity.

5.2.1 Air pollution and public health

The main health risks resulting from exposure to ambient air pollution with particulate matter (PM2.5), as assessed by WHO and the Global Burden of Disease project, are cardiovascular disease, respiratory disease, and mortality and morbidity from lung cancer. In this case, the risk of disease is considered relative, meaning that disease risk is proportional to exposure to ambient air pollution with particulate matter (PM2.5).

According to Table 5.1 below, the average annual premature deaths due to exposure to ambient air pollution with particulate matter (PM2.5) in Greater Cairo are estimated at 12,600 deaths. Approximately 59 percent of the estimated deaths from exposure to ambient air pollution with particulate matter (PM2.5) are attributed to ischemic heart disease (IHD), 14 percent to acute lower respiratory tract infections (ALRI), 13 percent to stroke, and 14 percent to chronic obstructive pulmonary disease (COPD), lung cancer and type 2 diabetes. These estimates are based on the annual average exposure to ambient air pollution with particulate matter (PM2.5), estimated at 76 micrograms per cubic metre ($\mu\text{g}/\text{m}^3$).

Health effects	Average excess deaths	Average number of days lived with disease (millions)
Ischemic heart disease (IHD)	7,437	5.9
Stroke	1,601	8.6
Chronic obstructive pulmonary disease (COPD)	912	77.8
Lung cancer	262	0.11
Acute lower respiratory tract infections (ALRI)	1,701	6.2
Type 2 diabetes	655	151.3
Total	12,569	249.9

Source: (World Bank 2019).

In addition to deaths, ambient air pollution with particulate matter (PM2.5) in Greater Cairo is estimated to have caused about 250 million sick days during 2017. Type 2 diabetes accounts for the most significant proportion of these effects (about 60 percent of sick days), followed by COPD with 32 percent. The large number of days people spend sick each year is due to the chronic nature of most health effects. For example, a person who

develops COPD or diabetes suffers from the disease all through the year. The annual cost of the health impacts of ambient air pollution with particulate matter (PM2.5) in Greater Cairo was estimated at EGP 45-48 billion in 2016/2017, with an estimated average of EGP 47 billion. This is equivalent to 1.3-1.4 percent of 2016/2017 GDP, with an average of 1.35 percent (table 5.2).

	Low estimate	Average estimate	High estimate
Cost of deaths	36.9	38.3	39.5
Morbidity Cost	8.5	8.7	8.8
Total cost of health effects	45.4	47	48.3
Percentage of GDP	1.31	1.35	1.39

Source: (World Bank 2019).

It is worth mentioning that the World Bank conducted a similar study in 1999, and a comparison of the results with the latest study in 2017, suggests that the air quality in Cairo has

improved, as the number of deaths and health costs due to air quality have decreased. Table 5.3 provides a comparison between the results of the two studies.

Table 5.3

Health effects and costs of air pollution in Egypt, 1999 and 2017

Health effects and costs of air pollution	1999		2017	
	Greater Cairo		Greater Cairo	
	millions	%	millions	%
People exposed (in millions and in % of population)	11.9	17.63	17.3	17.95
Annual micro particulate matter (PM10) (µg/m ³)	270			
Annual micro particulate matter (PM2.5) (µg/m ³)	110		76	
Annual deaths due to micro particulate matter	18,924		12,569	
Micro particulate matter cost (percentage of GDP)	2.1		1.35	

Source: World Bank (1999), World Bank (2019).

5.2.2 Water pollution and public health

Controlling and monitoring water pollution in the Nile River is one of the areas in which Egypt has made significant progress. Twenty-one monitoring stations have been established to monitor the quality of the Nile water and the quality of industrial wastewater directly discharged into it. The number of monitoring stations is expected to reach 95 by 2030. In addition, there has been a significant decrease in facilities that discharge their wastewater into the Nile, especially sugar and paper production facilities, from 27 facilities to nine. It is estimated that 98 percent of the Egyptian population have access to an improved source of drinking water.³ However, there is a clear discrepancy in provision of sanitation services between urban and rural

residents. Sanitation services are available to 92.2 percent of urban households, compared to only 47 percent in rural areas.

However, over the past four years, 80 sanitation projects, covering 414 villages, have been completed at EGP 9 billion. Furthermore, sanitation services are planned to cover 100% of the rural population by 2030 at a total cost of EGP 200 billion.⁴

The World Bank has assessed the health effects and costs resulting from lack of drinking water and sanitation in Egypt, finding that they generated an average of 2.8 billion sick days, and around 8,200 deaths during 2017, as shown in Table 5.4. These results undoubtedly reflect the necessity of the projects undertaken by Egypt to increase sanitation and drinking water services coverage.

Table 5.4

Number of deaths and the days during which people suffer from disease due to the lack of water and sanitation, 2017

Health effect	Average number of days during which people suffer from disease (millions)	Average deaths
Diarrhoeal	352	4,890
Typhoid/paratyphoid	0.34	193
Schistosomiasis	476	308
Intestinal nematode infections	1,950	0
Trachoma	20	0
Acute lower respiratory tract infections (ALRI)	1.58	433
Total	2,799	8,171

Source: World Bank (2019).

The average annual cost of health effects associated with insufficient drinking water and sanitation is estimated at EGP 39 billion (Ta-

ble 5.5). This cost is an average of 1.14 percent of GDP in fiscal year 2016/2017.

Table 5.5			
Costs of health effects of water and sanitation shortages, 2016/2017 (EGP billion) ¹			
	Low estimate	Average estimate	High estimate
Cost of deaths (EGP billion)	20.2	20.2	28.1
Morbidity costs (EGP billion)	19.2	19.2	27.9
Total cost of health effects (EGP billion)	39.4	39.4	56
Percentage of GDP	0.75	1.14	1.61

Source: World Bank (2019).

5.3 Key environmental challenges

Given the huge population and economic growth resulting from the production of large quantities of waste, Egypt faces many environmental problems caused by air, water, and soil pollution. In addition, this situation puts great pressure on Egypt's limited natural resources. Due to the limited economic opportunities and poor infrastructure conditions in some areas, Egypt has witnessed an increase in rural-urban migration, which places additional strains on the urban environment.

5.3.1 Air quality

Air pollution is considered to be one of the major environmental challenges in Egypt given its significant negative impact on public health. Particulate matter, particularly PM2.5, is the outdoor air pollutant globally associated with the greatest health impacts, as explained above. In response to the growing evidence of health effects with very low PM2.5 concentrations, WHO has lowered its decade-long guideline to an average annual concentration of 10 micrograms per cubic metre of PM2.5 and 20 micrograms per cubic metre of PM10.

The national network for monitoring air quality at the Environmental Affairs Agency consists of 108 stations, as shown in Table 5.6.

Table 5.6					
Air quality monitoring stations in Egypt					
Greater Cairo	Alexandria	Nile Delta	Upper Egypt	Sinai and Suez Canal cities	Total
52	9	18	20	9	108

Source: Environmental Affairs Agency (2021).

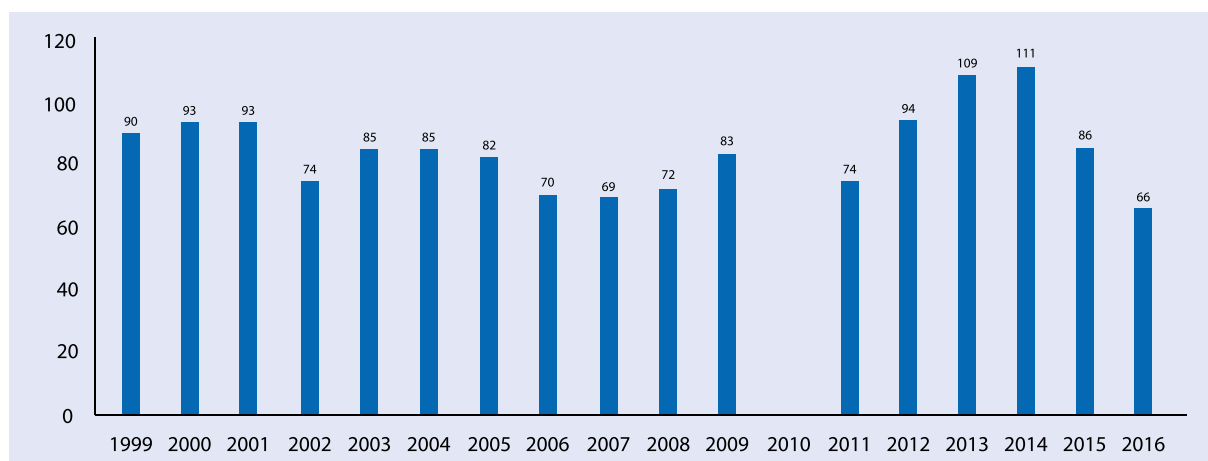
The Greater Cairo area is the largest urban and industrial centre in Egypt, with more than 20 million inhabitants, and is surrounded by major heavy industries to the north and south. It is also surrounded by the four largest solid waste disposal sites in Egypt, which produce about 9.5 million tonnes of solid waste annually. It also has the largest number of vehicles on its roads, including 1.4 million private passenger cars and hundreds of thousands of taxis and trucks, all of which use the country's largest road network, extending over 10,000 kilometres.⁵ Air pollution constitutes a chronic problem in Cairo due to the growing population, uncontrolled rural migration, rapid urbanization, and the presence of a large number of publicly owned chemical, metallurgical, and other heavy industries near residential centres. This is in addition to lack of proper management of solid materials and agricultural and hazardous waste. These problems have been increased due to the inefficiency of the relative administrative structures.

¹ Including the cost of general cleaning.

The annual average of ambient air pollution with PM2.5 in Greater Cairo is much higher than the guidelines set by WHO for air quality. Figure 5.1 shows the average concentration over 18 years of 84 micrograms per cubic metre with the lowest concentration of 66 micrograms per cubic metre in

2016, which far exceeds WHO's standards.⁶ Furthermore, it was found that open burning of different types of waste, vehicle emissions, and suspended particles are the most common sources of particulate matter emissions in Greater Cairo.

Figure 5.1 Average annual concentrations of PM2.5 in Greater Cairo (microgram per cubic metre)



Source: World Bank (2019).

As expected, air pollutants decreased in many cities around the world during the shutdown period of the COVID-19 pandemic, amid restrictions on various kinds of activities and the low demand for transportation. For example, nitrogen dioxide concentrations decreased by 50 percent and 62 percent in Barcelona and Madrid respectively during March and April 2020.⁷

The major sources of air pollution are also directly related to greenhouse gas emissions. As a party to the United Nations Framework Convention on Climate Change (UNFCCC), Egypt is committed to reducing greenhouse gas emissions. It has already articulated its Nationally Determined Contributions (NDCs), which highlight the importance of reducing emissions. The NDCs state that the objective is “to develop and implement a robust and economically viable mitigation programme that achieves targeted reductions for emissions by 2030.”⁸ The urgent priorities include the establishment of a national emission monitoring, reporting and verification system. In addition, Egypt is developing several programmes that

address climate change as part of its Sustainable Development Strategy: Egypt Vision 2030, including improving policies and infrastructure to reduce air pollution and combat climate change. Given the commonalities in addressing emissions of both particulate matter and greenhouse gases, it is expected that measures such as improved control of emissions, and the procedures adopted to control air pollution, will result in significant co-benefits in terms of the mitigation of its effects, especially on the climate side, in line with national and international objectives.

5.3.2 Shared water resources: Adapting to water scarcity

Egypt depends on the Nile River for an estimated 97 percent of its freshwater resources, which makes the country's water security highly vulnerable to any developments in upstream countries, including the potential impacts of climate change. The average annual precipitation in Egypt is estimated at 18 millimetres a year and ranges from 0 millimetres per year in the desert areas to 200 millimetres per year in the northern coast re-

gion. Egypt also receives 55.5 billion cubic metres of Nile water annually. The total water resources currently available for use in Egypt amount to 59.6 billion cubic metres per year. Water use amounts to 80.25 billion cubic metres per year, in addition to food imports amounting to 34 billion cubic metres. The gap between current needs and water availability is filled by seawater desalination, agricultural wastewater reuse, shallow groundwater, and treated wastewater.⁹

Under the 1959 Nile Waters Agreement between Egypt and Sudan, 55.5 billion cubic metres per year of Nile water flows into Egypt. The Agreement calculated that the average flow of Nile waters during the period from 1900 to 1959 amounted to 84 billion cubic metres per year, and the evaporation rate of Lake Nasser and other losses were about 10 billion cubic metres per year, leaving a net flow of 74 billion cubic metres per year. About 18.5 billion cubic metres per year of this quantity was allocated to Sudan and 55.5 billion cubic metres per year to Egypt.

The Aswan High Dam is the main storage facility on the Nile. It began operations in 1968, ensuring Egypt's control over the annual flood waters and directing their use. The construction of the Aswan High Dam led to the formation of Lake Nasser, which is 150 kilometres long, with an average width of 12 kilometres and a depth of 180 metres, making it the largest artificial lake in the world. Lake Nasser is of great importance to Egypt's fishing industry, producing about 15,000-25,000 tonnes of fish annually. However, the lake has a high evaporation rate, losing about 10-11 billion cubic metres of water each year.

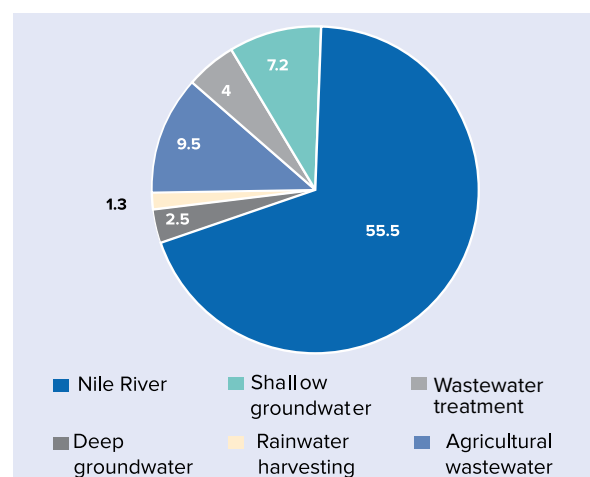
Elsewhere in Egypt, there are a number of other lakes. Sewage water feeds the natural Lake Qarun in the Fayoum Depression, which increases its salinity. Excess wastewater also feeds the lakes of Wadi El-Rayan, having been diverted there since 1973, resulting in two interconnected lakes. Furthermore, the Suez Canal connects to the Red Sea through Lake Timsah and the Bitter Lakes at the Gulf of Suez. Finally, on the Mediterranean coast, there are several lakes: Mariout, Idku, Man-

zala, Burullus, and Bardawil. These last two lakes, along with Qarun and Wadi El-Rayan, are among the four sites classified as wetlands of international importance under the Ramsar Convention.¹⁰

It should be noted that Egypt has created the National Lakes Development Project which aims to maximize the utilization of natural resources, enhance economic return, and rationalize government spending by integrating government activities and optimal use of available expertise and capabilities. The goal is to improve water quality, treat pollution sources, restore the ecosystem, and increase the production of fish. Furthermore, the project aims to regulate and improve fishing controls, increase the efficiency of fishing workers, and improve their working conditions. An organizational structure for managing the National Lake Development Project has been developed and an integrated legal and structural framework has been drafted for its management. The Ministry of Water Resources and Irrigation (MWRI) also injects freshwater into these lakes and to preserve ecological balance and wildlife.¹¹

Figure 5.2 shows the water resources available to Egypt in 2017. The Nile River makes up the largest portion, providing 69.2 percent of the total water resources available, which amount to 80.25 billion cubic metres in 2017.¹²

Figure 5.2 Available water resources in Egypt, 2017 (in billion cubic metres per year)

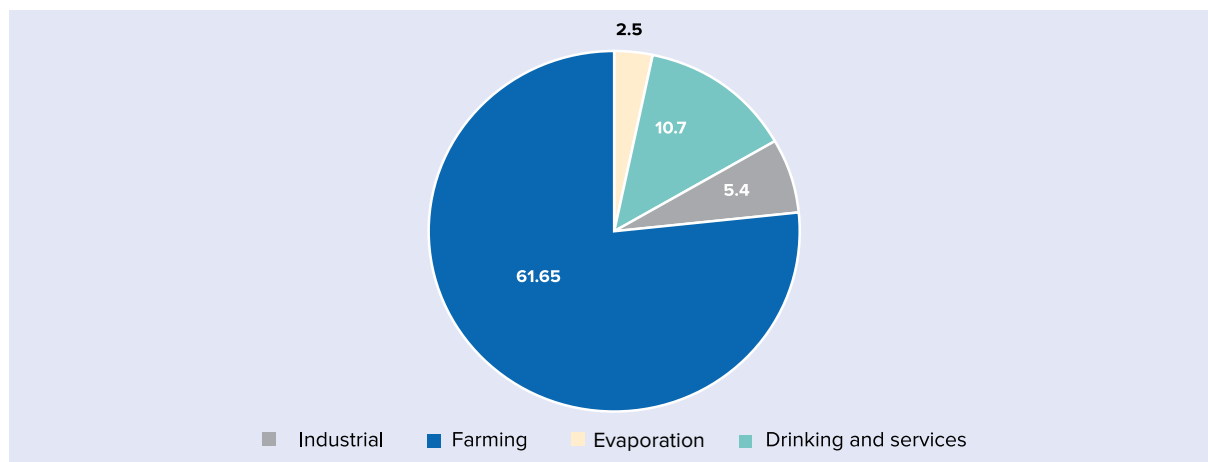


Source: Ministry of Water Resources and Irrigation

Agriculture is the sector that consumes the most water in Egypt, using approximately

3.738 million hectares (Figure 5.3).¹³

Figure 5.3 Water uses in 2017 (in billion cubic metres)

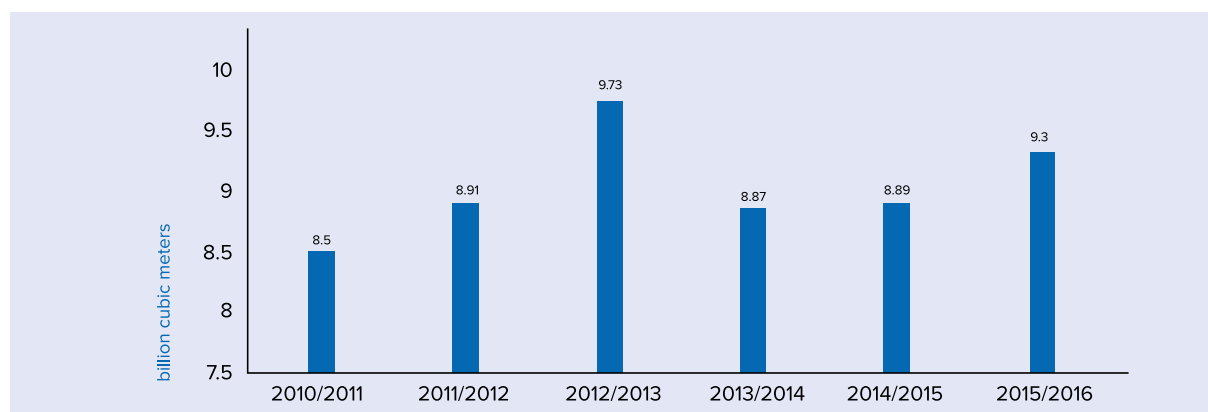


Source: Ministry of Water Resources and Irrigation

Drinking water production increased from 8.505 billion cubic metres in 2010/11 to nearly 10.7 billion cubic metres in 2016/2017 (Figure 5.4) to cover 98 percent of the population in urban areas and 95 percent in rural areas. Due to the limited resources available, the average availability of freshwater

per capita in Egypt steadily decreased from about 900 cubic metres per capita in 2000 to 640 cubic metres per capita in 2015. Given the rate of population growth, it is expected that the per capita share will drop to less than 500 cubic metres by 2030, which will be below the absolute water scarcity limit.¹⁴

Figure 5.4 Production of drinking water (billion cubic metres)



Source: Center for Environment and Development for the Arab Region and Europe (CEDARE), 2019.

Table 5.7 indicates that the average share per capita of all possible freshwater resources will decrease in Egypt over time due to population growth, increasingly limited resources, and climate change. Moreover, the data indicates that Egypt has already entered the phase of water scarcity. This means that there will be an increased dependence and an urgent need to use non-conventional water resources, such as recycled agricultural wastewater, treated wastewater, and desalinated seawater. It also means that it is crucial to raise public awareness and adopt very strict environmental measures and regulations to maintain minimum water quality standards.¹⁵

Egypt has created a strategic plan to expand the establishment of seawater desalination plants to meet drinking water needs, divided into six five-year plans extending from 2020 to 2050. The goal is to provide a total capacity of 6.4 million cubic metres per day, and the expected total cost of the project is EGP 134 billion. The first five-year plan (from 2020 to 2025) covers the establishment of desalination plants with a total capacity of 2.866 million cubic metres per day in the governorates of Matrouh, Red Sea, South Sinai, Ismailia, Port Said, Suez, Dakahlia, Kafr El-Sheikh and Beheira.¹⁶

Year	2018	2025	2030	2037	2050
Annual per capita water (cubic metres)	585	496	444	387	303

Source: Ministry of Water Resources and Irrigation (2013).

An imminent challenge related to the Nile River and the Nile Delta is the construction of the Grand Ethiopian Renaissance Dam on the Blue Nile. This tributary of the Nile contributes much of the water that flows to Egypt. Although Egypt did not participate in the planning or implementation process of the dam, it has agreed to cooperate with Ethiopia and with Sudan, which is also downstream of the dam, by delegating international consulting firms to conduct the necessary technical studies to assess its design and its impact on downstream countries. However, these studies have not yet been completed due to differences in the initial report. Egypt has emphasized that any progress in the construction and filling of the dam must be based on consensus among the three countries regarding the dam's design, its impact on Sudan and Egypt, the filling of the reservoir, and the rules for its operation. Reaching an agreement concerning this issue is deemed an important component of Egypt's endeavours to achieve the SDGs, including ensuring the availability of water and sanitation (Goal 6).

It is expected that the process of filling the dam's reservoir will seriously affect the availability of water in Egypt and reduce the country's per capita share, thus affecting various economic activities, especially if Ethiopia fills the dam's reservoir in a manner that Egypt deems "uncooperative". For example, if the filling process takes five years, as Ethiopia has said it will, the cumulative water shortage rate at the Aswan High Dam will increase to 92 billion cubic metres, distributed over several years. Likewise, the water level in Lake Nasser will soon drop to 147 metres, making it impossible to compensate for the water lost.

Moreover, the filling and operation of the Grand Ethiopian Renaissance Dam will affect the hydroelectric power production of the Aswan High Dam. For example, if the filling process of the dam takes five years, the cost associated with the decline in the hydroelectric power production of the Aswan High Dam 10 years after the filling process will reach about \$4.16 billion, which would hinder Egypt's ability to provide reliable and sustainable energy services to all people at an affordable cost (per Goal 7 of the SDGs).

Water in Egypt is used to produce 12,726 gigawatt hours (GWh) of hydroelectricity, according to 2017/2018 data, representing 6.5 percent of the total electricity generated. The

total hydroelectricity capacity is 2,832 megawatts (MW), and the Aswan High Dam produces the largest share,¹⁷ as shown in Table 5.8.

Hydroelectricity plant	Installed capacity (MW)	Year operations began
Aswan High Dam	2,100	1967
Aswan Dam (1)	280	1960
Aswan Dam (2)	270	1986
Esna	86	1993
Nag Hammadi	64	2008
Assiut	32	2018

Source: Egyptian Electricity Holding Company, 2017.

The water quality of the Nile River is mostly good compared to national standards. The quality of surface water and groundwater in Egypt is monitored via the monitoring and follow-up systems of a number of ministries:

- The Ministry of Water Resources and Irrigation’s network consists of 232 sites for monitoring surface water located on the Nile, along canals, and at main drains, as well as 203 sites to monitor groundwater quality.
- The Ministry of Health and Population’s network consists of 154 sites for monitoring water quality along the Nile, including its two branches and some of its main canals, in addition to 20 sites in Fayoum governorate along Bahr Yusuf Canal.
- The Environmental Affairs Agency’s network consists of 69 monitoring sites on the Nile.

According to the Environmental Affairs Agency, several gaps must be addressed to improve the efficiency of this system. These issues include:¹⁸

- Focusing only on conventional water quality parameters, such as total dissolved solids, chemical and biological oxygen requirements, and not providing any data on

micro-pollutants (pesticides, heavy metals, hydrocarbons);

- Focusing on the traditional analysis of water only, and not analysing sediments, fish, and living organisms to indicate the presence and concentrations of micro-pollutants;
- An urgent need for coordination between the monitoring and control protocols (sampling techniques, measurement methods, quality assurance methods, etc.) across different ministries to support comparisons between data received from different ministries and verify their accuracy;
- The need for more cooperation between ministries to share monitoring data to maximize the benefits.

It may be necessary to consider integrating the various components of this system under a unified national system for monitoring and controlling water quality. This system should be capable of producing reports on water quality at the national level.

To protect freshwater from pollution in general and industrial effluents in particular, the Environmental Affairs Agency applies a pro-

gramme to enforce the law and compel industrial establishments to comply. The programme focuses on separating industrial effluents from domestic sewage water. The programme applies the Law on the Protection of the Nile River and Water Channels Against Pollution (*Law No. 48 of 1982*) so that the industrial wastewater discharged into water bodies conforms to the environmental standards stipulated in the law. There are around 129 industrial establishments along the Nile River or its branches, including 102 industrial establishments that directly or indirectly drain wastewater into the Nile at a rate of approximately 2 billion cubic metres per year.

About 75 of these establishments have completely stopped discharging their waste into

the river, removing a total quantity of 547 million cubic metres, while other establishments are draining their wastewater in accordance with *Law No. 48 of 1982* and *Law No. 4 of 1994* for the Protection of the Environment. Companies that violate the law are obligated to implement an action plan for environmental compliance, and legal measures have been taken against violators.¹⁹ In parallel, a programme financed by the World Bank, the European Investment Bank, and other development partners has provided technical and financial support to industrial establishments to help them implement environmental compliance action plans (see box 5.1).

Box 5.1 The Egyptian Pollution Abatement Project (EPAP)

In cooperation with a set of development banks, including the World Bank, the International Bank for Reconstruction and Development, the European Investment Bank, the French Development Agency, the Japanese International Cooperation Agency, the German Development Bank, and the European Union, the Environmental Affairs Agency and the National Bank of Egypt developed and implemented a financing system for industrial pollution control. The programme was implemented in three phases, with a total funding of around \$208 million (or €160 million).

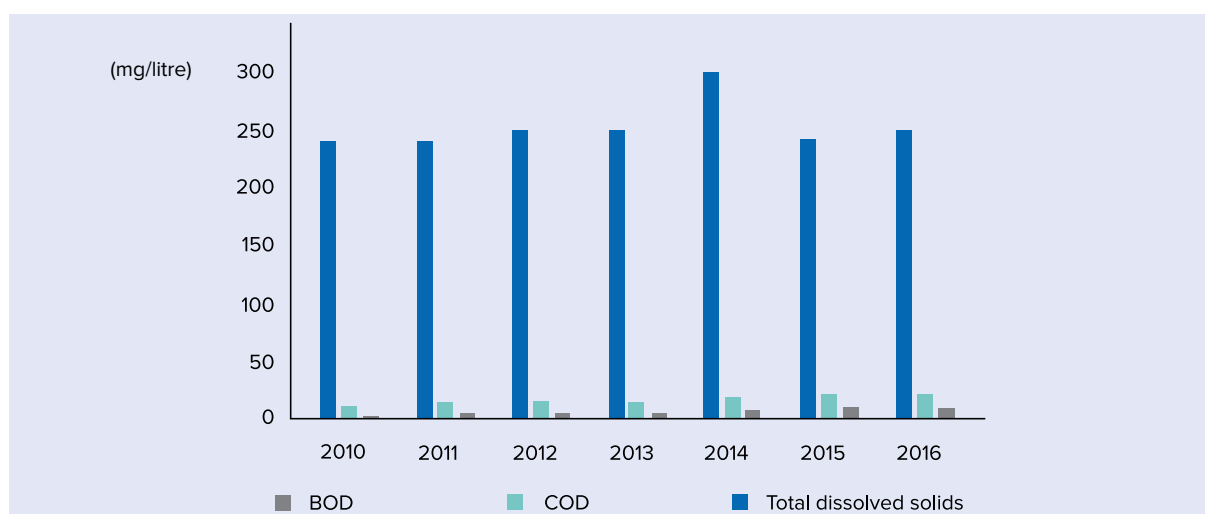
This mechanism provided attractive financing for industrial establishments and represented a strong incentive for pollution-causing companies to comply with environmental legislation. The project offers end-users a financing package on concessional terms, 20% as a grant and 80% as a commercial loan. If the implementation is satisfactory according to the evaluation of the Environmental Affairs Agency, the beneficiary company pays back the amount of the commercial loan to the National Bank of Egypt, and the remaining 20% is considered a grant based on good performance. These benefits have led to a noticeable decrease in the amount of pollution emitted by these companies.

Source: Samir Mowafi and Maysoon Ali, EPAP Project Team.

Figure 5.5 presents the water quality standards in Greater Cairo, according to the water quality monitoring and control stations of the Ministry of Health and Population. It shows the deviations of chemical oxygen demand (COD) from national standards post

2013.²⁰ Moreover, water quality measurements in Lake Nasser are within the permissible limits: in 2016, COD was 9.6 milligrams per litre (mg/L) and biochemical oxygen demand (BOD) was 5.5 milligrams per litre.²¹

Figure 5.5 Water quality standards in Greater Cairo area (milligram/litre)



Source: CAPMAS (2018).

As part of efforts to achieve the 2030 strategy, Egypt plans to implement various projects that ensure the efficient use of water resources, increase the availability of freshwater resources, and improve water quality. These efforts include: expanding water reuse; lining and covering canals and water channels, in order to maintain the quality of reused water, protect the environment from pollution, and maintain public health; developing irrigation methods to reduce water losses and increase productivity; and the expansion of seawater and groundwater desalination, as stated above.

It is worth noting that the Egyptian government implemented a national project to renovate and line worn out canals and increase their efficiency. This project aims at overcoming the challenges related to the poor access of water at the ends of the canals, which has affected irrigation, agricultural productivity, and the standard of living of farmers, as well as having a negative impact on the environment and the health of living organisms. The project aims to maximize water resources by rationalizing their use, solving problems of water delivery to the ends of canals, and achieving justice in its distribution, thus increasing agricultural productivity and ending the problems facing farmers. In addition, the project is labour-intensive and the resulting job op-

portunities will reduce unemployment, which may reduce the rate of migration abroad. It will also create spaces on both sides of the canals, improving the capacity of the roads alongside, in order to accommodate the movement of vehicles and reduce the growth of weeds. The project aims at lining 20,000 kilometres of canals in 20 governorates over four years.²²

The key strategic goal of Egypt's Water Development and Management Strategy 2050 is to achieve water security based on an integrated water resources management approach. The approach is based on four pillars: 1) developing conventional and non-conventional water resources; 2) conserving water and maximizing water use in agriculture, industry, and homes; 3) improving water quality; and 4) enhancing the enabling environment for the integrated management of water resources. The strategy also takes into account the impacts of climate change on water resources, which include: changes in rainfall that will affect the flow of water into the Nile River; sea water level increases that will negatively affect the Nile Delta, including via soil salinization and low crop productivity; the potential increase in water evaporation, which will reduce the availability of water; and increased demand for water in the agricultural sector.²³

5.3.3 Solid waste management

Waste management has always been a major environmental issue in Egypt. The increasing rates of waste production can be attributed to population growth, changes in consumption patterns, changes in waste characteristics, the low level of technology used for waste disposal, and a lack of sustainable financing. Moreover, the diversity of waste sources and high rates of hazardous waste, electronic waste, and construction and demolition waste increase the complexities involved in waste management, which exceeds the capacity of many local authorities regarding financing, technology, and institutional authority. These challenges have caused unprecedented negative repercussions on quality of life, human health, freshwater resources, and the local environment. Furthermore, with the exponential growth of the population, solid waste also increases, exacerbating these existing problems.

Reliable data on solid waste generation and its components are scarce, and data collected from different sources are inconsistent, making it difficult to determine the true scale of this challenge. Based on the available

data, Egypt produces about 90 million tonnes of solid waste annually, including 20 million tonnes of municipal solid waste (shown in Table 5.9). Only about 64 percent of the total municipal solid waste is collected, while the rest is sent to illegal landfills.²⁴

Despite efforts made at all levels, such as efforts made by cleaning authorities, local level authorities and some private sector companies and informal sector, there is a long way to go on addressing solid waste management problems. Both transition from a linear economy to a circular economy, along with the promotion of sustainable consumption and production patterns should be considered, in order to reduce the amount and nature of the waste generated. Any management system must consider all components of the hierarchy system for waste management, including its collection, transportation, recycling, and treatment until final disposal. In addition, the waste management structure must be reformed to adopt the “polluter pays” principle, to enhance financial sustainability, strategic planning and decentralization, to build local authorities’ capacities, to establish market incentives, and to encourage private sector participation.

Waste Type	Quantity (million tonnes)			
	2001	2006	2012	2016
Municipal waste	14.5	17	21	20
Building and demolition waste	3.5	4.6	4	5.8
Agriculture waste	23.5	27.5	30	31
Industrial waste	4.25	4.75	6	4.9
Hazardous waste				0.54
Health care waste	0.12	0.15	0.28	0.52
Sludge and mud	1.75	2	3	2
Dredging waste	20	30	25	25
Total	67.12	86	89.28	90.76

Source: Environmental Affairs Agency (2016), Ministry of State for Environmental Affairs (2013).

Efforts to regulate, legalize, support, and promote the waste-collecting community have been stalled for decades. Moreover, enhancing the capacity to enforce the law would reduce illegal practices of managing hazardous industrial and medical waste. Furthermore, there is an urgent need to address the perpetual problem of the lack of data on solid waste. Hence, using an electronic information system can be an effective tool for the availability of reliable data and essential information to policymakers, service providers in the private sector, and the public.

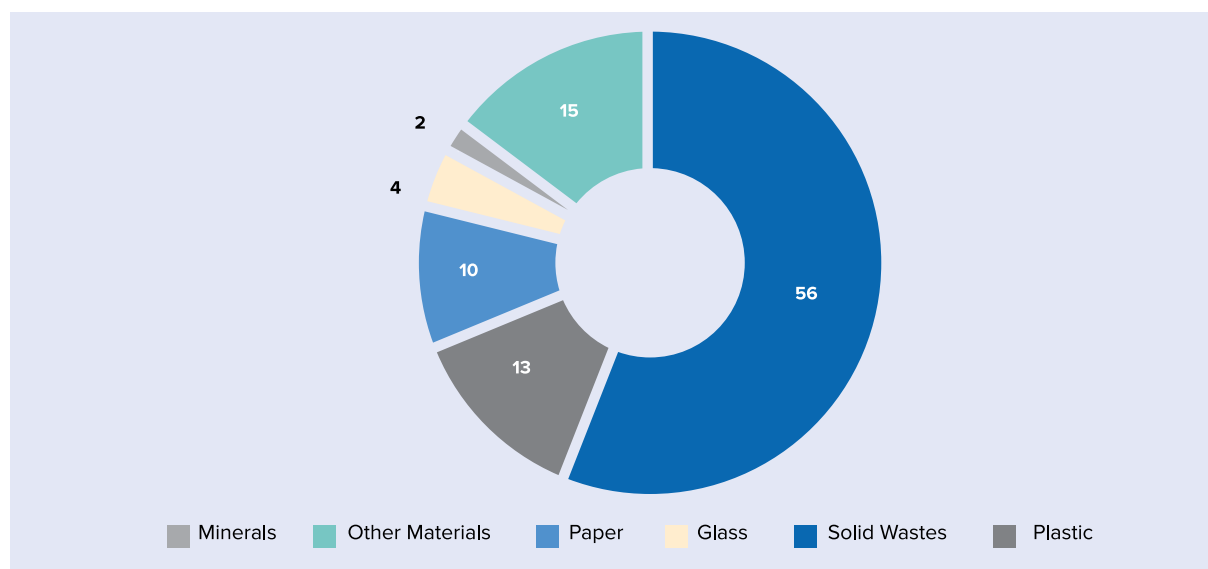
Municipal solid waste

The amount of solid waste generated varies according to the standard of living in any society. In Egypt, it is estimated that the waste generation rate ranges from 0.03 kilograms per capita per day in rural areas to 0.8 kilograms per capita per day in Cairo. However,

this rate can reach 1.5 kilograms per capita per day in hotels and tourist resorts. These rates are relatively low and are similar to those in many other developing countries.²⁵

The composition of municipal waste is shaped by factors such as socioeconomic status, consumption and production patterns. Low-income populations produce the largest amount of organic waste (mainly food). Paper, plastic, and other solid materials constitute the highest proportion of waste in high-income categories of the population in urban areas. Figure 5.6 shows the composition of municipal solid waste in Egypt, which reveals a high percentage of organic substances. Wet organic waste can be reduced or converted into beneficial organic products, such as organic fertilizers (compost) or soil conditioners, or used for energy production and animal feed.

Figure 5.6 Composition of municipal solid waste in Egypt (%)



Source: World Bank (2002).

The major adverse environmental impacts of improper solid waste management lie in the inappropriate or incomplete collection and restoration of non-recyclable items and the combined disposal of hazardous waste without first being separated. The population with

access to reliable waste collection services in Egypt is between 40 and 80 percent, which leads to the accumulation of waste in the streets, the filling of rubbish bins in cities, and the emergence of illegal landfills and open burning. All these issues have severe prob-

lems for the environment and public health. The decomposition of organic substances produces methane, which can spontaneously ignite and cause fires or explosions. Furthermore, these substances contribute to greenhouse gas emissions. The biological and chemical processes within open landfills often produce large amounts of leachate that pollute groundwater. Fires also break out from time to time inside these open landfills, causing smoke that contributes to air pollution. In addition, food waste attracts birds, mice, flies, and other animals to landfills, and these pests may subsequently transmit diseases to humans living nearby.²⁶ Local solid waste management practices are considered to be poor and lead to adverse health effects, costing the Egyptian economy about 0.2 percent of GDP annually.²⁷

It is worth noting that organic fertilizer production by open aerobic decomposition has been used for decades to treat the organic part of municipal solid waste. Sixty-five facilities for the production of organic fertilizer have been built by the government across Egypt since the 1990s, but there are only a few facilities currently in service. The performance of the now-closed plants was poor due to technical, financial, and operational factors and the use of mixed waste, which produces low-quality fertilizer. Another option for waste reuse is the production of waste-derived fuel, containing the organic components of municipal solid waste, such as plastics and biodegradable waste compressed into granules. In Egypt, waste-derived fuel is currently used, along with agricultural residues, as a non-conventional fuel in the cement industry. This fuel is effective, and as it is less carbon-intensive, it can generate revenues from the carbon on the global carbon market.

Moreover, the cement industry plays an important role in overcoming the waste challenge in Egypt. The municipal solid waste and agricultural residue problem can be solved by adopting a policy that obliges cement companies to use a percentage of waste-derived fuel and biomass fuel in their kilns. Conventional waste that can be used as an alterna-

tive fuel in cement kilns includes old tires, non-recyclable plastics, textiles and paper scraps, and sludge from water and sewage treatment plants.

Municipal solid waste disposal facilities are considered below the required standard, as only 2 percent of the country's waste is disposed of in valid and modern landfills. In 2011, the Environmental Affairs Agency identified 53 landfill sites. However, due to lack of resources, only a few of these landfills have been established. The Agency plans to establish 24 modern landfills in different governorates.

Waste management is a relatively complex process, as the responsibility for this process lies with a different set of ministries, governorates, and agencies. Responsibility for solid waste management is still divided between the Ministry of State of Environmental Affairs (represented by the Waste Management Regulatory Agency), the Ministry of Local Development, the Ministry of Housing, Utilities and Urban Communities, the Ministry of Health and Population, the Ministry of Irrigation and Water Resources, the Ministry of Agriculture and Land Reclamation, the Ministry of Trade and Industry, the Ministry of Finance, and the Ministry of Investment. This shared responsibility has led to overlapping in institutional roles and responsibilities, duplication of efforts, and weak accountability. The new Waste Management *Law No. 202 of 2020* has helped in defining the roles of the various entities operating in the waste management system at the national level.

Through the Environmental Affairs Agency, and recently through the Waste Management Regulatory Agency, the Ministry of Environment is developing a waste management policy and a tariff structure, while also enhancing the role of the private sector in waste management. In addition, it is working on providing guidance for the implementation of the national strategy for solid waste management and providing assistance to the Ministry of Local Development to develop plans for solid waste at the governorate level. Furthermore,

the Ministry plays a supervisory role in the enforcement of relevant laws. In addition, some international and national private companies, several small contractors, and cleaning agencies in some governorates collect the waste and transport it to treatment facilities.

The Ministry of Local Development is responsible for putting in place policies specifically related to municipal solid waste, and works directly with the governorates responsible for implementing these policies.²⁸ Local authorities provide collection services for municipal solid waste in most governorates, but these collection services in many cases lack good planning, the necessary resources, monitoring, and proper management. On the other hand, the involvement of the private sector in the Egyptian market has led to the emergence of many problems due to the weak capacity of local governments to manage private sector contracts.

Lack of funding for the formal municipal solid waste management system is a major problem. A Regional Network for the Exchange of Information and Experience report on solid waste management in the Levant and Maghreb networks found a funding gap of 35 percent between the cost of operating the existing municipal solid waste management system in Egypt and the revenue collected through the fees charged.²⁹ As a result, the local authorities were authorized to charge additional fees on electricity bills for collecting solid waste, in order to facilitate payments. The Electricity Authority pays the revenues collected to the local authorities to manage the waste at the local level. By contrast, illegal dumping of household waste is considered a way to avoid paying landfill fees.

It should be noted that the 2020 Waste Management Regulation Law reinforces a set of integrated principles for waste management, such as the “polluter pays” principle and the “extended responsibility of the producer” principle. The new law also reinforces the principles of reducing waste generation and the necessity of reusing and recycling waste.

In addition, achieving financial sustainability for the system has been one of the most important challenges over the past years.

Waste management programmes should increase investment in communication, education, public awareness, and capacity-building. It has been proven that more success in waste management is achieved largely through public participation. To maximize participation, public acceptance must be achieved through appropriate communication between waste management service providers and the public. It is therefore necessary to include environmental education in school curricula to develop awareness at the public level. The Ministry of Environment is currently cooperating with the Ministry of Higher Education and the Ministry of Education and Technical Education to implement several initiatives to integrate environmental issues within schools and higher education institutions.

It is worth noting that Egypt has a complete informal sector of traditional waste collectors and recyclers. This sector, which consists of about 96,000 workers, provides many informal waste collection services, especially in Greater Cairo. Many workers in this sector also manage family-owned recycling companies, targeting specific materials (such as certain types of plastics, metals, textiles, etc.), which are then collected and sold to others in bulk or reprocessed on site into higher-value materials. Although recycling levels do not exceed 4 percent nationally, the informal sector has reached high recovery rates (up to 80 percent), as the recycling skill is essential to the livelihood of workers in this sector. Moreover, a few NGOs have emerged in the informal waste sector in recent decades which work to assist these informal workers. However, health and safety conditions are severely deteriorating in their workplaces.

The first step of the sustainable waste management hierarchy generally focuses on reducing the amount of waste generated. However, so far, little effort has been made to prevent and reduce waste production. All

over the world, waste management concepts have evolved from “downstream” waste management to more comprehensive resource management, i.e., from a linear economy to a circular economy in which materials are re-used within the economic system to reduce waste production.

Hazardous waste

Like municipal solid waste, there is a lack of reliable information regarding the actual amount of hazardous waste generated in Egypt. The only facility to treat industrial hazardous waste in the country, Al Nasiriyah Hazardous Waste Treatment Centre, was established west of Alexandria in 2006. Furthermore, as a result of cooperation between the Republic of Korea and Egypt, the first facility for the treatment of mercury in fluorescent lamps was established in 2011 at Al Nasiriyah Hazardous Waste Treatment Centre. The facility consists of units for separating mercury, glass, metals, and other lamp components. In addition, two small waste incinerators were recently installed at the centre, used primarily for pharmaceutical waste.

In cooperation with the concerned authorities, and with the support of the World Bank, the Ministry of Environment has succeeded in disposing of 185 tonnes of equipment and oils contaminated with polychlorinated biphenyls (PCBs), and 241 tonnes of high-risk lindane that accumulated at Adabiya Port in Suez nearly 30 years ago, in addition to 471 tonnes of obsolete pesticides.

Electronic devices are considered another source of hazardous waste, as they are made up of hundreds of different substances that can be toxic, but are of high value. While the largest proportion of materials such as iron, aluminium, plastic, and glass represent more than 80 percent of the weight, there are smaller amounts of valuable and toxic materials. The proper recycling of hazardous materials, such as carcinogens like lead and arsenic, is necessary as they pose significant risks to health and the environment if not handled properly. A national committee has recently been formed to deal with this waste, and the

number of electronic waste recycling factories in Egypt that are officially operating now numbers seven.

Hazardous medical waste is considered another source of health and environmental risk. It is estimated that about 28,000 tonnes of health care waste are collected annually and treated, mostly through incineration and sterilization. The main problems of medical waste management are concentrated in Greater Cairo, which produces nearly a quarter of all medical waste, and about 75 percent of this waste is not properly treated or disposed of, resulting in serious health and environmental risks. Untreated medical waste is mixed with municipal solid waste or illegally traded for recycling.

Hazardous medical waste is currently managed through three main systems, under the supervision of the Ministry of Health and Population and the Environmental Affairs Agency: 1) a government-run system in which medical waste is transported to incineration facilities located within public hospitals, which incinerates about 50 tonnes daily across the country; 2) a government system that relies on external sources affiliated to the private sector or private contractors to manage hazardous waste within public medical facilities; and 3) licensed private companies that collect, transport, and treat medical waste outside medical facilities centrally, with approximately 15 tonnes per day transported and treated at incineration and sterilization facilities.³⁰ The amount of health care waste is expected to increase significantly amid the COVID-19 pandemic.

5.4 Climate change: Challenges and opportunities

Egypt is considered an example of a country highly exposed to climate change, facing many risks to its economic, social, and environmental sustainability. Climate change is expected to increase the existing challenges related to the country’s growing population and increasing demand for the limited resources.

Successive governments have recognized the threats of climate change to sustainability in Egypt since the Rio Earth Summit in 1992. Consequently, Egypt has been an active participant in global climate change efforts and has endeavoured to build its national capacities to address these threats at many levels. Egypt has presented three national reports to the United Nations Framework Convention on Climate Change secretariat. The fourth national report is currently being prepared. Egypt also issued a Nationally Determined Contributions report within the framework of its membership in the Paris Agreement.³¹ As a result, Egypt was ranked among the group of countries with a moderate performance in the Climate Change Performance Index, and it advanced from 30th place in 2016 to 22nd in 2021, out of 57 countries whose combined emissions make up more than 90 percent of the world's total emissions.³²

5.4.1 Vulnerability and effects

Egypt is highly vulnerable to the impacts of climate change, as outlined in the national reports under the United Nations Framework Convention on Climate Change³³, the 2007 UNDP Human Development Report³⁴, and as stated in the Fifth Assessment Report submitted by the Intergovernmental Panel on Climate Change (IPCC).³⁵ Projections clearly show that current and future changes in climatic conditions constitute a major environmental threat that will not only hinder the development path for Egypt, but also negatively affect poverty reduction strategies. The most vulnerable sectors and areas in Egypt include coastal areas, water resources, and agriculture and food security. Moreover, climate change will also cause severe damage to human settlements, large parts of the land designated for agricultural production, industrial areas on the northern coast, and touristic resorts on the Red Sea.

About 15 percent of the total population of Egypt lives in coastal areas, which are characterized by the diversity of their resources and abundance of potential for development. These areas represent a source of biodiversity and mineral resources and are vital for ship-

ping and trade. It is expected that the coastal areas of the Nile Delta will be highly flooded as a result of sea-level rises. This could lead to soil subsidence at different rates, according to the terrain and geological features of the land. It is estimated that a sea-level rise above 0.5 metres will lead to permanent inundation of 1,800 square kilometres of the agricultural land in the low-lying areas of the Nile Delta and will accelerate soil salinity in the remainder.³⁶

The Intergovernmental Panel on Climate Change estimates that, by 2050, the level of the Mediterranean Sea will rise by 1 metre due to global warming, resulting in the loss of a third of the highly productive agricultural land in the Nile Delta.³⁷ In addition to the loss of the populated and agricultural areas, it is expected that some industrial cities and cities of historical importance, such as Alexandria, Damietta, Rashid, and Port Said, will be inundated as a result of the sea-level rise. Moreover, threats to food security, damage to major investments in the tourism sector along the northwest coast, and the relocation of over 10 million people to the already densely populated Nile Valley region are among the expected impacts of this flooding. It is therefore expected to have a direct and serious impact on the overall Egyptian economy. For example, several studies conducted regarding the vulnerability of Alexandria, which is the second-largest city in Egypt, indicate that, in the event of a rise in sea levels of half a metre, 30 percent of the city will be inundated, which will lead to the relocation of nearly 1.5 million people or more, 195,000 job losses, and losses to land and property estimated at \$30 trillion.³⁸

Agriculture accounted for 12 percent of GDP in 2019, making it one of the most important sectors of the Egyptian economy. The agricultural sector provides food, textiles, and other products. It also supports the livelihoods of 55 percent of the population and provides jobs for 27.5 percent of the workforce. However, agricultural development in Egypt is impeded by many factors, including the scarcity of water resources. Moreover, land eligible for cultivation accounts for only

a small proportion of the total, and is located mainly in the Nile Delta. This, in turn, puts significant pressure on the growth potential for agricultural output. As most of the agricultural activity in Egypt is concentrated in the Nile Delta region, a sea-level rise is likely to affect agricultural productivity. The highly salinated water will likely penetrate large areas of the Delta, which will increase the possibility that the current agricultural land will become unsuitable for agricultural production. In addition, increasing temperatures and changing precipitation patterns will have different effects on main crops in Egypt. For example, cotton yields may rise by about 30 percent by 2100 due to the rising temperature effects, which will prolong the seasons suitable for its cultivation. Meanwhile, other crops such as wheat, rice, and maize will decrease by 11 to 36 percent over the same time period (Table 5.10). Agricultural yields may also be affected by changing plant pathogens due to changing rainfall patterns and increasing temperatures.³⁹

Corps	Change %	
	2050	2100
Wheat	-15	-36
Rice	-11	
Maize	-19	
	-14	-20
Soybean	-28	
Barley	-20	
Cotton	+17	+31
Potatoes	-0.9 to -2.3	+0.2 to +2.3

Source: Ministry of Water Resources and Irrigation (2013).

To enhance the agricultural sector's contribution to the economy, Egypt aims to continue investing in land reclamation projects in order to increase the land available for agricultural production. In 2014, new plans were announced to reclaim 4 million acres of desert land, as part of Egypt Vision 2030.⁴⁰

In addition, the agricultural sector consumes about 80 percent of freshwater, and due to the expected increases in temperature and possible declines in rainfall rates, the demand for water for agricultural purposes will likely increase, thus exacerbating the problem of water scarcity. Furthermore, as Egypt heavily relies on the Nile River for agriculture, agricultural development will be affected by climate change impacts on the Nile. Studies predict that the annual flow of the Nile will vary, with a potential increase of 30 percent, or a decrease of up to 70 percent. These two sharp changes could have serious repercussions in terms of the increased risk of floods or droughts, which would lead to a decline in food production and an increase in job losses. In addition, the impacts of the Grand Ethiopian Renaissance Dam, as discussed above, could exacerbate the situation and may lead to water disputes in the region.⁴¹

Additional possible impacts of climate change include human health risks due to outbreaks of vector-borne diseases caused by heat, and coral bleaching, which would affect one of Egypt's most valuable natural assets. Consequently, Egypt needs to develop the capabilities of human resources and institutions to adopt effective strategies for managing climate risks in key vulnerable sectors, and this process is currently being successfully implemented.

5.4.2 Adaptation to climate change

The Intergovernmental Panel on Climate Change defines adaptation as "adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities."⁴² Egypt has taken many steps towards achieving climate adaptation, and various institutions have developed different adaptation strategies. The Cabinet issued the National Strategy for Adaptation to Climate Change in 2011.⁴³ The Ministry of Water Resources and Irrigation also developed a climate change strategy in 2013 that targets adaptation in the water sector.⁴⁴ In addition, the Environmental Affairs Agency has issued a national strategy for gender mainstreaming and the role of women in climate change in

Egypt.⁴⁵ This strategy was based on the principles of gender equality and women's empowerment. As climate change affects women and men differently, a gender perspective based on equality is central to climate policy-making and decision-making and the development and implementation of mitigation and adaptation strategies. This strategy will include gender considerations in national plans and strategies related to climate change and integrate climate considerations in national plans and strategies related to women. In addition, it will contribute to the involvement of women's organizations in all stages of climate policymaking and implementation in Egypt.

In addition, the National Strategy for Adaptation to Climate Change and Reduction of Disaster Risks in Egypt aims to increase Egypt's capacity to address the effects of climate risks and enhance the national capacity to address those risks. The strategy is based on the international consensus to project a temperature rise of 2 degrees Celsius, in addition to projecting two scenarios through 2100 in terms of sea-level rise, a rise of 0.5 metres and a rise of 1 metre.⁴⁶ This strategy also focuses on the most vulnerable sectors: coastal areas, water resources, agriculture, health, and urban and touristic areas. It is recommended that the agricultural sector change cropping

patterns to heat-tolerant ones, change farming systems and practices, adopt low-cost technologies appropriate to the local context, establish a special fund for agricultural adaptation, build scientific capacity, and improve public awareness. It is also recommended that the adaptation capacities of rural communities be enhanced through social protection and economic diversification.

With regard to water resources, the climate change adaptation strategy adopts integrated concepts and practices for the management of water resources. A set of adaptation measures have been determined, including improving the efficiency of the drinking water distribution infrastructure and changing consumer behaviours, improving irrigation efficiency, benefiting from rain and flood water, desalinating saline water and seawater, reusing wastewater, and increasing overseas agriculture.⁴⁷ Egypt has also obtained around \$5.5 million from the Green Climate Fund to enhance adaptation to potential climate changes on the northwest coast (box 5.2).

While these plans and adaptation policies are relatively robust, their implementation is still in its early stages, as political leadership always prioritizes other development issues.

Box 5.2 Enhancing adaptation to climate change on the North Coast and in the Nile Delta

The Green Climate Fund projects is being implemented in cooperation with UNDP and aims at supporting Egypt's adaptation efforts in the Nile Delta, which was identified by the Intergovernmental Panel on Climate Change in its Fourth Assessment Report as one of three "extreme" hot spots in the world. The project aims to reduce the risk of coastal flooding on the north coast of Egypt due to the combination of the expected sea-level rise and more frequent severe storms.

The project focuses on building 69 km of sand dams along five vulnerable hot temperature points within the Nile Delta and developing an integrated plan for the management of the coastal areas of the entire Mediterranean coast. It also aims to manage the climate change risks in the long term and to provide Egypt with the ability to adapt to potential flood risks by integrating the additional risks of climate change into coastal management and planning, and adapting budgets and implementing measures to mitigate these risks.

Source: UNDP (2020a).

5.4.3 Governance on climate risks

Following the signing of the United Nations Framework Convention on Climate Change in 1992, a Climate Change Unit was established within the Environmental Affairs Agency. This unit acts as a focal point under the United Nations Framework Convention on Climate Change and later under the Kyoto Protocol. In 1997, the unit was modernized to become the Climate Change Central Department within the organizational structure of the Environmental Affairs Agency. In parallel, the Multilateral National Committee on Climate Change was established, which includes members from government, the private sector, the scientific community, and international organizations. In 2007, the National Committee on Climate Change was restructured by a prime ministerial decree which assigned the chairmanship of the Committee to the Minister of State of Environmental Affairs. In 2019, the National Committee on Climate Change became the National Council for Climate Change, headed by the Prime Minister. This council is considered the national authority concerned with issues of climate change. It aims to formulate the state's general policies in relation to dealing with climate change, and develop and update sectoral strategies and plans in light of international agreements and national interests. It also aims to formulate and update a comprehensive national strategy for climate change, as well as incorporate concepts and knowledge related to climate change within the different stages of education and build the institutional and individual capacities necessary to deal with climate risks. In addition, the National Committee for the Mechanism of Clean Development was established in 2005, which is also headed by the Minister of Environment. This committee is composed of high-level representatives of the government, the private sector, the scientific community, and NGOs.

In addition, energy policies are developed and implemented by the Supreme Council of Energy, the Ministry of Electricity and Renewable Energy, and the New and Renewable Energy Authority. The Supreme Council of Water Resources and the Ministry of Water Resources

and Irrigation, which established the Nile Forecast Centre in the 1990s, deal with the issues related to water resources. The Ministry of Water Resources and Irrigation has also established the Environmental and Climate Change Research Institute. Since 1997, the Nile Forecast Centre has been actively working to forecast the flows of the Nile waters at different levels. The Centre has shown a high capacity for climate modelling. The Environmental and Climate Change Research Institute devotes greater attention to the environmental impact assessment and climate change, as well as possible adaptation methods. The Coastal Research Institute evaluates the impact of sea-level rise in coastal areas and participates in the development of an integrated plan for management of this issue. The Ministry of Agriculture and Land Reclamation also established a climate laboratory within the Agricultural Research Centre in the 1990s. The National Authority for Remote Sensing and Space Sciences has been monitoring the Earth since 2007 and receiving data from the US National Oceanic and Atmospheric Administration, France's Satellite pour l'Observation de la Terre (SPOT), and other entities. Moreover, the Institute of Graduate Studies & Research of the Environment at Alexandria University monitors the Mediterranean coastline, while the National Institute for Marine Sciences and Fisheries monitors the Red Sea coastline. Based on the above, it is clear that Egypt has made great progress in the past few years in establishing the institutional framework to deal with climate risks and building a relatively qualified national capacity.⁴⁸

However, with regard to research on climate sciences, there is an urgent need to develop national capacity for better understanding of climate change and its impacts on coastal areas, water resources and human health. Finally, it is essential that organizations cease independent work, which can lead to a fragmentation of efforts, and instead work towards collaboration on climate-based issues. A national network of these institutions should be formed in order to allow the exchange of information, experiences and lessons learned.

It is also necessary to establish a national data system so that national climate data, information and knowledge are available to all.

5.4.4 Energy and Egypt's climate policies

The energy sector is the largest producer of greenhouse gases in Egypt due to the heavy dependence on oil and gas, especially in light of the gradual process of phasing out the use of coal as fuel in factories, to meet the increasing demand for energy. This sector, however, also offers a range of climate-friendly opportunities to mitigate the climate risks and achieve sustainable economic development at the same time.

The COVID-19 pandemic has helped to clarify the interconnections between economic activity, energy systems, transportation, greenhouse gas emissions, and air pollution. With the closure of schools, businesses and public facilities, and reduced demand for transportation, the world has temporarily been forced to reduce the use of fossil fuels that cause air pollution and emit greenhouse gases. It is necessary to continue monitoring how the Egyptian economy responds after this temporary slowdown, and how these responses shape the trajectory of greenhouse gas emissions. During the global economic recession of 2008/2009, greenhouse gas emissions were significantly reduced, but they increased

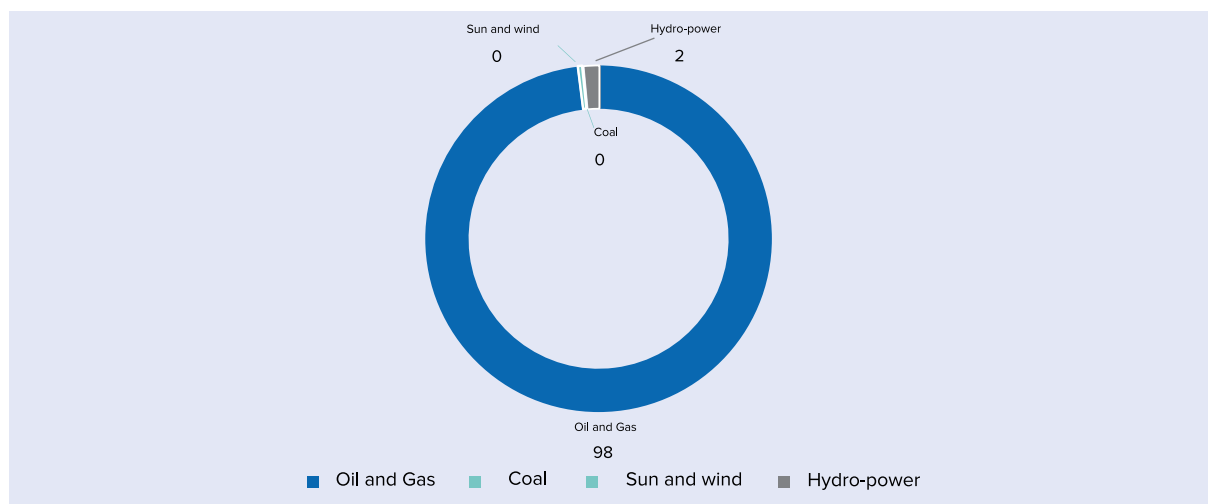
rapidly in 2010 due to the acceleration of economic activities. The same scenario could be repeated after the COVID-19 pandemic unless there are efforts to adopt a trajectory based on reducing carbon emissions and adapting to climate change in order to achieve recovery. Egypt has adopted policies to encourage green investment through a large group of sustainable mass transportation and renewable energy projects (Table 5.11).

Overview of energy sector and greenhouse gas emissions

The energy sector is responsible for providing the energy needs to feed the Egyptian economy. The sector's contribution to GDP has increased in recent years, particularly as a result of foreign direct investment. In order to achieve sustainable development, the energy sector must take into account national and global environmental considerations, and particularly Goal 7 of the SDGs, which is "provision of affordable and clean energy for all." Egypt has achieved remarkable success in this respect, as the percentage of population with access to electricity reached 99.7 percent in 2016/2017.⁴⁹

The energy sector mainly depends on oil and natural gas, and especially the latter due to the recent exploration of new gas fields in Egypt's Western Desert and off the country's Mediterranean coastline (Figure 5.7).

Figure 5.7 Primary energy consumption (%)

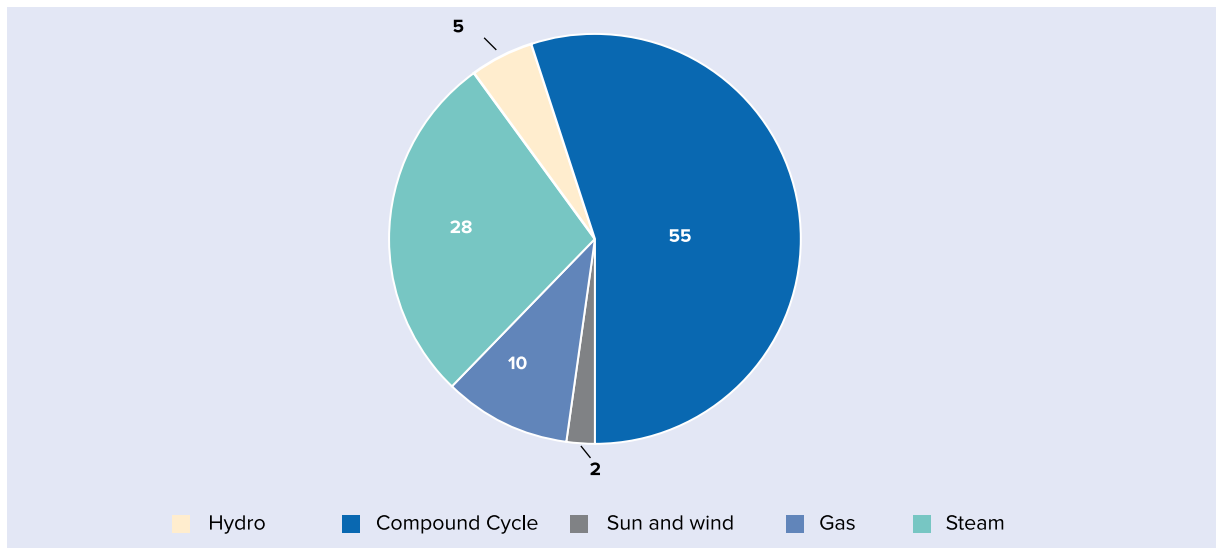


Source: IAE (2020b).

Given the slowdown in economic activity around the world amid the COVID-19 pandemic, carbon dioxide emissions will certainly decline during 2020 and 2021. The International Energy Agency (IAE) forecasts a decrease in global carbon dioxide emissions of 8 percent, or roughly 2.6 gigatonnes, to reach the levels prevailing 10 years ago.⁵⁰ Egypt will not be an exception, having also witnessed low demand for fuel in trade, transport and industry amid the pandemic. As the current decline in the world's oil prices will reduce the burden of fuel subsidies, it is recommended that Egypt, through its expected economic stimulus plan, continue to support renewable energy and energy efficiency in order to create new, decent jobs, enhance economic competitiveness, and improve the capacity of energy systems on adaptation.

Electricity is mostly produced by thermal power plants, the main capacity of which is based on highly efficient combined cycles (Figure 5.8).⁵¹ However, a third of these plants have been in service for more than 20 years. In 2011, an electricity crisis took place, with a power shortage of 20-25 percent amid demand that was rising by 4 percent annually. To address this, Egypt initiated a major programme worth €6 billion to expand the power sector, which included the construction of three gas-operated combined-cycle power stations with a capacity of 4.8 gigawatts. The project modernized and expanded older plants to allow the transmission and distribution of electricity, as well as securing the natural gas supply for power generation. In less than five years, Egypt has been able to eliminate its electricity shortages and increase installed capacity by an annual average of 14.5 percent.⁵²

Figure 5.8 Installed capacity by technology type (%)



Source: Egyptian Electricity Holding Company (2017).

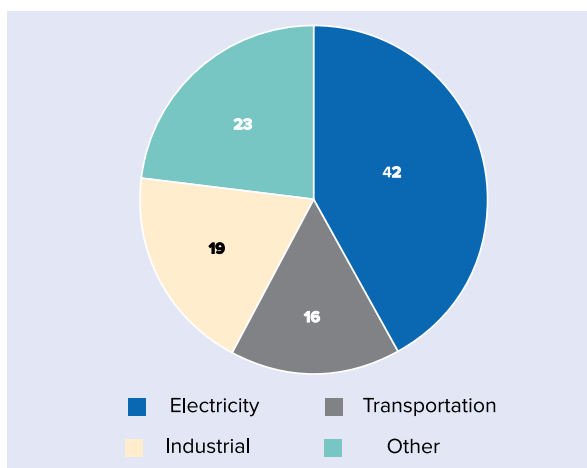
This ambitious programme, in addition to providing a reliable supply of electricity to vital health care systems and facilities, has provided Egyptians with the reliable power needed to meet their new needs amid the COVID-19 pandemic, such as teleworking, working from home, remote schooling, and shopping web-

sites and other online activity. The pandemic has therefore demonstrated the effectiveness of the Egyptian vision for the energy sector, as well as the vital importance of electricity infrastructure as society moves towards greater reliance on digital technologies. Consequently, one of the lessons learned from

the COVID-19 pandemic is the need to invest in strengthening electricity and data networks in order to benefit from digital technologies.

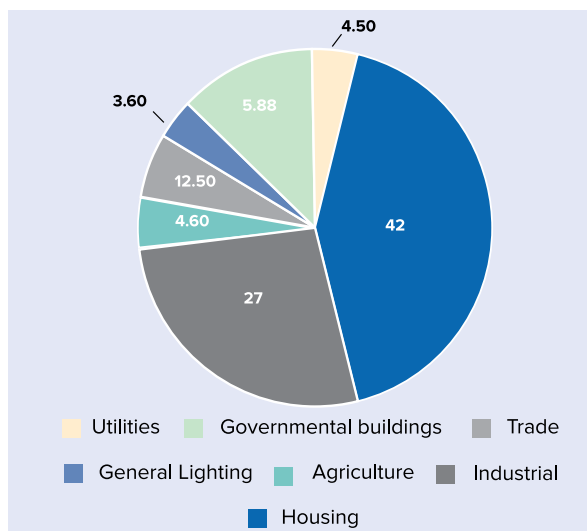
Egypt consumes 83 tonnes of petroleum and natural gas equivalent products, 42 percent of which is used in electricity generation (Figure 5.9). The residential sector consumes 42 percent of the electricity produced in Egypt, while industry consumes 27 percent, and the remainder goes to other economic activities (Figures 5.10 and 5.11).⁵³

Figure 5.9 Sectoral consumption of oil and gas (%)



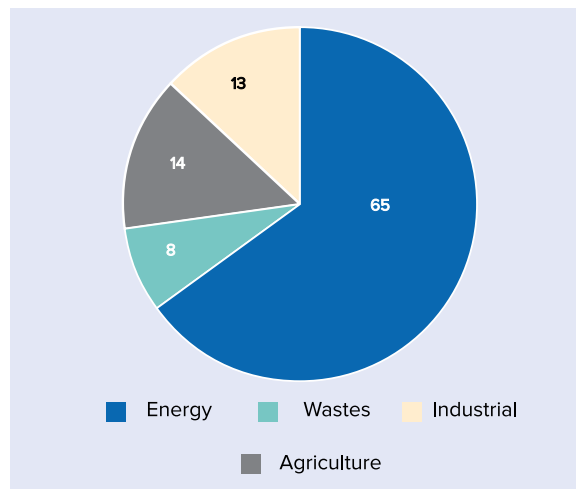
Source: <https://www.statista.com/statistics/1087810/egypt-share-of-petroleum-products-and-natural-gas-consumption-by-sector/>

Figure 5.10 Sectoral consumption of electricity, 2017 (%)



Source: Egyptian Electricity Holding Company (2018).

Figure 5.11 Greenhouse gas emissions by sector, 2015 (%)



Source: EEAA (2018).

Energy subsidy reform

Over the past decades, Egypt has provided energy at below-market prices. This practice has encouraged wasteful consumption behaviours, has weakened the economic viability of renewable energy economics and energy efficiency practices, and has been the main reason behind the delay in utilizing these renewable domestic resources. Energy subsidies, along with the economic recession, contributed to an increasing budget deficit, which amounted to about 12 percent of GDP in 2013. The decline in energy prices led to a high response and increased demand from various economic sectors, and thus the subsidy bill increased at a compound annual rate of 26 percent between 2002 and 2013.⁵⁴

To address this, Egypt initiated a strong programme to reform and gradually eliminate energy subsidies over a period of five years. The first phase of the programme was implemented in 2014, the second phase in 2017, and the third phase in 2018. According to the economic development plan for fiscal year 2019/2020, Egypt's parliament has agreed to reduce fuel subsidies from EGP 90 billion to EGP 53 billion and to reduce electricity subsidies from EGP 16 billion to EGP 4 billion.⁵⁵ As a result of these reform efforts, the amount of total government spending on subsidies devoted to fuel subsidies declined from 56.8 percent in 2016/2017 to 30.8 percent in 2019/2020.⁵⁶

During the COVID-19 pandemic, global oil prices declined sharply due to the decline in global demand, among other factors. This provides Egypt with a great opportunity to accelerate its fuel subsidy reform schedule, as consumers are less likely to feel the effects of this reform programme.

Energy efficiency support initiatives

Although the promotion of energy efficiency in Egypt began in the early 1980s, it has not been a government priority until recently, especially as a result of the energy shortages of 2012. However, a number of initiatives have been launched over the past 10 years to study and implement plans to enhance energy efficiency. Most of these initiatives have been financed by international development partners, e.g. UNDP, the United States Agency for International Development (USAID), the United Nations Industrial Development Organization (UNIDO), and the Global Environment Facility. These initiatives aim to overcome the technical, market and/or institutional constraints, which impede energy efficiency. On the technical side, many efforts have been exerted, but with limited success. Further, a number of energy consumption audits were

carried out in the industrial and commercial facilities, but only a few projects have been implemented. In addition, some pilot projects were identified and implemented, but not widely replicated. Most of these projects were fully funded through grants provided within the framework of development partner programmes. These projects were not sufficient to stimulate investment in efficiency improvement projects. The main reason behind obstructing this matter for a long time is the low level of subsidized energy prices.

However, the driving factors for improving energy efficiency have increased recently due to energy price reform and the availability of energy efficiency technologies, especially energy-efficient lighting systems like LEDs. In response to the 2012 electricity crisis, the government allocated EGP 2.1 billion to an initiative to install high-efficiency street lighting systems (using high-pressure sodium and energy-saving bulbs or LEDs). Electricity distribution companies have also distributed nearly 13 million LED lights within the residential sector. These may be the only initiatives to improve energy efficiency and reduce electricity consumption ever funded from the public budget.

Box 5.3 Energy efficiency improvement project for lighting and home appliances The Egyptian energy efficiency lighting market transformation (success story)

The project is being implemented by the Ministry of Electricity and Renewable Energy, in cooperation with UNDP and with the support of the Global Environment Facility. It aims to improve energy efficiency in the domestic sector, the largest consumer of electricity in Egypt, at 42 percent of the total, due to the growth in the use of modern home appliances, such as air conditioners and refrigerators. It also aims to provide savings for Egyptians, who face an increase in electricity bills in the wake of the reforms to electricity subsidies.

Egypt has implemented more than 15 pilot projects to improve energy efficiency in different places (including residential compounds, banks, shops, supermarkets, hotels, resorts, libraries, and private and public administration buildings), through the provision of the technical support and co-financing. This project has resulted in savings of around 25-40 percent of total electricity consumption. The project also supported the organization of public awareness campaigns aimed at promoting energy efficiency measures, changing perceptions and creating a market for energy efficient products. In addition, energy performance standards for fans and dishwashers have also been developed and implemented via a ministerial decree. The project also organized training courses on energy efficiency in street lighting in cooperation with the Housing and Building National Research Center.

The project won the Emirates Energy Award in 2017.

Source: UNDP (2020b).

In 2016, the Supreme Council of Energy approved the 2035 Integrated Sustainable Energy Strategy, which includes a component to improve energy efficiency. This component aims to improve energy efficiency without affecting the growth or productivity rates of economic sectors or affecting the level of consumer well-being. It also aims to achieve greater savings at the highest possible energy efficiency.⁵⁷ This component contains a set of measures to complete the institutional framework for improving energy efficiency, developing mechanisms for financing energy efficiency projects, implementing capacity-building programmes, and raising public awareness.

Egypt's development partners continue to support a range of activities to enhance energy efficiency, in cooperation with the relevant agencies. These activities include the determination by the Ministry of Electricity and Renewable Energy of the minimum energy efficiency standards for household appliances, such as dishwashers, fans, televisions, electric ovens and vacuums box 5.3, and provisions of technical assistance to the industrial sector to improve energy efficiency through the Egypt National Cleaner Production Centre, with the support of UNIDO. Furthermore, to overcome the funding constraints of recent years, some positive steps have been taken towards improving energy efficiency, including a number of financing facilities such as the Sustainable Energy Financing Facility provided by the National Bank of Egypt and the European Bank for Reconstruction and Development, and the Credit Risk Guarantee Company supported by UNDP and the Global Environment Facility.

The Ministry of Electricity and Renewable Energy and the Ministry of Petroleum and Mineral Resources are currently implementing several activities aimed at completing and developing the institutional and legal framework to improve energy efficiency in Egypt on the supply and demand sides. They are also working to build and strengthen local capaci-

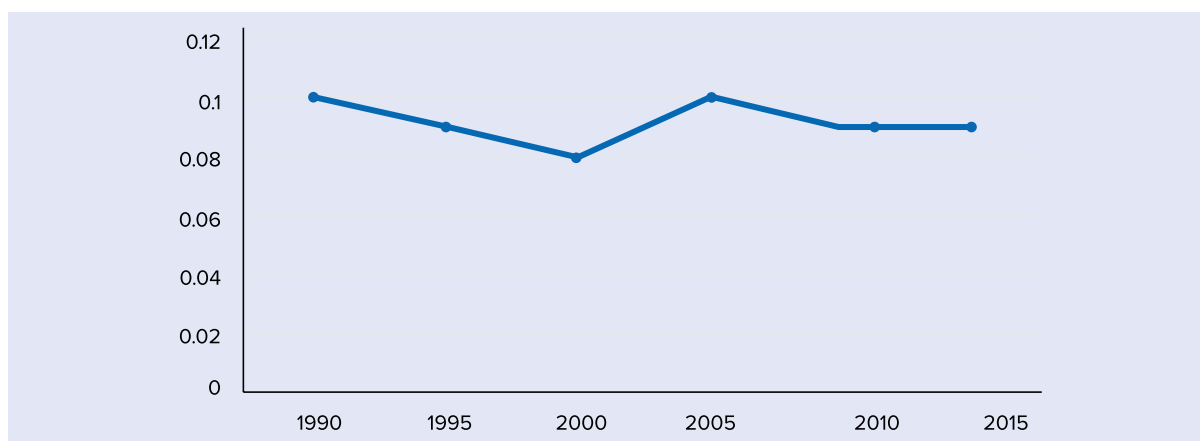
ties to achieve the national goals contained in Egypt's 2035 Integrated Sustainable Energy Strategy, which aims to reduce energy consumption by 18 percent by 2035.

In parallel with efforts exerted to improve energy efficiency in various end-use sectors, the Ministry of Electricity and Renewable Energy and its affiliate companies are seeking to improve the efficiency of the electricity supply system. The fuel efficiency for electricity generation has steadily improved due to the introduction of new and more fuel-efficient power plants and the suspension of old and low-efficiency plants. Losses in the transmission and distribution networks have also been reduced. Passed in 2015, the Electricity Law aims at promoting energy efficiency and regulating a number of energy efficiency measures, such as cogeneration and load management. It is worth noting that Egypt has declared energy efficiency a priority to mitigate climate change effects and separate carbon emissions from economic growth.⁵⁸ Between 2008 and 2018, carbon intensity (tonnes of carbon dioxide per \$1,000 of GNP) decreased by 25.3 percent.⁵⁹

The Ministry of Petroleum and Mineral Resources has also started building the institutional framework necessary to improve energy efficiency in all phases of the petroleum industry, in addition to implementing an expanded capacity-building programme. These efforts are being made in parallel to an integrated strategy to improve energy efficiency in the petroleum sector, which will serve as an integral part of the sector modernization programme.

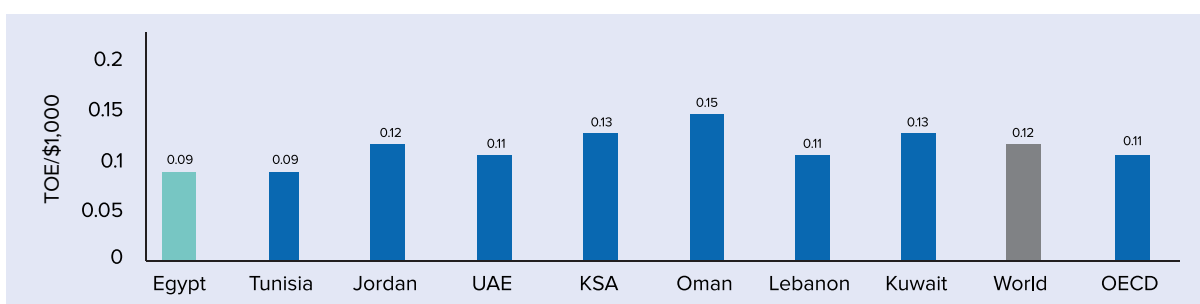
Energy intensity (tonne of oil equivalent per \$1,000 of GDP) has decreased slightly since 2005 due to improved energy efficiency and some other structural factors (Figure 5.12). A comparison with other countries shows that Egypt consumes less energy than both Gulf Cooperation Council (GCC) countries and the global average (Figure 5.13).

Figure 5.12 Energy intensity (TOE/\$1,000 of GDP)¹



Source: IEA (2020a)

Figure 5.13 Energy density (TOE/\$1,000 of GDP)²



Source: IEA (2020a).

Energy mix diversification: Nuclear power

Alongside efforts to increase oil and gas production, Egypt's energy sector reform strategy also requires a diversification of the country's energy mix by considering renewable energy sources, energy efficiency, nuclear power and clean coal technologies. Nuclear power is a low-carbon option that will provide a source of electricity generation with a carbon effect close to zero. The nuclear power option has additional advantages, including reducing dependence on imported fossil fuels, and it is therefore less vulnerable to fluctuations in international oil prices. On the other hand, nuclear power raises concerns about safety and environmental impacts. Nuclear facilities are also highly capital-intensive, ranging from \$2 billion to \$3.5 billion per nuclear reactor, with

additional costs associated with reactors' end-of-life disposal and the disposal of nuclear waste. Nuclear power currently generates about 10 percent of the world's total electricity, with around 440 reactors worldwide. The United States, France and China top the list of 50 countries that use nuclear energy, and France generates about three quarters of its electricity from nuclear power.⁶⁰

Egypt's activity in nuclear power began in the 1950s, but was intermittent, stopping after the war in 1967 and then restarting after 1973. In 1986, work on nuclear power stopped again after the Chernobyl disaster. At present, Egypt has two small research reactors, and in February 2015, Egypt signed an agreement with Russia for the construction of its first nuclear reactor for commercial purposes. The

¹ Tonne of oil equivalent/\$1,000 (2010), purchasing power parity (PPP).

² Tonne of oil equivalent/\$1,000 (2010), purchasing power parity (PPP).

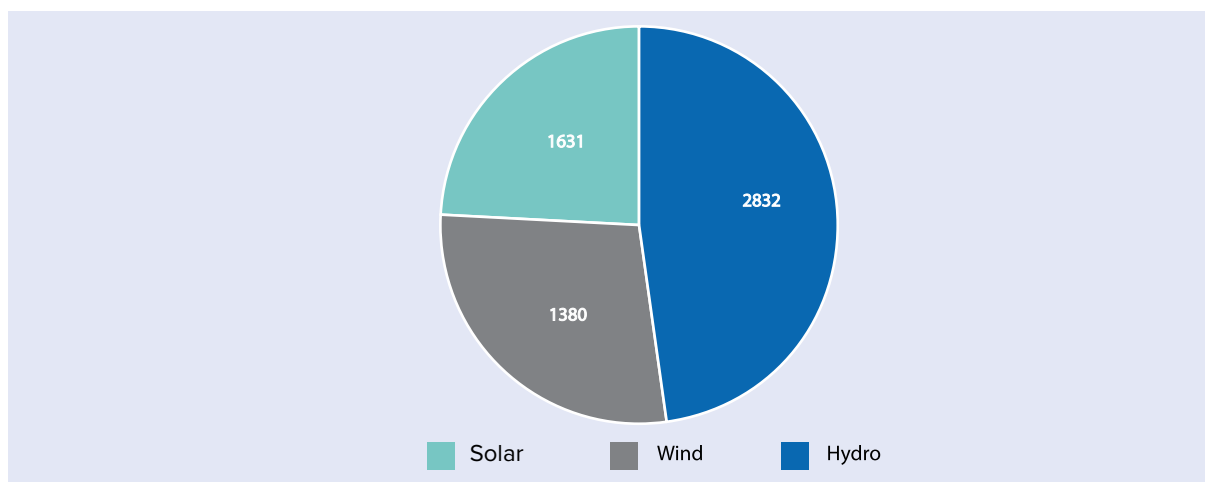
planned El-Dabaa Nuclear Power Plant, located on the Mediterranean coast 250 kilometres west of Alexandria, will have a capacity of 4.8 gigawatts. Construction of the plants started, with operations set to begin in 2026. The Russian company Rosatom State Atomic Energy Corporation (ROSATOM) will construct the plant, which will be owned and operated by Egypt's Nuclear Power Plants Authority. The plant will consist of four VVER-1200 nuclear reactors, each of which can produce 1.2 gigawatts of power. The first unit is expected to begin commercial operations in 2026, while the remaining three reactors are scheduled to be commissioned in 2028. The VVER-1200 reactor is a third-generation pressurized water reactor that fully complies with all international safety requirements issued by the International Atomic Energy Agency after the Fukushima disaster. Russia will provide a \$25 billion loan to finance about 85 percent of the construction cost of the project. The loan will

be repaid over 22 years at an interest rate of 3 percent per year. Egypt will source the remaining 15 percent of construction costs from investors in the private sector.⁶¹ Nuclear power represents an energy source that must be taken into consideration as part of the country's plan to expand the construction of seawater desalination plants in the future.

Enabling environment for promoting renewable energy

Renewable energy is another option for sustainable, climate-friendly energy that Egypt has adopted, and which has strong potential for development. Egypt's 2035 Integrated Sustainable Energy Strategy targets generation of 42 percent of installed electric capacity from renewable energy sources by 2035. Currently, Egypt has approximately 5.8 gigawatts of renewable installed capacity (Figure 5.14).

Figure 5.14 Renewable installed capacity in megawatt, 2020



Source: NREA (2020).

In order to develop the renewable energy market, Egypt has made significant improvements to its renewable energy policy framework and has attracted more investment from the private sector as a result. Egypt has adopted a set of enabling policies, including a feed-in tariff for renewable energy supplies, a net consumption measurement policy, and

competitive bidding and tender procedures. The feed-in tariff for large photovoltaic (PV) projects was completed in two phases: 14.3 cents per kilowatt-hour (kWh) for the first phase and 8.4 cents per kilowatt-hour for the second phase. Moreover, in 2019 a feed-in tariff system was approved for waste-generated electricity (EGP 1.40 per kilowatt-hour for

solid waste and EGP 1.03 per kilowatt-hour for liquid waste). However, due to the continuing decline of renewable energy technologies costs, the feed-in tariffs have gradually been replaced by competitive bidding and auctions.

This package of supportive policies led to the construction of Benban Solar Park with investments of \$2.2 billion. The project produces 1,465 megawatts of power and is considered the largest solar complex in Africa. It also won the World Bank's Best Project award in March

2019 (Box 5.4). Other projects for solar and wind power production have been proposed by independent power producers, including the construction of three large-scale wind farms with a capacity of 500 megawatts each, on a build-own-operate basis, with a feed-in tariff of 3.1 cents per kilowatt-hour. Competitive bids submitted by independent power producers in Egypt (through auctions) have proven successful in achieving competitive prices in wind power at 2.8 cents per kilowatt-hour.

Box 5.4 Benban Solar Park

Benban Solar Park, based near Aswan in southern Egypt, is considered one of the largest solar power projects in the world. It is built on an area of approximately 37 km² and includes 32 photovoltaic solar power plants with a total capacity of 1,465 MW, which is equivalent to about 90 percent of the capacity of the Aswan High Dam. Benban village was chosen based on studies and information sourced from the National Aeronautics and Space Administration (NASA) and other international scientific institutions, which confirmed that the project site is one of the brightest sites in the world.

The commercial commissioning of the project started in 2018, and the electricity generated was sold to the Egyptian Electricity Transmission Company through a 25-year contract at a price of 7.8 cents/kWh. The project reduces carbon emissions by 2 million tonnes annually.

The project takes advantage of the investment law issued in 2017 to increase foreign investments in order to support the national transition plan to clean energy and to put Egypt on the energy map in the Middle East and North Africa. The total cost of the project is estimated at about \$4 billion, most of which is provided by the European Bank for Reconstruction and Development and the International Finance Corporation through soft loans and banking facilities for private companies investing in the project.

There is a large number of companies participating in the project, including 10 international companies and 30 percent Egyptian firms. The project also provides about 20,000 job opportunities during its implementation period. Experts believe that Benban's exceptional solar radiation levels, and the low maintenance costs, which are limited to cleaning the photovoltaic panels of sand, enhance the viability of the project. However, Egypt's success in implementing the Benban project, and renewable energy projects in general, would not have been possible without completing the legislative and institutional framework that attracted investments to this economically promising sector. The project won the Best Project award from the World Bank.

Source: Various sources.

The third support system to increase the utilization level of renewable energy is the net metering of consumption, which improves the work environment for solar power investments in the household, commercial and industrial sectors. It is worth noting that Egypt has raised the ceiling of those projects that apply to join the net consumption metering system to 20 megawatts, and thus allowing

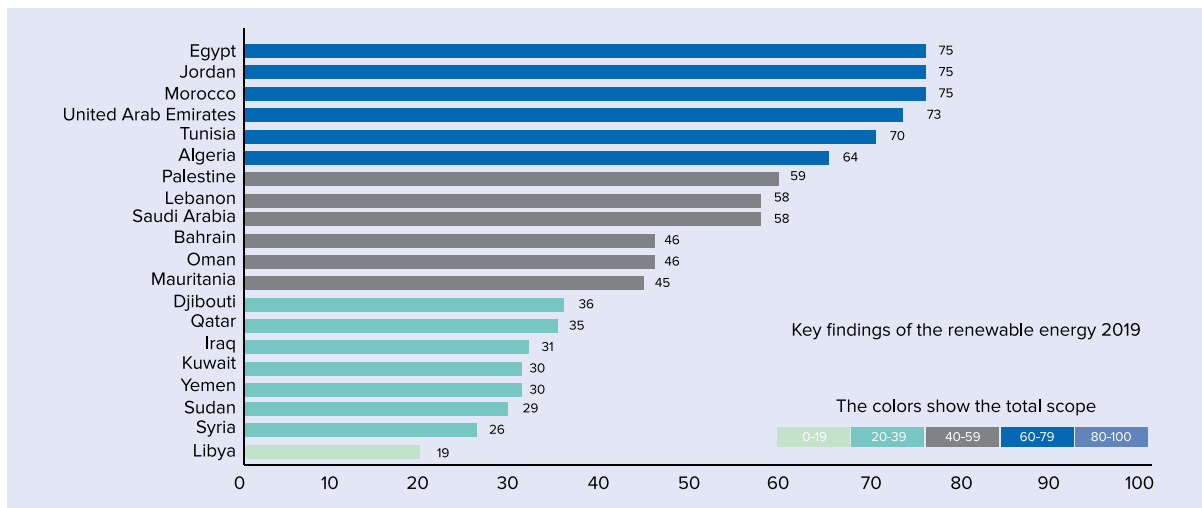
increased demand from industrial and commercial establishments. However, solar PV generation through this mechanism is still significantly underutilized.

According to the Regional Centre for Renewable Energy and Energy Efficiency's analysis of the main areas that promote the adoption of renewable energy by Arab countries, which included market structure, policy

framework, institutional capacity, financing and investment, Egypt ranks first among the

Arab countries in developing the renewable energy market (Figure 5.15).⁶²

Figure 5.15 Classification of renewable energy in Arab States (%)



Source: Regional Center for Renewable Energy and Energy Efficiency, 2019.

The recent unprecedented decline in oil prices due to the low level of demand as a result of the COVID-19 pandemic may threaten the efforts made by Egypt to promote renewable energy, despite the importance of diversifying energy sources to mitigate the impact of oil price fluctuations. However, it is too early to assess the implications of this decline, especially since the electricity market in Egypt is not fully open and consumer options are still relatively limited.

5.5 Government policies on environmental sustainability and climate change

Egypt has exerted ongoing efforts to improve the quality of the environment in order to protect and improve the health and quality of life of its population. However, there is still an urgent need to make several policy reforms in order to address the root causes of some environmental challenges, in areas such as solid waste management, the enhancement of sustainable consumption and production, greening the financial sector, incorporation

of the environmental costs into the national economy, and strengthening the interconnection between water, energy, food and climate change. Therefore, in light of the analysis presented above, there is a set of policies that will be at the top of Egypt's priorities in the coming period in order to overcome these challenges, as outlined below.

- **Separation of resource use from economic growth**

Consumption patterns in Egypt, supported by economic growth, technological developments, and cultural and social factors, have undergone significant changes over recent decades. Car ownership rates have increased, leisure and business trips have become more common, and home appliances and communication tools have become increasingly popular. Many products, such as mobile phones and audio/visual equipment, are no longer considered Luxuries but necessities, thus exacerbating waste issues. Egypt is therefore seeking, among its priorities, to work on changing consumption habits by making long-term and vigorous efforts on ed-

ucation and public awareness. These efforts include combining the development of government policies and business strategies, the involvement of NGOs and academia, and the contributions of the media, community leaders, and advertisers. Young people, who make up a major proportion of Egypt's population, constitute a large group of consumers, and therefore they will function as the active party and the main driver in achieving the SDGs. The habits today's young people acquire will play a significant role in future consumption patterns, markets and ways of living.⁶³

In addition, in order to change the current unsustainable patterns of consumption and production, the Egyptian economy must go through a transitional phase towards building a circular economic model, in which waste incineration and disposal in landfills is minimized to the greatest extent possible. This transition will be achieved through the expansion of the recycling and reuse processes, and improvements in the utilization of raw materials, products and waste. There are many international experiences that can be adopted and utilized in this regard, such as the experiences of the European Union, Germany, Japan and China.⁶⁴ In order to facilitate this transition, Egypt will work to introduce a package of supportive policies of legislation and market tools, which may include, for example, imposing taxes on single-use products and packages (where there are reusable alternatives) to discourage their use, and setting up mandatory deposit and take-back systems for some products, such as lead-acid batteries and vehicle tyres, and for some packaging, such as beverage cans. Egypt will also seek to implement the "extended product responsibility" principle in relation to some products, such as ICT products. The newly issued Waste Management Regulatory Draft-Law offers a way forward to start this transitional phase.

- **Green public procurement**

Government spending could become an effective tool in stimulating sustainable consumption and production patterns in Egypt if it is directed towards green services and products. As well as acting as a role model for the public and the private sector, green public procurement can create markets and demand for green products and services. Green public procurement clients include public offices, schools, hospitals, other public buildings, public transportation systems, and public infrastructure projects, among others. The encouragement of green public procurement and practices is expected to make a significant contribution to a more sustainable and efficient use of resources in various sectors, and push the market towards cleaner production and more efficient consumption by purchasing locally-made products which use resources more efficiently.⁶⁵ Egypt therefore seeks to encourage green public procurement as a step towards encouraging sustainable consumption and production by setting the government as a good example to be followed. Egypt is also seeking to develop a list of standards and guidelines related to green public procurement that government agencies should take into account, and should work to obligate these agencies to follow. An Environmental Sustainability Standards Manual was recently issued, which aims to integrate sustainable development standards into development plans. It also aims to ensure the achievement of a specific development goal, which is the doubling of the percentage of green public investments that take into account the dimensions of sustainability from 15 percent in the 2020/2021 state budget to 30 percent in the 2021/2022 state budget.⁶⁶

Box 5.5 Environmental sustainability standards manual

- Article 32 of the Constitution stipulates the necessity of preserving natural resources and considering the rights of future generations, and the sustainable development strategy, Egypt's Vision 2030, also states that the environmental dimension should be an essential axis in all development sectors in order to safeguard natural resources and support their fair use and optimal utilization, in a manner that guarantees the rights of future generations, and contributes to supporting competitiveness, providing new job opportunities, alleviating poverty, and achieving social justice, while providing a clean, healthy and safe environment for Egyptians.
- In line with these commitments, the Ministry of Planning and Economic Development cooperated with the Ministry of Environment to draft an Environmental Sustainability Standards Manual, with the aim of outlining general standards to integrate into sustainable development plans. The manual also aims to maximize the returns to public investment, to ensure doubling of the share of green public investments that considers the dimensions of sustainability, from 15 percent in the 2020/2021 state budget to 30 percent in 2021/2022 state budget. This will accelerate progress towards the SDGs and all relevant international commitments. In addition, it will insert environmental sustainability considerations into projects' financing criteria.
- The manual contains a methodology for integrating sustainability criteria into all stages of development plans (planning, financing, design, implementation, and operations).
- The manual also contains sector-specific environmental sustainability criteria for 13 sectors for projects with a direct positive impact on the environment, which must be used as a guide when planning these projects.

Source: MPED.

- **Sustainable financing:
Environmental Protection Fund
and green bonds**

The term sustainable finance refers to “any form of financial service integrating environmental, social and governance (ESG) criteria into the business or investment decisions for the lasting benefit of both clients and society at large.”⁶⁷ One form of sustainable finance is environmental funds, which are environmental finance mechanisms that are increasingly common in developing economies. The rationale for establishing special environmental funds usually depends on two main factors: the failure of governments in addressing environmental problems due to their failure to establish a sound framework for environmental management policy and law enforcement, and the failure of financial and capital markets to provide access to finance under reasonable conditions. In order to improve the quality of the environment, huge investments are required, not only from government agencies,

but also from other sectors. The aim of these investments is not only to reduce pollution, but also to support the development of environmentally-friendly technologies, provide environmental services, and establish sound environmental management systems. In order to facilitate the flow of these investments, Egypt established the Environmental Protection Fund, via the Environmental Protection Law No. 4 of 1994, as an independent entity affiliated with the Ministry of Environment.

The mission of the Environmental Protection Fund is to provide the necessary finance for investment in sustainable environmental projects. Specifically, it aims to support investments in pollution control, use of cleaner technologies, and environmental management and capacity-building projects. Furthermore, it is entrusted with establishing and operating environmental monitoring networks, and assessing environmental impacts, addressing environmental disasters, transferring low-cost environmentally sound technol-

ogies, and establishing and managing nature reserves. The Environmental Protection Fund also provides concessional financing, such as grants and loans with interest rate support, ownership-guaranteed loans, and concessional loans. The beneficiaries of the financing include entities belonging to the private and public sectors, local bodies, and NGOs. The potential sources of the fund's revenues include amounts allocated in the state's general budget, grants and donations received from national and foreign donor organizations, fines and penalties imposed for breaching the Environmental Protection *Law No. 4 of 1994* and *Law No. 102 of 1983* on Natural Protected Areas, compensation for environmental damage, and revenues received from the Environmental Affairs Agency for services provided to third parties. For several years, the Environmental Protection Fund has faced challenges due to the inflexibility of government regulations in the area of its purview, and it may be time to enhance its effectiveness by giving it more flexibility in managing its resources.

Other sustainable financing tools include green bonds, or climate bonds, which are a relatively new source of financing that is becoming increasingly popular in the capital markets. Green bonds are primarily intended to finance any projects or initiatives related to promoting a low carbon economy and addressing climate change challenges. The World Bank first issued green bonds in 2008 and has issued more green bonds in various currencies since then. Green bonds have also been issued by third parties, including the European Investment Bank, US government agencies, the International Finance Corporation, and the Asian Development Bank.

In 2019, the Egyptian Financial Supervisory Authority developed guidelines on green bonds based on the Green Bond Principles issued by the International Capital Markets Association. Examples of green projects included in these principles are renewable energy, energy efficiency, wastewater treatment, reduction of air emissions, mitigation of green-

house gas emissions, soil disinfection, waste prevention and reduction, waste-to-energy recycling projects, products compatible with the circular economy, and climate change adaptation measures. In 2020, Egypt's Ministry of Finance issued the first green bonds in the Middle East and North Africa, an innovation that puts Egypt on the sustainable financing map in the region. The total value of the bonds is \$750 million over five years, with a yield of 5.25 percent, due in October 2025. The issuance attracted investors from Europe (47 percent), the United States (41 percent), East Asia (6 percent) and the Middle East (6 percent). Final applications registered the subscription of 220 investors, including 16 new first-time investors in US dollar bonds, reflecting the efforts to diversify and improve the existing investor base. The proceeds of the green bonds will be used to finance green projects in various sectors, such as transportation, renewable energy and energy efficiency. The proceeds will also be used to reduce and control pollution, adapt to climate change, increase energy efficiency, and sustainably manage water and sanitation, in line with the national sustainable development strategy, which gives priority to green investment projects. The most important projects that will use the proceeds of the green bonds in their financing include the Cairo Monorail Project, which will see the construction of a monorail connecting the New Administrative Capital with 6 October City on the western outskirts of Cairo; the El-Dabaa water desalination plant; and the wastewater treatment plants in Arab Abu Saed and Port Said.⁶⁸

Egypt has included a set of green projects that can be financed by these bonds in the 2020/2021 draft state budget, amounting to about 691 projects with a total cost of EGP 447.3 billion. These projects have allocations of about EGP 36.7 billion, which constitutes 14 percent of the total public investments in the state budget. The sustainable transport sector has the largest share of these projects, with 50 percent of the allocations listed for green projects in the plan. Table 5.11 outlines the most important of these projects.⁶⁹

Table 5.11

Allocations for the most important green projects included in the 2020/2021 plan

Project name	Sector	Credit (EGP million)	Project's goal
Electric Railway	Transportation	4,500	Connect the New Administrative Capital with the new cities of Al-Salam, Al-Obour, Al-Shorouk, Al-Rubiki, 10 Ramadan City and Belbeis through the fourth phase of the third line of the Cairo Metro.
Cairo Metro Line 3	Transportation	3,607	Aims to improve the traffic congestion in Greater Cairo. The length of this phase is approximately 17.7 km (15 stations).
Metro Line 4 (Al-Remaya Square/ Nasr City)	Transportation	4,387	Aims to improve traffic congestion in Greater Cairo. The first phase extends from Line 4 of the interchange station west of the Cairo Ring Road on the borders of 6 October City, passing through the Grand Egyptian Museum station, then Al-Remaya Square and Al-Haram Street, until Giza station, where it intersects with Metro Line 2.
Wind Power Plant (Gulf of Suez)	Electricity and renewable energy	2,144	Fulfills the increasing demand for energy and meets SDGs. Wind power plant with a production capacity of 25 MW.
Monorail Project (New Administrative Capital/ 6 October City)	Transportation	2,000	Fast, modern, safe and eco-friendly means of transportation that saves fuel consumption, reduces pollution, mitigates traffic congestion in main highways and streets, and attracts passengers to use this means of transportation instead of their private cars.
Solid Waste Management	Local development	2,000	Treatment of solid waste and increasing the efficiency of the waste cleaning system.
Fourth phase of Metro Line 3 (Al-Thawra Line)	Transportation	1,827	Aims to improve the traffic and transportation congestion in Greater Cairo. Completing the fourth phase of the Metro Line 3 through Al-Thawra, Imbaba and Cairo Airport stations, with a length of 18.7 km (15 stations).
Improving Damietta Port's Efficiency	Transportation	1,453	Aims to maximize revenues, increase the amount of cargo handled, increase container handling volume, and increase the port's capacity.
Dry Port in 6 October City	Transportation	720	Aims to diversify the Port Authority's revenues and store raw materials and cargo.
Photovoltaic Power Plant in Zafarana	Electricity and renewable energy	612	Aims at meeting the increasing demand for energy. Capacity of 50 MW.

Source: MPED.

In order to expand the scope of the green bonds market, Egypt is seeking to introduce the concept of green bonds to the local market and is considering a package of market incentives such as tax exemptions and/or subsidizing interest rates on green bonds. Egypt is also looking to establish a system to track the environmental performance of

green bond projects, in cooperation with the Egyptian Environmental Protection Fund and the Environmental Affairs Agency.

- **Responsibility for carbon emissions**

Climate financing is another form of sustainable financing provided by the public and

private sectors for investments aimed at advancing low-carbon and climate-resilient development. Carbon emissions certificates are traded in the carbon market, encouraging countries and companies to reduce emissions. Further, emission certificate trading may permit the reduction of emissions at lower cost when they can be obtained from high-emitting countries, and thus reducing the economic cost of mitigating the effects of climate change.

The flexibility mechanisms provided under the Kyoto Protocol include the Clean Development Mechanism, which aims to provide an effective market mechanism to developed countries that will enable them to achieve some of their commitments to reducing emissions at a lower cost. This will be achieved by transferring green technology to developing countries. Since the Kyoto Protocol entered into force in 2005, nearly 8,000 projects have been registered.⁷⁰ Egypt has successfully developed a diverse portfolio of Clean Development Mechanism projects, including 20 projects, equivalent to about 4.2 tonnes of carbon dioxide annually until the end of 2015. The registered projects include renewable energy projects, energy efficiency projects, waste management projects, transition to low-carbon fuels, transportation, and industrial projects.⁷¹ Currently, there is great uncertainty as to whether and how the Paris Agreement will address these projects. After the Paris Agreement, the projected expectations for the global carbon market depend on ongoing international negotiations within the global framework of climate change.

Internationally, carbon emissions charges have been used for a long time, as these charges are considered an effective way to absorb the external costs associated with carbon emissions from energy use, and thus help to mitigate threats resulting from climate change and encourage a faster transition to low-carbon economies. With the development of sustainable energy, appropriate costing of greenhouse gas emissions helps

to attract the financial investments required to support renewable energy development, take measures for energy efficiency, and use low-carbon technologies in industry.

International carbon pricing initiatives include emissions trading regulations, imposition of taxes on carbon, emissions compensation mechanisms, and results-based financing directly linked to greenhouse gas emissions that enable correct estimation of the value of carbon emissions. Moreover, carbon pricing will increase the use-cost of fossil fuels and thus encourage increased efficiency of energy production and consumption. As of the beginning of 2020, there were 58 national and local carbon pricing initiatives in 46 countries, covering 20.1 percent of global greenhouse gas emissions.⁷² Among 84 other countries, Egypt intends to consider the international carbon market to achieve emission reduction goals, as set out in its NDCs provided in the Paris Agreement.⁷³

Government subsidies of fossil fuels may negatively affect carbon prices due to the low costs of using fossil fuels. The policy of gradually eliminating fossil fuel subsidies, which Egypt is currently implementing, should reduce this negative effect on the implicit price of carbon. This policy also helps conserve public resources to enable increased spending on social protection, health and education.⁷⁴ The package of measures currently being presented by the government to mitigate the negative effects of the COVID-19 pandemic is considered clear evidence of the effectiveness of the country's economic reform programme.

It is well known that taxation of fossil fuel consumption implicitly affects the cost of carbon emissions. Egypt is therefore seeking to consider, within the framework of fossil fuel subsidy reforms, the possibility of imposing taxes on fuel, as a part of the activities aimed at raising the cost of carbon emissions. These taxes may contribute to reducing transportation fuel consumption rates and improving energy efficiency in industry and power generation.

They would also help Egypt contribute to global efforts to mitigate climate change.

- **Nexus between water, energy, food resources and climate**

A better understanding of the nexus between water, energy, food and climate policy in Egypt creates an informed framework for identifying trade-offs and synergies that meet the demand for those resources, without compromising sustainability. The scarcity of these resources (energy, water and food) is considered one of the biggest challenges facing development in Egypt. In particular, the two main challenges facing the transition to a low carbon economy are water scarcity and the risk of drought, which may be exacerbated by the expected negative impacts of climate change and the heavy dependence on oil and gas to meet energy needs. In addition, Egypt is negatively affected by the fluctuations of the global food market, as it depends on imported products to cover nearly 50 percent of its food needs. Adopting a nexus approach is therefore essential to meet the resource challenge in Egypt, achieve the SDGs, and address climate risks. The need for continuous rationalization of energy subsidies through the energy reform programme is a major factor in dealing with energy scarcity, as it helps to eliminate wasteful consumption behaviours and promotes a shift towards renewable energy. This shift also helps support other resource challenges (water, food and climate). Furthermore, the attempts to find sustainable and innovative solutions to the challenges around climate change, water, food and energy by investing in innovation and building the knowledge capabilities of young people are important issues that must be taken into consideration.

In terms of the SDGs, three components of the nexus have been clearly identified. Goal 2 aims to end hunger, achieve food security, improve nutrition and promote sustainable agriculture. Goal 6 aims to ensure availability and sustainable management of water and sanitation for all. Goal 7 targets provid-

ing access to affordable, reliable, sustainable and modern energy for all. In addition, Goal 13 addresses climate change. This affirms the need to adopt a nexus approach and the important role it can play in formulating policies to achieve sustainable development and face climate risks.

In Egypt, water security, energy security and food security are closely linked, given its vulnerability to climate change. Accordingly, Egypt should adopt a nexus approach when addressing the management of these three vital resources. Climate change presents an additional challenge that, as outlined above, will exacerbate the scarcity of water and food resources. Moreover, the water scarcity problem in Egypt is exacerbated due to its multiple interconnections with various sectors, such as health, the environment, food, and energy. Therefore, it is important to address the various interconnections between the water sector and these other sectors in order to achieve effective and integrated planning and management of resources. Furthermore, the scarcity of freshwater resources in Egypt has prompted the country to use desalination technology, which is an energy-intensive process. As energy production is mainly dependent on oil and gas, it is critical to develop renewable energy technologies in order to operate desalination plants and ultimately reduce carbon emissions. It is worth noting that the first solar-powered desalination plant in Saudi Arabia, which produces 60,000 cubic metres of desalinated water per day, is also the largest solar-powered desalination plant in the world. This plant is an example of the necessity of adopting the nexus approach.

The nexus between water and food is also critical. As outlined above, the agricultural sector is the main sector in terms of water consumption, with relatively low consumption efficiency. The improvement of irrigation efficiency could therefore save water for other sectors. In addition, Egypt imports a large amount of the food its population consumes. Estimates suggest that the virtual water im-

ported to Egypt annually is about 55 billion cubic metres. Thus, importing water-intensive crops, and reducing exports of these crops, may be an option to address water scarcity.⁷⁵

Another excellent example of the nexus approach in Egypt is the Lake Manzala Engineered Wetland Project, which has been shown to provide an economically and environmentally viable alternative to conventional wastewater treatment facilities by using treated wastewater for agriculture and fish farming. This example provides an empirical basis of the need to coordinate energy, water, and food policies, while reducing the environmental footprint and improving resilience to climate change at the national level.⁷⁶

It should be noted that food supply is a public health issue at present due to the COVID-19 pandemic, as it is vital that people who are most vulnerable to the pandemic have access to healthy food, and the rise in unemployment may make this more difficult. The pandemic has resulted in the suspension of economic activity and has disrupted many supply chains, which may threaten food security. Border closures, movement restrictions, and disruption of shipping and aviation have affected international food supply chains, and thus exposing the countries with limited food sources to great risk.⁷⁷ Moreover, the pandemic clearly highlights the relationship between food security and health, and the need to institutionalize the nexus approach in developing and implementing public policies.

The potential food shortages evoke the financial crisis of 2007-2008, when major food exporters who were worried about food supplies placed restrictions on their exports, causing an increase in global prices. In the current period, the United States and Russia have placed restrictions on their wheat exports. The results of the disruptions to supply chains and food security will depend on each country's ability to withstand shocks. The most affected people will be the poorest and most vulnerable sections of the population, who have fewer resources to deal with job and income loss amid increased food prices and unstable food availability, and thus will have less ability to adapt to the crisis. For example, temporary workers are facing huge job losses and many will see a significant reduction in their incomes. Therefore, it is crucial to increase and support local food production by providing appropriate incentive packages to promote food adaptation, reduce food waste, and avoid over-purchasing, to ensure that all people have equitable access to food.

Egypt will therefore seek to implement institutional reforms that embed the nexus approach in the process of policy development and implementation, as part of the major efforts currently being exerted to achieve sustainable development and to address climate change. For example, the newly established Sustainable Development Council should play a leading role in promoting this approach as part of policy development.

Chapter 6

Governance:

Towards an effective ecosystem for managing the affairs of of the State and society





Governance is one of the key pillars for promoting the Right to Development, as it involves the principles of justice, participation, transparency, rule of law and accountability. If effectively and efficiently applied, these principles allow comprehensive sustainable development to be achieved. In recognition of the important role that institutions play in the development process, Goal 16 of the SDGs aims to secure peace and justice and to build effective, accountable and inclusive institutions at all levels. Goal 16 focuses on achieving stability, ensuring human rights, and strengthening governance based on the rule of law through: ensuring equal access to justice for all; establishing effective, transparent and accountable institutions; reducing corruption; ensuring citizens' access to information; protecting fundamental freedoms; and making decisions in a responsive and inclusive manner.

Academic literature on the relationship between governance and economic growth has produced varying results. Some researchers have found a close relationship between governance and economic growth, while others have concluded that the link is limited. These results largely depend on the specific context of the country or countries that are the subject of the study, as well as the methodology used.

Several studies have proven the positive impact of governance on economic growth, and the positive impact of governance quality on the growth rate of GDP per capita. The quality of governance, including the efficient and effective provision of public services and the rule of law, helps achieve economic growth. Studies have proven that regions with high levels of quality of governance also have high economic performance.¹ Some of these studies also concluded that the quality of institutions has an impact on economic growth.² Other studies indicated that the effectiveness of government institutions and the skills of government workers contribute significantly

to reducing poverty.³ These institutions are considered the basis for achieving prosperity and growth, and high-quality institutions generate a sense of security among investors through promoting issues related to intellectual property, rule of law, and special incentives. Social and economic goals must rely on well-established institutions, robust social security systems, citizens' enjoyment of freedoms, and adequate political representation.⁴ In order to achieve inclusive growth, the institutions themselves must be inclusive; that is, they must work to create opportunities, encourage innovation in society, facilitate participation in decision-making, and enhance transparency, while also taking into account those most in need.⁵

In terms of governance and attracting investments, research indicates that governance enhances economic activity and provides incentives that encourage investment, resulting in economic growth.⁶ In more detail, policies adopted by states to protect investors contribute to the development of state resources and growth. By contrast, state interference in contracts and private property limits the process of economic growth.⁷ Lower levels of corruption, more stable political environments, and more effective institutions, judicial systems, and intellectual property protection systems, directly affect investors' confidence and decisions to invest.⁸ With regard to foreign direct investment, several studies have shown a relationship with the quality of institutions, meaning that the quality and effectiveness of institutions affect the flows of foreign direct investment. When the policies followed by various institutions are clear, government procedures are uncomplicated, and intellectual property laws are effectively enforced, the flow of foreign direct investment will increase.⁹ It is clear therefore that the efficiency and quality of institutions and governance contribute to enhancing foreign direct investment flows and thus positively affect economic growth.¹⁰

Public services are services provided by the state to citizens, including water and sanitation, health care, infrastructure, transportation, land registration systems, and licensing, among others. Citizens usually evaluate the quality of governance as a whole from their experience in accessing these services. Thus, provision of public services is the main channel of communication between citizens and public institutions and they function as an expression of the principles of good governance. The provision of good public services is characterized by effective access by target groups and the efficient use of available resources. Public services are therefore more efficient and effective when they are able to meet citizens' expectations and actual needs. Thus, the trend towards decentralization is an important shift that contributes to efficient service delivery as a result of the proximity of local levels of institutions to the needs of citizens and their ability to provide better-quality services in accordance with those needs.¹¹ The provision of services is also linked to the issue of justice, as governments work to ensure the efficient and effective provision of basic services to all citizens, including the poorest groups. The link between the concept of justice and the provision of services is due to the fact that citizens' level of satisfaction with public services increases when services are provided in an equitable manner and to those most in need.¹²

Inclusive growth cannot be achieved without efficient and effective public service provision. Despite the key role of income, accessibility and quality of education, health and other services, are equally important. Good results cannot be achieved without public services that are easily accessible and highly responsive. Several studies show that improving the performance of public services not only boosts citizens' satisfaction levels, but also helps to enhance their confidence in the government, thus attaining development goals that achieve the well-being of citizens.¹³

Governance is a major determinant of inclusive growth, while also promoting investment

and contributing to reaching those most in need. However, in order to achieve the desired development goals, it is necessary to strengthen monitoring and evaluation systems that will support the decision-making process by ensuring policies are based on accurate evidence and data, as it helps decision makers set development policies and frameworks that are inclusive.

6.1 Improvement in Egypt's performance on governance indicators

There are a number of indicators related to governance issued by international organizations. Measurements of countries' performances via these indicators provide a tool for decision-making, including investment decisions and decisions related to development aid. Countries therefore seek to improve their indicators as they benefit from them.

Several key indicators and reports serve as the main reference from different entities to describe status of governance of countries, such as the World Bank's Worldwide Governance Indicators and its Ease of Doing Business Index, the UN E-Government Survey, the International Budget Partnership's Open Budget Survey, and the Ibrahim Index of African Governance issued by the Mo Ibrahim Foundation.

Table 6.1 shows the improvement in Egypt's performance in terms of the World Bank's Worldwide Governance Indicators. The Government Effectiveness Index captures perceptions of the quality of public services, of the civil service, and of policy formulation and implementation, as well as the credibility of governmental commitment to such policies. On this index, Egypt's best performance was in 2010, reaching 42.11 in percentile rank. Egypt's performance declined sharply in 2013 and 2014, reaching 20.85 and 20.19 respectively, due to the political conditions of that period, which affected the performance of many public and private entities. Since 2015,

Egypt's score has started to rise, reaching a high of 36.54 in 2019. This improvement illustrates that the recovery process from the decline the country experienced is well underway. It also indicates the effectiveness of policies implemented by the government to improve the quality of public services provided to citizens.

The Rule of Law Index focuses on the extent of countries' confidence and commitment to implementing laws in society, especially contract enforcement, property rights, police work, and courts. Egypt's best performance, as with the previous indicator, was in 2010, scoring 49.67 in percentile rank. It subsequently declined to 33.33 in 2013, reaching its lowest score in 2014, at 29.33. A gradual improvement began in 2015, and Egypt scored 37.98 in 2019. It is clear that this improvement in performance is due to the government's adoption of a package of policies that help strengthen the rule of law, especially with regard to investment and mechanisms for implementing contracts.

In regard to the Corruption Control Index, which looks at the abuse of public office for private gain, Egypt's best score was in 2017, 34.13 in percentile rank, compared to a low of about 25.59 in 2011. As indicated in the table, there was a decline in 2019 to 27.88 in percentile rank, although Egypt is making many efforts on combating corruption which will be discussed in the next section. This decline can be attributed to the fact that these indicators depend in their methodology on the

opinions, experiences and perceptions of a very limited number of citizens and experts in the public and private sectors and at NGOs around the world, which may not often accurately reflect reality or take into account administrative data and reforms that take place within different organizations. Such reforms may not receive much media attention, which affects the perception of respondents to data collectors' questions. It is important to note here that this observation applies to indices in which Egypt's performance has improved as well as those in which it has suffered a decline.

In terms of the Regulatory Quality index, which captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development, Egypt's performance has improved recently, reaching 18.75 percentile rank in 2019. However, this is still low compared to better scores of 46.89, 26.44 and 22.12 in 2010, 2014 and 2015 respectively. Egypt has taken a number of measures related to both the promotion of investment and development of the private sector, such as issuing the Investment Law (*Law No. 72 of 2017*) which provides facilities for the private sector and institutional frameworks for arbitration and dispute settlement, and the Restructuring, Preventive Composition and Bankruptcy Law (*Law No. 11 of 2018*). Egypt has also made major efforts to support micro, small and medium-sized enterprises during the past few years.

Table 6.1

Egypt's performance on the World Bank's Worldwide Governance Indicators, 2010-2019 (percentile rank)

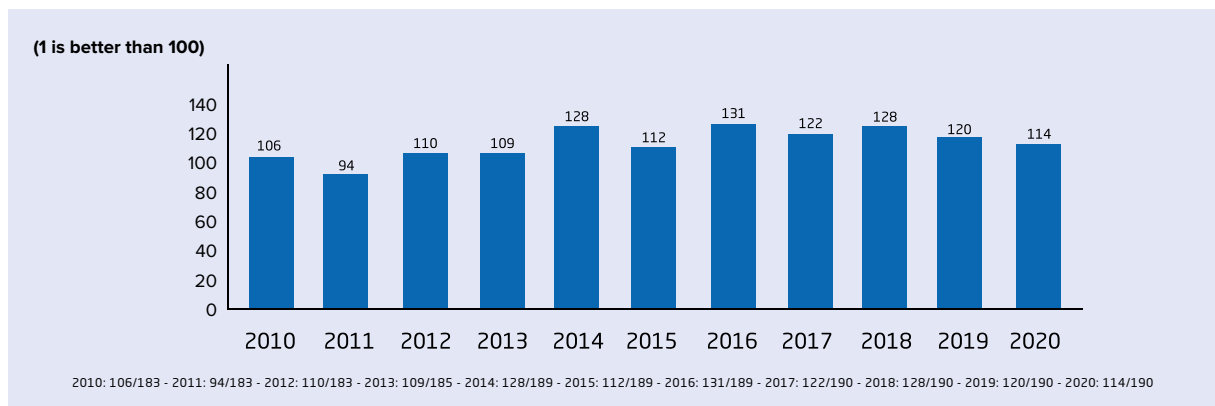
Year/ Index	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Government Effectiveness	42.11	35.07	32.22	20.85	20.19	22.12	27.88	29.33	30.77	36.54
Rule of Law	49.67	41.78	40.38	33.33	29.33	31.25	32.69	32.69	37.5	37.98
Corruption Control	30.95	25.59	33.18	31.75	30.77	30.29	31.25	34.13	30.77	27.88
Regulatory Quality	46.89	41.23	33.65	29.38	26.44	22.12	17.79	17.31	17.31	18.75

Source: World Bank. *Worldwide Governance Indicators (multiple years)*.

Figure 6.1 shows the improvement in Egypt's performance on the World Bank's Ease of Doing Business Index, which focuses on a set of dimensions related to the regulatory environment for business through a set of indicators based mostly on opinion surveys on issues related to starting a business, property registration, access to electricity, contract enforcement, cross-border trade, and other issues that affect the business environment. Egypt's

best performance was in 2011, when it ranked 94th out of a total of 183 countries, while its worst ranking was in 2016, when it reached 131st out of 189. Since that year, there has been an improvement, although there was a slight decline in 2018 to 128th out of a total of 190 countries. However, it improved to reach its best level since 2016 in 2020, coming 114th out of a total of 190 countries.¹⁴

Figure 6.1 Egypt's ranking on the Ease of Doing Business Index, 2010-2020

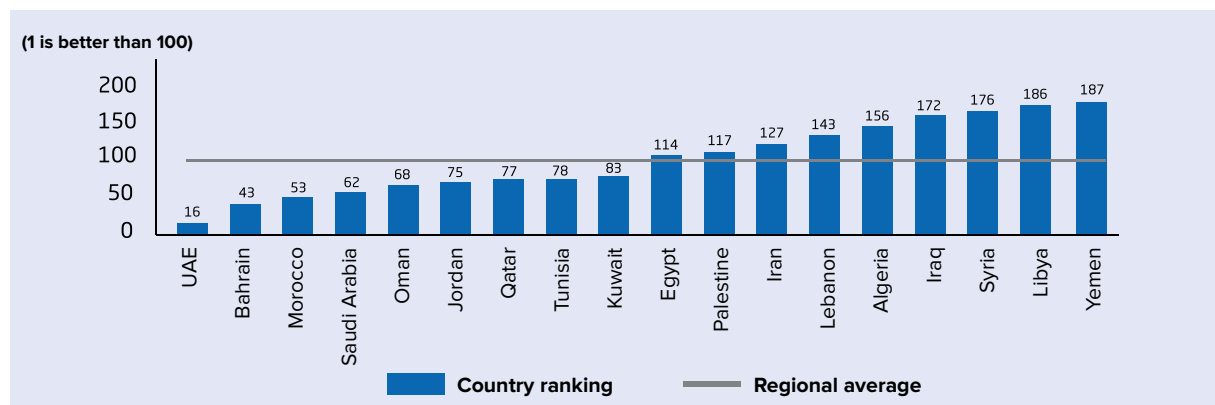


Source: World Bank (multiple years) Doing Business Report.

When compared to other countries in the Middle East and North Africa, Egypt ranked 10th out of the 18 countries in the region in

2020. The lower the ranking is, the better the score,¹⁵ as shown in Figure 6.2.

Figure 6.2 Egypt and MENA countries' rankings on the Ease of Doing Business Index, 2020

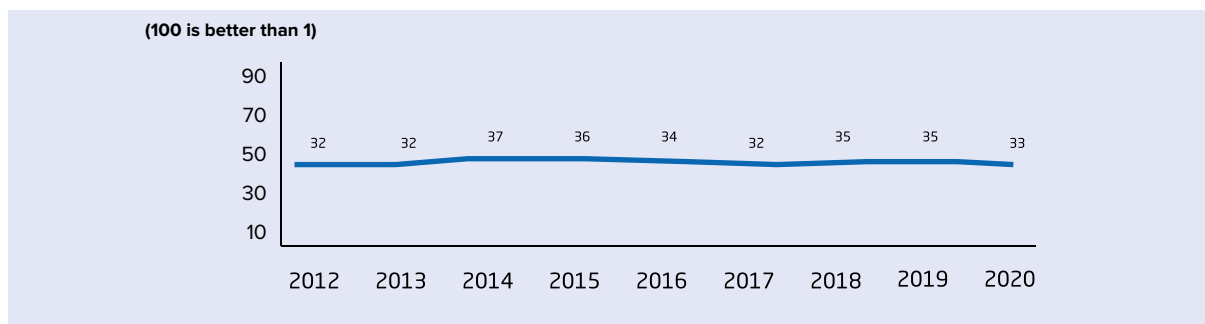


Source: World Bank (2020) Doing Business Index.

The Corruption Perceptions Index, issued by Transparency International,¹ aims to measure levels of public sector corruption through a set of surveys of experts and executives from a number of international organizations and bodies. As shown in Figure 6.3, Egypt

received the best score in its history in 2014, at 37 points. However, the score declined in 2015, 2016 and 2017, to reach 36, 34 and 32 points respectively. It rose to 35 points in 2018 and maintained this score in 2019, declined again in 2020 to 33 points.¹⁶

Figure 6.3 Egypt’s score on the Corruption Perceptions Index, 2012-2020

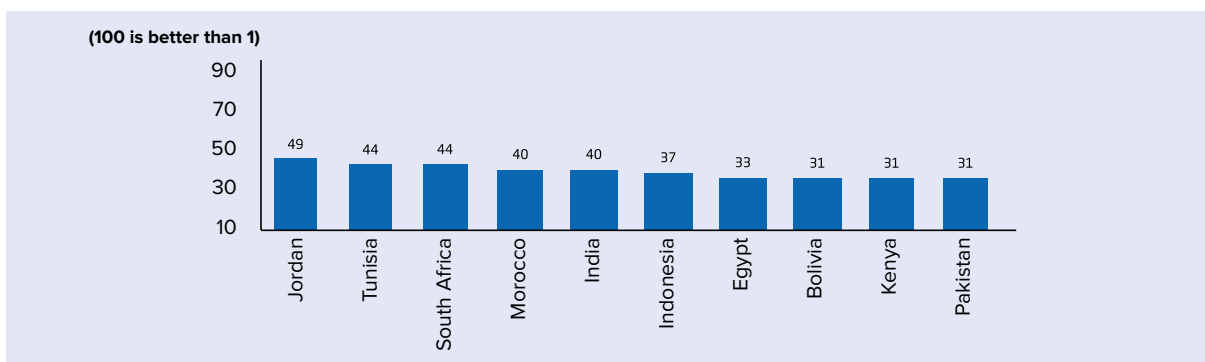


Source: Transparency International (multiple years). Corruption Perception Index.

Compared with other middle-income countries, Egypt’s score is below average, ahead of countries such as Pakistan, Kenya, and

Bolivia, but lagging behind countries such as Jordan, Tunisia and South Africa,¹⁷ as shown in Figure 6.4.

Figure 6.4 Egypt and selected middle-income countries’ scores on the Corruption Perceptions Index, 2020



Source: Transparency International (2020). Corruption Perception Index.

As an indicator of transparency, the International Budget Partnership’s Open Budget Index is used to measure budget transparency in terms of the comprehensiveness of information and its availability to citizens, in addition to the extent of participation, especially

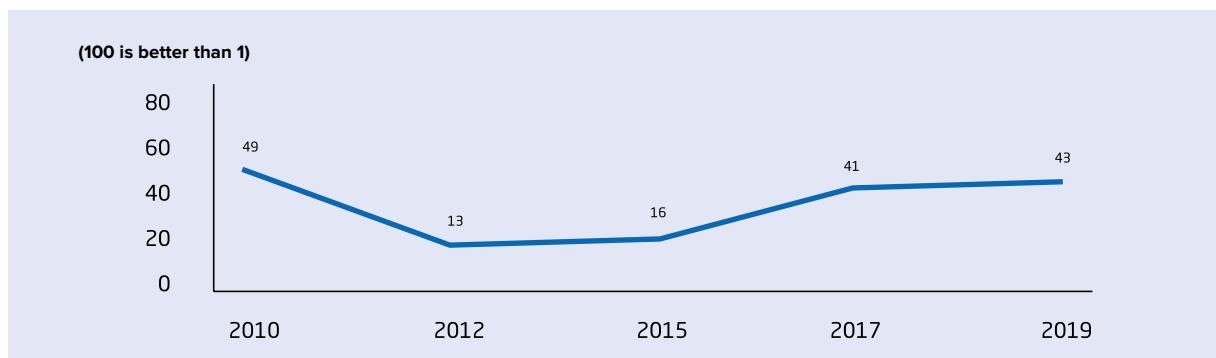
the participation of those most in need, in the budget preparation process. It also measures the efficiency and effectiveness of oversight institutions, such as the parliament, and national authorities in charge of the oversight process.

¹ It should be noted that the methodology for this indicator changed in 2012, which makes it difficult to make comparisons before this time.

Figure 6.5 shows that Egypt scored its highest ranking on this index in 2010 at 49 points; its score fell sharply in 2012 reaching 13 points, and it achieved a score of 16 points in 2015. This may be due to the political conditions in Egypt during both 2012 and 2015, especially in the absence of a Legislative Council, which is a major component of the index. Egypt's performance saw a remarkable increase in 2017, reaching 41

points, and improving further in 2019 to reach 43 points.¹⁸ This increase is due to the reforms implemented in terms of publishing data on the general budget, which is now far more detailed, in addition to the presence of an elected Parliament that exercises oversight powers alongside the national bodies concerned with oversight, led by the Central Auditing Organization.

Figure 6.5 Egypt's score on the Open Budget Index, 2010-2019

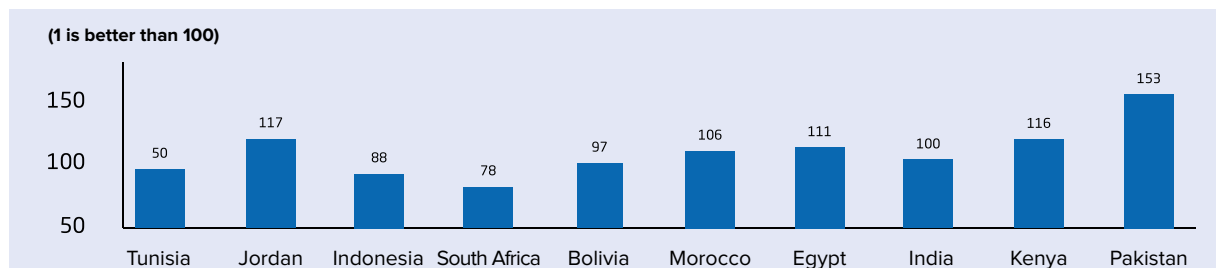


Source: International Budget Partnership (multiple years). Open Budget Survey.

Figure 6.6 shows the scores of Egypt and a group of middle-income countries on the UN E-Government Survey. The E-Government Survey measures the readiness and capacity of national institutions to use ICT to deliver public services. It comprises the Online Service Index, which measures a government's capability and willingness to provide services and communicate with its citizens electronically; the Telecommunication Infrastructure Index, which mea-

sures the existing infrastructure that is required for citizens to participate in e-government; and the Human Capital Index, which measures citizens' ability to use government e-services. As Figure 6.7 shows, in 2020, Egypt ranked in the middle compared to countries such as South Africa, Indonesia and Tunisia. South Africa ranked first in this group, coming 78th, while Indonesia was 88th, Tunisia was 91st, and Egypt was 111th.¹⁹

Figure 6.6 Egypt and selected middle-income countries' rankings on the UN E-Government Survey, 2020

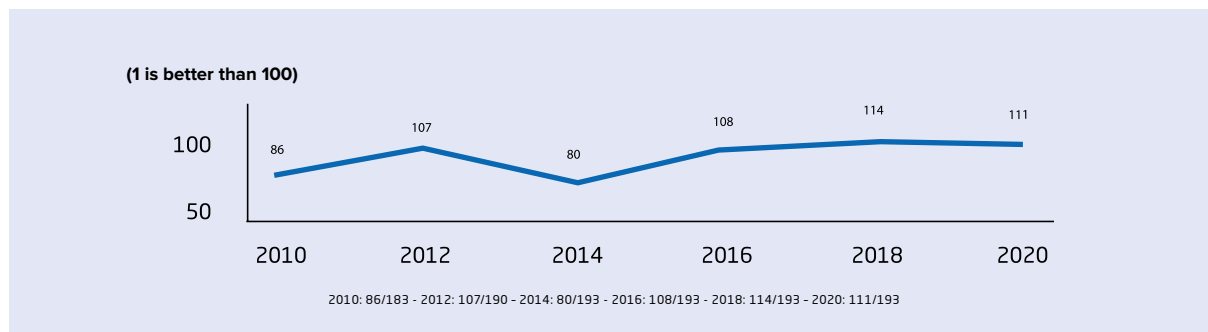


Source: United Nations (2020) E-Government Survey.

As shown in Figure 6.7, Egypt received its highest position on this index in 2014, coming 80th out of 193 countries. However, its performance significantly declined on the subsequent two

measurements, reaching 108th out of 193 in 2016 and 114th out of 193 in 2018. However, there was a slight improvement in 2020, ranking 111th, again out of a total of 193 countries.²⁰

Figure 6.7 Egypt’s ranking on the UN E-Government Survey, 2010-2020

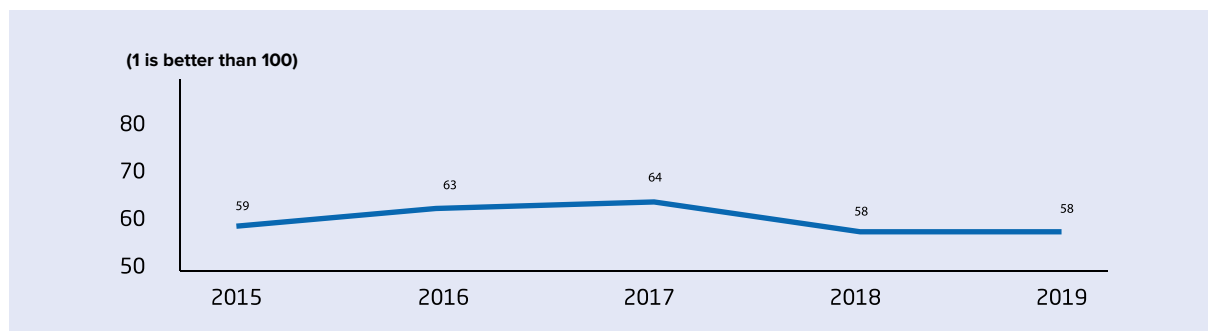


Source: United Nations (multiple years) E-Government Survey.

Chinese multinational company Huawei issues an annual Global Connectivity Index which measures the extent to which countries are able to communicate by evaluating their status based on the volume of investment in

the ICT sector, as well as the performance of the digital economy. As Figure 6.8 shows, Egypt ranked 64th in 2017 out of a total of 79 countries, but improved to 58th in 2018, also out of 79, maintaining this in 2019.

Figure 6.8 Egypt’s ranking on the Global Connectivity Index, 2015-2019



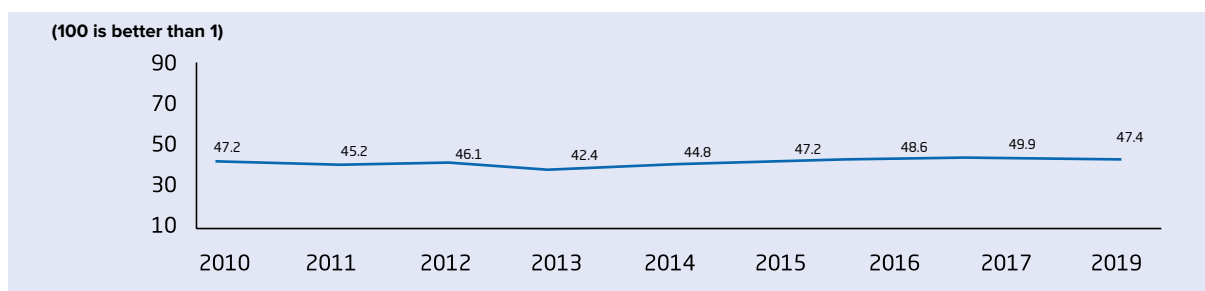
The total number of countries in all mentioned years is 79.

Source: Huawei (multiple years). Global Connectivity Index.

At the continental level, the Ibrahim Index of African Governance measures governance by focusing on countries' performance in a number of categories: safety and the rule of law, which includes transparency, accountability, and national security; public participation and human rights; sustainable economic opportunity, which includes the performance of public administration, infrastructure, and the business environment; and human development, including education, health and welfare. As Figure 6.9 shows, Egypt's lowest performance since 2010 was in 2013, when it scored 42.4 points. This could be attributed

to the political and economic conditions in the country at the time. Since 2014, Egypt's score has been improving, reaching its best level in 2017, at 49.9 points. However, it fell again in the 2020 index (which includes the index points for 2019) to 47.4 points.²¹ It should be noted that the Mo Ibrahim Foundation carried out an in-depth and comprehensive review of the index between 2018 and 2020, which might explain this deterioration. The Ibrahim Index has been modified, where new governance dimensions have been added, and revisions to the general framework of the index and its calculation.

Figure 6.9 Egypt's score on the Ibrahim index of African governance, 2010-2019



Source: Mo Ibrahim Foundation (multiple years), Ibrahim Index of African Governance.

It should be noted that the methodologies adopted by many of these indices depend primarily on perception indicators, which may, despite their importance, be characterized by a degree of subjectivity. As a result, they may not accurately reflect developments on the ground in relation to some indicators. It is also worth noting that there are a set of previous indicators that do not take into account the efforts made by Egypt over the past few years. The period between data collection and the issuance of an indicator score may be more than two years, which leads to a lack of awareness of the latest changes and developments and which may undermine the credibility of these indicators.

Regardless of the direction of the indicators, the situation of Egypt in general, when compared to other countries, necessitates overcoming challenges related to strengthening governance. Some of these challenges are institutional challenges, represented in the increase in the number of civil service employees and their poor distribution among different agencies, and the overlapping of tasks and responsibilities between the different administrative bodies. There are also challenges related to the legislative environment. Despite the legislative momentum over the past few years, many necessary pieces of legislation have not yet been issued, some with a direct relationship to governance issues. These include the draft Law on the Freedom of

Data and Information, the draft Local Administration Law, the draft Law on State General Planning, and the draft Law on the Protection of Witnesses and Whistleblowers. There are also challenges related to Egypt's limited financial capabilities, which negatively affects policies aimed at enhancing governance and the efficiency of institutions. Finally, there are also challenges related to weak monitoring and evaluation systems and to modernizing the information infrastructure for monitoring and collecting statistical data.

It should be noted that Egypt has, over recent years, begun to work on overcoming these challenges through clear policies and programmes in various fields, issues and sectors, with the aim of improving governance. The next section deals with Egypt's efforts in this regard.

6.2 Basic pillars for improving governance

A set of key pillars provide the basis for work to enhance governance; they include policies related to administrative reform processes, including developing the administrative apparatus, reforming government financial management, strengthening monitoring and evaluation, combating corruption, boosting transparency and participation, and localizing the SDGs. The efforts on each pillar must be implemented in parallel to have a positive impact on society and the development process. These pillars are presented below, along with Egypt's efforts on each.

6.2.1 Administrative reform

Effective, transparent, responsive and accountable public institutions are one of the primary means through which government strategies to achieve development goals are implemented. These public institutions are also the link between the state, citizens, the private sector and civil society organizations that helps boost growth, reduce poverty, and achieve stability.²² Public institutions need ongoing reform in order to be able to meet

the needs of citizens and to work in line with the standards of transparency, accountability, participation, effectiveness and efficiency. The administrative reform process should be part of a comprehensive and integrated general framework, and many countries therefore adopt administrative reform strategies, such as some states in Eastern Europe. These strategies are usually adopted to address a set of challenges facing public institutions by addressing weak capacities, improving state financial management systems, improving monitoring and evaluation mechanisms, and enhancing integrity and fighting corruption, along with other issues that arise according to the national context of each country.

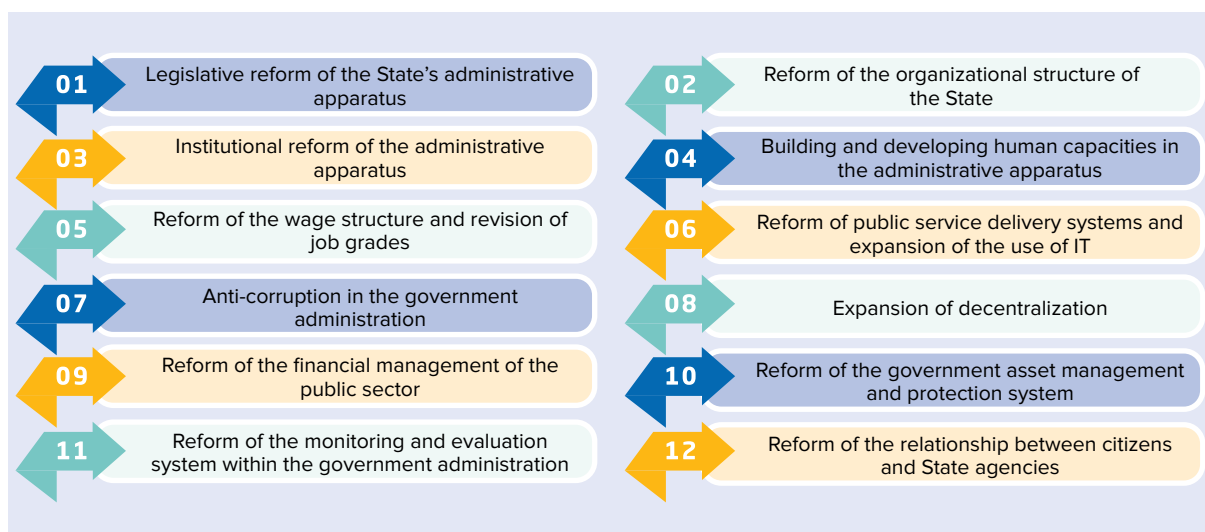
Egypt adopted a vision for administrative reform in 2014, aiming to build an efficient and effective administrative apparatus that allows for effective governance and is subject to accountability. It aims to strongly contribute to the achievement of state development goals and to improve the satisfaction of citizens. A set of principles governing the administrative reform process within the framework of this vision has been developed, including adopting standards of quality and excellence in the provision of public services, transparently announcing all steps of the reform process, avoiding compromising the rights of any employee, adopting the principles of merit and efficiency in all recruitment and promotion processes, increasing wages, and providing training opportunities.

Egypt also aimed to link the administrative reform plan with the constitutional requirements to provide various services efficiently and fairly and to achieve a healthy economic environment characterized by transparency, governance, fair competition and equal opportunities. These constitutional commitments can only be achieved by empowering the State's administrative apparatus and developing its performance in a sustainable manner. The administrative reform vision included 12 themes which represent the main pillars of the reform process. As shown in Figure 6.10, these themes include legislative, in-

stitutional and organizational reform, financial management, monitoring and evaluation, asset management and protection, wage struc-

ture, capacity-building, combating corruption, and an improved relationship between government and citizens.

Figure 6.10 Pillars of Egypt's vision on administrative reform



The administrative reform process is broad, interconnected and includes many issues as mentioned in the National Sustainable Strategy Egypt Vision 2030, but some basic issues must be highlighted, namely the development of the State's administrative apparatus, the reform of government financial management, and the strengthening of monitoring and evaluation.

Development of the State's administrative apparatus

To develop an administrative apparatus, the dimensions related to the institutional and organizational aspects must be considered, as well as the legal aspects. Administrative apparatuses must be subject to transparent and fair laws and procedures that take into account all issues relating to public officials. Countries usually review and modify their administrative structures to develop their administrative bodies and work to reduce the interactions between them. They also seek

to enhance and build the capabilities of public officials through specific programmes that keep pace with changes and developments on the international, regional and national arena, in addition to developing the service delivery process itself. Countries also work on development by updating the legal frameworks governing public institutions. The main challenge lies in the implementation process and in facing the resistance shown by some employees as a result of the change process.

In order to develop the State's administrative apparatus and its employees, the Supreme Committee for Administrative Reform was formed. It is chaired by the Prime Minister and a number of ministers are members, including the Minister of Planning and Economic Development, the Minister of Communications and Information Technology, the Minister of Local Development, and the head of the Central Agency for Organization and Administration. It aims to activate the government's programme and vision on admin-

istrative reform and to increase the efficiency of the State's administrative apparatus. This can be achieved through developing mechanisms and programmes that ensure the development of government services and the preparation of qualified administrative staff. In 2019, the technical secretariat of the committee was formed in order to follow up on the outcomes of the executive programme on the transparency and institutional efficiency theme of Egypt Vision 2030, to follow up on the administrative reform plan, and to submit the necessary proposals to activate these. This committee has three sub-committees, covering institutional development, capacity-building and development, and legislative reform.

In the framework of implementing this vision and its pillars, Egypt has moved forward with a number of measures, including legislative and institutional reform, capacity development, automation of government services, development of databases and issuance of the Civil Service Law (*Law No. 81 of 2016*) and its executive regulations, which was a major turning point in the public administration system in Egypt. The law aims to improve the level of public services and reduce administrative corruption based on criteria of merit, efficiency and excellence. It reflects a change in philosophy from one based on personnel

administration to one based on human resources, which aims to take care of employees and improve their capabilities in a way that contributes to enhancing transparency, efficiency and integrity in the State's administrative apparatus.

Egypt has developed a strategy for capacity-building and development based on a set of training packages for new and existing employees, middle and senior managers, and programmes for specific groups, such as women and near-retirees. In recent years, Egypt has sought to provide training programmes in cooperation with national and international universities that have a long history of training civil servants in professional qualifications, such as King's College London in the United Kingdom, University of Missouri in the United States, and French-accredited ESLSCA University in Egypt.

At the same time, Egypt is seeking to reconsider basic government functions and restructure ministries, agencies, and state bodies in order to boost efficiency and effectiveness. The construction of the New Administrative Capital should be seen in light of these efforts; the planned move of government activity to the new city is designed to be a major catalyst for addressing existing administrative problems.

Box 6.1 New Administrative Capital: Catalyst for administrative reform

- Egypt intends to transfer the headquarters of Ministries and other parts of the State's administrative apparatus to the New Administrative Capital in the last quarter of 2021. The desire for administrative reform has been a key aim since the announcement of the establishment of the New Administrative Capital. An integrated plan for the transfer of administrative staff has been developed, which includes providing housing for employees wishing to move to the new capital. It also provides means of transportation to and from the capital for the convenience of employees.
- The New Administrative Capital reflects the political will for administrative reform to address a number of challenges. The presence of all ministries and departments in one place will facilitate the process of coordination and consistency of the overall objectives. In addition, the physical and information infrastructures of the New Administrative Capital will greatly help the process of digital transformation and the improvement of the quality of services provided to citizens, which reduces corruption and increases citizens' satisfaction and confidence in Government.

Box 6.1 New Administrative Capital: Catalyst for administrative reform *(continued)*

- The New Administrative Capital also provides an opportunity to establish the new organizational divisions required by Prime Ministerial Decree No. 1146 of 2018, which includes divisions responsible for internal auditing, strategic planning, monitoring and evaluation, human resources, legislative support, information systems and digital transformation. The decision to locate these units in the New Administrative Capital will help boost the efficiency and effectiveness of the State's administrative apparatus. In addition, steps have been taken to define the structures and work systems for these units.
- The planned move to the New Administrative Capital has also led to an unprecedented interest in training and building the capacities of the staff of state bodies. An executive plan for training the employees nominated to move to the new capital has been developed, and it includes a package of basic programmes aimed at raising staff capacities in areas such as strategic planning, monitoring and evaluation, communications and service of citizens.

Source: Central Agency for Organization and Administration.

Box 6.2 Centre for capacity assessment and testing

- Centre for Capacity Assessment and Testing was established in 2019 in line with Article 30 of the executive regulations of the Civil Service Law (*Law No. 81 of 2016*). It will be responsible for testing applicants for civil service jobs via standardized exams. A group of experts and specialists in various fields has drawn up test questions in five main areas: behavioural competencies, Arabic language skills, English language skills, computer skills, and general information. The questions are changed periodically. After the tests are performed, the results will be automatically calculated and the test results announced immediately, to ensure integrity and transparency.
- The Centre aims to achieve justice and transparency, establish the principle of equal opportunities in employment, training and promotion, achieve governance standards, attract the best people to work in the State's administrative apparatus, ensure that qualified personnel occupy leadership positions, and use training allocations efficiently.
- The Centre is based on an integrated electronic system prepared by the Central Agency for Organization and Administration and includes the technological infrastructure and control rooms required to overcome any challenges that employees may face during the tests. The system also has a high degree of protection to prevent cheating.

Source: Central Agency for Organization and Administration.

Egypt has also adopted the Government Services Development Program, which aims to improve the effectiveness of government services, reduce corruption, and integrate and automate various services. The programme includes a set of projects, including the development of the traffic prosecution system, the development of local administrations in

neighbourhoods and cities, the improvement of civil registry services, and services to voters. Egypt has also launched a programme of national databases, intended to unify citizens' basic data by linking existing databases with each other, such as the databases on population, births and deaths, civil status, support beneficiaries, and retirees.

Box 6.3 Egypt Government Excellence Award

- In 2018, Egypt launched the Egypt Government Excellence Award. Its objective is to encourage the spirit of competition and excellence between employees and between government entities. Staff with a distinguished performance of public services will be honoured and rewarded, which consolidates the values of giving, belonging and excellence, and motivates all to increase performance and to adhere to the standards of quality and excellence. The aim is to contribute to achieving the goals of the 'Sustainable Development Strategy: Egypt Vision 2030', regarding the formation of an effective and efficient State's administrative apparatus that contributes to achieving development.
- The award aims to encourage competition between government institutions of all levels, national, local and regional, as well as to achieve better levels of citizen satisfaction, to spread a culture of quality and excellence within public service, to promote the spirit of innovation and creativity and rewarding excellence in Egyptian society, and to shed light on successful government institutions.
- There are six awards in total: The Distinguished Institution Award, the Distinguished Unit, Government Services, Institutional Innovation and Creativity, Distinguished Leaders, and Individual Excellence, and they will be awarded periodically.

Source: The official website of the Egypt Award for Governmental Excellence.

Government financial administration

Financial administration is one of the main concerns of the administrative reform process. The aim of the reforms is to ensure the efficient and effective allocation of public resources, in accordance with state strategic priorities to promote the development process. Good governmental financial administration helps reduce poverty, combat corruption, and enhance efficiency and effectiveness. Best practices in public finances administration include reforming budgets, amending accounting systems and government financial information systems, strengthening internal auditing, adopting medium-term expenditure frameworks and medium-term revenue frameworks, and amending the legislation necessary for reform processes,²³ as well as reforming public debt management and tax policies.

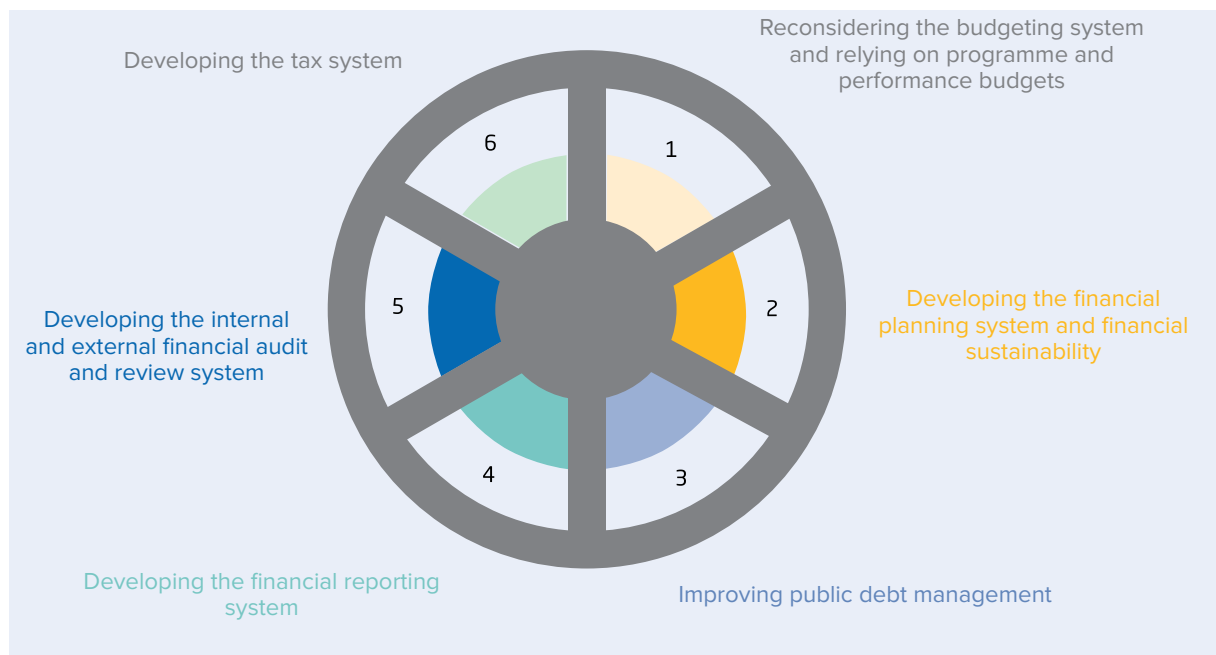
Egypt has begun the process of reforming government financial management, in recognition of its role as one of the main tools for promoting the development process. The focus has been on reforming a number of important issues, as shown in Figure 6.11. In 2017, Egypt announced the shift towards

programmes and performance budgeting to ensure tighter control over expenditures, and to link financial allocations to performance indicators through which programmes could be evaluated. This contributes to the effectiveness and efficiency of development programmes. Egypt began gradually applying the programme and performance budgeting to ministries in 2017, and as of fiscal year 2019/2020, 31 ministries and five independent agencies were applying this budgeting. In view of the major importance of the transition process towards programme and performance budgeting, the Prime Minister issued Decree No. 1167 of 2019 to form a committee to follow up on the system of performance plans and programmes. The new committee is headed by the Prime Minister and includes the Minister of Planning and Economic Development and the head of the Central Agency for Organization and Administration. The committee's tasks include reviewing the plan for implementing the programme and performance budgeting prepared by the Ministry of Planning and Economic Development and the Ministry of Finance. It should take all necessary measures to amend the legislation governing the planning and public spending

process, and coordinate with the ministries and various agencies in charge of implementing the programme and performance budgeting. In addition, an intensive plan was developed to enhance the capabilities of employees in the planning units and in general budget units in all government agencies, with the establishment of a comprehensive training programme. The Ministry of Planning and Economic Development and the Ministry of Finance have also enabled the process of preparing a plan and budget for programmes

and performance by linking the government financial information system of the Ministry of Finance with the integrated system for investment plan preparation and monitoring of the Ministry of Planning and Economic Development. The first guide on programme and performance budgeting has also been developed and published, in order to provide all necessary information for those officials responsible for preparing and implementing the programme and performance system within different government agencies.

Figure 6.11 Efforts to reform government financial administration



With regard to improving public debt management, Egypt has begun issuing medium-term debt management strategies, the first of which was issued in 2015 and the second in 2018. It includes the main objectives of public debt management, basic risk factors, and macroeconomic forecasts.²⁴ A committee has also been formed to manage the public debt and regulate and limit external borrowing, with membership drawn from the Ministry of Planning and Economic Development, the Ministry of Finance, the Ministry of Interna-

tional Cooperation, and the Central Bank of Egypt. The aim is to achieve financial sustainability and ensure the government's ability to repay debts in the medium and long term.

Both the Ministry of Finance and the Egyptian Tax Authority are working on improving the tax system. The Egyptian Tax Authority's Strategic Plan 2017-2020 aimed to develop tax administration and improve services provided to customers in a way that raises voluntary compliance rates, expands the tax base, tightens the implementation of tax laws and

regulations, deters violators, and improves risk management.²⁵ Egypt is also making efforts to automate the tax system in order to combat tax evasion, increase tax collection rates, and integrate the informal sector into the formal economy. Egypt is also working on introducing a number of legislative amendments to keep pace with recent developments in the tax system in Egypt, such as the income tax law, value-added tax law, and the preparation of a unified tax procedures law.

The Prime Minister issued Decree No. 1146 of 2018 regarding the creation of six new organizational divisions within the State's administrative apparatus, including an internal audit division to ensure oversight of the activities and programmes carried out by government units. Several entities, including the Ministry of Finance, have established units specialized in internal auditing that report directly to the minister to follow up on the implementation of the State's general budget programmes, assess the risks facing the work of the ministry and its affiliates, and develop the necessary mechanisms to address these risks.²⁶ Egypt, in cooperation with several develop-

ment partners, is seeking to prepare manuals and to train employees nominated to work in the organizational divisions created in the Prime Ministerial Decree.

During recent years, the financial reporting systems of the Ministry of Finance have been significantly developed. It now publishes more detailed data and analysis on the general state budget, which provides an opportunity for the public to understand the country's financial and economic situation. The Ministry issues a preliminary financial statement as soon as the budget is prepared and before it is discussed by the parliament, in order to allow a serious discussion of budget priorities and the distribution of provisions before the budget is approved. At the same time, the Ministry of Finance issues a citizen's budget, through which it seeks to simplify the budget in a way that allows for higher levels of transparency and participation. It also publishes approved and revised budgets, final accounts, and other basic budget documents. These measures have led to an improvement in Egypt's performance on the Open Budget Index, as mentioned above.

Box 6.4 Unified Government Complaints System

- Presidential Decree No. 314/2017 established the Unified Government Complaints System. This system's purpose is to receive, examine, channel and respond to all government complaints electronically. A Prime Ministerial Decree (Decree No. 1855 of 2017) linked citizen service departments and offices that deal with citizens' complaints to the Unified Government Complaints System.
- The new system is designed to be an easy, fast and advanced way for citizens to send their complaints to any government entity at any time. The aim is to promote trust between citizens and government by meeting their needs and complaints in the form of feasible government policies and programmes, and to build a database of complaints that can be used in planning for development, ensuring the rights of citizens and combating corruption.
- Citizens can submit complaints through the system's website, and the system guarantees confidentiality.



Source: The official website of the Unified Government Complaints System.

Monitoring and Evaluation

Strengthening monitoring and evaluation processes is an essential element of administrative reform. These processes are powerful tools that can be used to improve the results and outputs of public institutions and to improve government performance through providing feedback, serving development purposes and enhancing transparency, accountability, efficiency and effectiveness.²⁷ Monitoring and evaluation processes differ from one country to another according to the nature of the administrative planning systems used.

Egypt faces a set of challenges related to this topic, such as poor monitoring and evaluation capacities for data collection and analysis, limited national and local systems for monitoring and evaluation of national plans, and the weakness of these systems at local levels. Given the importance of follow-up and evaluation mechanisms in gauging the efficiency and effectiveness of the implemented programmes and the extent to which they achieve their objectives, Egypt has paid special attention to monitoring and evaluation within its vision for administrative reform. Accordingly, the six organizational divisions that were introduced to the State's administrative apparatus in accordance with Prime Ministerial Decree No. 1146 of 2018 included a follow-up and evaluation unit.

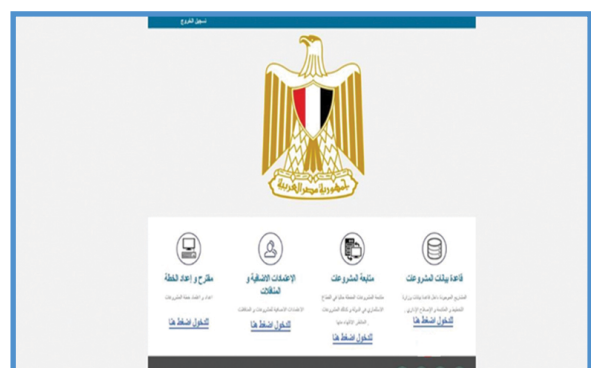


The website of the national system for monitoring and evaluating government performance. Source: Ministry of Planning and Economic Development.

As part of the same efforts, Egypt has established a national system for monitoring and evaluating government performance, which

aims to monitor, follow up and evaluate the performance of all state agencies, and to address shortcomings with urgent intervention measures. It is linked to the State's general budget in a way that ensures the efficient allocation of resources. It also aims to ensure the implementation of the development goals agreed upon by the government, to achieve greater coordination between ministries and various authorities, and enhance efficiency of public spending. In addition, the system aims to ensure the efficiency and effectiveness of public spending and to measure the impact of the development programmes implemented by the government to achieve development goals, institutionalize strategic planning and performance measurement within the State's administrative apparatus, and enhance the capabilities of administrative staff in the field of programme and performance planning.²⁸

In this system, performance is evaluated at the level of inputs, outputs and impact. The system prepares quarterly reports on the performance of each ministry in which indicators with low, high and medium performance are clarified, in addition to a quarterly report that includes documentation of completed investment projects, their importance, and their current status. The system also provides a periodic report on the obstacles facing the achievement of development goals.



integrated system for the preparation and follow-up of the investment plan. source: Ministry of Planning and Economic Development.

As part of its efforts to develop the planning process and enhance accountability, transparency and effectiveness within the State's

administrative apparatus, Egypt has also established an integrated system for investment plan preparation and monitoring. This system aims to enhance the effectiveness of investment plan's preparation and follow-up, improve the efficiency of public spending, and improve government performance in relation to the investment plan, thus contributing to increasing the efficiency of services, maximizing return on investment, increasing its effectiveness, and improving the lives of citizens. This system links investment projects to the government's action plan and the SDGs, which helps to identify the extent to which these projects are consistent with national and international goals and the economic, social and environmental impacts they will have.

This system also aims to enhance the participation of the various government agencies, which are enabled through this system, to prepare their plans according to their investment priorities. As the agency in charge of preparing and following up on the implementation of the investment plan, the Ministry of Planning and Economic Development deals with government agencies in a transparent manner with regard to criteria for evaluating and selecting projects submitted by various agencies. The Ministry is also planning to link this system to the government financial management information system in order to enhance financial discipline and improve the efficient and effective use of government resources, and enhance mechanisms of follow-up, transparency, control and accountability.²⁹

These efforts are positive steps towards improving monitoring and evaluation systems and thus enhancing development outcomes and results. However, Egypt must work to unify systems, build national capacities, and amend the necessary legislation in order to create an enabling environment for accurate and comprehensive monitoring and evaluation systems.

6.2.2 Anti-corruption measures

Corruption is among the most significant challenges many countries face due to its negative repercussions for the development process. Corruption leads to a reduction in economic growth rates and foreign direct investment, with a resulting impact on public revenues.³⁰ It also increases inequality and poverty rates, in addition to weakening public trust in state institutions. Many countries have adopted specific strategies and policies to combat corruption, including many Asian and African countries. International organizations have supported the fight against corruption, including by preparing guides to the formulation of anti-corruption policies and indicators, like those of UNDP, the European Union, and the World Bank. The success of anti-corruption policies depends on three main factors: the commitment and support of key stakeholders or, in other words, political will; the existence of relevant interventions to address anti-corruption issues; and the effective preparation and implementation of anti-corruption policies.³¹

Like other countries, Egypt also experiences corruption, and over the past few years, it has been taking executive steps aimed at preventing and combating this problem. These efforts have been made in fulfilment of Article 218 of the Constitution, which stipulates that the State is committed to combating corruption and promoting the values of integrity and transparency. The legal framework for preventing and combating corruption includes a number of laws that regulate the work of entities and agencies, such as the criminalization of many corruption crimes cited in the United Nations Convention against Corruption. The most important of the relevant Egyptian legislation may be the Penal Code. It includes a set of provisions that criminalize bribery, embezzlement, misuse of public funds, and forgery. Other relevant laws include the Central Auditing Organization Law, which deals with con-

trol of state funds and funds of other public entities; the Illicit Gains Law, which prescribes penalties for illicit gains from public funds and lists procedures to track the wealth of those dealing with public funds in order to guarantee legitimacy; the Law governing national institutions procurements, which regulates the purchases, sale and leasing of real estate or movables assets, as well as the supply and contracting agreements carried out by the units of the State's administrative apparatus; and the Money Laundering Law, which covers combating money laundering attached to any crime whether committed inside or outside the country. Egypt has also introduced a unified procurement tool to reduce corruption and reduce the cost of purchasing. In addition, it has also established the Egyptian Authority for Unified Procurement, Medical Supply and Technology Management.

Law No. 207 of 2017 has been issued to amend the provisions of *Law No. 54 of 1964*, reorganizing the structure of the Administrative Control Authority. It added a number of tasks, including developing and following up on a national anti-corruption strategy, working to spread the values of integrity and transparency, and monitoring international, regional and local indicators related to preventing and combating corruption.

As a result, the Administrative Control Authority developed the National Anti-Corruption Strategy 2014-2018, which was the first such strategy. This resulted in the implementation of a number of different practices, including the issuance of the Civil Service Law, the Investment Law, the preparation of a national indicator to measure perceptions of corruption, and the launch of codes of conduct for workers in the State's administrative apparatus. It also developed codes of conduct for several specialized bodies as well, including the Public Prosecution, the Administrative Prosecution Authority, the Forensic Medicine Authority, the diplomatic corps, and the Central Bank of Egypt. A number of systems have been established to facilitate the reporting

of corruption by civil servants to the relevant authorities through hotlines, websites, social networks, fax or mobile phone numbers generally available to the public, or specialized offices for receiving complaints at all regulatory agencies and in some units of the State's administrative apparatus. A Public Contracts Law (*No. 182 of 2018*) was also issued. It aims to enhance the fight against corruption, transparency and fairness in government procurement and competition, according to objective criteria. A government electronic portal for government procurement was also established to ensure transparency in competition.

The Administrative Control Authority subsequently drafted the National Anti-Corruption Strategy 2019-2022, which included the best practices from the implementation of the first strategy. It also included challenges that emerged during the implementation of the first phase, including the low number of public services that were automated, the lack of executive regulations for the Law Regulating Conflicts of Interest for Public Officials, the lack of funding for awareness campaigns related to anti-corruption, and the modest number of NGOs and civil society organizations working on anti-corruption.



The second version of the strategy is based on a set of principles that include the rule of law, separation of powers, commitment and political will, full commitment to cooperation

and coordination between the concerned parties, and respect for human rights and equality. It is also based on observing the principles of transparency, integrity, efficiency, effectiveness, and accountability. It puts in place clear and effective procedures to achieve set objectives, but that are flexible and capable of responding to social needs, and principles of transparency and public-private partnerships. It takes into account cooperation among civil society organizations, and the importance of prevention and early intervention to reduce or eliminate opportunities for corruption in a timely manner. Figure 6.12 shows the objectives of the second version of the National Anti-Corruption Strategy, which focus on issues of administrative and legislative reform, modernization of judicial

procedures, and enhancement of transparency, integrity, participation, and awareness.³² In recent years, Egypt has also implemented many awareness campaigns to combat corruption and has also involved the private sector in a number of initiatives that contribute to combating corruption and enhancing integrity in this sector.

In addition to the Administrative Control Authority, there are a number of other supervisory bodies that help strengthen accountability and combat corruption. Each body has specific roles that cover specialized sectors, such as the Central Auditing Organization, the Financial Supervisory Authority, the Egyptian Drug Authority, and the Industrial Control Authority, in addition to law-enforcing entities.

Figure 6.12 Objectives of the second National Anti-Corruption Strategy



Box 6.5 National Anti-Corruption Academy

- The National Anti-Corruption Academy was established in 2017 per Article 55 of *Law No. 207 of 2017*, which amends the Law on Restructuring of Administrative Control (*Law No. 54 of 1964*). It reports to the head of the Administrative Control Authority as one of its divisions. It is responsible for preparing and training the members of the Authority on modern systems related to its work and boosting the performance of its employees, as well as supporting cooperation with bodies and agencies specialized in combating corruption in other countries.
- The objectives listed in the Academy's strategic plan included excellence in the field of studies and training programmes, developing research and innovation capabilities to curb the phenomenon of corruption and in areas of national, regional and international importance, fulfilling social responsibilities, developing the Academy's organizational structure, developing a work environment that enhances performance.
- The Academy's activities include training programmes and specialized professional certificates for middle and senior management of regulatory bodies and law enforcement agencies specialized in combating corruption in Egypt and abroad. The training programmes offered cover combating illicit gains and money laundering crimes, administrative investigations, management of information systems, management and strategic planning, automation of procedures, and administrative control methods in combating and preventing corruption.

Source: Administrative Control Authority.

Box 6.6 Market System Governance

The State agencies that ensure strengthening of the market system include:

- **Egyptian Competition Authority:** Established in 2006 in accordance with the Law on Protection of Competition and Prevention of Monopolistic Practices (*Law No. 3 of 2005*) as an independent body to monitor markets and examine issues of harm to competition. The Egyptian Competition Authority aims to put forward initiatives and proposals to support free competition and to promote such initiatives and support their implementation. Other tasks include enhancing awareness of the provisions of the law and the culture of competition, coordination and integration with other regulatory bodies to regulate markets and create a competitive environment, strengthening cooperation with international bodies and corresponding competition authorities, and building capacities. In order to carry out its role, the Authority investigates the communications it receives, activates market monitoring and follow-up, and builds cooperation with national and international agencies to achieve its goals.
- **Consumer Protection Agency:** Established in accordance with Consumer Protection Law (*Law No. 67 of 2006*) with the aim of protecting consumers and safeguarding their interests by putting in place plans and programmes to achieve this goal, receiving and investigating complaints from consumers, and coordinating with various state agencies in relation to consumer protection. In its work, the Agency takes into account the rights of the consumer, whether related to health, access to information or free choice of products. It can file legal cases and request compensation for damages incurred by consumers.

Sources: Egyptian Competition Authority (2019).

Consumer Protection Agency (2015).

6.2.3 Transparency and participation

Transparency and participation are key principles of governance and are usually considered alongside accountability because of the interrelationship between the three. Promoting transparency strengthens participation, thus allowing accountability. Transparency and participation enhance trust between citizens and the government, and lead to better development outcomes through the participation of different groups such as women, young people, people with disabilities, and the poor. The mechanisms related to participation and transparency differ between countries; however, they usually centre around participation in decision-making through political participation, participation in plans and budgets, and various other activities. They also include strengthening the role of the media, in addition to supporting mechanisms such as laws and regulations that determine the extent and method of participation and the dissemination of data and information. In view of technological developments and the widespread use of social media, governments have become more aware of the importance of communication and of sharing data and information with citizens. Effective government communication has accordingly become a top priority for many countries.

Egypt has worked over recent years to enhance transparency and participation and has adopted a general approach of improving the process of communication with citizens and informing them of developments through a number of mechanisms, especially social media. This was evident in the government's communication with citizens during the COVID-19 pandemic. The government provided citizens with information through the Council of Ministers or through various government agencies and mobile apps. It developed mechanisms to better communicate with the public and to receive and respond to inquiries, and the government's performance in dealing with COVID-19 was appreciated by citizens who felt confident in its decisions and

overall performance. This confidence may reflect progress in approaches to governance, given the greater degree of openness and disclosure.

Over recent years, Egypt has implemented many new practices to help boost participation and transparency. For example, since fiscal year 2014/2015, the Ministry of Finance has issued a citizen's budget as an effective tool for communicating with the public. It aims to involve citizens in preparing the State's general budget and to enhance confidence between the citizen and the state by disclosing budget items and giving information on the most important directions of fiscal policy, social programmes, and economic reforms in a simple way that all citizens can understand.³³



The citizen's budget is issued in September of each year, after the approval of the State's general budget for the new fiscal year by the House of Representatives and the President. The Ministry of Finance has been improving the presentation of the citizen's budget year by year to ensure that all information is provided in a simple and clear way. For example, the citizen's budget for 2018/2019 included both a summary version and a detailed version, whereas the 2019/2020 version included a copy of the citizen's semi-annual report for that fiscal year, which provided an assessment of public revenues and spending six months after the actual implementation of the budget for 2019/2020. The aim was to inform citizens of the results achieved by the budget.³⁴ These improvements in financial disclosure and participation are amongst the most important factors behind Egypt's im-

proved ranking in the Open Budget Index, as mentioned above, from 16 points in 2015 to 41 in 2017 and then 43 in 2019. This affirms the improvement in Egypt's performance, especially with regard to transparency and the dissemination of data and information related to the State's general budget.



In the same context, the Ministry of Planning and Economic Development issued a citizen's plan for fiscal year 2019/2020 for each of the governorates. They include information on the investments directed to that governorate, including a sectoral breakdown that focuses on a group of sectors within each governorate, such as the petroleum, education, housing, and transportation sectors. The aim is to enhance transparency and accountability, localize the SDGs, enhance community participation, and spread knowledge about programmes and performance budgeting.³⁵

Egypt has, over the past few years, been interested in publishing a set of reports that highlight the reforms, challenges, and progress on many development issues. At the continental level, Egypt in 2019 submitted a self-assessment report to the African Peer Review Mechanism, of which it is a member. It included an assessment of Egypt's position in governance across a set of main themes that included democracy and political governance, economic governance and management, corporate governance, and economic and social development. The report includes

a national action plan to address the challenges outlined.



At the international level, Egypt published Voluntary National Reviews in 2016 and 2018 which look at progress in implementing the SDGs. These reports were presented to the United Nations High-level Political Forum on Sustainable Development and included the progress achieved and the outstanding challenges. Governance was one of the main challenges hindering the achievement of sustainable development, according to the last Voluntary National Review.

This reporting aims to illustrate progress made and to assess existing challenges in the achievement of development goals. It also demonstrates Egypt's commitment to disclosure and reform and its willingness to be accountable to citizens in terms of its decision-making.

On political participation, it is worth noting that the 2014 Constitution aimed to consolidate the values of democracy and freedom, guaranteeing the freedom to form political parties. In 2019, a number of constitutional articles were amended, resulting in additional guarantees to enhance the political participation of those most in need, such as women, young people, persons with disabilities, workers and farmers, by ensuring their representation in the House of Representatives and local councils. In recent years, the electoral process has seen many legislative and insti-

tutional reforms to enhance its integrity and transparency. The National Elections Authority was established as an independent body to manage the presidential, parliamentary and local elections and to ensure their integrity. Many rules and regulations related to the financing of electoral campaigns were put in place. The National Elections Authority also aimed to strengthen local and international civil society organizations' oversight of the electoral process, in order to ensure fair elections. It has overseen elections to the House of Representatives in 2015, the presidential elections in 2019, the referendum on constitutional amendments in 2019, and elections for the Senate and the House of Representatives in 2020.

Egypt has also introduced new mechanisms for participation, the most important of which is youth conferences. State leaders participate in these events, which are attended by thousands of young people from all over the country, and various problems and opinions are shared. In addition, the mechanism of the National Training Academy is being implemented, with training and educational targets for young people of both genders. It also serves as a forum for discussion of government policy; young people can express their views and ideas, to be conveyed to various decision-making circles. Young people have also been appointed to new positions in the government, for example deputy ministers, deputy governors, and governors.

Egypt has also worked to strengthen the role of NGOs. The Law Governing the Pursuit of Civil Work (*Law No. 149 of 2019*) was passed, and its executive regulations were issued, which reflects the importance of civil society as a key partner in the development process.

In the field of human rights, *Law No. 197 of 2017* was issued to amend certain provisions of *Law No. 94 of 2003* which dealt with the creation of the National Council for Human Rights. The key amendments gave the Council broader powers, including on visiting prisons and correctional institutions, as well as

other places of detention and treatment; on expressing opinions on relevant draft laws; on studying allegations of human rights violations and making the necessary recommendations on those issues to the competent authorities; and on following up on the implementation of international human rights conventions, covenants and agreements that have been ratified by Egypt. Egypt has also worked to improve the conditions in prisons after years of neglect, including via the expansion of presidential pardons, via conditional release in response to the circumstances of prisoners and their readiness to reintegrate into society, and via compassionate releases.

Egyptian prisons have witnessed improvement in light of implementation of "modern corrective" policies that aim to rehabilitate prisoners. Over the past few years, the prisons of Qanater, El Marg, El Fayoum, El Minya, Burg El Arab, and Wadi El Natrun have been visited by international, regional and local media and human rights institutions to follow up on services provided to prisoners and their degree of alignment with international and regional laws and conventions, in line with principles of transparency and respect to human rights.

In light of its role as a national mechanism for women's affairs, the National Council for Women makes several visits to prisons to ensure women prisoners receive their rights as per the national laws and human rights conventions. These visits aim to better understand the situation of women inside prisons, and their surrounding environment, and ensure their livable safety in light of international human rights criteria, especially those related to women rights.

A Supreme Standing Committee for Human Rights has been established chaired by the Ministry of Foreign Affairs, and it has prepared the National Human Rights Strategy 2021-2030, which is based on four main themes: strengthening the rule of law and the realization of political and civil rights; economic, social and cultural empowerment; enhancing

the rights of the most vulnerable groups; and education and training in the field of human rights. The strategy's vision is to advance the human rights situation in Egypt through the effective implementation of all fundamental civil, political, economic, social, and cultural rights and freedoms guaranteed in the Constitution and in the international and regional agreements to which Egypt is a party, within a framework of equality, non-discrimination, equal opportunities and the rule of law. It also aims at promoting the integration of the human rights component into the implementation of the Sustainable Development Strategy: Egypt Vision 2030. The National Human Rights Strategy includes a detailed plan that contains objectives, sub-objectives, indicators, operational steps and an operational framework.

Furthermore, a Human Rights Committee was established within the Senate (the upper house of parliament) in order to follow up on human rights issues and ensure the consistency of legislation with human rights principles, in coordination with the Human Rights Committee in the House of Representatives (the lower house).

Egypt has also worked to promote non-discrimination, citizenship and national unity. Consequently, the Law on the Construction and Renovation of Churches (*Law No. 80 of 2016*) was issued. In 2017, a committee headed by the Prime Minister was formed to hear requests to legalize the status of illegally built churches. In 2018, 508 churches and church buildings were legalized, as were 814 in 2019,

and 467 in 2020. The total number of churches that have been legalized so far is 1,054, while the total number of church buildings has reached 746. In order to reduce the administrative complications that accompanied the construction and restoration of churches, the allocation of land for the construction of churches in new cities has been permitted. From July 2014 to December 2020, 40 churches were constructed in new cities, while construction began on 34 additional churches in these new cities, and 75 churches nationwide that had been destroyed in terrorist attacks in 2013 were renovated. In January 2019, the largest cathedral in the Middle East was inaugurated in the New Administrative Capital. In addition, *Law No. 190 of 2020*, the Law on the Establishment of Endowment Bodies for the Catholic Church and the Evangelical Community, was issued. It aims to manage the assets and funds endowed for the benefit of the Catholic Church and the Evangelical churches.³⁶

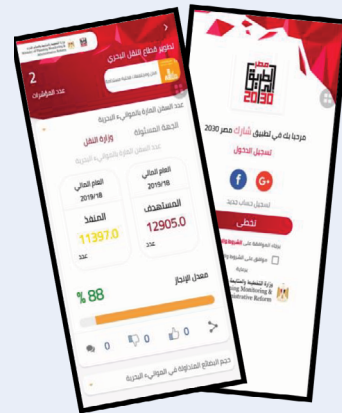
Egypt has also worked to promote the rights of Egyptian nationals abroad and has made considerable efforts to address their problems and find ways to provide the necessary assistance. Both the Ministry of Foreign Affairs and the Ministry of Immigration and Egyptian Expatriates Affairs have intensified communication with the relevant national authorities to expedite the delivery of consular transactions. Accordingly, Egypt's missions abroad have intervened with the concerned authorities in host countries to settle and resolve problems faced by Egyptians residing abroad.

Box 6.7 Sharek 2030

- In 2019, the Ministry of Planning and Economic Development launched the *Sharek 2030* mobile phone app. It serves as an interactive platform between the citizen and the Government in order to raise awareness of development programmes, projects and their performance indicators and to enable periodic follow-up to enhance mechanisms of communication, participation and community accountability.

Box 6.7 Sharek 2030 (continued)

- Sharek 2030 aims to achieve the greatest degree of transparency in providing information on development programmes and their performance indicators, raising awareness of state projects, providing an opportunity for citizens to participate in follow-up and to propose priority initiatives and projects, in addition to spreading a culture of performance measurement in the State's administrative apparatus and among citizens.
- The application provides information on the SDGs, development programmes, and indicators.
- Users can browse projects by governorate and see what has been accomplished in terms of completion rates compared to targets. It also allows citizens to send in proposals relating to their local needs.



Source: Ministry of Planning and Economic Development.

Box 6.8 National Youth Conference

- Egypt has acknowledged the important role of young people and the necessity of including them in the political and development process, given that they account for the largest population demographic. As a result, decision makers have been keen on taking their opinions into consideration during the process of making and implementing public policy. The President named 2016 the Year of Youth, and a number of programmes and projects targeting young people in many fields took place during that year.
- The first National Youth Conference took place in 2016, designed to be one of the main platforms allowing young people to express their views on state policies and to discuss their needs before the President and members of the government.
- Since 2016, seven youth conferences in total have been held in different locations, including Cairo, Aswan, Sharm El-Sheikh, Alexandria and Ismailia, to ensure participation across different parts of the country.

Source: State Information Service (2019).

Box 6.9 National Training Academy

- In 2017, the National Training Academy was established in accordance with Presidential Decree No. 434 of that year. It aims to help develop young leaders for all sectors of the State by improving their abilities and skills through training programmes in various fields.
- The Academy offers a range of different training programmes, including programmes designed for public sector institutions, private companies and international companies, and training programmes for individuals. These programmes aim at allowing young people to develop additional skills and capabilities in order to keep pace with the requirements of the labour market. The Academy is cooperating with the European Union and France's École Nationale d'Administration (ENA) to prepare a programme for Egyptian young leaders.
- The Academy includes the Presidential Leadership School, which aims to create a qualified base of youth as leaders in political, administrative and societal issues, and that will help build the national economy and enhance the efficiency of workers in the State's administrative apparatus. The Presidential Leadership School includes four different programmes: the Presidential Youth Leadership Program, the Presidential Leadership Program for Excellence, the Presidential Executive Leadership Program, and the African Youth Leadership Program.

Source: The official website of the National Training Academy.

6.2.4 Digital transformation and financial inclusion

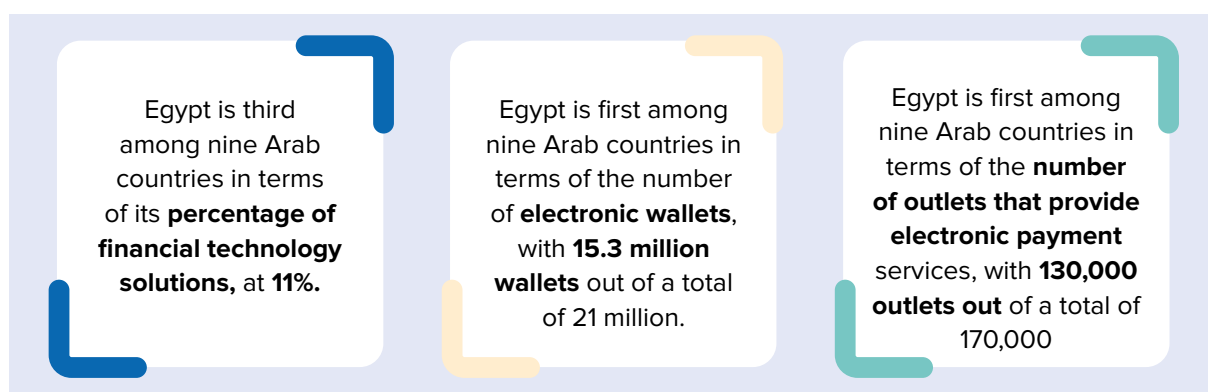
The outbreak of COVID-19 has proven the importance of the move towards digital technology, and many countries have shifted to providing online services and adopting digital applications that help communication with citizens. While international and regional organizations support digital transformation policies, including financial inclusion, the pandemic has made the issue more urgent and has increased calls to strengthen these policies. To promote digital transformation, some countries have adopted digital transformation strategies, programmes and initiatives, including India, South Africa and Malaysia. These strategies provide some basic services via the Internet, and allow citizen participation through interactive online platforms, as well as other issues that enhance the digital transformation process, thereby contributing to enhancing government services and efficiency and reducing corruption.

One of the basic requirements for digital transformation and financial inclusion is to create an appropriate environment in terms of technological infrastructure, human, institutional and material capabilities, and legislation. Weak infrastructure and the high cost of improving it may be the biggest challenge

facing digital transformation and financial inclusion, in addition to the problem of digital illiteracy, and the difficulty of reaching certain groups, such as the elderly, the poor, and women.

As in other countries, digital transformation and financial inclusion has become a top priority for Egypt, given their importance in strengthening governance by improving effectiveness and spending efficiency, reducing corruption in all its forms, enhancing responsiveness, and improving accountability. At the regional level, Egypt is one of the most advanced countries in the Middle East and North Africa on issues related to digital transformation and financial inclusion. According to a recent report issued by the Arab Monetary Fund, Egypt ranks first of nine Arab countries in terms of the number of outlets that provide electronic payment services, with 130,000 outlets out of a total of 170,000 in all nine countries. Egypt also came first in terms of the number of digital wallets, with 15.3 million out of a total of 21 million wallets in the nine countries.³⁷ In terms of financial technology solutions, Egypt came joint third with Tunisia out of a total of 22 Arab countries, with 11 percent of all solutions highlighted in the report. The UAE came in first place with 22 percent, followed by Morocco with 13 percent.³⁸

Figure 6.13 Egypt's regional rankings on indicators related to digital transformation and financial inclusion

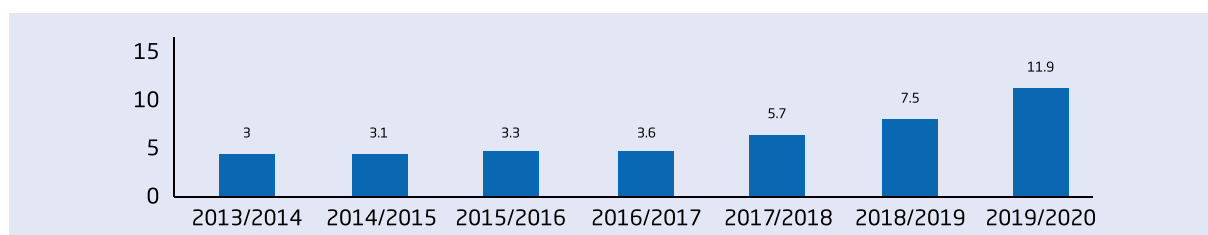


Source: Arab Monetary Fund (2020), and Chehade, Nadine (2019).

At the national level, the National Information and Communication Technology Strategy 2012-2017 aimed to support democratic transition, enhance digital citizenship and the information society, support sustainable social development, and strengthen the national economy through the knowledge economy.³⁹ The Ministry of Communications and Information Technology took great care of the digital transformation process. It dedicated specific programmes to enhance it, such as ICT for learning and health, government services, and green IT, in addition to programmes related to digital inclusion. These programmes included ICT programmes for community integration, and to ensure the safe use of the Internet.⁴⁰

Over the past years, Egypt has commenced work on the process of digital transformation and financial inclusion by directing investments to strengthen the information infrastructure, and to making needed legislative and institutional reforms. For example, as shown in Figure 6.14, the contribution of the ICT sector to economic growth increased from 3 percent in fiscal year 2013/2014 to 5.7 percent in 2017/2018, then further increased to 11.9 percent in 2019/2020. This reflects the increasing importance of this sector in promoting economic growth. It should be noted that the ICT sector investments in the sustainable development plan for 2020/2021 are estimated at EGP 26.5 billion, or 3.6 percent of the total plan.⁴¹

Figure 6.14 Percentage contribution of the ICT sector to economic growth, 2013/2014 to 2019/2020 (%)

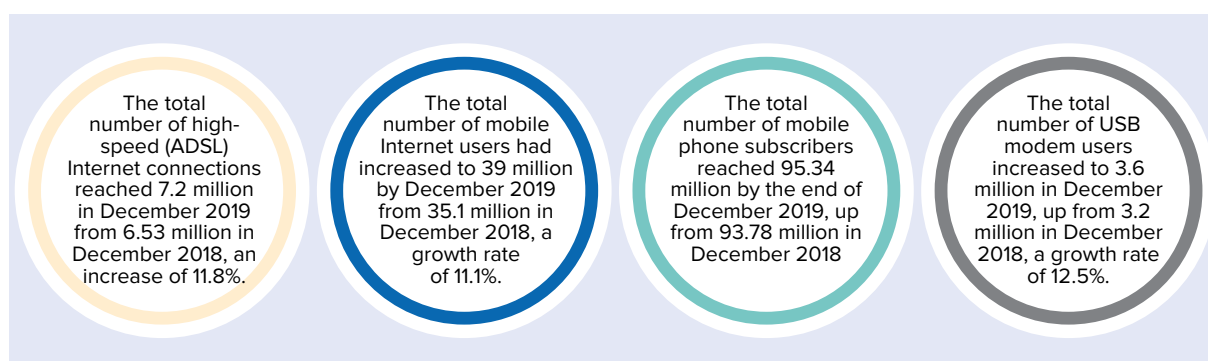


Source: Ministry of Planning and Economic Development. (2020). Third year plan 2020/2021 of the medium-term plan for sustainable development (2018/2019-2020/2021).

Discussions around digital transformation are related to the readiness of digital infrastructure for this transformation. Figure 6.15 illustrates the development of some infrastructure

indicators related to digital transformation, such as the increases in mobile Internet users, mobile phone subscribers, USB modem users, and high-speed Internet connections.

Figure 6.15 Indicators related to enhancing digital transformation



Source: Ministry of Planning and Economic Development. (2020). Third year plan 2020/21 of the medium-term plan for sustainable development (2018/2019 – 2020/2021).

In terms of legislative reforms to support the digital transformation process, Presidential Decree No. 501 of 2017 established the Supreme Council for the Digital Society. The aim of this Council is to put in place policies and strategies related to digital transformation and working to maximize the use of ICT in empowering the development and anti-corruption sectors.⁴²

To provide a legal environment that supports financial inclusion, Presidential Decree No. 89 of 2017 was issued, establishing the National Payments Council. The Council works on reducing the use of banknotes outside the banking sector to support and stimulate the use of electronic means and channels for payment, and it will develop national payment systems and the associated supervisory frameworks to reduce the risks associated with them in order to create safe, efficient and effective systems. The aim is to achieve financial inclusion by integrating the largest number of citizens into the banking system, to integrate the informal sector into the formal economy, to reduce the cost of transferring funds, and to increase tax receipts. It will also work to protect the rights of users of payment systems and services, to achieve competitiveness in the payment services market, and to regulate the work of existing entities.

To promote digital transformation and financial inclusion, *Law No. 18 of 2019* was issued, which regulates the use of non-cash payment methods. It obliges all state authorities and agencies, public legal persons, and companies which they own or have shares in, to use non-cash payment methods. In addition, it obliges private legal persons and establishments of all kinds to offer and increase use of non-cash payment methods, with the details determined by the law's executive regulations. The new Central Bank and Banking System Law (*Law No. 194 of 2020*) provides the regulatory frameworks for electronic payment methods in order to enhance the financial inclusion process. It includes a section on financial technology and requires the estab-

lishment of a system at the Central Bank of Egypt to prepare the necessary studies to enhance financial inclusion.⁴³

In 2019, Egypt launched the government electronic payments system, which aims to increase the performance of public finances through effective management of cash flows, and increase the efficiency and performance of the implementation of the State's general budget. The system also aims to help decision-making through a central database of financial receipts, to speed up the collection of public revenues, and to reduce the time taken for financial transactions, the transportation costs, and the risks involved. Since May 2019, the payment of government dues of more than EGP 500, including taxes and customs duties, must be via electronic payment methods. Dues of more than EGP 10,000 must be paid via banks operating in the domestic market.

An e-government procurement and contracting system was also launched, in accordance with the Public Contracts Law (*Law No. 182 of 2018*). Its objective is to create a phased transition to the use of IT in procurement and contracting procedures. The system also aims to link budget preparation and needs planning, to simplify contracting procedures, to expand competition, to enhance transparency between government agencies and the business community and to upgrade the level of services provided by government agencies.

In 2019, Egypt launched Meeza, the national branded payment card programme. The Meeza bank cards can be used to pay for government services and to receive subsidies. The aim of the programme is to increase financial inclusion; reduce the circulation of cash in the local market; increase the number of banking clients; integrate the informal sector into the formal economy; combat the financing of terrorism, money laundering and corruption; and provide the opportunity for citizens to purchase and use electronic payment means inside Egypt. As part of the government's efforts to shift to-

wards a digital society by achieving integration between government agencies and facilitating the provision of services, the Digital Egypt Portal was launched in 2020. The aim is to transform government services into digital services in order to enhance the speed and efficiency of service delivery and to boost satisfaction rates. The website provides a package of services, such as family law services, documentation, food subsidies, real estate taxes, real estate registration, court services, and vehicle licenses, among others. Egypt plans to provide 90 percent of government services through this website by 2023.



An image showing the main page of Digital Egypt Portal

6.2.5 Localization of the SDGs

Achieving the SDGs has become one of the main goals of both developed and developing countries worldwide, and the majority have adopted strategies to achieve them at the national level. One of the most important lessons learned from the Millennium Development Goals is the importance of local action to achieve them, and the significance of working to empower local actors. The localization of the Sustainable Development Goals takes the local context in consideration. Localization processes are usually concerned with empowering local levels of resources and local decision-making, raising awareness of the importance of sustainable development, enhancing participation and accountability through various mechanisms, and adopting innovative and effective mechanisms.⁴⁴

In recent years, achieving the SDGs has become Egypt's main goal, and Egypt has real-

ized that it cannot achieve these goals without strengthening the localization process by supporting local actors. The 2014 Constitution therefore aimed at empowering local administration and ensuring support for administrative, financial and economic decentralization in pursuit of social justice. It also stipulated that local units of government have independent budgets, including taxes and fees derived locally. This will allow a greater degree of independence.

To develop the legal framework to support the localization process, Egypt has prepared two draft laws on state general planning and local administration, in line with the constitutional provisions related to decentralization. The draft Law on State General Planning represents a major step forward in the process. It enables local units to prepare their development plans flexibly and to work on mobilizing resources to enhance local development investments. The draft Local Administration Law seeks to enable the local administration to carry out the decision-making process by expanding the scope of its powers. It also transfers some powers from the central level to the local level. In the same context, the Ministry of Planning and Economic Development and the Ministry of Local Development are developing the local planning system to ensure enhanced participation and community accountability through clear and transparent mechanisms, which would prepare local plans based on citizens' needs and development priorities.⁴⁵ In addition, the Ministry of Planning and Economic Development, in cooperation with the Ministry of Local Development and the Ministry of Finance, has completed the formulation of a financing equation through which the allocations of local investments will be distributed to governorates in a manner characterized by transparency, justice and objectivity.

Egypt has taken other steps to promote practices related to the localization of SDGs by empowering local administration. For example, it has launched the Upper Egypt Local

Development Program, which is funded by a loan from the World Bank and a corresponding contribution from the public treasury. It is operational in the governorates of Sohag and Qena, aiming to achieve development in the poorest regions. This programme is an experimental effort to implement decentralization practices, for possible application in other governorates. In cooperation with several international organizations, the Ministry of Planning and Economic Development has also launched a number of other programmes related to the localization of SDGs. They are aimed at raising awareness and informing governorate administrations of these goals and how to implement them at the local level. The Ministry started in 2020 developing an indicator to measure the competitiveness of the governorates. It will identify the comparative advantages of each governorate and then direct investments and technical support in line with those competitive advantages. The aim is to help governorates maximize benefits from their comparative advantages, and to empower local administration.

It is important to integrate these efforts within the framework of an integrated plan that includes the institutional, legal and awareness raising interventions which are required to localize the SDGs and support the gradual shift towards decentralization. In particular, there is a need to take serious and decisive steps with regard to empowering local administration in the implementation of constitutional entitlements, strengthening local development and ensuring effective and efficient local services. Since the local development program in Upper Egypt is the nucleus that represents the shift towards decentralization, the Egyptian government can activate a plan to adopt the lessons learned from the Upper Egypt Local Development Program, which could then be applied in other governorates, taking into account their local contexts and their individual competitive advantages.

6.2.6 Combating terrorism and enhancing security

Strengthening security and combating terrorism is another key component of the principles governing the sustainable development process, as the dire consequences of terrorism can severely impact the process and hinder the achievement of its objectives. The spread of terrorism and extremism also impacts the confidence of investors, limits foreign direct investment, reduces tourism and causes fear and distress for all citizens. As a result, the prevalence of terrorism can limit people's political and economic participation and their participation in decision-making processes. In recent years, Egypt, alongside most countries worldwide, has been subject to terrorist attacks that have prompted investment in security, the activation of awareness campaigns, and the adoption of strategies to combat terrorism.

Following the June 2013 revolution, Egypt faced a wave of terrorism and extremism that contributed greatly to the intensification of the challenges it faced around development and resulted in significant economic losses. However, Egypt has managed to reduce terrorist attacks through two basic approaches. In terms of the security approach, it has cut off the supplies of terrorist groups, has gone after such groups, and has increased the readiness of anti-terrorism forces. The second approach is developmental: the establishing of developmental projects in areas which are otherwise likely to host terrorist groups. It has also launched initiatives and awareness campaigns to protect society against terrorism and extremist thought. Religious, cultural, and media institutions play a vital role in such initiatives and campaigns, as do women's institutions. In addition, Egypt supports international cooperation efforts to combat corruption and has implemented actions on this front, including during its non-permanent membership of the United Nations Security

Council from 2016 to 2017, representing Africa, and its presidency of the Security Council's Counter-Terrorism Committee. In this role Egypt managed to obtain a set of UN Security Council resolutions in the field of counter-terrorism, particularly Security Council Resolution 2354 (2017) which acknowledged the international inclusive frame to combat terrorist discourse, and Security Council Resolution 2370 (2017) on preventing terrorists from obtaining weapons.

In terms of the legislative framework, Egypt's Constitution obliges the State to combat terrorism in all its forms. *Law No. 94 of 2015* addresses counter-terrorism and took into account the resolutions related to combating terrorism issued by the Security Council, as well as international agreements in this regard. The Law on Terrorist Entities (*Law No. 8 of 2015*) covers terrorist entities and tracking terrorists' activities, while the Anti-Cyber Crime Law (*Law No. 175 of 2018*) covers crimes using IT and criminalizes hacking or attacking the country's information systems. The Egyptian Money Laundering and Terrorist Financing Combating Unit has also been established. Egypt supports close cooperation with international and regional organizations in the field of combating terrorism and enhancing security and stability, in order to exchange experiences and develop counter-terrorism efforts at both the international and the regional level.

The Ministry of Foreign Affairs has issued the National Counter-Terrorism Report 2020, which covered Egypt's comprehensive approach to combat terrorism and the extremist ideology that leads to it. According to the report, this approach is based on the following five pillars: confronting all terrorist organizations, without exception, as they emanate from the same ideological source; reaching an agreement regarding the definition of terrorism and not replacing it with any other description or establishing false terminology; holding accountable any country that sponsors terrorism, fosters terrorists, or provides

them with a safe haven; not distinguishing between the material terrorist act and the extremist thought that leads to terrorism; and strengthening international cooperation to undermine the ability of terrorist organizations to recruit new supporters.⁴⁶

The efforts made to enhance security and combat terrorism are demonstrated by the recovery of Egypt's tourism sector: in 2018, the number of tourists increased to 11.3 million, up 36.8 percent from 2017. Tourism revenues in 2019 amounted to about \$13 billion, the highest figure ever achieved, before suffering from the impact of COVID-19.⁴⁷

6.3 Determinants of progress on governance

The analysis above shows the efforts made by Egypt to strengthen governance. However, there are still many challenges facing these efforts. Dealing with them depends on a number of determinants that shape the governance situation of any country through the intertwined and multiple relationships between the key players in strengthening or undermining governance. These include political, legislative, economic and cultural determinants, as examined below.

6.3.1 Political determinants

Governance is affected by a country's level of political stability and security. The more stable the State is, the more opportunity there is for consolidation and dissemination of governance principles, not only at the level of the State's administrative apparatus, but also in society as a whole. In the wake of the January 2011 revolution, Egypt experienced a period of political instability and insecurity which greatly impeded its progress on governance, and led to a regression on many issues. However, since 2014, stability and security have improved, leading to greater attention being paid to social and economic development and the achievement of justice, inclusion and equality. Strengthening governance is re-

lated to security and stability not only at the national level, but also at the regional and international levels. In parallel with its policies related to enhancing national security, Egypt has strengthened its relationships with other Arab and African countries. It has also aimed to strengthen its relationships at the global level as well. One of the most important mechanisms Egypt has used to promote communication has been international youth conferences and African youth conferences. These conferences have facilitated the sharing of expertise and experiences in economic, social, environmental and intersecting issues, like governance and women's issues, and have helped situate Egypt as a country that seeks peace through dialogue and cultural exchange.

Stability and security therefore help create opportunities for discussion of issues of transparency, participation, accountability and combating corruption. However, Egypt is still on its way to the formation of political cadres and the strengthening of political parties, in addition to electing local councils, all of which have a major impact on the development of political life. The participation rate in the first and second rounds of the elections for the House of Representatives elections in 2020 was 28.06 percent and 29.5 percent respectively, compared to 26.6 percent and 29.83 percent in the 2015 polls.

At the same time, development of the democratic process and completion of the constitutional mandates in this regard could have a great impact on supporting governance by strengthening participation and accountability. The election of local councils in the near future, could be a step in strengthening governance. In addition, Egypt's perseverance in dealing with the challenges outlined in the National Human Rights Strategy 2021-2030 represents a roadmap for improving the political framework that supports governance. These challenges are: terrorism and regional turmoil; the achievement of economic development based on the realization of econom-

ic, social and cultural rights; the low levels of participation in political and public affairs; the low degree of awareness of the culture of human rights principles and values; and a comprehensive approach to the promotion of fundamental rights and freedoms.

6.3.2 Institutional determinants

Institutions are the cornerstone of the process of strengthening governance and related principles. Public institutions in Egypt are often characterized by overlap in roles and responsibilities and by complexity, which greatly affects the effectiveness and efficiency of public services. This is despite the efforts made on institutional reform and restructuring.

The necessity of institutional reform for the private sector and for civil society organizations also cannot be overlooked. Adherence to corporate governance frameworks is important to ensure companies' commitment to disclose data and information and to enhance the accountability process. The same applies to civil society organizations, which need more flexible institutional frameworks and greater transparency to meet the needs of the community.

Data and information are essential elements in the efficiency and effectiveness of institutions. Accurate data allows decision makers to make sound decisions and contributes significantly to the monitoring and evaluation process.

Egypt faces a major challenge in terms of availability of data. According to a CAPMAS report on the SDG indicators in Egypt, about 18 out of 34 statements of data related to Goal 16 on strong institutions are not achievable as a result of the need to collect new data.⁴⁸ Therefore, the statistical system that provides data and information to decision makers requires a comprehensive reform. Such reform includes investing in advanced statistical systems and updating the laws regulating statistical work. In this regard, statistical work is currently regulated by two basic laws, name-

ly *Law No. 35 of 1960*, as amended by *Law No. 28 of 1982*, the Law on Statistics and the Census, in addition to *Law No. 2915 of 1964*, the Law on the Creation and Regulation of the Central Agency for Public Mobilization and Statistics. These laws are no longer consistent with recent developments in statistical systems or matters related to big data, among others.

Civil servants play an important role in the decision-making process and in governance. Strengthening governance requires major changes in bureaucratic systems that have existed for many years in order to make them more transparent and accountable, and to allow for greater flexibility and participation. In a deep and entrenched bureaucratic system such as in Egypt, which is characterized by complexity and overlapping roles, this process of change is challenging and must be approached gradually. The application of the new Civil Service Law and the planned move to the New Administrative Capital represent opportunities to reinvigorate the State's administrative apparatus, and reap the benefit of merit system and the continuous building of human capabilities, taking into account the benefits of the skills provided by training programmes and external grants and using them to improve performance.

6.3.3 Legal determinants

Enhancing governance requires a supportive legislative environment, not only at the level of public institutions, but also for society as a whole. Although there has been momentum around legislative reform that has resulted in a number of new laws, decrees and regulations over the past years that greatly contributed to governance issues, the legislative environment still requires further reforms. With regard to transparency and anti-corruption, no law on freedom of information has yet been issued, which is one of the basic requirements for enhancing governance. Freedom of information supports citizens' rights to obtain information and thus their ability to

hold various state agencies accountable. It also helps local and foreign investors to make investment decisions. The Witnesses and Whistleblowers Protection Law, which would greatly boost efforts to combat corruption, has not yet been issued.

In terms of strengthening public financial management and the State's general budget, it is necessary to work on amending the law on the general budget to keep pace with recent developments, and to reflect the shift towards programme and performance budgeting. As outlined above, this new budgeting approach improves spending efficiency and the achievement of development goals through an integrated system of follow-up on the performance of public authorities in implementing their budgets. It is also necessary to build on the efforts made to empower local administration and to promote the localization of the SDGs, whether by constitutional mandate or coordination between the Ministry of Planning and Economic Development and the Ministry of Local Development, through the issuance of the Law on State General Planning and the Local Administration Law. These pieces of legislation would have a significant role in supporting decentralization, accountability and participation at the local level, and enabling governorates to take various decisions according to the priorities and needs of citizens.

6.3.4 Determinants related to financial resources

Dissemination of the principles of governance within institutions and wider society requires adequate financial resources, given the need to enhance investment in infrastructure, change institutional structures, and build systems for monitoring and evaluation, as well as other relevant systems and requirements. Despite the increase in public investments directed to programmes and projects that strengthen governance, Egypt faces challenges related to its limited fiscal space. Egypt should therefore adopt an ap-

proach that promotes alternative financing tools, such as public-private partnerships, corporate social responsibility, green bonds, and debt swaps, among others. It should be noted that Egypt is also planning to use the Sovereign Fund of Egypt as an important financing tool. Egypt has already started implementing some new financing tools over the past few years, but there is a need for further assessment of the challenges facing their implementation, whether legal, institutional or related to low awareness. For example, no amendments have yet been made to the law on public-private partnerships, and no law on corporate social responsibility has been issued.

6.3.5 Cultural determinants

Societal culture is an intersectional issue that relates not only to governance but to all development issues. It is not possible to disseminate the principles of governance without a real awareness of their importance in promoting economic and social development, and the benefits citizens will obtain from the spread of these ideas. For example, fighting corruption and promoting accountability is not the responsibility of the government alone; citizens must also play a part. It is therefore necessary to combine the efforts of government, the private sector and civil society, to spread awareness of the importance of governance issues, and citizens' role in promoting them. Egypt needs to exert greater efforts to coordinate between the different sectors in this regard.

6.4 Policies to support progress on governance

In light of the analysis in this chapter, and the set of issues that it presents as basic building blocks of reform to create an effective system for managing the affairs of state and society, there are a set of policies that are at the top of Egypt's priorities for the upcoming period. These policies benefit from

the current momentum resulting from the COVID-19 pandemic and its various economic and social effects, which have created opportunities for accelerating reform on a range of development issues. The policies are listed below.

- Supporting digital transformation efforts and electronic services, while strengthening cooperation with the private sector and securing the information infrastructure. These issues have proven to be of great importance during the COVID-19 crisis, and the decision to invest in them during recent years has proved wise. Egypt is now seeking to build on the current achievements in digital transformation. To this end, it should enhance investment in infrastructure and IT, adopt supportive laws, ensure safe use of the Internet, and build on efforts made to implement the National Cyber Security Strategy 2017-2021 to confront cyber risks and secure the information infrastructure. This is to ensure a secure digital environment, to boost investment in Internet of Things (IoT) technology and artificial intelligence, and to increase investments in research and development. Egypt will also work to view the issue of digital transformation as part of the larger framework of digital inclusion. Digital transformation efforts must therefore ensure that all individuals, including those most in need, have access to digital services, and have the skills to deal with, use and benefit from these types of services. Egypt will work within a broad framework of digital inclusion that includes issues of digital transformation and cyber security, and issues related to enhancing the digital capabilities of all members of society, to ensure citizens' Right to Development in its modern form and in line with current needs.
- Local administration empowerment. The COVID-19 crisis has proven the importance of giving greater powers to gover-

nors and local administration employees so that they can meet local needs and tackle crises according to the local context of each governorate. Egypt therefore is seeking to expedite the issuance of relevant laws in support of decentralization and to ensure that local councils are elected, in addition to increasing investments directed to the governorates according to allocation formulae. These formulae should take into account the development gaps between the different governorates and should support local capacity-building.

- Adopting a set of legislative reforms that contribute to strengthening governance, including laws on freedom of information, protection of whistleblowers and witnesses, the unified budget, state planning, and local administration. Egypt will ensure the issuance of these laws, as well as their proper implementation.
- Egypt's decision to move its centre of government to the New Administrative Capital provides a focal point for efforts to restructure the Government and the State's administrative apparatus. The aim is to provide better services by adopting regulations and laws supporting the restructuring process and by linking the restructuring process to building the capabilities of the State's administrative apparatus, as well as keeping up with modern administrative developments.
- There is a need to reform the statistical system and develop the laws regulating it to improve transparency, and to continue efforts to improve monitoring and evaluation mechanisms. Egypt is seeking to adopt a comprehensive and integrated reform plan to strengthen and develop the statistical system, in order to ensure that it keeps pace with modern developments in statistical systems. Egypt will also give top priority to improved monitoring and evaluation systems, in order to ensure the effectiveness and efficiency of

the implementation of various development programmes.

- Government policies aim to promote a culture of good governance and anti-corruption by spreading the principles of governance, not only in the State's administrative apparatus, but in the society as well. Through its training and awareness programmes in partnership with civil society and the private sector, Egypt will adopt an approach that promotes a culture of good governance and anti-corruption.
- Strengthening political participation in decision-making. It is seeking to implement programmes that will strengthen the capacities of political cadres so they can be a catalyst for action, in addition to approving the Local Administration Law to allow the creation of local councils. These councils will enhance political mobility at the local level and allow for participation in the political and decision-making process.
- Egypt continues to enhance government communications by updating the official websites of government institutions, adopting more advanced communication mechanisms, adopting a more transparent and detailed approach to the information provided and the way it is presented, and providing feedback mechanisms that allow citizens to express their views and have them responded to. It also supports coordination between the different, and often overlapping, government entities working on the same issues, to ensure uniformity of messages to citizens.

The process of strengthening principles of governance within state institutions and wider society is not the responsibility of a single entity; rather, it requires concerted efforts, cooperation and coordination between the government, the private sector, civil society, and citizens themselves. Each has a role to play, and the principles of governance will

not spread if the responsibility is limited to a single party. Governance and its principles are not a framework to be applied; rather,

they comprise an approach that society must adopt as part of the path towards achieving sustainable development.

Egypt 2030:

A new decade towards sustainable development





The world is still living through the ongoing emergency of the COVID-19 pandemic, which revealed fragilities that far exceed the realm of global health. The pandemic has resulted in a deceleration in progress towards achieving the Sustainable Development Goals, which are now in their sixth year and still represent humanity's outline for a better future. In January 2020, the United Nations declared the decade from 2020 to 2030 to be the 'Decade of Action' in terms of accelerating the implementation of the Sustainable Development Goals. However, the COVID-19 pandemic has made the planned action both more difficult and more urgent at the same time. It has also demonstrated the importance of developmental goals and the necessity of working to achieve them, as well as the importance of focusing on the human Right to Development. The COVID-19 pandemic has led to the deaths of hundreds of thousands of people and infected millions, has brought economies to a halt, and has distorted every aspect of modern life. However, it is more than just a health crisis; it became an economic, humanitarian, security crisis, as well as a crisis in terms of human rights. Measures taken to address the pandemic therefore require rethinking not only the approach to managing the development process at the national level, but also regionally and internationally. In addition, countries must factor in the COVID-19 pandemic's implications when considering their plans to achieve sustainable development, as it has consequences for all.

In light of what has been captured in the first part of the Egypt Human Development Report 2021 in terms of major structural reforms in Egypt's development pathway during the last half of the decade 2011-2020, this second part of the Report discusses prospects of future areas of work to further complete the development pathway within the framework of national priorities identified by the SDS: Egypt Vision 2030. This mandates that Egypt adopt an ambitious plan of action for a new Decade of Action 2021-2030 that will take into consideration the difficult global conditions that have resulted from the COVID-19 pandemic.

It relies on innovative programmes that offer smarter solutions to overcome the challenges in various developmental areas and to work on moving forward on the path to achieving sustainable development, based on the principles of equality, inclusion and the capacity to deal with risks in a manner that protects society from any future adverse developments, by incorporating the element of risk hedging as a main component of the development approach and policies. The new decade of achievements sets its sight on Egyptian citizens, and will contribute to boosting current efforts aiming at enhancing the development progress in Egypt to benefit all its citizens without discrimination, leaving no one behind.

Egypt's path to sustainable development in the next decade will likely benefit from the set of developmental practices established during recent years. It has adopted a coherent approach combining the human rights perspective and planning and implementation processes in an unprecedented way, allowing the identification of urgent issues that concern all Egyptians and weigh on executive action, and has dealt with these issues with an unprecedented coherence and comprehensiveness.

It should be noted that achieving sustainable development during the Decade of Action will require the same strong political backing that has been the primary driver of the developmental and structural reforms that were implemented over the past six years, and which reflects a real desire for reform among all individuals in society.

Consequently, the general framework of Egypt's work plan for the decade of achievements is based on a set of elements, including: the principles governing the development process in Egypt, derived from the 2014 Constitution (which contained many elements of the Sustainable Development Goals), the goals are to be achieved via an integrated approach that takes into account the linkages and the interdependency between goals which will contribute to saving efforts and resources, and help design successful imple-

mentation mechanisms required to achieve the goals.

The principles governing Egypt's development prospects

Development strategies cannot succeed, especially in the wake of the COVID-19 pandemic and its repercussions without adherence to the principles of equal opportunity and of giving everyone a fair opportunity to enjoy the proceeds of growth. Egypt's 2014 Constitution laid down a set of key principles that establish this commitment, and Egypt should continue to follow them on its path to achieving the Sustainable Development Goals over the next decade. The Constitution contains various articles reflecting the essence of the Sustainable Development Goals, which emphasize the necessity for the developmental process to ensure equal opportunities for all people in order to realize their capabilities in a framework of dignity and equality, and for all to enjoy a life of prosperity and fulfilment of their aspirations.

The 2014 Constitution includes principles that affirm the Right to Development and establish the right of Egyptians to a decent life in all aspects. It includes the fair distribution of the proceeds of development and a reduction in income and growth disparities, achieving a geographic, sectoral and environmental balance. It also affirmed the importance of maximizing investment in human energy within the framework of human development. Moreover, the Constitution has clearly established the State's role in providing education and health services and fostering scientific research as a right for all citizens and at a quality consistent with international standards. The Constitution also sets out minimum governmental expenditure for these sectors; these expenditures are supposed to gradually increase in line with international spending levels. Egypt is also one of the countries that has enshrined the right to housing in its Constitution; Article 78 mandates that the State shall ensure citizens' right to adequate, safe and healthy housing in a manner which preserves human dignity and achieves social justice.

The Constitution pays considerable attention to the issue of gender equality and the enhancement of women's rights and contains articles that mandate gender equality, non-discrimination, women's right to be appointed to judicial bodies, the protection of women from all forms of violence, and women's participation in political life. It stresses the State's commitment to the international agreements that it has adopted on this topic, such as the Convention on the Elimination of All Forms of Discrimination against Women, the 'Universal Declaration of Human Rights', and the African Charter on Human and Peoples' Rights.

The Constitution also lists special provisions for the protection and preservation of the environment. Articles 45 and 46 impose major political and social commitments for environment protection as one of the pillars of sustainable development.

Furthermore, the 2014 Constitution also aims to consolidate the values of democracy and freedom, ensuring the freedom to form political parties. Several articles were amended in 2019, and the amendments put in place additional guarantees to enhance the political participation of the most vulnerable, such as women, young people, persons with disabilities, workers and farmers, by ensuring their representation in the House of Representatives. In addition, in Article 218 the Constitution outlines the State's commitment to combating corruption and enhancing the values of integrity and transparency.

In addition to the Constitution, governance represents one of the main components for achieving sustainable development. A common characteristic among developing countries that have achieved development progress is their adoption of key elements of good governance. Good governance (including the efficiency and efficacy of public services and rule of law) helps in achieving economic growth, as does the quality of institutions. The efficacy of governmental institutions is a major contributing factor in the reduction of poverty, as these institutions are the basis for achieving prosperity and growth. High-quality institutions help make investors feel secure

by enhancing issues related to intellectual property, the rule of law, and special incentives. Social and economic goals should be anchored by strong institutions, robust social insurance systems, citizens' enjoyment of freedoms and suitable political representation, and a society anchored on participation and a widespread culture of anti-corruption.

Strengthening security and combating terrorism is another key component for a sustainable development process, as the dire consequences of terrorism can severely impact the process and hinder its achievement. The spread of terrorism and extremism also impacts the confidence of investors, limits foreign direct investment, reduces tourism and causes fear and distress for ordinary people. As a result, the prevalence of terrorism can limit people's political and economic participation and their participation in decision-making processes. In recent years, Egypt, alongside most countries worldwide, has been subject to terrorist attacks that have affected developmental processes. Were it not for Egypt's success in creating security and stability and combating terrorism over the past few years, the country would not have been able to achieve the developmental successes it has. It is therefore essential that security and combating terrorism are included among the governing principles of Egypt's sustainable development process.

Egypt's economic development vision since 2014 has been the continuation of its orientation towards a free economy and the primary role of the private sector alongside a greater role for the State. The State's role is especially important in establishing and developing strong infrastructure that advances development and in providing more and better services for citizens, as well as its prioritization of the poor, as demonstrated by the construction of social housing projects, the reduction in the numbers of informal settlements, the social protection programmes, and several health initiatives and campaigns. These measures attempt to take into account the balance between considerations of comprehensive development in the long term and press-

ing problems and need to improve Egyptians' living conditions in the short term.

Sustainable development will not be achieved without strengthening partnerships and regional, continental and international cooperation. Egypt is a pivotal country in the Middle East and North Africa and it is not focused only on the national scale on its path to achieving sustainable development. Egypt also assesses changes at the regional, continental and international level, especially in view of the difficult and volatile regional and global circumstances that threaten the Right to Development. The significance of partnerships and international cooperation in attaining sustainable development is reflected in Goal 17 of the Sustainable Development Goals, which outlines the importance of partnerships and cooperation to achieving sustainable development. Egypt is therefore aiming to make progress through boosting these partnerships and through openness to the international community in all its forms, as one of the most important governing principles for achieving sustainable development during the upcoming decade.

Desired outcomes

To achieve sustainable development, attention should be paid to all the developmental goals without distinction. In its progression towards sustainable development in the next decade, Egypt should deal with different structural issues to create a robust developmental push through focusing on all areas. One of the lessons learned from Egypt's development progress over the past decade is that the partial addressing of some dimensions or levels are not the ones yielding major results. Accordingly, Egypt intends to focus on four basic themes as part of its plan to reinforce the path to achieving sustainable development: leveraging the level of human development in its various aspects; continuing the development push and ensuring inclusive growth; adapting to climate change and improving the environmental situation; upgrading the quality of services and the readiness of public institutions.

Improving all levels of human development

The concept of investment in people has gained attention from successive governments in Egypt, and as a result, various reforms and improvements to the health and education systems and right to adequate housing have been introduced. These reforms primarily aim to expand the provision of services. The next 10 years will witness continued commitment and a clear tendency in Egypt to introduce more radical reforms and real changes in investment in human capital, along with more focus on the dimensions related to quality and competitiveness.

In planning for investment in human capital, Egypt needs to consider the issues of overpopulation and poverty. The population issue is one of the main challenges that affects the development process as it still negatively impacts the returns of development, the quality of life of Egyptians, and the quality of services provided. It is both a cause of poverty and a result of it.

In light of the repercussions of the COVID-19 pandemic, Egypt needs to expand the adoption of the concept of investment in human capital to include five aspects: improving the quality of services in the field of public health; improving the quality of education to include digital skills; ensuring the provision of adequate housing; providing advanced and flexible social protection mechanisms; and boosting the empowerment of women in all fields.

There is a set of upcoming policies that the government is seeking to implement that represent the targeted goals of Egypt's sustainable development path over the coming decade. These policies seek to increase governmental expenditures on the education, health and housing sectors in order to achieve constitutional targets. They will also increase allocations for asset maintenance and overcoming challenges related to the weak infrastructure of utility services. This is in addition to bridging the increasing gap between educational outputs and the demands

of the labour market. These policies aim to review the institutional structures of the health, education and housing sectors; to reduce as much as possible any overlap or conflict in the mandates of the different authorities involved; to support and expand investments in the community education and health systems; and to eliminate informal and unsafe settlements. It also seems necessary that Egypt deal with the increasing pressures on services caused by its continued population growth.

Objectives for social protection include working on expanding the *Takaful and Karama* social safety net programme, with more scrutiny directed at targeting, especially of families living in extreme poverty. Another objective is to increase spending on subsidies and social grants, establishing and unifying databases for all components of the social protection system, strengthening institutional reform and coordinating between the non-governmental entities that provide social assistance and play protective roles such as religious institutions and NGOs. In addition, financial, institutional and human resources should be provided to ensure the effective implementation of both the Social Insurance and Pensions Law (*Law No. 148 of 2019*) and the Comprehensive Health Insurance Law (*Law No. 2 of 2018*), as they are the cornerstone of the new social and health insurance system, while supporting moves to eliminate any discrimination or disempowerment.

To further enhance the gains of women's empowerment, the targeted objectives include building human capacities and strengthening gender-based planning; taking gender into consideration when conducting any statistical surveys; strengthening the follow-up and evaluation systems of programmes on women's empowerment; and ensuring the correct and strict implementation of laws relevant to women's rights. This is in addition to supporting interventions related to women's political participation and working on raising awareness of gender issues and overcoming misconceptions, in coordination with civil society

organizations, women's empowerment mechanisms, the private sector, and the media.

Strengthening the development push and ensuring inclusive growth

Egypt has made significant achievements in development over recent years and these successes must be safeguarded and expanded, considering the global crisis of the COVID-19 pandemic. In light of this crisis and other issues such as uncertainty and a scarcity of resources, Egypt is seeking to adopt economic and public policies that take into consideration readiness to manage risk.

In recent years, Egypt has sought to implement a national economic and social reform programme to bring about real structural change. In light of the global economic impacts of the pandemic, Egypt should continue to advance this programme in order to transform its economy into a productive, knowledge-based economy that has competitive capabilities on the global stage. Egypt should focus on productive activities, particularly industry, in accordance with national goals and in conformity with the private sector, which has a key role to play in the development process. It has proven clear that, amid the COVID-19 pandemic, economies that depend on manufacturing industries performed better during both the crisis and the recovery stages.

To continue progressing its development pathway over the next 10 years, Egypt will also seek to continue its efforts towards structural reform, with a focus on productive activities, and on fostering a business environment that will allow the private sector to play an appropriate role in these activities. It will also seek to reduce the negative effects resulting from Egypt's rising debt service through better management of public debt. It is also seeking to lift customs and non-customs export restrictions and to simplify procedures to boost exports and competition. Furthermore, Egypt will work to support economic policy analysis at the level of decision-making so that it goes beyond the analysis of macro indicators, to

assess the extent to which Egyptians' Right to Development has been fulfilled and how well the country's overall economic performance is reflected in their living conditions. It should also analyse the extent to which the distribution of the proceeds of development is equitable, both in terms of individual and regional distribution. Moreover, Egypt is also aiming to promote the optimal use of resources by continuing its efforts to move away from energy subsidies, especially of petroleum and electricity, which are consumed most by the highest income groups. Instead, it will continue to subsidize food and those social programmes that benefit the poorest most, in order to increase distributive justice and overcome poverty.

During the next decade, Egypt is seeking to implement the second phase of its national economic and social reform programme. The programme targets, for the first time, the real economy with serious and purposeful structural reforms, by transforming the Egyptian economy into a productive economy based on knowledge and competitive capabilities in the global economy. This aims to encourage inclusive growth, create decent and productive job opportunities, diversify and develop production patterns, improve the investment climate and business environment, localize industries, and increase the competitiveness of Egyptian exports to achieve sustainable economic development and comprehensive and sustainable economic growth.

The programme includes six pillars, classified into a main pillar that aims to restructure the Egyptian economy with a focus on the real economy, and other, complementary pillars, which include: the business environment and the development of the role of the private sector, the flexibility of the labour market and increased efficiency of vocational training; human capital (education, health, social protection); financial inclusion and access to finance; and the efficiency of public institutions, governance and digital transformation.

The first and main pillar includes three productive sectors which have also been iden-

tified as a major priority for the structural reform programme, in accordance with the State's objectives and in agreement with the private sector in order to encourage investment and develop the business environment. The productive sectors that have been identified are the agricultural sector, the technology-intensive manufacturing sector, and the communications and information technology sector. In parallel with the implementation of the various pillars of the structural reform programme, there will be support for the service sectors that complement and support the productive sectors, and which are able to create job opportunities and provide foreign currency. These sectors include logistics, the construction sector, and the tourism sector, in addition to enhancing the green economy.

Adapting to climate change and improving environmental conditions

The COVID-19 pandemic has demonstrated the urgent need to restore balance to the relationship between mankind and the natural world, and pandemic recovery measures must therefore also be coupled with moves to tackle climate change. Egypt is highly vulnerable to climate change and faces many risks that threaten its environmental sustainability, and which can be exacerbated by its growing population's increasing demands on an already limited resource base, and the continuing decrease in its freshwater share per capita.

Egypt has made significant progress over the past few years in establishing the institutional framework for dealing with climate risks and developing qualified national capabilities.

However, there is an urgent need to develop national capacity with respect to climate science research, in order to better understand climate change and its impacts on coastal areas, water resources and human health. Consumption patterns in Egypt have seen radical changes in recent decades, supported by economic growth, technological developments and social and cultural factors, and this has exacerbated waste-related problems.

To address this issue, Egypt is targeting a number of goals in the decade of achievements, including work on changing consumption habits through education and public awareness, and moves towards building a circular economic model by expanding both recycling and reuse processes. In addition, Egypt is aiming to direct government spending and procurement towards green services and products, to continue promoting the new trend towards green bonds, and to foster a better understanding of the interrelationship between water, energy, food and climate policy. This understanding is important in creating an informed framework to identify the trade-offs and synergies that meet the demands for these resources, without compromising sustainability.

During the upcoming decade, Egypt will continue the implementation of new policies for the development of the solid waste management system and will finalize the ambitious programme to purify Egyptian lakes and develop and maximize their utilization. It will also complete the programme of cleaning and lining of irrigation canals and drains to deal effectively with the issue of water scarcity.

Box 7.1 Nature conservation

- UNDP is a lead agency in nature conservation. It supports 18 out of 30 protected areas in Egypt which have global significance. This includes basic services in protected areas to help upgrade these areas to world-class eco-touristic sites, in addition to public awareness and capacity-building. These areas include, but are not limited to, Wadi Al-Hitan, or “the valley of the whales,” and the climate change museum in Fayoum, which is the first of its kind in the Middle East. The museum displays rare fossils of whales that date back over a million years.
- UNDP uses a distinct approach to implementation that seeks to involve local communities in the protection of the environment through community-based natural resource management (CBNRM). This approach also helps local communities generate incomes.
- In Egypt, approximately 80% of inbound and local travellers visit the Red Sea region, one of the most sensitive remaining biodiversity hubs in the world. However, the increasing influx of tourists to the area has created additional pressure on its ecosystem through issues such as waste generation, littering, unsustainable diving, snorkelling practices, and the feeding and collection of marine species.
- UNDP, in cooperation with the Ministry of Environment, launched a marine conservation campaign which aims to protect the Red Sea’s marine and coastal environment and to alleviate the pressures placed on its ecosystem, through a series of awareness-raising videos, posters and billboards. The campaign was the first of its kind in the MENA region.
- The campaign was part of Eco Egypt, a nationwide campaign which aims to give the public information about these protected areas, such as their unique features, where to stay when visiting, activities for visitors, and who to meet among the local communities.

Upgrading the quality of services and the readiness of public institutions

Public services provided by the State to citizens include water and sanitation services, health care, infrastructure, transportation, lands registration systems, and the issuing of licenses, among others. Citizens usually evaluate governmental performance as a whole through their experiences in obtaining these services, as they are considered the main channel for communication between the people and public institutions, and function as an expression of the principles of governance. The delivery of good public services is characterized by effectiveness in reaching targeted groups and the efficient use of available resources, and accordingly, public services become more competent and efficient when they are closer to citizens and their actual

needs. A shift towards systematic decentralization based on protection of the interests of the State and citizens thus boosts efficiency in the provision of services, as a result of the closeness of local bodies to the needs of citizens and their ability to provide better-quality services based on those needs.

The provision of services is linked with the issue of justice, and Egypt will work in the coming decade on providing basic services efficiently and effectively to all citizens, including the poorest, in order to achieve justice among members of society. The link between the concept of justice and the provision of services is due to citizens’ levels of satisfaction with public services increases when justice, i.e., distribution of resources and provision of services to the most vulnerable, is taken into consideration.

During the next decade, Egypt will seek to improve the quality of public services by advancing efforts around digital transformation and simplifying governmental procedures. It will also empower local administration by accelerating the issuing of laws on public planning and local administration, as well as by increasing the investments directed to the governorates according to financing formulae that take into account the development disparities between the different governorates.

The COVID-19 pandemic has demonstrated the need for public institutions that are ready to respond to and manage crises effectively, and that are able to carry out their responsibilities and allow citizens continuous access to facilities at times of crisis. In this regard, in its quest to achieve sustainable development, Egypt seeks to enhance the readiness of public institutions and their ability to swiftly respond to crises, and to build the human and institutional capacities required to deal with crises, before, during and after they occur. This is to ensure the existence of a strong administrative apparatus capable of addressing crises, and that is responsive to the needs of citizens. This can be achieved by strengthening systems for risk analysis, foresight, and capacity-building to deal with crises.

Necessary implementation mechanisms

To ensure that progress is made in achieving the intended goals during the next decade, there are a set of necessary means for implementation that should be considered, as listed below.

• Financing for development

Egypt has long faced – and still faces – difficulties in financing development and in limited domestic resources, low saving rates, and weak flows of needed and expected foreign investment. The resources required for the coming decade of achievements, especially in light of the impacts of the COVID-19 pandemic, means that Egypt may need to rethink existing development financing mechanisms adopted by the State. In its pursuit of achieving sustainable development, Egypt is pursuing an approach to strengthening alternative financing instruments, such as public-private partnerships, corporate social responsibility and impact investments, green and SDG bonds, debt swaps, and others, as well as building on and utilizing the efforts of the country's sovereign wealth fund as an important financing tool.

Box 7.2 SDGs' impact and impact investment

- Before the pandemic, it was estimated that an additional \$2.4 trillion a year would be needed to achieve the 17 SDGs' 169 specific targets across the world by 2030, with 50% of this investment needed in developing countries. COVID-19 has further reinforced the necessity of investing in social and environmental sustainability. The size of investment needed, however, is beyond the means of the public sector. As in many other countries, Egypt's public finances are facing constraints in terms of limiting debt, and public investment cannot match all SDG financing needs in the short term.
- This gap calls for alternative financing mechanisms. A large portion of the investment required will need to come from the private sector. Private sector investment and private sector activities mobilize large volumes of financing for their daily activities, and there is space to shift activities away from areas that may cause harm and towards those that benefit people and the planet, without diminishing profitability.

Box 7.2 SDGs' Impact and Impact investment *(continued)*

- Business managers and investors, as well as business associations, are increasingly investing in new opportunities associated with the SDGs, which can be as profitable or more profitable than mainstream business opportunities.
- Leading firms in Egypt are already championing sustainability reporting, and several private equity funds are already committing their investments to making a positive impact. But there is a need to go further and more systematically in helping private capital and enterprises direct their efforts toward the SDGs in meaningful, measurable ways.
- The government is leading by example through the Environmental Sustainability Standards Guide: The Strategic Framework for Green Recovery, created by the Ministry of Planning and Economic Development and the Ministry of Environment. This will be applied to all public investments and can also inspire private investment decision-making. Also, to help businesses establish strategies and governance that creates impact, UNDP and OECD have teamed up at the global level to produce the Impact Standards for Financing Sustainable Development, which can be applied to business management, private equity investments and bond issuances.

• Data availability

Data and information are essential elements of the efficiency and effectiveness of any organization. Accurate data provides a complete picture to allow decision makers to make sound decisions and contributes significantly to monitoring and evaluation processes. One of the most important challenges facing development in Egypt is the problem of deficiencies in databases that are needed for advanced analysis and planning approaches, and the poor predictability of the likely effects of various policy alternatives. Egypt is therefore endeavouring to develop and reform its data and statistics system and to link different databases. These efforts will be a cornerstone for the implementation of the path to achieving sustainable development.

• Promoting digital transformation

In the wake of the COVID-19 pandemic and its various economic and social impacts, there is considerable momentum around digital transformation that could provide an opportunity. The issue is of great importance, as has been proven during the pandemic, and which proved the value of investment in it in past years. Accordingly, promoting digital transformation and continuing to adopt policies and approaches that support it will help accelerate the pace of work and achieve the desired outcomes of the decade of achievements. By adopting laws supporting digital transformation and ensuring safe internet use and promoting investment, Egypt seeks to consider digital transformation as part of a bigger framework; namely that of digital inclusion, ensuring that all individuals, including those most in need, have access to digital services and have the required skills to adapt to its numerous advantages and share in its benefits.

Box 7.3 Digital transformation

- There is no doubt about the current and future role of digital technologies in economic and social development, which is characterized by equity and inclusivity. Egypt has made significant efforts in the field of digital transformation, crystalized in strengthening the development of ICT infrastructure, improving digital services in government institutions, and increasing the quality and efficiency of services by enhancing working environments and supporting the decision-making process.
- The existence of a national strategy and action plans for institutions' and citizens' capacity-building regarding future technologies and the Fourth Industrial Revolution, especially artificial intelligence, is important to integrate into the next vision. UNDP and the Ministry of Communications and Information Technology are developing a project to support the ministry's Applied Innovation Centre in the field of artificial intelligence.
- Financial inclusion and wider adoption of digital payments is being encouraged, including the implementation of regulatory reforms in the regulations and infrastructure of electronic customer identification and digital identity verification systems, which UNDP is supporting through Egypt Post.
- Despite the gradual growth of e-commerce activities in Egypt over the past five years, usage remains limited. It is much lower than in other, similar economies, and much of it is informal. This is an opportunity to attract new e-commerce investments, including the use of B2C and B2B applications and services, as well as support for logistics and distribution services. E-commerce has the potential to integrate micro, small and medium-sized enterprises into domestic and global supply chains and to help them maintain their operations, despite the decline in actual retail activities.
- UNDP pays great attention to the development of assistive technology for people with disabilities that can ensure inclusivity, support their integration within communities, and allow them to benefit from the outcomes of digital transformation.

• **Development of human capacities**

Developing the capabilities of the employees of Egypt's public administration apparatus clearly contributes to enhancing the efficiency of managing national resources and bolstering the provision of public services. An ongoing process to develop the capacities of public sector employees must therefore be adopted in line with new trends in public

administration such as digitization and data analysis, among others, to support the implementation of the sustainable development plan for the decade of achievements. The executive plan for training civil servants who will be relocated to Egypt's New Administrative Capital may also represent a real opportunity for this development, while continuing to include mainstream capacity development.

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Statistical Annex





Table (1): Demography

Governorate	Total Population*	Percentage of total population (%)*	Urban population (%)*	Rural population (%)*	Males (%)*	Females (%)*
Total	101,463,702	100	42.9	57.1	51.5	48.5
Cairo	10,021,820	9.9	100.0	0	51.7	48.3
Alexandria	5,422,608	5.3	98.0	2.0	51.2	48.8
Port Said	778,544	0.8	100.0	0	51.3	48.7
Suez	770,333	0.8	100.0	0	51.3	48.7
Damietta	1,578,340	1.6	40.3	59.7	51.3	48.7
Dakahlia	6,859,894	6.8	30.4	69.6	50.8	49.2
Sharqia	7,640,082	7.5	25.7	74.3	51.4	48.6
Qalyubia	5,953,131	5.9	42.9	57.1	51.6	48.4
Kafr El Sheikh	3,600,196	3.5	24.4	75.6	51.2	48.8
Gharbiya	5,285,660	5.2	30.1	69.9	51.1	48.9
Menoufia	4,578,910	4.5	21.6	78.4	51.5	48.5
Beheira	6,632,497	6.5	20.4	79.6	51.5	48.5
Ismailia	1,400,315	1.4	45.9	54.1	51.5	48.5
Giza	9,200,884	9.1	60.3	39.7	51.8	48.2
Beni Suef	3,430,098	3.4	24.2	75.8	51.5	48.5
Fayoum	3,897,412	3.8	23.2	76.8	52.0	48.0
Minya	6,023,203	5.9	18.8	81.2	51.5	48.5
Assiut	4,802,434	4.7	27.0	73.0	51.6	48.4
Sohag	5,439,346	5.4	21.4	78.6	51.7	48.3
Qena	3,463,061	3.4	18.3	81.7	51.3	48.7
Aswan	1,590,377	1.6	44.6	55.4	50.8	49.2
Luxor	1,345,279	1.3	41.3	58.7	51.5	48.5
Red Sea	387,494	0.4	96.8	3.2	51.9	48.1
Al-Wadi Al-Jadid	257,752	0.3	49.2	50.8	51.3	48.7
Marsa Matruh	502,734	0.5	63.7	36.3	52.2	47.8
North Sinai	489,428	0.5	61.4	38.6	50.9	49.1
South Sinai	111,870	0.1	54.4	45.6	51.5	48.5

*Central Agency for Public Mobilization and Statistics., unpublished data in accordance with January data

**Central Agency for Public Mobilization and Statistics, birth and mortality data of 2020

***Central Agency for Public Mobilization and Statistics, Statistical Yearbook for 2020, based on the final results of 2017 census

Table (1): Demography *Continued*

Annual population growth rate (%)*	Birth rate (per 1000 individuals)**	Mortality rate (per 1000 individuals)**	Population as per age group (%)***				
			0-4	5-14	15-44	45-59	60+
1.6	22.2	6.6	13.6	20.6	46.8	12.3	6.7
1.1	21.4	10.4	9.8	17	49.5	15.2	8.5
1.0	19.2	9.3	12.1	17.5	47.5	14.3	8.6
0.8	14.5	6.8	10.4	16.8	47.9	14.5	10.4
1.3	18.6	6.1	13.3	18.9	47.8	12.6	7.4
1.1	17.9	6.8	13.1	20.7	46.1	13.2	6.8
1.2	18.6	6.7	13.4	20.6	45.4	13.2	7.4
1.5	20.4	5.9	14.3	21.3	46.3	12	6.1
1.3	18.4	5.9	12.7	21.7	48	12.1	5.6
1.5	20.2	5.9	14.1	20.2	46	12.9	6.8
1.2	18.9	7.0	12.4	20	46.3	13.7	7.6
1.4	20.4	6.5	13.8	20.9	46	12.4	6.8
1.6	21.5	5.6	13.8	21.4	46.4	12.2	6.2
1.7	22.9	6.4	15.2	20.5	46.2	12.1	6
1.5	20.9	6.6	14.2	20.9	48	11.5	5.4
2.0	25.2	5.3	16	22.4	45.4	10.3	5.9
1.9	23.4	4.5	17.2	22.7	45	9.9	5.3
2.4	28.9	5.3	14.7	22.4	46	10.6	6.3
2.2	28.1	6.5	14.1	22.6	46.6	10.6	6.1
2.2	26.8	5.1	15.9	22	45.5	10.6	6.1
2.4	29.4	5.9	14.7	20.9	46.8	11.1	6.5
1.7	23.8	6.9	13.7	19.9	47.7	12.2	6.5
1.7	23.6	6.9	13.1	18.7	48.4	12.3	7.4
1.9	23.4	4.8	13.6	22.6	48.6	10.6	4.7
1.6	20.7	5.0	12	21.2	46	13.7	7.1
4.3	47.7	5.9	17.5	23.7	46	9.2	3.6
3.9	18.8	3.8	14.7	24.3	45.7	11.3	4
3.6	26.4	6.8	14.5	24.8	46.4	10.8	3.4

Table (2): Education Enrolment Indicators

Governorate	"Net enrolment rate (%) 2019/2020"							Dropout Rate (%) Between 2017/2018 and 2018/2019	
	Pre-primary education	Primary education	Lower secondary education	Secondary education - general	Secondary education - technical	Secondary education - commercial	Secondary education - Agricultural	Primary Stage	Lower secondary Stage
Total	25	100.2	85.3	28.5	13.6	11.8	3.2	0.3	2.7
Cairo	41.5	115.6	98.2	44.8	9.5	10.1	-	0.2	2.2
Alexandria	34.2	115.5	99.3	42.9	8.4	9.6	1.6	0.4	3.4
Port Said	74.1	107.7	96.7	36.1	18	11	1.7	0.2	0.8
Suez	50.5	102.5	92.6	25.6	30.9	5.5	1.4	0.1	2.3
Damietta	39.9	102.6	94.6	33.2	20.9	10.4	2.1	0.2	2.4
Dakahlia	18.3	92.9	84.6	32.3	19.6	7.9	1.9	0.2	1.4
Sharqia	18.8	95.6	81	28	14.2	16.7	2.5	0.1	1.4
Qalyubia	24.2	97.8	82.9	29.4	11.7	11.3	3.6	0.3	2.8
Kafr El Sheikh	26.9	99.4	85.2	26.9	11.6	18	5.8	0.2	1.2
Gharbiya	24.5	97.1	86.5	30.9	13.9	11.9	2.8	0.3	1.8
Menoufia	26.8	100.6	87.7	33.6	14	10.9	2.4	0.3	2.8
Beheira	24.1	98.8	86	22.7	22.7	7.8	4	0.2	3
Ismailia	29	110.2	93.3	29.9	13.1	9.9	10.9	0.2	2.3
Giza	20.3	108.6	93.1	35.1	7.5	14.5	0.8	0.2	2.9
Beni Suef	23.2	95.5	77.7	21.1	14.1	8	5.7	0.4	4
Fayoum	14.7	87.9	78.5	16.7	14.9	14.6	4.7	0.2	2.7
Minya	15.7	95.2	74.3	18.8	14.8	10.2	6.8	0.2	2.9
Assiut	21.5	93.5	76.1	19.6	8.5	12	4.3	0.4	6.4
Sohag	22	91.3	73.2	16.8	12.5	16.2	1.5	0.3	3.3
Qena	29.8	97.8	81.6	18.7	14.3	10.9	0.7	0.2	2.6
Aswan	29	104.2	85.7	11.5	22.4	12.2	4.1	0.1	2.7
Luxor	38.7	100.6	83.2	20.6	15.2	9.8	4.4	0.1	3.8
Red Sea	45.4	110.2	98.8	35.7	19.7	9.5	0.2	0.1	2.3
Al-Wadi Al-Jadid	48.4	107.9	94	34.2	17.4	6.2	16	0.04	0.7
Mersa Matruh	26.3	120.4	89.3	17.4	12.7	12.4	4.5	0.3	5.4
North Sinai	21.3	87.4	77.2	24	17	9.3	4.3	0.1	1.1
South Sinai	59.5	125.2	107.9	30.6	16.1	10.7	4.2	0.1	2.5

Source: Central Agency for Public Mobilization and Statistics, Annual pre-academic education bulletin for the year 2020/2019

Table (3): Workforce Indicators

Governorate	Total workforce (15 years or older) (,000)	Workforce as a percentage of the total population (15 years or older) (%)	Workforce (%)		Total employed (+15) (,000)	Employment by sector (%)				Unemployment rate (%)
			Males	Fe-males		Public	General	Pri-vate	Other*	
Total	28,458	100.0	83.2	16.8	26,199	18.6	2.6	78.4	0.3	7.9
Cairo	3,057	10.7	80.3	19.7	2,669	16.4	4.9	78.5	0.3	12.7
Alexandria	1,712	6.0	79.9	20.1	1,459	15.4	4.2	80.3	0.1	14.8
Port Said	262	0.9	72.0	28.0	219	30.2	2.9	66.8	0.0	16.5
Suez	219	0.8	81.0	19.0	194	19.2	14.6	65.7	0.5	11.5
Damietta	530	1.9	78.3	21.7	420	15.0	2.1	82.8	0.0	20.8
Dakahlia	1,923	6.8	84.1	15.9	1,830	18.9	1.6	79.3	0.1	4.8
Sharqia	2,089	7.3	80.8	19.2	1,946	24.3	1.1	74.5	0.1	6.8
Qalyubia	1,747	6.1	81.7	18.3	1,605	18.3	4.2	77.0	0.5	8.2
Kafr El Sheikh	1,085	3.8	78.5	21.5	1,055	18.1	1.4	80.3	0.2	2.7
Gharbiya	1,644	5.8	75.9	24.1	1,516	19.0	2.6	78.3	0.1	7.8
Menoufia	1,321	4.6	78.9	21.1	1,266	25.0	2.9	71.9	0.2	4.2
Beheira	2,005	7.0	86.6	13.4	1,858	16.1	1.6	82.2	0.2	7.4
Ismailia	406	1.4	80.4	19.6	386	24.4	5.6	69.7	0.3	5.0
Giza	2,591	9.1	86.6	13.4	2,325	16.9	2.4	80.5	0.3	10.3
Beni Suef	1,014	3.6	78.9	21.1	954	14.6	1.7	83.5	0.3	5.9
Fayoum	1,054	3.7	88.4	11.6	1,006	14.6	0.8	81.0	3.6	4.5
Minya	1,533	5.4	85.2	14.8	1,504	15.9	1.2	82.3	0.5	1.9
Assiut	1,099	3.9	90.7	9.3	1,067	18.5	1.9	79.5	0.1	3.0
Sohag	1,278	4.5	93.2	6.8	1,178	16.6	1.1	82.2	0.1	7.8
Qena	706	2.5	92.3	7.7	681	20.5	5.0	74.4	0.1	3.6
Aswan	366	1.3	90.4	9.6	358	24.6	1.3	73.9	0.2	2.3
Luxor	372	1.3	86.5	13.5	316	23.7	1.2	75.0	0.1	14.9
Red Sea	136	0.5	84.8	15.2	111	27.9	2.6	69.0	0.5	18.1
Al-Wadi Al-Jadid	75	0.3	76.4	23.8	74	60.1	0.0	39.5	0.4	2.3
Marsa Matruh	110	0.4	97.3	2.7	106	11.5	2.7	84.9	0.9	4.0
North Sinai	69	0.2	75.5	24.5	59	59.8	8.7	31.5	0.0	14.4
South Sinai	54	0.2	71.0	28.8	39	47.2	1.5	50.3	1.0	27.5

Source: Central Agency for Public Mobilization and Statistics, Annual labor force survey bulletin, April 2020.

Data does not include citizens living abroad

*Includes cooperatives and foreigners

Table (4): SDGs Indicators

S/N	Sustainable Development Goals (SDGs)	SDG Indicators	year	National Value	Cairo	Alexandria	Port Said	
1		NO POVERTY	Proportion of population living below the national poverty line (%)	2018	32.5	31.1	21.8	7.6
2		Proportion of population below the international poverty line (%)*	2018	6.2	7.2	2.8	0.6	
3		ZERO HUNGER	Prevalence of Stunting (%)	2015	21.5	22.7	12.1	10.9
4		Prevalence of malnutrition - wasting (%)	2015	23.3	22.3	24.7	23.0	
5		Prevalence of anemia among children (%)	2015	27.4	24.9	14.9	12.6	
6		GOOD HEALTH AND WELL-BEING	Maternal mortality rate (per 100,000 live births)	2018	43	46	42	47
7		Death rate due to road traffic injuries (per 100,000)	2017	7.8	13.7	14.4	1.6	
8		Birth rate (total)	2018	3.4	2.85	2.7	2.04	
9		Neonatal mortality rate (per 1000 live births)	2018	7.2	16.2	15.4	9.7	
10		Under-5 mortality rate (per 1000 live births)	2018	20	33.8	27.7	18.7	
11		Proportion of women of reproductive age using family planning methods (%)	2015	58.5	64.0	60.2	58.5	
12		Proportion of births attended by skilled health personnel (%)	2015	91.5	98.0	96.0	100.0	
13		Health worker density, Physicians (per 10,000 individuals)	2017	11.3	9.1	7.3	10.4	
14		QUALITY EDUCATION	Illiteracy Rate - Males (%)	2017	21.2	13.9	16.3	12.4
15		Illiteracy Rate - Females (%)	2017	30.8	18.7	21.8	15.8	
16		Proportion of schools with access to adapted infrastructure and materials for students with disabilities (%)	2017	4.3	6.7	3.9	8.9	
17		GENDER EQUALITY	Percentage of ever-married women aged 15-49 who experienced violence from their husbands (%)	2015	25.7	19.6	30.3	25.1
18		Proportion of girls aged 10-18 years who were married before age 18 (%)	2017	1.5	0.3	0.7	1.1	
19		Proportion of girls and women aged 0 - 19 years who have undergone female genital mutilation/cutting (%)	2015	56.3	35.7	23.1	11.7	
20		Proportion of women who make their own informed decisions regarding their health care (% of women aged 15 - 49 years)	2015	82.7	90.2	88.2	82.0	
21		Proportion of women who make their own informed decisions regarding contraceptive use (% of women aged 15 - 49 years)	2015	97.6	99.4	99.7	97.9	
22		CLEAN WATER AND SANITATION	Proportion of population using safely managed drinking water services (%)	2015	98.0	100.0	100.0	97.0
23		Proportion of population benefiting from proper management of sanitation services, including handwashing facilities with soap and water (%)	2015	89.7	95.1	95.1	96.0	
24		Proportion of population with an independent toilet on premises (%)	2015	90.5	98.4	99.4	94.5	
25		AFFORDABLE AND CLEAN ENERGY	Proportion of population with access to electricity (%)	2015	99.8	100.0	100.0	100.0
26		DECENT WORK AND ECONOMIC GROWTH	Unemployment rate - males (%)**	2020	6.0	10.5	11.0	6.7
27		Unemployment rate - females (%)**	2020	17.7	21.8	29.8	41.5	
28		Proportion of female employment (%)**	2020	14.3	17.0	17.6	26.5	
29		SUSTAINABLE CITIES AND COMMUNITIES	Proportion of population living in informal settlements (%)	2015	0.9	2.9	0.6	0.02
30		"PEACE, JUSTICE AND STRONG INSTITUTIONS"	Proportion of children who experienced physical punishment and/ or psychological aggression by caregivers (%)	2015	93.0	92.3	95.6	82.4
31		PARTNERSHIPS FOR THE GOALS	Proportion of population using the internet (4 and more) (%)	2017	28.9	49.0	43.8	51.1
32		Proportion of population using a computer (4 and more) (%)	2017	29.4	48.5	43.4	48.6	
33		Proportion of population owning mobile phones (4 and more) (%)	2017	65.4	79.7	77.8	80.8	

Source: Ministry of Planning and Economic Development, reports on Localization of Sustainable Development Goals (SDGs) (under publication)

*Central Agency for Public Mobilization and Statistics.

**Central Agency for Public Mobilization and Statistics, annual Labor Force Survey bulletin, April 2020.

(-) unavailable data"

Table (4): SDGs Indicators *Continued*

S/N	Sustainable Development Goals (SDGs)	SDG Indicators	year	National Value	Suez	Dami-etta	Dak-ahlia	
1		NO POVERTY	Proportion of population living below the national poverty line (%)	2018	32.5	20.0	14.6	15.2
2		Proportion of population below the international poverty line (%)*	2018	6.2	3.5	1.6	0.9	
3		ZERO HUNGER	Prevalence of Stunting (%)	2015	21.5	15.1	15.4	10.0
4		Prevalence of malnutrition - wasting (%)	2015	23.3	27.1	69.0	19.5	
5		Prevalence of anemia among children (%)	2015	27.4	23.7	6.9	23.0	
6		GOOD HEALTH AND WELL-BEING	Maternal mortality rate (per 100,000 live births)	2018	43	51	31	40
7		Death rate due to road traffic injuries (per 100,000)	2017	7.8	29.1	15.9	8	
8		Birth rate (total)	2018	3.4	2.55	2.7	2.73	
9		Neonatal mortality rate (per 1000 live births)	2018	7.2	7.4	6.8	5.3	
10		Under-5 mortality rate (per 1000 live births)	2018	20	16.2	14.1	16	
11		Proportion of women of reproductive age using family planning methods (%)	2015	58.5	61.9	65.8	64.1	
12		Proportion of births attended by skilled health personnel (%)	2015	91.5	99.0	99.0	99.0	
13	Health worker density, Physicians (per 10,000 individuals)	2017	11.3	5.9	11.8	17.5		
14		QUALITY EDUCATION	Illiteracy Rate - Males (%)	2017	21.2	12.6	20.3	20.7
15		Illiteracy Rate - Females (%)	2017	30.8	18.1	20.2	26.6	
16		Proportion of schools with access to adapted infrastructure and materials for students with disabilities (%)	2017	4.3	10.3	3.5	2.0	
17		GENDER EQUALITY	Percentage of ever-married women aged 15-49 who experienced violence from their husbands (%)	2015	25.7	17.3	26.2	33.0
18		Proportion of girls aged 10-18 years who were married before age 18 (%)	2017	1.5	0.3	1.0	2.1	
19		Proportion of girls and women aged 0 - 19 years who have undergone female genital mutilation/cutting (%)	2015	56.3	31.5	10.9	43.0	
20		Proportion of women who make their own informed decisions regarding their health care (% of women aged 15 - 49 years)	2015	82.7	90.9	93.6	80.0	
21		Proportion of women who make their own informed decisions regarding contraceptive use (% of women aged 15 - 49 years)	2015	97.6	98.5	97.4	96.7	
22		CLEAN WATER AND SANITATION	Proportion of population using safely managed drinking water services (%)	2015	98.0	100.0	100.0	100.0
23		Proportion of population benefiting from proper management of sanitation services, including handwashing facilities with soap and water (%)	2015	89.7	98.1	98.8	92.3	
24		Proportion of population with an independent toilet on premises (%)	2015	90.5	99.7	65.9	91.3	
25		AFFORDABLE AND CLEAN ENERGY	Proportion of population with access to electricity (%)	2015	99.8	100.0	100.0	99.9
26		DECENT WORK AND ECONOMIC GROWTH	Unemployment rate - males (%)**	2020	6.0	9.0	13.0	2.8
27		Unemployment rate - females (%)**	2020	17.7	21.6	48.8	15.6	
28		Proportion of female employment (%)**	2020	14.3	16.2	21.7	13.1	
29		SUSTAINABLE CITIES AND COMMUNITIES	Proportion of population living in informal settlements (%)	2015	0.9	0.7	0.3	0.4
30		"PEACE, JUSTICE AND STRONG INSTITUTIONS"	Proportion of children who experienced physical punishment and/ or psychological aggression by caregivers (%)	2015	93.0	85.8	95.5	91.3
31		PARTNERSHIPS FOR THE GOALS	Proportion of population using the internet (4 and more) (%)	2017	28.9	45.2	38.6	30.6
32		Proportion of population using a computer (4 and more) (%)	2017	29.4	43.8	37.4	30.2	
33		Proportion of population owning mobile phones (4 and more) (%)	2017	65.4	78.0	71.3	65.9	












Source: Ministry of Planning and Economic Development, reports on Localization of Sustainable Development Goals (SDGs) (under publication)

*Central Agency for Public Mobilization and Statistics.

**Central Agency for Public Mobilization and Statistics, annual Labor Force Survey bulletin, April 2020.

(-) unavailable data"

Table (4): SDGs Indicators *Continued*

S/N	Sustainable Development Goals (SDGs)	SDG Indicators	year	National Value	Sharqia	Qalyubia	Kafr El Sheikh	
1		NO POVERTY	Proportion of population living below the national poverty line (%)	2018	32.5	24.3	20.1	17.3
2		Proportion of population below the international poverty line (%)*	2018	6.2	1.9	2.3	1.2	
3		ZERO HUNGER	Prevalence of Stunting (%)	2015	21.5	36.1	11.1	15.6
4		Prevalence of malnutrition - wasting (%)	2015	23.3	34.0	12.7	17.1	
5		Prevalence of anemia among children (%)	2015	27.4	41.9	30.2	35.4	
6		GOOD HEALTH AND WELL-BEING	Maternal mortality rate (per 100,000 live births)	2018	43	33	30	44
7		Death rate due to road traffic injuries (per 100,000)	2017	7.8	4	2.9	4.6	
8		Birth rate (total)	2018	3.4	2.93	2.56	3.03	
9		Neonatal mortality rate (per 1000 live births)	2018	7.2	4.1	7.4	4.2	
10		Under-5 mortality rate (per 1000 live births)	2018	20	14.9	18.2	13.1	
11		Proportion of women of reproductive age using family planning methods (%)	2015	58.5	59.7	63.1	63.3	
12		Proportion of births attended by skilled health personnel (%)	2015	91.5	92.0	94.0	99.0	
13		Health worker density, Physicians (per 10,000 individuals)	2017	11.3	10.8	2.6	8.6	
14		QUALITY EDUCATION	Illiteracy Rate - Males (%)	2017	21.2	21.7	19.7	23.7
15		Illiteracy Rate - Females (%)	2017	30.8	30.4	28.1	33.5	
16		Proportion of schools with access to adapted infrastructure and materials for students with disabilities (%)	2017	4.3	3.4	5.4	2.9	
17		GENDER EQUALITY	Percentage of ever-married women aged 15-49 who experienced violence from their husbands (%)	2015	25.7	25.7	33.0	14.4
18		Proportion of girls aged 10-18 years who were married before age 18 (%)	2017	1.5	1.6	0.7	1.9	
19		Proportion of girls and women aged 0 - 19 years who have undergone female genital mutilation/cutting (%)	2015	56.3	66.3	69.2	55.5	
20		Proportion of women who make their own informed decisions regarding their health care (% of women aged 15 - 49 years)	2015	82.7	80.5	78.3	96.6	
21		Proportion of women who make their own informed decisions regarding contraceptive use (% of women aged 15 - 49 years)	2015	97.6	97.1	97.6	99.2	
22		CLEAN WATER AND SANITATION	Proportion of population using safely managed drinking water services (%)	2015	98.0	83.0	96.0	100.0
23		Proportion of population benefiting from proper management of sanitation services, including handwashing facilities with soap and water (%)	2015	89.7	91.1	82.1	94.9	
24		Proportion of population with an independent toilet on premises (%)	2015	90.5	77.1	92.9	92.9	
25		AFFORDABLE AND CLEAN ENERGY	Proportion of population with access to electricity (%)	2015	99.8	99.9	99.9	99.9
26		DECENT WORK AND ECONOMIC GROWTH	Unemployment rate - males (%)**	2020	6.0	4.7	5.2	1.5
27		Unemployment rate - females (%)**	2020	17.7	15.8	21.2	7.3	
28		Proportion of female employment (%)**	2020	14.3	16.2	16.4	19.1	
29		SUSTAINABLE CITIES AND COMMUNITIES	Proportion of population living in informal settlements (%)	2015	0.9	0.04	0.3	0.8
30		"PEACE, JUSTICE AND STRONG INSTITUTIONS"	Proportion of children who experienced physical punishment and/ or psychological aggression by caregivers (%)	2015	93.0	97.6	95.6	89.3
31		PARTNERSHIPS FOR THE GOALS	Proportion of population using the internet (4 and more) (%)	2017	28.9	26.7	33.0	25.2
32		Proportion of population using a computer (4 and more) (%)	2017	29.4	26.8	34.4	24.9	
33		Proportion of population owning mobile phones (4 and more) (%)	2017	65.4	63.4	69.0	61.6	












Source: Ministry of Planning and Economic Development, reports on Localization of Sustainable Development Goals (SDGs) (under publication)

*Central Agency for Public Mobilization and Statistics.

**Central Agency for Public Mobilization and Statistics, annual Labor Force Survey bulletin, April 2020.

(-) unavailable data"

Table (4): SDGs Indicators *Continued*

S/N	Sustainable Development Goals (SDGs)	SDG Indicators	year	National Value	Gharb- iya	Menou- fia	Behera	
1		NO POVERTY	Proportion of population living below the national poverty line (%)	2018	32.5	9.4	26.0	47.7
2		Proportion of population below the international poverty line (%)*	2018	6.2	0.1	1.9	7.8	
3		ZERO HUNGER	Prevalence of Stunting (%)	2015	21.5	28.3	9.2	9.9
4		Prevalence of malnutrition - wasting (%)	2015	23.3	23.6	30.5	23.2	
5		Prevalence of anemia among children (%)	2015	27.4	22.6	18.0	25.1	
6		GOOD HEALTH AND WELL-BEING	Maternal mortality rate (per 100,000 live births)	2018	43	51	35	31
7		Death rate due to road traffic injuries (per 100,000)	2017	7.8	2.4	3.5	10.6	
8		Birth rate (total)	2018	3.4	2.76	2.96	3.19	
9		Neonatal mortality rate (per 1000 live births)	2018	7.2	5.7	8.6	5.1	
10		Under-5 mortality rate (per 1000 live births)	2018	20	13.9	19	15.6	
11		Proportion of women of reproductive age using family planning methods (%)	2015	58.5	63.2	67.1	66.4	
12		Proportion of births attended by skilled health personnel (%)	2015	91.5	96.0	95.0	93.0	
13		Health worker density, Physicians (per 10,000 individuals)	2017	11.3	12.6	13.6	5.8	
14		QUALITY EDUCATION	Illiteracy Rate - Males (%)	2017	21.2	17.1	17.8	26.7
15		Illiteracy Rate - Females (%)	2017	30.8	25.9	27.6	39.4	
16		Proportion of schools with access to adapted infrastructure and materials for students with disabilities (%)	2017	4.3	3.8	5.5	1.5	
17		GENDER EQUALITY	Percentage of ever-married women aged 15-49 who experienced violence from their husbands (%)	2015	25.7	21.7	10.3	25.4
18		Proportion of girls aged 10-18 years who were married before age 18 (%)	2017	1.5	1.1	0.7	2.4	
19		Proportion of girls and women aged 0 - 19 years who have undergone female genital mutilation/cutting (%)	2015	56.3	51.4	58.7	36.7	
20		Proportion of women who make their own informed decisions regarding their health care (% of women aged 15 - 49 years)	2015	82.7	92.5	88.3	74.1	
21		Proportion of women who make their own informed decisions regarding contraceptive use (% of women aged 15 - 49 years)	2015	97.6	99.2	96.5	97.2	
22		CLEAN WATER AND SANITATION	Proportion of population using safely managed drinking water services (%)	2015	98.0	100.0	99.0	100.0
23		Proportion of population benefiting from proper management of sanitation services, including handwashing facilities with soap and water (%)	2015	89.7	95.5	97.3	93.5	
24		Proportion of population with an independent toilet on premises (%)	2015	90.5	96.8	95.3	63.0	
25		AFFORDABLE AND CLEAN ENERGY	Proportion of population with access to electricity (%)	2015	99.8	99.6	100.0	99.9
26		DECENT WORK AND ECONOMIC GROWTH	Unemployment rate - males (%)**	2020	6.0	6.4	3.7	6.4
27		Unemployment rate - females (%)**	2020	17.7	12.2	5.9	13.5	
28		Proportion of female employment (%)**	2020	14.3	21.7	18.4	12.1	
29		SUSTAINABLE CITIES AND COMMUNITIES	Proportion of population living in informal settlements (%)	2015	0.9	0.4	0.3	0.1
30		"PEACE, JUSTICE AND STRONG INSTITUTIONS"	Proportion of children who experienced physical punishment and/ or psychological aggression by caregivers (%)	2015	93.0	90.1	94.2	92.9
31		PARTNERSHIPS FOR THE GOALS	Proportion of population using the internet (4 and more) (%)	2017	28.9	32.1	27.8	18.6
32		Proportion of population using a computer (4 and more) (%)	2017	29.4	32.9	30.0	20.1	
33		Proportion of population owning mobile phones (4 and more) (%)	2017	65.4	68.1	66.3	57.3	


Source: Ministry of Planning and Economic Development, reports on Localization of Sustainable Development Goals (SDGs) (under publication)

*Central Agency for Public Mobilization and Statistics.

**Central Agency for Public Mobilization and Statistics, annual Labor Force Survey bulletin, April 2020.

(-) unavailable data"

Table (4): SDGs Indicators *Continued*

S/N	Sustainable Development Goals (SDGs)	SDG Indicators	year	National Value	Isma- ilia	Giza	Beni Suef	
1		NO POVERTY	Proportion of population living below the national poverty line (%)	2018	32.5	34.0	34.4	26.4
2		Proportion of population below the international poverty line (%)*	2018	6.2	3.4	3.2	4.0	
3		ZERO HUNGER	Prevalence of Stunting (%)	2015	21.5	32.8	41.9	25.6
4		Prevalence of malnutrition - wasting (%)	2015	23.3	22.2	28.9	20.9	
5		Prevalence of anemia among children (%)	2015	27.4	14.7	22.7	37.2	
6		GOOD HEALTH AND WELL-BEING	Maternal mortality rate (per 100,000 live births)	2018	43	55	41	40
7		Death rate due to road traffic injuries (per 100,000)	2017	7.8	9.5	3.1	1.4	
8		Birth rate (total)	2018	3.4	2.86	3.59	3.41	
9		Neonatal mortality rate (per 1000 live births)	2018	7.2	6.2	7	3	
10		Under-5 mortality rate (per 1000 live births)	2018	20	16.9	21.6	18.1	
11		Proportion of women of reproductive age using family planning methods (%)	2015	58.5	63.9	58.3	57.4	
12		Proportion of births attended by skilled health personnel (%)	2015	91.5	93.0	81.0	85.0	
13		Health worker density, Physicians (per 10,000 individuals)	2017	11.3	4.4	2.9	3.5	
14		QUALITY EDUCATION	Illiteracy Rate - Males (%)	2017	21.2	20.5	28.6	28.5
15		Illiteracy Rate - Females (%)	2017	30.8	29.6	43.7	40.0	
16		Proportion of schools with access to adapted infrastructure and materials for students with disabilities (%)	2017	4.3	7.0	2.3	3.3	
17		GENDER EQUALITY	Percentage of ever-married women aged 15-49 who experienced violence from their husbands (%)	2015	25.7	25.8	23.7	25.8
18		Proportion of girls aged 10-18 years who were married before age 18 (%)	2017	1.5	1.5	3.1	3.9	
19		Proportion of girls and women aged 0 - 19 years who have undergone female genital mutilation/cutting (%)	2015	56.3	54.3	70.3	60.3	
20		Proportion of women who make their own informed decisions regarding their health care (% of women aged 15 - 49 years)	2015	82.7	93.0	89.6	83.9	
21		Proportion of women who make their own informed decisions regarding contraceptive use (% of women aged 15 - 49 years)	2015	97.6	94.8	99.4	99.1	
22		CLEAN WATER AND SANITATION	Proportion of population using safely managed drinking water services (%)	2015	98.0	98.0	100.0	100.0
23		Proportion of population benefiting from proper management of sanitation services, including handwashing facilities with soap and water (%)	2015	89.7	93.3	82.0	73.4	
24		Proportion of population with an independent toilet on premises (%)	2015	90.5	94.8	99.2	92.3	
25		AFFORDABLE AND CLEAN ENERGY	Proportion of population with access to electricity (%)	2015	99.8	99.9	99.7	99.7
26		DECENT WORK AND ECONOMIC GROWTH	Unemployment rate - males (%)**	2020	6.0	8.3	3.8	3.6
27		Unemployment rate - females (%)**	2020	17.7	23.0	13.7	11.8	
28		Proportion of female employment (%)**	2020	14.3	11.5	20.2	10.3	
29		SUSTAINABLE CITIES AND COMMUNITIES	Proportion of population living in informal settlements (%)	2015	0.9	0.4	1.9	0.0
30		"PEACE, JUSTICE AND STRONG INSTITUTIONS"	Proportion of children who experienced physical punishment and/ or psychological aggression by caregivers (%)	2015	93.0	91.2	92.1	94.1
31		PARTNERSHIPS FOR THE GOALS	Proportion of population using the internet (4 and more) (%)	2017	28.9	33.4	18.4	18.4
32		Proportion of population using a computer (4 and more) (%)	2017	29.4	33.6	19.3	18.5	
33		Proportion of population owning mobile phones (4 and more) (%)	2017	65.4	68.4	58.9	60.2	

Source: Ministry of Planning and Economic Development, reports on Localization of Sustainable Development Goals (SDGs) (under publication)

*Central Agency for Public Mobilization and Statistics.

**Central Agency for Public Mobilization and Statistics, annual Labor Force Survey bulletin, April 2020.

(-) unavailable data*

Table (4): SDGs Indicators *Continued*

S/N	Sustainable Development Goals (SDGs)	SDG Indicators	year	National Value	Fay-oum	Minya	Assiut	
1		NO POVERTY	Proportion of population living below the national poverty line (%)	2018	32.5	26.4	54.7	66.7
2		Proportion of population below the international poverty line (%)*	2018	6.2	4.0	13.1	27.0	
3		ZERO HUNGER	Prevalence of Stunting (%)	2015	21.5	25.6	26.8	10.5
4		Prevalence of malnutrition - wasting (%)	2015	23.3	20.9	16.0	35.3	
5		Prevalence of anemia among children (%)	2015	27.4	37.2	11.1	42.4	
6		GOOD HEALTH AND WELL-BEING	Maternal mortality rate (per 100,000 live births)	2018	43	40	40	62
7		Death rate due to road traffic injuries (per 100,000)	2017	7.8	1.4	3.9	9.9	
8		Birth rate (total)	2018	3.4	3.41	3.76	4.09	
9		Neonatal mortality rate (per 1000 live births)	2018	7.2	3	4.1	9.3	
10		Under-5 mortality rate (per 1000 live births)	2018	20	18.1	19.5	28.4	
11		Proportion of women of reproductive age using family planning methods (%)	2015	58.5	57.4	51.3	41.4	
12		Proportion of births attended by skilled health personnel (%)	2015	91.5	85.0	74.0	82.0	
13		Health worker density, Physicians (per 10,000 individuals)	2017	11.3	3.5	6.3	8.7	
14		QUALITY EDUCATION	Illiteracy Rate - Males (%)	2017	21.2	28.5	29.5	28.4
15		Illiteracy Rate - Females (%)	2017	30.8	40.0	45.4	41.3	
16		Proportion of schools with access to adapted infrastructure and materials for students with disabilities (%)	2017	4.3	3.3	3.2	4.2	
17		GENDER EQUALITY	Percentage of ever-married women aged 15-49 who experienced violence from their husbands (%)	2015	25.7	25.8	29.4	32.1
18		Proportion of girls aged 10-18 years who were married before age 18 (%)	2017	1.5	3.9	1.9	1.8	
19		Proportion of girls and women aged 0 - 19 years who have undergone female genital mutilation/cutting (%)	2015	56.3	60.3	59.9	73.3	
20		Proportion of women who make their own informed decisions regarding their health care (% of women aged 15 - 49 years)	2015	82.7	83.9	82.6	61.1	
21		Proportion of women who make their own informed decisions regarding contraceptive use (% of women aged 15 - 49 years)	2015	97.6	99.1	97.3	97.3	
22		CLEAN WATER AND SANITATION	Proportion of population using safely managed drinking water services (%)	2015	98.0	100.0	100.0	100.0
23		Proportion of population benefiting from proper management of sanitation services, including handwashing facilities with soap and water (%)	2015	89.7	73.4	73.5	86.6	
24		Proportion of population with an independent toilet on premises (%)	2015	90.5	92.3	96.4	92.7	
25		AFFORDABLE AND CLEAN ENERGY	Proportion of population with access to electricity (%)	2015	99.8	99.7	99.4	99.9
26		DECENT WORK AND ECONOMIC GROWTH	Unemployment rate - males (%)**	2020	6.0	3.6	1.2	2.6
27		Unemployment rate - females (%)**	2020	17.7	11.8	5.8	6.6	
28		Proportion of female employment (%)**	2020	14.3	10.3	12.3	7.0	
29		SUSTAINABLE CITIES AND COMMUNITIES	Proportion of population living in informal settlements (%)	2015	0.9	0.0	0.2	0.6
30		"PEACE, JUSTICE AND STRONG INSTITUTIONS"	Proportion of children who experienced physical punishment and/ or psychological aggression by caregivers (%)	2015	93.0	94.1	93.2	92.7
31		PARTNERSHIPS FOR THE GOALS	Proportion of population using the internet (4 and more) (%)	2017	28.9	18.4	16.3	19.1
32		Proportion of population using a computer (4 and more) (%)	2017	29.4	18.5	17.0	20.5	
33		Proportion of population owning mobile phones (4 and more) (%)	2017	65.4	60.2	53.3	57.3	






Source: Ministry of Planning and Economic Development, reports on Localization of Sustainable Development Goals (SDGs) (under publication)

*Central Agency for Public Mobilization and Statistics.

**Central Agency for Public Mobilization and Statistics, annual Labor Force Survey bulletin, April 2020.

(-) unavailable data"

Table (4): SDGs Indicators *Continued*

S/N	Sustainable Development Goals (SDGs)	SDG Indicators	year	National Value	Sohag	Gena	Aswan	
1		NO POVERTY	Proportion of population living below the national poverty line (%)	2018	32.5	59.6	41.2	46.2
2		Proportion of population below the international poverty line (%)*	2018	6.2	17.9	9.3	11.6	
3		ZERO HUNGER	Prevalence of Stunting (%)	2015	21.5	32.3	16.6	14.8
4		Prevalence of malnutrition - wasting (%)	2015	23.3	25.4	8.3	9.2	
5		Prevalence of anemia among children (%)	2015	27.4	42.6	24.9	46.7	
6		GOOD HEALTH AND WELL-BEING	Maternal mortality rate (per 100,000 live births)	2018	43	50	50	30
7		Death rate due to road traffic injuries (per 100,000)	2017	7.8	5.6	5.8	9.5	
8		Birth rate (total)	2018	3.4	4.01	3.7	3.29	
9		Neonatal mortality rate (per 1000 live births)	2018	7.2	3.6	6.7	6.3	
10		Under-5 mortality rate (per 1000 live births)	2018	20	18.6	21	17.5	
11		Proportion of women of reproductive age using family planning methods (%)	2015	58.5	31.0	37.8	49.7	
12		Proportion of births attended by skilled health personnel (%)	2015	91.5	87.0	91.0	98.0	
13		Health worker density, Physicians (per 10,000 individuals)	2017	11.3	5.7	3.7	5.8	
14		QUALITY EDUCATION	Illiteracy Rate - Males (%)	2017	21.2	26.1	20.9	14.1
15		Illiteracy Rate - Females (%)	2017	30.8	41.5	37.7	24.4	
16		Proportion of schools with access to adapted infrastructure and materials for students with disabilities (%)	2017	4.3	12.6	2.5	1.7	
17		GENDER EQUALITY	Percentage of ever-married women aged 15-49 who experienced violence from their husbands (%)	2015	25.7	38.7	26.2	25.4
18		Proportion of girls aged 10-18 years who were married before age 18 (%)	2017	1.5	1.3	1.9	1.0	
19		Proportion of girls and women aged 0 - 19 years who have undergone female genital mutilation/cutting (%)	2015	56.3	80.2	91.5	86.6	
20		Proportion of women who make their own informed decisions regarding their health care (% of women aged 15 - 49 years)	2015	82.7	69.8	66.9	80.3	
21		Proportion of women who make their own informed decisions regarding contraceptive use (% of women aged 15 - 49 years)	2015	97.6	97.4	96.8	95.7	
22		CLEAN WATER AND SANITATION	Proportion of population using safely managed drinking water services (%)	2015	98.0	100.0	96.0	100.0
23		Proportion of population benefiting from proper management of sanitation services, including handwashing facilities with soap and water (%)	2015	89.7	76.3	84.2	80.6	
24		Proportion of population with an independent toilet on premises (%)	2015	90.5	91.1	94.0	98.7	
25		AFFORDABLE AND CLEAN ENERGY	Proportion of population with access to electricity (%)	2015	99.8	99.2	99.5	100.0
26		DECENT WORK AND ECONOMIC GROWTH	Unemployment rate - males (%)**	2020	6.0	6.7	2.6	1.9
27		Unemployment rate - females (%)**	2020	17.7	23.4	16.6	5.7	
28		Proportion of female employment (%)**	2020	14.3	5.2	4.9	6.5	
29		SUSTAINABLE CITIES AND COMMUNITIES	Proportion of population living in informal settlements (%)	2015	0.9	0.4	1.0	0.8
30		"PEACE, JUSTICE AND STRONG INSTITUTIONS"	Proportion of children who experienced physical punishment and/ or psychological aggression by caregivers (%)	2015	93.0	95.1	90.7	88.7
31		PARTNERSHIPS FOR THE GOALS	Proportion of population using the internet (4 and more) (%)	2017	28.9	20.0	23.5	28.8
32		Proportion of population using a computer (4 and more) (%)	2017	29.4	20.6	22.4	28.7	
33		Proportion of population owning mobile phones (4 and more) (%)	2017	65.4	59.4	61.1	68.0	








Source: Ministry of Planning and Economic Development, reports on Localization of Sustainable Development Goals (SDGs) (under publication)

*Central Agency for Public Mobilization and Statistics.

**Central Agency for Public Mobilization and Statistics, annual Labor Force Survey bulletin, April 2020.

(-) unavailable data"

Table (4): SDGs Indicators *Continued*

S/N	Sustainable Development Goals (SDGs)	SDG Indicators	year	National Value	Luxor	Red Sea	Al-Wadi Al-Jadid	
1		NO POVERTY	Proportion of population living below the national poverty line (%)	2018	32.5	55.3	26.7	52.6
2		Proportion of population below the international poverty line (%)*	2018	6.2	9.3	3.4	5.6	
3		ZERO HUNGER	Prevalence of Stunting (%)	2015	21.5	15.3	21.6	5.9
4		Prevalence of malnutrition - wasting (%)	2015	23.3	8.0	14.4	36.0	
5		Prevalence of anemia among children (%)	2015	27.4	30.9	35.9	37.3	
6		GOOD HEALTH AND WELL-BEING	Maternal mortality rate (per 100,000 live births)	2018	43	30	89	71
7		Death rate due to road traffic injuries (per 100,000)	2017	7.8	4.6	21.7	5.8	
8		Birth rate (total)	2018	3.4	3.22	-	-	
9		Neonatal mortality rate (per 1000 live births)	2018	7.2	6.2	7	8.1	
10		Under-5 mortality rate (per 1000 live births)	2018	20	17.4	15	17.8	
11		Proportion of women of reproductive age using family planning methods (%)	2015	58.5	48.4	57.5	65.7	
12		Proportion of births attended by skilled health personnel (%)	2015	91.5	98.0	94.0	98.0	
13		Health worker density, Physicians (per 10,000 individuals)	2017	11.3	4.6	9.6	10.8	
14		QUALITY EDUCATION	Illiteracy Rate - Males (%)	2017	21.2	19.7	9.1	10.3
15		Illiteracy Rate - Females (%)	2017	30.8	32.5	15.1	19.4	
16		Proportion of schools with access to adapted infrastructure and materials for students with disabilities (%)	2017	4.3	1.7	5.6	1.9	
17		GENDER EQUALITY	Percentage of ever-married women aged 15-49 who experienced violence from their husbands (%)	2015	25.7	15.8	19.7	10.7
18		Proportion of girls aged 10-18 years who were married before age 18 (%)	2017	1.5	1.0	0.4	0.6	
19		Proportion of girls and women aged 0 - 19 years who have undergone female genital mutilation/cutting (%)	2015	56.3	90.7	52.9	71.0	
20		Proportion of women who make their own informed decisions regarding their health care (% of women aged 15 - 49 years)	2015	82.7	79.9	81.3	84.6	
21		Proportion of women who make their own informed decisions regarding contraceptive use (% of women aged 15 - 49 years)	2015	97.6	95.9	99.9	100.0	
22		CLEAN WATER AND SANITATION	Proportion of population using safely managed drinking water services (%)	2015	98.0	100.0	89.0	100.0
23		Proportion of population benefiting from proper management of sanitation services, including handwashing facilities with soap and water (%)	2015	89.7	82.1	91.9	86.5	
24		Proportion of population with an independent toilet on premises (%)	2015	90.5	95.1	99.2	98.2	
25		AFFORDABLE AND CLEAN ENERGY	Proportion of population with access to electricity (%)	2015	99.8	99.9	99.8	100.0
26		DECENT WORK AND ECONOMIC GROWTH	Unemployment rate - males (%)**	2020	6.0	10.9	17.3	1.4
27		Unemployment rate - females (%)**	2020	17.7	40.4	22.8	5.0	
28		Proportion of female employment (%)**	2020	14.3	11.1	16.3	21.4	
29		SUSTAINABLE CITIES AND COMMUNITIES	Proportion of population living in informal settlements (%)	2015	0.9	1.4	2.6	4.7
30		"PEACE, JUSTICE AND STRONG INSTITUTIONS"	Proportion of children who experienced physical punishment and/ or psychological aggression by caregivers (%)	2015	93.0	92.2	97.5	95.0
31		PARTNERSHIPS FOR THE GOALS	Proportion of population using the internet (4 and more) (%)	2017	28.9	25.1	41.0	30.0
32		Proportion of population using a computer (4 and more) (%)	2017	29.4	26.9	42.0	33.7	
33		Proportion of population owning mobile phones (4 and more) (%)	2017	65.4	63.2	72.4	71.0	

Source: Ministry of Planning and Economic Development, reports on Localization of Sustainable Development Goals (SDGs) (under publication)
 *Central Agency for Public Mobilization and Statistics.
 **Central Agency for Public Mobilization and Statistics, annual Labor Force Survey bulletin, April 2020.
 (-) unavailable data"

Table (4): SDGs Indicators *Continued*

S/N	Sustainable Development Goals (SDGs)	SDG Indicators	year	National Value	Marsa Matruh	North Sinai	South Sinai	
1		NO POVERTY	Proportion of population living below the national poverty line (%)	2018	32.5	50.1	38.4	17.9
2		Proportion of population below the international poverty line (%)*	2018	6.2	21.4	37.8	0.0	
3		ZERO HUNGER	Prevalence of Stunting (%)	2015	21.5	12.3	-	-
4		Prevalence of malnutrition - wasting (%)	2015	23.3	23.8	-	-	
5		Prevalence of anemia among children (%)	2015	27.4	59.3	-	-	
6		GOOD HEALTH AND WELL-BEING	Maternal mortality rate (per 100,000 live births)	2018	43	86	-	33
7		Death rate due to road traffic injuries (per 100,000)	2017	7.8	20.9	13.3	22.5	
8		Birth rate (total)	2018	3.4	-	-	-	
9		Neonatal mortality rate (per 1000 live births)	2018	7.2	4.2	-	-	
10		Under-5 mortality rate (per 1000 live births)	2018	20	16.5	-	-	
11		Proportion of women of reproductive age using family planning methods (%)	2015	58.5	41.0	-	-	
12		Proportion of births attended by skilled health personnel (%)	2015	91.5	78.0	-	-	
13		Health worker density, Physicians (per 10,000 individuals)	2017	11.3	17	8.9	35	
14		QUALITY EDUCATION	Illiteracy Rate - Males (%)	2017	21.2	23.0	14.9	12.9
15		Illiteracy Rate - Females (%)	2017	30.8	42.1	29.7	20.6	
16		Proportion of schools with access to adapted infrastructure and materials for students with disabilities (%)	2017	4.3	5.7	6.1	2.5	
17		GENDER EQUALITY	Percentage of ever-married women aged 15-49 who experienced violence from their husbands (%)	2015	25.7	21.9	-	-
18		Proportion of girls aged 10-18 years who were married before age 18 (%)	2017	1.5	2.4	-	-	
19		Proportion of girls and women aged 0 - 19 years who have undergone female genital mutilation/cutting (%)	2015	56.3	3.3	-	-	
20		Proportion of women who make their own informed decisions regarding their health care (% of women aged 15 - 49 years)	2015	82.7	71.2	-	-	
21		Proportion of women who make their own informed decisions regarding contraceptive use (% of women aged 15 - 49 years)	2015	97.6	99.0	-	-	
22		CLEAN WATER AND SANITATION	Proportion of population using safely managed drinking water services (%)	2015	98.0	62.0	-	-
23		Proportion of population benefiting from proper management of sanitation services, including handwashing facilities with soap and water (%)	2015	89.7	95.8	-	-	
24		Proportion of population with an independent toilet on premises (%)	2015	90.5	100.0	-	-	
25		AFFORDABLE AND CLEAN ENERGY	Proportion of population with access to electricity (%)	2015	99.8	99.8	-	-
26		DECENT WORK AND ECONOMIC GROWTH	Unemployment rate - males (%)**	2020	6.0	4.1	16.6	22.4
27		Unemployment rate - females (%)**	2020	17.7	0.0	7.7	39.7	
28		Proportion of female employment (%)**	2020	14.3	2.1	23.3	42.3	
29		SUSTAINABLE CITIES AND COMMUNITIES	Proportion of population living in informal settlements (%)	2015	0.9	0.2	0.0	5.5
30		"PEACE, JUSTICE AND STRONG INSTITUTIONS"	Proportion of children who experienced physical punishment and/ or psychological aggression by caregivers (%)	2015	93.0	88.9	-	-
31		PARTNERSHIPS FOR THE GOALS	Proportion of population using the internet (4 and more) (%)	2017	28.9	14.2	12.4	24.0
32		Proportion of population using a computer (4 and more) (%)	2017	29.4	12.5	11.5	22.6	
33		Proportion of population owning mobile phones (4 and more) (%)	2017	65.4	50.9	52.7	64.1	

Source: Ministry of Planning and Economic Development, reports on Localization of Sustainable Development Goals (SDGs) (under publication)

*Central Agency for Public Mobilization and Statistics.

**Central Agency for Public Mobilization and Statistics, annual Labor Force Survey bulletin, April 2020.

(-) unavailable data"

Table (5): Private and public establishments**

Governorate	Establishments			Invested Capital		Production		Net value added	
	Total	%	Per 1000 of population*	Value (million EGP)	%	Value (million EGP)	%	Value (million EGP)	%
Total	3,742,562	100	39	4,044,496	100	3,877,312	100	2,030,164	100
Cairo	483,610	12.92	50	1,668,463	41.3	885,036	22.8	476,604	23.5
Alexandria	287,480	7.68	55	316,893	7.8	419,540	10.8	217,146	10.7
Port Said	34,172	0.91	45	65,056	1.6	154,060	4.0	93,923	4.6
Suez	32,037	0.86	43	119,615	3.0	139,395	3.6	50,519	2.5
Damietta	130,744	3.49	86	153,590	3.8	60,766	1.6	35,532	1.8
Dakahlia	320,197	8.56	49	157,857	3.9	151,232	3.9	93,767	4.6
Sharqia	284,664	7.61	39	152,451	3.8	238,509	6.2	97,801	4.8
Qalyubia	237,566	6.35	42	134,295	3.3	277,041	7.1	132,517	6.5
Kafr El Sheikh	117,373	3.14	34	25,976	0.6	37,645	1.0	20,899	1.0
Gharbiya	215,371	5.75	43	55,767	1.4	86,615	2.2	40,957	2.0
Menoufia	152,005	4.06	35	80,968	2.0	110,033	2.8	40,518	2.0
Beheira	214,412	5.73	34	91,389	2.3	109,536	2.8	57,120	2.8
Ismailia	55,754	1.49	42	82,924	2.1	57,719	1.5	29,807	1.5
Giza	347,984	9.30	40	522,263	12.9	505,951	13.0	234,682	11.6
Beni Suef	88,829	2.37	28	40,653	1.0	39,297	1.0	16,427	0.8
Fayoum	156,192	4.17	43	33,759	0.8	71,973	1.9	47,520	2.3
Minya	146,714	3.92	26	42,371	1.0	35,899	0.9	21,281	1.0
Assiut	95,837	2.56	21	46,143	1.1	58,419	1.5	25,394	1.3
Sohag	115,958	3.10	23	31,217	0.8	26,671	0.7	18,377	0.9
Qena	81,295	2.17	25	33,032	0.8	39,171	1.0	18,213	0.9
Aswan	44,035	1.18	29	39,307	1.0	30,139	0.8	17,593	0.9
Luxor	41,282	1.10	32	15,573	0.4	12,657	0.3	8,929	0.4
Red Sea	18,058	0.48	49	77,095	1.9	94,209	2.4	54,429	2.7
Al-Wadi Al-Jadid	8,945	0.24	37	6,653	0.2	4,263	0.1	2,258	0.1
Marsa Matruh	18,876	0.50	43	17,610	0.4	127,433	3.3	100,226	4.9
North Sinai	6,627	0.18	15	10,944	0.3	37,864	1.0	28,155	1.4
South Sinai	6,545	0.17	63	22,630	0.6	66,240	1.7	49,570	2.4

Source: Central Agency for Public Mobilization and Statistics, economic census 2017/2018

*This indicator has been estimated using the number of population in January 2018, Central Agency for Public Mobilization and Statistics in January 2018, annual Yearbook

**According to the census methodology, census does not cover government enterprises and economic bodies, and does not cover the informal sector except for the informal activities that are practiced inside the enterprises. Coverage of the agricultural sector is very limited as most of the agricultural activities are practiced outside the enterprises

