

EGYPT

Lack of Strategy in the 2030 Strategy

The Egyptian Center for Economic & Social Rights

The defining feature of the framework for Egypt's national sustainable developmental strategy is the lack of a detailed roadmap to achieve several key goals, especially reducing poverty and unemployment and tackling the informal sector, for which it also lacks indicators. This is in addition to the lack of clarity in implementation mechanisms and the lack of consistency among the goals, despite the overarching strategy. The indicators used to measure the goals reflect the Government's continuation of the neoliberal approach, which is contingent on the development of the private sector and dependent on it to finance the development goals. Thus, for example, to reduce the deficit, the strategy does not include raising taxes on companies, instead opting to tax consumers, such as with the 10 percent value added tax (VAT). In addition, the strategy differs in important ways from previous development strategies, none of which were discussed in Parliament or through any sort of social dialogue.

This report examines key economic, social and environmental dimensions of the implementation framework and includes recommendations for needed changes if it is to be successful.

The National Development Strategy Framework

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indicators used to measure the goals reflect the Government's continuation of the neoliberal approach, which is contingent on the development of the private sector and dependent on it to finance the development goals. Thus, for example, to reduce the deficit, the strategy does not include raising taxes on companies, instead opting to tax consumers, such as with the 10 percent value added tax (VAT). In addition, the strategy differs in important ways from previous development strategies, none of which were discussed in Parliament or through any sort of social dialogue.

Economic Dimension

The economic dimension of the sustainable development strategy is divided into three areas: economic development; energy; and transparency and efficiency of government institutions. But before delving into these areas in detail, it should be noted that the document merely proposes numerical targets for the different indicators, without coupling them with strategies, means of implementation, or feasibility studies on the possibility of actually achieving them. Proposing those numerical goals without mechanisms and means of implementation reflects the lack of seriousness on the part of the Egyptian Government in reaching them. This problem is not new in Egypt: ever since the Ahmed Nazif Government during the Mubarak era, promises have not been anchored in reality and merely expressed desire of Egyptian policymakers to improve the image of the country in the eyes of the UN and international financial institutions (IFIs). For example, the goals include reducing the size of the informal sector by integrating it the formal economy, which has been done to some extent, reducing employment, and reducing poverty rates by 15 percent (down from the current 27%). However, it is not clear how this could be achieved

¹ Egypt 2030 vision, available at: <http://sdsegypt2030.com/>

with reduced social sector spending and without mention of incentives offered to the private sector to "integrate" the informal sector or reduce unemployment.

We should note also the Government's strong orientation towards national projects, which often lack economic and social feasibility studies, in addition to failing to demonstrate how the Government considers those projects as a means to achieve the goals mentioned in the strategy, in light of the absence of a detailed strategy.

1. Economic Development

The preamble of the Egyptian framework strategy proposes several general goals including macroeconomic stability, integrated sustainable development, and raising the average per capita income to the level of medium-high income countries. All of these are important and achievable goals. For example, transforming Egypt to a medium-level income state requires raising per capita GDP from USD 3,436 to USD 4,126,² which amounts to 20 percent over 15 years, or a per capita rise of 1.3 percent per year. However, looking closely at some of the proposed indicators, for example, we find that the programme expects to reach a per capita average of USD 4,000 in 2020 and an average of USD 10,000 by 2030. If we take into consideration that the population of Egypt is growing at a rate oscillating around 2 percent per year, and is expected to exceed 120 million people by 2030, these goals will seem unrealistic. For example, reaching a per capita income of USD 10,000 for 120 million persons requires that the GDP reaches USD 1.2 trillion in 2030, which is USD 870 billion more than estimated GDP in 2015, at USD 320 billion. To reach this goal, therefore, the Egyptian economy will have to register real growth of no less than 9.2 percent per year for 15 years. And since the expected growth for 2015-2016 is 3.8 percent, the longer it takes to reach the 9.2 percent rate, the more the Government will be obliged to raise growth in the coming years to achieve the goal. It is worth asking what is the strategy of the government to increase the economic growth rate by two and a half times per year. Furthermore, if we compare the figures

between the per capita income goals mentioned previously and the goals of economic growth, we find that this would be impossible. Adding to this the lack of any strategy or roadmap to achieve the goals, it is obvious that the goals are random and impossible to achieve practically and scientifically.

2. Energy

The strategy concerning the energy sector is even weaker, as it proposes removing all energy subsidies in order to reduce the budget deficit, without any concern for the impact on citizens, especially the poorest segments. While the framework considers energy security and reliance on local resources as one of its priorities, which should be commended, it is worth asking how the Government can do this while expanding the use of coal, which will be imported. The major problem with the strategy is its complete disregard for renewable and clean energy. No goals or indicators have been set to reduce dependence on fossil fuels or encourage renewable energy.

3. Transparency and Efficiency of Government Institutions

The transparency aspect of the strategy is the shortest and most lacking in details, despite including some important steps, such as passing a law to regulate the disclosure and circulation of information, applying mechanisms for citizen participation in drafting the budget, and other mechanisms for their participation in monitoring project implementation. However, the complete lack of citizen participation in society at large and the Government's campaign against popular and non-governmental organizations (NGOs) will mean that citizens are not able to claim these legal rights. More likely, the current lack of transparency will be codified with the participation of what remains of the Government's supporters, without any presence of the opposition. The persistence of such practices will hinder the creation of any real chance to develop gender-responsive budgets or to guarantee financial resources to improve the situation of women or respond to their demands in a way that would produce positive change.

² According to World Bank estimates. See: <http://data.worldbank.org/about/country-and-lending-groups>

Recommendations

Recommendations to address these shortcomings include the following:

- Apply effective mechanisms for citizen participation in the budget, following the example of best practices of the global partnership for budgets and expand the implementation of gender-sensitive budgets;
- Draft a detailed strategy to solve the problem of sustainable energy, which is based on Egypt's renewable energy sources--such as solar power--, reduces the use of fossil fuels by 2030 and takes into consideration the poorest segments of the population;
- Improve the security situation in Egypt in general and in the Sinai Peninsula in particular in order to reinvigorate tourism and encourage investment;
- Develop a unified tax system, based on real, direct and progressive taxes, and reduce dependence on indirect taxes to encourage the integration of the informal sector and expand and deepen the tax base to reduce the budget deficit;
- Prepare a realistic plan to lift Egypt to the ranks of medium- income states, based on increasing growth rates, controlling inflation rates, and reducing the level of public debt;
- Prepare a detailed strategy to restructure the administrative apparatus of the state, without infringing on the rights of workers, and activating the regulatory role of the People's Assembly, the Administrative Control Authority, and the Central Auditing Organization.

Environmental Dimension

With regard to the environment, the Development Strategy mentions the challenges without mentioning the manner in which these will be addressed. Moreover, proposed programmes carry flashy titles, without details on content or implementation. Because of this, the implementation of the goals and targets can only be considered in the context of the current situation,

including existing legislation as well as expected changes in population figures, resources, and so on.

As for the indicators, the per capita share of water resources will rise to 950 cubic metres according to the strategy, which is still lower than the water poverty line adopted by the UN. More importantly, Egypt's share of Nile water is 55.5 billion cubic metres³ and will be impacted by the construction of hydroelectric dams in Ethiopia, climate change, and the rise in evaporation rates due to increased temperatures. Taking into consideration that the population is expected to exceed 120 million by 2030, it would be impossible to increase the per capita share of water resources as proposed, which is around 29 percent. The strategy does not mention the possibility of desalination or the exploration of groundwater.

It is also interesting that the qualitative indicators point to Egypt's 100 percent commitment to signed international agreements. However, looking at the situation in the energy and agriculture sectors – which together constitute the lion's share of greenhouse gas emissions in Egypt– it is clear that it is impossible for Egypt to reduce emissions. Production in both sectors is based on unsustainable practices that pollute the environment, in addition to being outdated.

The challenges include "following unsustainable and polluting industrial production patterns," with an indicator mentioning that 100 percent of hazardous waste will be disposed of in a healthy manner by 2030. This goal should be commended, taking into consideration the need to meet the challenge of unsustainable and polluting industrial patterns. However, due to the lack of any details on the strategy and means to overcome the challenges, there is a need to look at the Council of Ministers' decision 294 in 2015, which amended the environmental law. The decision includes strict criteria for gas emissions and pollutants discharged in waterways. However, it does not provide any real deterrents for the discharge and opens that way to suspect environmental impact assessments, due

³ Mohamed Nasr el-Din Allam, "The 1959 agreement and the Egyptian-Sudanese partnership," *al-Watan Newspaper*, 8 November 2014.

to the absence of real standards by which to carry out such studies. Nor does it require community participation, which is relevant, since many of the existing and planned factories and power plants are in marginalized areas.

Recommendations

- Review environmental laws and regulations in line with the renewable energy system.
- Amend the environment regulations to ensure the punishment of offenders and remove loopholes that allow them to evade accountability;
- Develop clear and binding terms for both environmental and social impact assessment and social participation, so that decisions become truly representative of communities for which the projects are implemented;
- Coordinate state efforts to combat climate change with international reports that indicate that Egypt is one of the countries most prone to climate change.

Social Dimension

The most important areas covered by the social dimension of the strategy—and those which impact most directly on citizens—are health and education, both of which have particular implications for the situation of women.

1. Health

The strategy concerning health includes three strategic goals: improving the health of citizens in the context of justice and fairness, achieving universal health coverage, and governance in the health sector. Despite taking two years to prepare the strategy, reportedly involving a participatory approach, the programmes identified to achieve the goals do not include a work plan or timeline for the implementation of their basic elements.

It is worth mentioning that Egypt's vision for the 2030 strategy in the health sector has committed to most of the targets under SDG 3 (related to health), especially qualitative biological indicators related to the reduction

of mortality and diseases, except for Target 3.8,⁴ related to financial protection. The development strategy completely lacks any indicator on health spending, which is guaranteed by Article 18 of the Egyptian constitution through raising government spending to 3 percent of the GDP.⁵ Instead it includes an indicator to reduce per capita health care spending, which does not help to achieve the target of financial protection from health expenses. The strategy does include an indicator for out-of-pocket health spending using data from the WHO, to be reduced from 59.6 percent to 28 percent by 2030. However, it is worth mentioning that according to Egypt's national health accounts the share has risen to more than 72 percent.

Despite the fact that the official strategy document stressed that it was drafted through a process of social participation, this is not apparent in the target of universal health coverage. The Government is working on a law on social health insurance to achieve the target, despite the objections of the Egyptian Medical Syndicate, the Union of Health Professions, and more than 70 other unions and political parties.⁶ There are also gaps in the availability of information and lack of standardization of sources of the data used in the document, as well as lack of transparency in publishing laws, regulations, and related studies of law packages on health.

Probably the most worrying aspect of the state's strategy on health care is developing a new social contract, where the role of the Government, represented by the Health Ministry, is confined to providing primary health care and its role in other levels of health care is limited to regulation and setting directions, with an emphasis on partnership with the private and civil society sectors in providing health care. This raises doubts about the possibility of achieving the target of financial protection from the

4 UN Department of Economic and Social Affairs, Sustainable Development Knowledge Platform, 2015, available at: <https://sustainabledevelopment.un.org/sdg3>.

5 Constitution of Egypt, 2014, Article 18.

6 Egyptian Medical Syndicate, "74 unions and political parties reject the health insurance law proposal in a press conference at the doctors' syndicate," available at: http://www.ems.org.eg/our_news/details/3810.

risk of disease.

Recommendations

- Specify in the objectives, programmes and indicators where the state bears responsibility in ensuring financial protection, such as setting an indicator measuring the ratio of government spending on health compared to GDP; also, include in the strategic plan measures that point to the Government's responsibility in protecting those who are unable to afford secondary and tertiary levels of health care, in addition to primary;
- Develop a detailed programme of action for the strategy with a clear means of implementation and timeline for achievement;
- Publicize laws, regulations, and studies related to legal amendment packages in the programme strategy for health.
- Commit to dialogue and social participation by concerned parties, especially those that filed complaints regarding some of the items of the strategy, especially those related to universal social health care, represented in the law on social health insurance.

2. Education

One of the most important constraints faced by the 2030 sustainable development strategy in the area of education is the biased indicators and unreliable data used by the state to measure the success of its goals. One example is high classroom density, which results in a sharp decline in educational quality. Official data on classroom density places this at around 40 students per classroom, designed to be reduced to 30 by 2030. However, in reality and according to the Minister of Education, classroom densities in some areas have reached 80, 90, 100, 120, and 130 students in about 42 percent of the classrooms on the national level.⁷

⁷ al-Helali al-Sherbini al-Helali, "Interview with Dr. Helali al-Sherbini, minister of education, about the main issues related to education," Akher al-Nahar, 15 February 2016, available at: <https://www.youtube.com/watch?v=iDxnjU9Thgl>.

As for the legal and constitutional aspects, whose amendment and drafting are mentioned as one of the goals of the strategy, the Government prepared a new pre-university education law to replace the current 30-year-old law. Yet, it was not proposed in an effective or real manner to seek input from Egyptian society. The only information about the law came through leaking some of its articles to Egyptian newspapers. The proposed law faced numerous objections from teachers, union activists, and those interested in education, due to the lack of any radical shift from the previous law, characterized by extreme centralization of decision-making.

Another obstacle to achieving the targets related to education is the lack of commitment by the Government to respect the right to social justice for all members of society according to the country's constitution. The 2014 Egyptian constitution stated that the state has to allocate 4 percent of its budget to compulsory education, in addition to 2 percent for higher education and 1 percent to scientific research, which was not taken into consideration or implemented when preparing the 2016/2017 state budget.⁸ At the institutional level, centralization and individualism in decision-making remain in the Ministry of Education. Local government institutions in the governorates and cities are still marginalized, merely applying central plans and policies without participating in their drafting or development.

The lack of a political vision to take care of children in the poorest areas and help them out of poverty through education remains one of the most important problems facing the state in its rhetoric concerning poverty eradication and implementing the national development goals. The only existing anti-poverty programme is the Solidarity and Dignity programme⁹

⁸ Samar Salameh, "The state budget ignites another confrontation between the parliament and the government... The constitution stipulates 10 percent of GDP for health education and scientific research... Legal expert: It is not obligatory... Fathi Fikri: Ignoring this means the constitution is merely ink on paper," Youm7, 10 March 2016.

⁹ Rasha Imam, "Ghada Wali: Support for 1043 poor villages in the Solidarity and Dignity program for children to continue their education," 3 May 2016. Publication? Or url link?

run by the Ministry of Social Solidarity to support the poorest villages. One of its primary tasks is to provide cash transfers to women breadwinners so they can send their children to school. The programme lacks clear goals for both the short and long terms, however, and has not done any studies of the economic situation of these women. Some official state reports indicate that areas in Upper Egypt are the poorest, but spend the most money on providing supplies, school books, and transportation to schools, which are sometimes kilometres away. This means that the money provided to poor families will be spent entirely on school needs without improving their livelihoods or supporting them for other life needs such as food and clothing.

As for higher education, students from the provinces have been excluded from joining some of the faculties in the universities in Cairo, the capital. This includes the faculties of political sciences and economy, which are well advanced in their techniques and educational tools, compared to new universities in the provinces. This exclusion based on geographic location is in clear violation of the right to education. Furthermore, academic freedoms have been curtailed through a decision by the Minister of Higher Education that retracts scholarships from students abroad if they make statements on their private social media accounts deemed "detrimental to the homeland", without defining or clarifying what is meant by that statement.¹⁰

One of the key issues currently being discussed is investment in education through a public-private partnership (PPP) to build and run schools.¹¹ The Ministry of Education proposed a partnership that provides plots of land to private sector investors to build and run schools in return for charging student tuition fees. This benefits the middle class, which is able to pay tuition fees that might reach 1000 Egyptian Pounds. However, the glaring defect of the proposal is its lack of standards to which the private sector has to adhere, such

as the provision of high-quality education.

Recommendations

- Develop a strategic vision that takes into account the current situation of the educational process, that could produce effective and realistic solutions to remove the current obstacles, and that prioritizes the poor, marginalized, and limited income persons to allow them to obtain their right to education;
- Involve civil society in the drafting of the vision and in decision-making, allowing them to participate and providing them with the necessary data and information to monitor and assess programmes in a constructive manner;
- Include realistic and actual data and indicators to build upon to ensure accuracy and transparency in evaluating the work of the strategy according to its time frame;
- Respect and implement constitutional commitments related to the percentage of the educational budget from the state budget; redesign its redistribution towards improving the quality of education, such as educational structures, curricula, training of teachers, and school and student activities;
- Respect academic freedoms and lift current sanctions that hold back scientific enquiry.

3. Situation of Women

State policies continue to ignore the social and cultural dimensions impacting the situation of women in society and their ability to access and enjoy basic rights, especially in the fields of health and education. For example, there is an unfair distribution of hospitals and health centres, which are concentrated in cities, and a lack of health facilities in villages. This creates great difficulty for women to access healthcare, since it is difficult for them to travel without being accompanied by their husbands or other - male - members of the family. There is also a lack of provision

¹⁰ Hani al-Naqrashi, "Minister of higher education: ending all missions for researchers with opinions detrimental to the homeland," al-Shorouk Newspaper, 26 April 2016.

¹¹ "Questions about the future of education in light of minister al-Helali's statements," Egyptian Center for Economic and Social Rights, 10 May 2016.

of free medical services and awareness raising on reproductive health and child care.¹² The same goes for the right to education, as schools are concentrated in cities and business centres. The distance of schools from residential areas leads to the denial of education to girls, especially from poor families that cannot afford the daily transportation and the fear of letting girls travel long distances by themselves.¹³

In general, it could be said that a gender perspective has been absent for decades from state policies, especially those related to economic, social, and developmental rights. In 2015, the state adopted the "National Strategy to Combat Violence against Women (2015 - 2020)", which was seen as an acknowledgement by the state about the problem. The strategy mentioned that the elimination of all forms of violence and discrimination against women was an objective and key necessity to achieve social justice and equality between the sexes and that the achievement of sustainable development is contingent on the effective participation of women. However, one year after issuing this strategy, which was supposed to be implemented by all ministers and the National Council for Women, with the participation of civil society, no concrete efforts could be identified. Furthermore, it was not translated into action plans with financial allocations and a timetable to be adopted by ministries to allow evaluation and follow-up.¹⁴

Recommendations

- Mainstream gender in development plans to ensure equality between the sexes;
- Oblige ministries to develop implementation plans with specific financial allocations for the actual implementation of the national strategy to combat violence against women.

Finally, despite the ambitiousness of Egypt's national development goals – which could put the country on the path to sustainable development if achieved – the lack of a roadmap for implementation makes these goals objectively and practically unrealistic. In particular, looking into the aforementioned challenges and current laws, it would be difficult to achieve most of those goals. Finally, there is a problem in considering the private sector as a partner for development, especially in a country such as Egypt. In the past decades the Government has proven its inability to make the private sector accountable or to direct it and oblige it to respect national or local laws and regulations, even to protect the most basic rights of citizens. Thus, we call on the Egyptian Government to publish the details of the strategy and legal amendments meant to achieve the goals of the strategy. We also call on the Egyptian government to commit to its role in achieving sustainable development, through increasing investment spending on education, infrastructure, and health, and to regulate the intervention of the private sector in those fields, to ensure the achievement of development and social justice for all citizens.

12 Mona Ezzat, "Economic and social rights of women in Egypt," Arab Watch on Economic and Social Rights in Arab Countries, Arab NGO Network for Development, Beirut, 2012, <http://www.annd.org/data/item/pdf/190.pdf>

13 Mona Ezzat, "The Social Protection System in Egypt," Arab Watch on Economic and Social Rights in Arab Countries: The Other Side of the State Crisis, Arab NGO Network for Development, Beirut, 2014, available at: <http://www.annd.org/data/item/cd/aw2014/>

14 Adel Chaaban, "Employment Policies from the Gender Perspective," New Woman Foundation, 2012.