

COUNTRY REPORT: EGYPT

Monitoring of the ENP Progress report 2014

Introduction

The Arab Spring has fundamentally changed the political landscape of Europe's Southern neighbourhood – the Middle East and North Africa (MENA) and clearly revealed the need for a new social contract based on respect for fundamental freedoms, dignity and rule of law, in addition to the revision of social and economic policies towards ensuring sustainable development and economic and social justice. Despite high expectations, after more than two years the revolutions have thus far been unable to produce consolidated and stable democracies and a growth-based economic model have been still promoted by national and international actors. Widespread non-democratic practices are still hindering the transition towards multiparty democracy and conflict in the region is alarming with the ongoing war in Syria, Libya and in Iraq. Thus while significant changes have been produced in all countries, the MENA region is still lagging behind the promises of the Arab Spring.

In the aftermath of the uprisings, the EU offered its Southern Mediterranean partner countries “A partnership for democracy and shared prosperity” in the context of the revised European Neighbourhood Policy that focused on democratic transformation, a partnership with people and civil society, and sustainable and inclusive growth.

With yearly progress on the implementation of the European Neighborhood Policy, the EU assesses the progress and regress in implementation of Action Plans. In light of the Progress Reports on the implementation of the European Neighbourhood Policy 2014, SOLIDAR in coordination with the Arab NGO Network for Development (ANND) and in cooperation with the CONCORD working group on Enlargement, Pre-accession and Neighbourhood (EPAN), Global Network Arab Countries and the Association of Local Development Agencies (ALDA) conducted a consultation process from April to October 2014 to provide an opportunity for the organisations within the “SOLIDAR Network for Social justice in the MENA region” to comment on the progress reports prepared by the EU. This country report presents the outcomes of the consultation which focused on the key topics when it comes to the promotion of social justice: Freedom of Association and Peaceful Assembly, Decent Work and Social Protection.

The responses to the consultation clearly indicate that in **Egypt** worrying developments took place in 2013 and 2014. These developments demand attention in the new Progress Reports and should be incorporated in the policy making that shapes the relations between the EU and the region.

Executive Summary

Please find below a general overview of the feedback submitted by partners through the attached feedback tables. The partners' feedback can in no way be taken to reflect the views of SOLIDAR and its members.

Freedom of association and peaceful assembly

1. Access to Economic, Social and Cultural Rights (ESCRs)

With respect to education, The Global Competitiveness Report 2013 ranked Egypt in the last place in the quality of primary education among the 148 countries in the report. For instance, there are no official statistics on the reality of the education services, and teachers' wages still remain below the legal minimum wage set at 1,200 EGP (130 EUR) per month. The current Minister of Education has put forward a reform plan that is to be implemented by 2022 with the



aim of improving access to higher education for the age ranges between 18 and 22, however Egyptian schools are constrained due to their lack of access to adequate funding, as Law No. 27 of 2012 allows the Ministry of Finance to control the expenses of public schools, and the percentage of the budget allocated to education decreased to 10-12% in the past five years. The New Egyptian Constitution stipulates in Article 19 that the state shall allocate no less than 4% of GDP to public education, from the State general Budget. However, the summary of the budget proposal for 2014/2015 public budget, as documented by the Ministry of Finance, shows that these constitutional commitments will not be met in the coming three years.

Egypt showed an increase in poverty as a result of the decrease in public spending. For example, between 2012-2013, 26% of the Egyptian population lived under poverty, thus resulting in a significant decrease in the household's ability to access food, health, education and other basic needs.

2. Ability to establish associations and their access to funding

A bill containing restrictions on foreign funding and registration of international NGOs was introduced to the Cabinet in late January 2014. The Ministry of Social Solidarity restarted the process of reviewing the NGO law and produced a draft law that remains highly restrictive of civil society organizations access to funding and political involvement, with the clear attempt to subordinate them to the security establishment. As a matter of fact, the Ministry of Social Solidarity's new proposal seeks to place civil society under close surveillance and control its activities, in utter disregard for Article 75 of the 2014 constitution, which states that civic associations should be able to operate "freely". In a recent development, law number 128 of 2014, issued on the 21st of September 2014, penalizes the receipt of foreign funding with a life sentence, in addition to a payment of a fine amounting to LE500,000 (USD 70,000).

No progress was seen on the law regulating trade union activities, which grants overarching authority to the government, and more than 1600 independent labor unions remain outside the realm of local legislation, in the absence of law granting the right to association and regulating the establishment, function and funding of Trade Unions.

3. Participation in decision making processes (including EU delegations)

In general, the relationship between the Egyptian authorities and civil society deteriorated markedly during 2013, especially with human rights NGOs. The law on the Right to Public Meetings, Processions and Peaceful Demonstrations was decreed and adopted November 2013. The new protest law provides the Interior Ministry with the authority to approve or deny the notification of authorities prior to demonstrations, in addition to being in clear violation of application of constitution standards. As a result of this vague, restrictive law, hundreds of protestors have been sentenced to prison terms and received fines averaging 50,000 EGP (7,100 USD) for protesting without prior permission.

Decent work and social protection

1. Setup of social protection floors

Despite renewed proposals to "revamp" the executive committee for the Supreme Council of Human Resource Development and the plan to set up a National TVET authority, proliferation of unemployment remains a major challenge. Faced with growing discrepancies between labor demand and job market's offer, in May 2014, the Minister of Education received an agreement from the president and the Council of Ministers to form a Supreme Council of Human Resources Development with the purpose to increase synergies between training and learning practices so as to increase productivity and employment opportunities. Despite this



initiative, no further concrete measures on education have been taken to help disadvantaged families.

Despite the EU- Funded health sector policy support programme II which failed to deliver in 2013 public expenditure on health services remains very low; standing less than 5% in 2013. Accordingly, the new constitution of 2014 stipulates in article 18 that the budget allocations to health services shall make up at least 3% of the GDP, however, the summary of the budget proposal for 2014/2015 public budget, as documented by the Ministry of Finance, shows that these constitutional commitments will not be met in the coming three years.

2. Growing informal economy and indecent work

In September 2013, Law 89 of 1998, regulating the state's procurement and bids and tenders system, faced two amendments that dismantle the judicial capacity to enforce rule of law and accountability. This law previously played the role of fighting against land grabbing, and illicit acquisition of state assets by power-connected businesses. The amendment exempted seven local agencies from the conditions of the law when buying and selling any assets governed under their power. Further, it increased the ceiling permitted for the selling of public assets without bids or tenders for public agency directors and ministers

3. Respect for migrant workers' rights

Since June 2013, the Egyptian authorities have intensified security operations in Sinai in response to almost weekly assassinations and attacks on police and military officers by Sinai-based groups. However, Egypt continued to refuse the UNHCR and the International Organisation for Migration access to detention centers and police stations in Sinai, making it extremely hard for NGOs to operate effectively in the region. African migrants continued to report torture and rape at the hands of traffickers operating in Sinai, a problem the government failed to address or acknowledge.

Other Comments or Analysis

1. Environmental Justice

Despite previous ENP objectives in Egypt indicated commitment to renewable and clean energy, on April 24th 2014, the Cabinet made a decision to allow the importing of coal for the cement industry and electricity generating power plants in Egypt. The proposal has sparked massive public dissent, as the decision had been taken without public consultation and without an elected Parliament to discuss the sustainability of the controversial proposed plan. The Egyptian Center for Economic and Social Rights (ECESR) and multiple stakeholders have raised a law suit to revoke the Cabinet's decision; the suite is still being studied by the Administrative Court.

In particular, there exists rising concerns to the European Bank for Reconstruction and Development (EBRD)'s involvement in financing Coal Projects in Egypt, and the switch from gas to coal in particular. In fact, as the EBRD called itself "the Bank of Transition", the Bank has bound itself to the necessity of having an "additionally element" to its investment in the SEMED in time of transition. Serious concerns arise to the Bank's commitment to those conditions. In this context, the Bank's potential financing of the Gas-Coal Switch in Egypt, particularly to financing the cement factories use of coal as a source of fuel, is arguably illegal according to environmental law number 4 of 1994, and contested before the Administrative Court of Egypt, and widely contested by several CSO and popular movements. Similarly, European Investment Bank (EIB) has been undertaking investments in Egypt that have



concerns to whether they align with the EU's commitment to clean and renewable energy in Egypt.

2. Investment Framework Establishing Impunity from Corruption

In April 2014, Law 32 of year 2014 was passed, limiting the "right of appeal" against any state-investor contract in administrative, criminal, or economic courts to only the contracting parties: the state and the investor, and thus denying "third party challenges to contracts". This entails that citizens no longer hold the right of oversight over public assets. Accordingly, this law would be particularly harmful to workers as it threatens the revoking of all litigation against land-grabbing and illicit acquisition of state factories.

3. The Right to Social Security and an Adequate Standard of Living

Egypt has begun reforming its subsidy system, especially on petroleum, food, housing, and agriculture, and between 2012/13, the agricultural subsidy decreased by 75%. While subsidy reform is at times necessary for economic growth and to ensure efficiency in reaching those in need, a safety net must be in place before subsidies are removed. Currently, the most vulnerable households benefit from less than 20% of total food subsidies, while 73% of those with access to ration cards are not classified as vulnerable. Similarly, 41.3% of vulnerable households did not have access to subsidized bread between June and September 2013, a figure that increased from 13.3% between April and June 2013. Recent austerity measures with the 2014/2015 Public Budget resulted in the removal of a large percentage of government subsidies in July 2014, particularly for petroleum and food commodities. Mitigation measures for the subsidy reform were not introduced before the announcement of the new plans, and are not discussed in a transparent manner.

4. Right to Adequate Housing

In 2014, three new national plans have been adopted by the current cabinet: 1) The Social Housing Program, 2) The Central Bank Initiative, and the 3) Million Units Projects. Yet, these plans seem to simply mimic a number of other failed plans in the past two decades. This is partially due to the local administration's reliance on the central government for 80% of their budget, making them unable to remain independent. Moreover, local administration is also very weak because they have access to limited funding.

5. Tax Justice

In 2013, the Egyptian government prepared a draft law for the introduction of a full-fledged VAT. The draft law remains highly secretive, although official statements ensure that the Value-added Tax will be implemented soon. The move to implement a VAT risks disproportionately burdening low-income people, at a when Egypt's poverty rates are steadily increasing, the country is removing subsidies, and rising inflation is hitting consumer goods prices..

Recommendations

Due to political events, Egypt did not address the remaining key recommendations contained in last year's ENP progress report, most of which are still pertinent. In addition, the EU- Egypt Partnership should:



- Ensure that the new Constitution is implemented in full respect with human rights and fundamental freedoms. National legislation should be compliant with the Constitution and with international standards;
- Create conditions conducive to an active and independent civil society and reform legislation on non-governmental organisations (NGOs), review law 128 of 2014, and amend the law regulating assembly in line with international standards;
- Ensure that regulations on the right of asylum are in line with the Constitution and international standards on migration and refugees' rights; effectively cooperate with UNHCR/IOM, including by giving them full access to detention facilities;
- Completely halt the use of military courts to judge civilians;
- Ensure and implement social safety net systems to protect the most vulnerable from the impact of reductions in commodities subsidies, and introduce mitigation measures to decrease probable shocks from recent subsidy reforms;
- Ratify the regional Convention on pan-Euro-Mediterranean preferential rules of origin.
- Ensure that EU financial instruments in the framework of the ENP and the European Investment Facility (ENI) are implemented to achieve sustainable targets and are coherent with EU 2020 roadmap and the UN Millennium Development Goals's targets on environmental sustainability;
- Ensure Tax Justice by promoting equitable solutions, such as battling the widespread tax-evasion and introducing the capital gains tax;
- Prevent EU public money to be directed to social, environmentally and economically non sustainable projects via ENI funds and ensure the consistency of the "additionally" of the EBRD and EIB's projects;
- Secure the respect of the principle of *non-refoulement* in accordance with general international human rights law and previously ratified international conventions.



The following table outlines the feedback provided by local partners on the 2014 EU progress Report

Benchmark	Report 2014	Feedback (comments, analysis, feedback)
Freedom of association and peaceful assembly:		
<p>1. Access to Economic, Social and Cultural Rights (ESCRs)</p>	<ul style="list-style-type: none"> • Education was declared as a priority area by both the 2012 government and the interim government that was appointed as a result of the ousting of President Morsi in July. Despite this, there was little progress on implementing much-needed reforms in this sector. 	<p>The Global Competitiveness Report 2013, issued by the Global Economic Forum for the year 2013/2014 on the importance of innovation and the strength of institutional environments, ranked Egypt in the last place in the quality of primary education among the 148 countries in the report.¹</p> <p>Due to the unstable nature of the executive and legislative authorities, and because of the fact that visions for reform were a reflection of the ruler's own vision, plans for reform were suspended with changes in administration. As a result, "reforms" in curricula were more of patch work rather than real reform.²</p> <p>Further, there are no official statistics on the reality of the education services, and what is published by the Ministry of Education does not exceed the number of schools, students and classes. Yet, what is known is that the salary of teachers remains very little, even with the establishment of the teacher's cadre, the wages still remain below the legal minimum wage set at 1,200 LE per month.</p> <p>Further, under the Egyptian law, and the Egyptian Constitution Art. 19, governmental education is to be offered universally, for free, however, students are required to pay fees under both government</p>

¹ Mohamed, Al Saadanty, Al Masry Al Yawm, "Egypt ranks last in global competitiveness report", 2013

² El Sherbeeney, Nashwa, Al Wafd, "Egypt is going through the worst decades of education", 2014



		<p>and special government schools (which are also governmental), even in Primary Schools.³</p> <p>The plan for reform put forward by the current Minister of Education is to be implemented by 2022.⁴ It mostly aims for improving access to higher education for the age ranges between 18 and 22, as well as to focus on technical education and scientific research centres, and venues for innovation that would function to serve the needs of society and the job market.</p> <p>Students were both major players in the on-going social movement, and victim to state violence, especially since July 2013. At least 226 students died during violent clashes that continue to erupt in schools and universities, in the period from July to December 2013.⁵ The largest amount of deaths (147 students dead) resulted from clashes with the Security forces.⁶ Notably, 89 of the above mentioned casualties were among secondary and high school students.⁷ In addition, 2354 students (two-thousand-three-hundred-and-fifty-four students) were arrested, detained or prosecuted, in the same period, from July to December 2013.⁸</p>
	<ul style="list-style-type: none"> • As part of the national programme for 	The state's retreat from its developmental role and the increased

³ ECESR. Case Brief: Challenging School Fees in primary public education. [Arabic only]. <http://ecesr.org/contents/uploads/2013/06/%D8%B7%D8%B9%D9%86-%D9%85%D8%AC%D8%A7%D9%86%D9%8A%D8%A9-%D8%A7%D9%84%D8%AA%D8%B9%D9%84%D9%8A%D9%85.pdf>

⁴ Shaabn, Tawfik, Al Watan, "The Main Pillars for the New Strategic Plan for Education Reform 2014-2022", 2014

⁵ WikiThawra. The Statistical Database of the Egyptian Revolution. The Egyptian Center for Economic and Social Rights. <http://wikithawra.files.wordpress.com/2014/05/d982d8aad984d98a-d8b4d987d8b1.png>

⁶ WikiThawra. The Statistical Database of the Egyptian Revolution. The Egyptian Center for Economic and Social Rights. <http://wikithawra.files.wordpress.com/2014/05/d982d8aad984d98a-d986d988d8b9-d8a7d984d988d8a7d982d8b9d8a91.png>

⁷ WikiThawra. The Statistical Database of the Egyptian Revolution. The Egyptian Center for Economic and Social Rights. <http://wikithawra.files.wordpress.com/2014/05/d982d8aad984d98a-d8acd8a7d985d8b9d8a7d8aa.png>

⁸ WikiThawra. The Statistical Database of the Egyptian Revolution. The Egyptian Center for Economic and Social Rights. <http://wikithawra.files.wordpress.com/2014/05/d982d8a8d8b6-d8b4d987d8b1.png>



economic development and social justice

during the transitional period, the government proposed to put in place accelerated measures on education to help disadvantaged families face the exceptional economic situation. During then-President Morsi's government, under the Constitution approved during his mandate, plans were made for a Supreme Education Council, although these were never finalised.

dependence on private and informal education can be seen from an average family's expenditure. According to the 2010/2011 HIECS, tuition and school fees made up around 38% of a family's total expenditure on education, while private lessons made up 42%.

Egyptian schools are constrained when attempting to improve quality of education due to their lack of access to adequate funding. Law No. 27 of 2012 allows the Ministry of Finance to control the expenses of public schools to a large extent and stifles the ministry of education's freedom for spending on simple services to improve the quality of education.⁹

The percentage of the budget allocated to education decreased from 16-17% of total state expenditure in the early 2000s to 10-12% in the past five years.

The New Egyptian Constitution stipulates in Article 19 that the state shall allocate no less than 4% of GDP to public education, from the State general Budget.¹⁰ The summary of the budget proposal for 2014/2015 public budget, as documented by the Ministry of Finance, shows that these constitutional commitments will not be met in the coming three years¹¹.

Inequality in access to public education is characteristic, especially between rural/ urban and upper and lower Egypt governorates. The share of each student enrolled in a governmental institution from total expenditure in the education sector is 4,863 Egyptian pounds.

⁹ Joint Submission for the Committee for Economic and Social Rights, Periodic Review of Egypt, Nov 2013

¹⁰ Egyptian Constitution 2014. [Arabic Only]. <http://www.sis.gov.eg/Newvr/consttt%202014.pdf>

¹¹ Ministry of Finance. 'Minister of Finance: Draft Proposal of New Budget Referred to president.' May 2014. <http://www.mof.gov.eg/Arabic/MOFNews/Media/Pages/releas-a-26-5-14.aspx>



		<p>However, huge disparities exist between the different governments where the lowest share for the student in Giza was at 2028 EGP, while that in North Sinai was at 9151 EGP.¹²</p>
	<ul style="list-style-type: none"> The latest household income, expenditure and consumption survey showed an increase in poverty, with 25.2 % of the Egyptians living below the national poverty line, and 23.7 % hovering just above it. 	<p>In 2012/2013, 26.3% of the Egyptian population lived under poverty – reflecting a gradual increase from 19.6% in 2004/2005 and 21.6% in 2008/2009.¹³</p> <p>As a result of a decrease in public spending over the years, out-of-pocket expenditures have risen – further exacerbating the burden on the citizens and ultimately, the levels of poverty. This is particularly evident in the decrease in the household's ability to access food, health, education, along with a number of other basic needs.¹⁴</p>
<p>2. Ability to establish associations and their access to funding</p>	<ul style="list-style-type: none"> Freedom of association remains a major concern. Prior to 30 June, a bill was on the agenda of the since-dissolved Shura Council. This bill contained restrictions on foreign funding and registration of international NGOs. The Ministry of Social Solidarity restarted the process of reviewing the NGO law by establishing a drafting committee of ten local NGOs. This committee produced a draft which continues to constrain the work of NGOs, notably regarding the registration of NGOs and 	<p>The bill was introduced to the Cabinet in late January 2014 but has not continued any further, probably due to the unstable political scene. The bill remains restrictive of civil society organizations access to foreign funding and political involvement, and puts financial burdens on registration that will disable many organizations from being officially recognised.</p> <p>The Ministry of Social Solidarity's new proposal seeks to place civil society under close surveillance and control its activities, in utter disregard for Article 75 of the 2014 constitution, which states that civic associations should be able to operate "freely".</p>

¹²Egyptian Center for Economic and Social Rights, Education Factsheet (2012/2013), p. 3, 2014

¹³ CAPMAS. Main Indicators for Household Income, Expenditure and Consumption Survey Year 2012-2013. Central Agency for Public Mobilization and Statistics. November 2013. P.74

¹⁴ see CAPMAS. Main Indicators for Household Income, Expenditure and Consumption Survey Year 2012-2013. November 2013. [Arabic Only]



	international NGOs.	On the 21 st of September, 2014, President Abdal fatah El Sisy issued a presidential decree no. 128 of year 2014 to amend article 78 of the penal code. The amendment dictates that any individual requesting or receiving money, arms, or equipment from a foreign country, organization, or person will be penalized with a life sentence in addition to a fine of at least 500,000 EGP. ¹⁵ The decree mentions that this penalty is to be incurred in the case that the funding is used in a way that could harm public interest or national security – without identifying which acts fall under this description.
	<ul style="list-style-type: none"> • Due to political events, Egypt did not address the remaining key recommendations contained in last year’s ENP progress report. Egypt is invited to: create conditions conducive to an active and independent civil society and adopt legislation on non-governmental organisations (NGOs) and amend the law regulating assembly in line with international standards. 	The bill has not been amended since the committee produced the draft and therefore remains regressive and restrictive failing to meet international standards on freedom of association.
	<ul style="list-style-type: none"> • No progress was seen on the law regulating trade union activities, which grants overarching authority to the government. A clause that specified that trade unions could not come under government management was amended in the new constitutional draft to add ‘except by court order’, thereby allowing the court system to impose state guardianship over 	More than 1600 independent labour unions remain outside the realm of local legislation, in the absence of law granting the right to association and regulating the establishment, function and funding of trade unions, as well as guaranteeing the legality of plurality of unions, as a first step towards granting independent unions equal rights to the “formal” unions. ¹⁶

¹⁵ **Mada Masr**, “President amends law to include life sentence for receiving funds, arms,” September 23, 2014. <http://www.madamasr.com/content/president-amends-law-include-life-sentence-receiving-funds-arms>

¹⁶ Joint Submission CSOs Submission on Egypt’s UPR <http://ecesr.org/en/?p=421751>



	trade unions.	
3. Participation in decision making processes (including EU delegations)	<ul style="list-style-type: none"> The relationship between the Egyptian authorities and civil society deteriorated markedly during 2013, especially with human rights NGOs. A willingness to limit the voices of independent civil society organisations was seen in the NGO trials, arrests and disproportionate sentencing of human right activists and the new law on demonstrations. 	<p>The most common reason for arrests since July 2013 has been protesting, and striking. About 45% of arrests since July 2013 (till May 2014) have been protests and strikes.¹⁷</p> <p>Law No.107 of 2013 on Public Meetings, Processions, and Peaceful Demonstrations, passed in November 2013, places many restrictions on demonstrations; demonstrations require prior approval and those not abiding by the law are subject to severe penalties. As a result of this vague, restrictive law, hundreds of protestors have been sentenced to prison terms and received fines averaging 50,000 EGP (7,100 USD) for protesting without prior permission.¹⁸</p> <p>NGOs have faced crackdowns and on-going threats to the existence. In December 2014, human rights organization ECESR (Egyptian Center for Economic and Social Rights) was raided by the military police, six persons were arrested. The same NGO has been raided again, more recently, in May 2014.¹⁹</p>
Decent work and Social Protection:		
4. Setup of social protection floors	<ul style="list-style-type: none"> Technical and vocational education and training (TVET) continued to be a major concern in Egypt. Between July 2012 and July 2013, the government prepared several proposals to revamp the Supreme Council of Human 	Despite the formal existence of an executive committee for the Supreme Council of human resource development since the year 2000, the concern for technical and vocational training has only been voiced since 2012, where it has been identified as one of the main

¹⁷ WikiThawra. The Statistical Database of the Egyptian Revolution. The Egyptian Center for Economic and Social Rights.

<http://wikithawra.files.wordpress.com/2014/01/d8b1d8b3d985-d986d988d8b9-d8a7d984d988d8a7d982d8b9d8a9.png>

¹⁸ CIHRS. "The Verdict Against Maher, Doma And Adel: The Judiciary Politicized And Converted Into One Of The Authority's Security Tools". Cairo Institute for Human Rights Studies. Press Statement. December 2013. <http://www.cihrs.org/?p=7762&lang=en>

¹⁹ ECESR. "ECESR Raided Again. Security Forces Raid ECESR Alexandria Office and Arrests 15 people". 23 May 2014. <http://ecesr.org/en/?p=421886>



	<p>Resources Development and to set up a National TVET Authority.</p>	<p>problems facing Egypt's education system.</p> <p>This proliferation of unemployment is in large part a result of a wide skill mismatch between what is demanded by the labour market and what is provided by the education and training systems, and thus the need for such a council has been heavily pronounced recently. In 2012, official sources stated that the final layout of the council was to be announced within days.</p> <p>However, it was only in April of this year (2014), that the government announced the approval of the project, and in May, the Minister of Education received an agreement from the President and the Council of Ministers to form a Supreme Council of Human Resources Development.²⁰ This entity is supposed to be headed by the Head of the Council of Ministers as a continuation of the resource development system. It would specialize in placing the national strategy for developing human resources as to what accommodates the needs of the state to ensure complete development. It will essentially organize the relationship between training and learning, in order to increase productivity and employment opportunities.</p> <p>A movement with the name of "Citizens against unemployment" have called for activating the role of the Supreme Council for all sectors this April.</p>
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²⁰Allam, Sara, Al Youm7, " The Council of Ministers agrees on forming Supreme Council for human resource development", 9/4/2014



	<ul style="list-style-type: none"> As part of the national programme for economic development and social justice during the transitional period, the government proposed to put in place accelerated measures on education to help disadvantaged families face the exceptional economic situation. 	<p>No concrete measures have been taken in this regard.</p>
	<ul style="list-style-type: none"> Modernisation and standardisation of public primary health care remained a top priority for the government, with a change of Health Minister in July and continued reform of public primary healthcare, which continued to benefit from the EU-funded EUR 110 million health sector policy support programme II, which started in 2010 but which did not make any payment in 2013. 	<p>Public expenditure on health services remains very low, standing at less than 5% in 2013, which remains very short of the commitments that Egypt made under the Abuja Declaration to raise this number to 15% of the public budget expenditures.²¹</p> <p>The new constitution of 2014 stipulates in article 18 that the budget allocations to health services shall make up at least 3% of the GDP, and increase progressively to meet international standards and commitments. The summary of the budget proposal for 2014/2015 public budget, as documented by the Ministry of Finance, shows that these constitutional commitments will not be met in the coming three years²².</p>
<p>5. Growing informal economy and indecent work</p>	<ul style="list-style-type: none"> Unemployment remained a major problem and, according to official figures, increased from 12.3% in 2012 to an estimated 13.4% in 2013. The unemployment rate remained critical in the light of Egypt's demographic structure, with young people representing the vast majority of 	<p>Unemployment is particularly stark among the youth, as one in three young people are unemployment – almost three times the national unemployment rate.²³</p> <p>The level of unemployment is exacerbated as a result of the many factories and companies closing in the past few years. 4600 public</p>

²¹Ibid, p. 38

²² Ministry of Finance. 'Minister of Finance: Draft Proposal of New Budget Referred to president.' May 2014. <http://www.mof.gov.eg/Arabic/MOFNews/Media/Pages/releas-a-26-5-14.aspx>

²³Population Council.Survey of Young People in Egypt (SYPE) 2009.



	<p>the population.</p>	<p>and private factories have closed in the past 3 years, leading to the lay-off of thousands.²⁴</p> <p>The state lacks the capacity to create jobs to match the needs of the market. The worsening economic crisis has resulted in a significant decrease in job generation. Job vacancies advertised in newspapers, decreased by 61.4% between December 2012 and December 2013.²⁵</p>
	<ul style="list-style-type: none"> • Procurement legislation remained unchanged, although Egypt was preparing a revision of the law to bring it more in line with international standards. 	<p>In September 2013, <i>Law 89 of 1998</i>, regulating the state's procurement and bids and tenders system, faced two amendments that dismantle the judicial capacity to enforce rule of law and accountability. This law previously played the role of fighting against land grabbing, and illicit acquisition of state assets by power-connected businesses.</p> <p>The amendment exempted seven local agencies from the conditions of the law when buying and selling any assets governed under their power.²⁶ Further, it increased the ceiling permitted for the selling of public assets without bids or tenders for public agency directors and ministers. The new ceiling gave the right to sell by direct order at a ceiling of LE 10 million (\$1.5 million), growing significantly from the previous ceiling of LE 300,000 (\$44,000).</p>

²⁴ S. Sahoo. "Toyota Among Foreign Firms In Egypt Shut-Down" *The National*. August 18, 2013.

²⁵ CAPMAS. Economic and Social Indicators Bulletin. Central Agency for Public Mobilization and Statistics. January 2014. [Arabic Only]

<http://www.idsc.gov.eg/Upload/Documents/333/Arabic%20-%20Jan.%202014.pdf>

²⁶ Khalil, Heba and Zayed Hatem. "Egypt and International Arbitration," *ECESR* .<http://ecesar.org/en/?p=421419>



6. Respect for migrant workers' rights	<ul style="list-style-type: none"> Hundreds of African nationals (most of them Eritreans) were reportedly detained in police stations in Sinai in conditions that fall well below international minimum standards. Egypt continued to refuse the UNHCR and the International Organisation for Migration access to detention centres and police stations in Sinai. This makes it extremely hard for NGOs to operate effectively in the region. About 2 000 people were estimated to be held in detention centres in Sinai. 	<p>African migrants continued to report torture and rape at the hands of traffickers operating in Sinai, a problem the government failed to address or acknowledge. Egyptian prosecutors have investigated only one person on Sinai-related trafficking offenses but have made no effort to investigate collusion on the part of members of the security forces, including at the Suez Canal and along the route from the southern border²⁷.</p> <p>Egypt has repeatedly violated the principle of non-refoulement in general international human rights law, in spite of having ratified the 1951 Refugee Convention, the 1967 Protocol, as well as the 1969 OAU Convention. As the country has, however, not yet developed national asylum procedures and institutions, the functional responsibilities for all aspects of registration, documentation and refugee status determination (RSD) are carried out by UNHCR under the 1954 Memorandum of Understanding with the Government of Egypt²⁸.</p>
	<ul style="list-style-type: none"> Human trafficking and smuggling in Sinai remained a matter of serious concern. Migrants and refugees, primarily from Eritrea and Sudan, were being held for ransom. Some of them were subjected to torture by human traffickers and 	<p>Since June 2013, the Egyptian authorities have intensified security operations in Sinai in response to almost weekly assassinations and attacks on police and military officers by Sinai-based groups. Security officials should ensure that their law enforcement operations include identifying and prosecuting traffickers²⁹.</p>

²⁷ <http://www.hrw.org/world-report/2014/country-chapters/egypt?page=3>

²⁸ <http://www.unhcr.org/pages/49e486356.html>

²⁹ <http://www.hrw.org/news/2014/02/11/egyptsudan-traffickers-who-torture>



	other criminals.	
Other comments or analysis	<ul style="list-style-type: none"> Please add feedback on issues not indicated in the above mentioned bench marks 	
1.Environmental Justice	Previous ENP with Egypt indicated commitment to renewable and clean energy .	On April 24th 2014, the Cabinet made a decision to allow the importing of coal for the cement industry and electricity generating power plants in Egypt ³⁰ . This initial decision required an energy mix to solve the energy crisis, not only coal, and that the use of coal would be heavily regulated with EU standards of regulation. Since then, however, the Prime Minister Ibrahim Mehleb has given cement factories the go-ahead to import coal using current environmental standards whilst the Environment Agency and Minister of Environmental Affairs draws up the regulatory standards ³¹ . There is public dissent to this controversial decision that has been made without public consultation and without an elected Parliament to discuss the sustainability of such a highly controversial switch to the energy policy in Egypt, and to the feasibility of neutralizing the coal's detrimental health effects, which the official doctors' syndicate of Egypt has contested. ³²

³⁰ "Egypt's Cabinet Approves Use of Coal for Power Generation" Reuters. <http://www.reuters.com/article/2014/04/02/us-egypt-energy-coal-idUSBREA3117Y20140402>

³¹ "Laila Eskandar: The Impossibility of Bearing the Cost of Coal" Al-Bawaba News <http://www.albawabhnews.com/459083>

³² Egyptian Doctors Syndicate Press Conference Against the Introduction of Coal <<http://www.ems.org.eg/l3.php?id=1857>>



		<p>ECESR and multiple stakeholders have raised a law suit to revoke the Cabinet's decision; the suite is still being studied by the Administrative Court³³.</p> <p>It is noteworthy that the cement industry in Egypt, predominantly foreign investment, still enjoys subsidised fuel and electricity while the subsidy system has repetitively been on track of dismantling, to resolve the economic crisis. If coal is to be introduced, cement industry under the current system would benefit from large amounts of subsidized fossil fuel to transport the coal imports from sea-ports to factories via ground transportation.³⁴</p>
<p>EBRD & EIB</p>	<p>The Deauville partnership has been signed in May 2011, between the 5 Arab Countries in Transition (ACT), the G8 and 10 IFIs including the EBRD, EIB, IMF, WB and others, with the purpose of supporting ACT's transitions' and further commitment to market economy and democracy.</p> <p>Although EIB has been operation in Egypt, as well as other ACT countries for decades, the EBRD has amended its Articles of Establishment (AOE) in 2011 to be able to operate in ACT, known in the Bank's glossary as South Easter Mediterranean region (SEMED). As the</p>	<p>There exists rising concerns to the EBRD's involvement in financing Coal Projects in Egypt, and the switch from gas to coal in particular. In December 2013, EBRD SEMED Director, <i>Hildegard Gasik</i> has met with Minister of Industry and International Trade <i>Mounir Fakhri Abdel-Nour</i> to discuss the Bank's potential financing of the Gas-Coal Switch in Egypt, particularly to financing the cement factories use of coal as a source of fuel³⁵, which is arguably illegal according to environmental law number 4 of 1994, and contested before the Administrative Court of Egypt, and widely contested by several CSO and popular movements³⁶.</p> <p>EBRD finances enterprises registered in tax havens, and evading</p>

³³ ECESR Files a lawsuit against Cabinet Decision to Import Coal for Cement Industry <http://ecesar.org/en/?p=421663>

³⁴ "Egyptians Against Coal Write to Al-Sherouk Portal: These are our Reasons to Reject the Cabinet's Decision to Use Coal". *Al-Sherouk*. <http://www.shorouknews.com/news/view.aspx?cdate=11032014&id=2ab3b136-7075-411f-bda3-5b0276b618b9>

³⁵ "Ministry of Industry and Foreign Trade." Ministry of Industry and Foreign Trade. http://www.mfti.gov.eg/reports/press_release.asp?Id=2357 (accessed January 14, 2014).

³⁶ CSOs Correspondences with EBRD on the Potential Financing of Coal in Egypt <http://ecesar.org/en/?p=421803>



	<p>EBRD called itself “the Bank of Transition”, the Bank has bound itself to the necessity of having an “additionally element” to its investment in the SEMED in time of transition. Serious concerns arise to the Bank’s commitment to those conditions.</p> <p>Similarly, EIB, as it calls itself “the bank of the EU” has been undertaking investments in Egypt that have concerns to whether they align with the EU’s commitment to clean and renewable energy in Egypt, as per ENP, as well as to EU’s and G20 ‘s commitment to combating Tax Havens.</p>	<p>taxes in Egypt. The EBRD invests USD \$40 million in Kuwait Energy Company (KEC) There exists rising concerns to the EBRD’s involvement in financing Coal Projects in Egypt, and the switch from gas to coal in particular. Project; a gas fearing fossil fuel project in Egypt³⁷. While the “additionally element” or the added value the EBRD and the EIB involvement in the project is to reduce flaring, there exists no benchmarks or deliverable as to how the banks financing will contribute to this, while the EBRD project papers indicate that there are no deliverables, and that gas flaring reduction process is negotiable with the Egyptian government³⁸.</p> <p>Both Banks continue to invest with foreign corporations in Egypt, registered in tax havens.³⁹</p>
<p>2. Investment Framework Establishing Impunity from Corruption</p>		<p>In April 2014, Law 32 of 2014 was passed, limiting the "right of appeal" against any state-investor contract in administrative, criminal, or economic courts to only the contracting parties: the state and the investor, and thus denying “third party challenges to contracts”.⁴⁰ This entails that citizens no longer hold the right of oversight over</p>

³⁷ KEC project <http://www.ebrd.com/pages/project/psd/2013/44927.shtml>

³⁸ CSO joint correspondence on KEC http://platformlondon.org/wp-content/uploads/2013/05/joint_cso_letter_-_kec_project_24052013.pdf

³⁹ See KEC project of EBRD & EIB ERC of EIB, Joint CSOs Correspondence http://platformlondon.org/wp-content/uploads/2013/05/joint_cso_letter_-_kec_project_24052013.pdf

ERC projected financed by EIB, a joint-venture company with Gamal Mubarak’s EFG-Hermes Fund incorporated in BVI <http://www.eib.org/projects/pipeline/2007/20070433.htm>, see also <http://ecesar.org/en/?p=315251>, additionally, the project had various economic, social and environmental rights violation, investigated in the Field-visit Report <http://ecesar.org/en/wp-content/uploads/2013/05/ECESR-MOSTORODERCRefineryFieldVisitFactsFindings-.pdf> Nestle’s project financed by EBRD, GMOs, WaterGrab, and Icecream for the Mases. <http://bankwatch.org/news-media/blog/gmos-water-grab-and-ice-cream-masses-ebrd-gets-involved-nestle-egypt>

⁴⁰ “New Investment Law Unconstitutional and Protects Corruption”. ECESR. <http://ecesar.org/en/?p=421838>



		<p>public assets.</p> <p>This law would be particularly harmful to workers as it threatens the revoking of all litigation against land-grabbing and illicit acquisition of state factories.⁴¹</p> <p>In April 2014, ECESR gained a permit to challenge the constitutional nature of this law in the constitutional court.</p>
<p>3.The Right to Social Security and an Adequate Standard of Living</p>		<p>Egypt has begun dismantling its subsidy system, especially on petroleum, food, housing, and agriculture. Between 2011/12 and 2012/13, the agricultural subsidy decreased by 75%.⁴² While subsidy reform is at times necessary for economic growth and to ensure efficiency in reaching those in need, a safety net must be in place before subsidies are removed. The World Food Program estimates that a further 9% of the population would have fallen below the poverty line in 2010/11 had these subsidies not been in place.⁴³</p> <p>Currently, the most vulnerable households benefit from less than 20% of total food subsidies, while 73% of those with access to ration cards are not classified as vulnerable.⁴⁴ Similarly, 41.3% of vulnerable households did not have access to subsidized bread between June and September 2013, a figure that increased from 13.3% between April and June 2013.⁴⁵</p> <p>Upon coming to office, President Abdel El-Fatah El Sisi insisted that</p>

⁴¹ “Workers in Public Companies: We Reject the Law Protecting Corrupt Contracts” ECESR .<http://ecesr.org/en/?p=421840>

⁴²Ministry of Finance. “Final Accounts Of State Budgets 2011-2012, 2012-2013 and Enacted Budget Document 2013-2014”.

⁴³World Bank.Inclusion and resilience: the way forward for social safety nets in MENA. 2012.

⁴⁴IFPRI, WFP and CAPMAS. “Tackling Egypt’s Rising Food Insecurity in a Time of Transition”. Policy Note.May 2013). Pg.2.

⁴⁵IDSC and WFP. “Egyptian Food Observatory: Issue 13, July—September 2013”.



		<p>the budget deficit – around 12% of the GDP – be reduced to only 10%.⁴⁶ This move, while may be considered favorable for future public budgets, implied major austerity measures, with a need to cut around 40 billion EGP from the public budget. The area that saw the most cuts in the Egyptian Public Budget was that of subsidies. Petroleum subsidies were reduced from 130 billion EGP to 100 billion EGP and food subsidies were cut from 34.6 billion EGP to 31.6. This led to a 78% rise in gasoline prices, a 64% increase in diesel prices, a 40-130% increase in fuel oil prices, and a 12-75% increase in natural gas prices for industrial users.⁴⁷ In regards to food subsidies, a new system was initiated to overcome some of the challenges with the ration-card system mentioned above – yet a new set of problems are likely to arise with a smaller budget than previous years.</p> <p>Mitigation measures for the subsidy reforms were not introduced before the announcement of the plan. While new social protection schemes have been introduced since the announcement of the subsidy reform plans, the efficacy of these plans are not yet clear, and will be applied after price hikes have exposed many to economic shocks.</p>
<p>The Right to Adequate Housing</p>		<p>In 2014, three new national plans have been adopted by the current cabinet: 1) The Social Housing Program, 2) The Central Bank Initiative, and the 3) Million Units Projects. The three projects are initiating in a time when the housing crisis in Egypt is reaching an all-time high. Yet, these plans seem to simply mimic a number of other failed plans in the past two decades. For one, the National Housing Project (2005-2011) aimed to provide 500,000 subsidized housing</p>

⁴⁶ Reem Abdel Halim, "Fiscal Statement of the State's Public Budget for the Fiscal Year 2014/2015 Austerity Measures and a Rush to Counteract a Crisis at the Expense of Social Justice," Egyptian Initiative for Personal Rights, http://eipr.org/sites/default/files/pressreleases/pdf/fiscal_statement.pdf

⁴⁷ Ahram online, "Egypt's Government raises fuel prices," 5 July 2014. <http://english.ahram.org.eg/NewsContent/3/12/105481/Business/Economy/Egypt's-government-raises-fuel-prices.aspx>



		<p>units. This plan was only able to provide 360,000 units and they were not provided for the poorest 20%. Moreover, the NHP targeted only those working in the formal sector, meaning that more than 40% of the population could not benefit from it.⁴⁸ Over 41,000 families in the past 15 years have been subject to resettlement as part of one national plan or another. Consultation rarely occurs, and unfair compensation is common. 2/3 of these families have been resettled on the outskirts of the city, far from their original home and work.⁴⁹</p> <p>There are few means to combat inequality in national housing plans – usually the role of municipalities. In Egypt, local administration relies on the central government for 80% of their budget, rendering them unable to remain independent. Moreover, local administration is also very weak because they have access to limited funding. Allocations to local administration amount to 12%, significantly less than the global average of 20 to 30%.⁵⁰</p>
<p>Tax Justice</p>		<p>Egypt continues to burden middle- and lower-income citizens with the tax burden, ignoring more equitable solutions, like battling the widespread tax-evasion and introducing the capital gains tax. Instead, the Egyptian government prepared a draft law for the introduction of a full-fledged VAT in 2013.</p> <p>The draft law remains secretive, although official statements ensure that the Value-added Tax will be implemented soon. Such decisions are being taken at a time when Egypt's poverty rates are steadily increasing, the country is removing subsidies, and rising inflation is hitting consumer goods prices. Egypt's poverty rate increased from</p>

⁴⁸ Y. Shawkat. "Mubarak's Promise of Social Justice and the National Housing Program; Affordable Homes Or Political Gain?" ShadowMinistryOfHousing.Org. [Arabic Only]

⁴⁹ Ibid. Pgs. 80 -86.

⁵⁰ Tadamon. "The Right To Democratic Local Government In The Egyptian Constitution". *Tadamun*. December 2013.



		<p>19.6% in 2004/2005 to 21.6% in 2008/2009, rising to 25.2% in 2010/11 and to 26.3% in 2012/13.⁵¹ Almost half of the population of Upper Egypt's rural areas (49.4%) lived in poverty in 2012/ 2013.⁵²</p> <p>The move to implement a VAT risks disproportionately burdening low-income people, while the scope for increasing revenue through shifting the tax burden to richer income quintiles remains unexplored.⁵³</p>
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⁵¹ CAPMAS. Main Indicators for Household Income, Expenditure and Consumption Survey Year 2012-2013. Central Agency for Public Mobilization and Statistics. November 2013. P.74

⁵² CAPMAS. Main Indicators for Household Income, Expenditure and Consumption Survey Year 2012-2013. Central Agency for Public Mobilization and Statistics. November 2013. P.73

⁵³ ECESR, "The tax system and its latest amendments: same old policies and neglect of alternatives at hand". 2013.

http://www.academia.edu/5358983/Egyptian_Tax_System_and_Absence_of_Social_Justice



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