

# The Social Protection System

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**Egypt**

## General Introduction:

During the past three decades, the Egyptian regime has adopted neo-liberal policies, and it responded to the pressures of the World Bank and the International Monetary Fund (IMF). In the first half of the nineties of the twentieth century, the privatization policies were accelerated and a considerable number of companies and factories, owned by the public sector, was sold; and tens of thousands of people got out with the early pension system. New workers were obliged to sign temporary contracts and they were deprived from many fundamental rights, such as fair wage and social protection.

The situation of farmers also deteriorated as a result of biased agricultural policies for big farmers. In fact, leases were liberalized, agricultural reform lands were expropriated by the old time feudal lords<sup>1</sup>, the role of cooperatives decreased in terms of the provision of production requirements, marketing agricultural crops and credit bank loans. Farmers were unable to pay their debts, which reached 4 billion Egyptian pounds and therefore, their lands were seized and some of them were arrested<sup>2</sup>.

In light of these radical changes in public policies, social services receded, which influenced the general equilibrium of the Egyptian society.

## The State Renounces its Responsibilities:

The role of the State in numerous public services, such as health and education, receded and the delivery of such high quality services became dependent on the purchasing power of citizens. The retreat of the State came as the result of the response to the instructions of the World Bank and the IMF, implemented by the State during the past thirty years.

The situation exacerbated during the past four

1- In virtue of law 50 of 1969 and law 61 on receivership.

2- Dr. Salwa El Antari, General Director of economic research and strategic planning in the formerly National Bank of Egypt, the performance of the Egyptian economic after the January 2011 Revolution, urgent missions and alternative strategies, Constitution leaflets (2), the New Woman Foundation.

years because of political instability, insecurity and the mismanagement by those in charge of the transitional period following the January 25 Revolution. As a result, tourism dropped, unemployment rates rose, foreign capitals continued to flee the country, and the successive governments did not suggest any alternative policies, rather, there was an insistence on continuing with the same policies adopted during the Moubarak regime<sup>3</sup>.

Starting the nineties, the role of the State declined in terms of recruiting civil servants (in the public sector and government agencies). The State did not present any clear program or policies for employment and the creation of job opportunities. In the second quarter of 2014, unemployment rate of men reached 9.9% and women 24.8%<sup>4</sup>. Moreover, workers' needs persisted (for men and women) in diverse provinces and work sectors (government – public and private sectors), for various reasons, among which the call for wage reform, fighting financial and administrative corruption and layoffs<sup>5</sup>.

## Women paid the price

In addition, women at work face other forms of violations. In fact, public and private work places violate the law and do not ensure nurseries. Women, in most public institutions, do not get maternity and child care leaves; therefore, working mothers are compelled to look for nurseries, which imposes new financial burdens, as well as psychological and physical burdens<sup>6</sup>. The State does not ensure any support or does not provide any alternative institutions for infants' care. The

3- Dr. Salwa El Antari, reference mentioned above.

4- The official website of the Central Authority for Public Mobilization and Statistics <http://www.capmas.gov.eg/> Pepo

5- The Egyptian Center for Economic and Social Rights <http://ecesr.org/>

6- For more details:

Dr. Houwayda Adli, professor in political sciences in the National Center for Social and Criminological Research, women in the labor market (2), employment in the investment sector, the Institution of the New Woman. Website of the New Woman Foundation [www.nwrcegypt.org](http://www.nwrcegypt.org)

Matta Izzat, Director of the Women's Program and working in the New Woman Foundation, women and syndical work, World Solidarity Center.

percentage of support to child milk and medicines reached 0.1% from the commodity support ratio, which amounted for 300 million Egyptian pounds in the general budget of the year 2014/2015<sup>7</sup>.

Amid the faltering economy and labor market, numerous women and men resort to the informal sector, in hazardous conditions, lacking any rights, decent work conditions or social protection. It has been very difficult to estimate the size of employment in the informal sector (for men and women), and estimates show that the percentage of men is 47.3% and women is 46.7%. Women suffer from double the violations because of the cultural and social reality. In fact, there is an overlap between informal work and domestic work, and the percentage of women contributing to productive works and activities and domestic works reached 60%<sup>8</sup>.

All this led to the increase of the burdens on Egyptian families. Indeed, income became insufficient to procure essential needs, the living conditions of numerous families deteriorated, poverty rates rose from 19.6% in 2004/2005 to 26.3% in 2012/2013<sup>9</sup>; around half the rural population (49.4%) in Upper Egypt lived in poverty in 2012/2013<sup>10</sup>, and 51.3% of Egypt's youth lived in poverty in 2012<sup>11</sup>.

When the government of Ibrahim Mahlab adopted a number of measures and promulgated laws to bridge the general budget deficit in 2014/2015, burdens on consumers from the middle and poor classes, in general, increased, without the provision of any social protection. The State opted for quick measures in order to

7- Official website of the Ministry of Finance <http://www.mof.gov.eg>

8- Women and men in Egypt, the Central Authority for Public Mobilization and Statistics, 2011.

9- The Central Authority for Public Mobilization and Statistics, main indicators to survey the income, spending and consumption of households 2012-2013, November 2013, page 74.

10- The Central Authority for Public Mobilization and Statistics, main indicators to survey the income, spending and consumption of households 2012-2013, November 2013, page 73.

11- The Central Authority for Public Mobilization and Statistics, press release on the occasion of the World Youth Day, August 12, 2013.

cover the budget deficit, but deepened the austerity tendency on the account of social justice instead of choosing reforms and reviewing economic and social policies that have been adopted for decades and led to failure, financial and administrative corruption, and a structural defect in economic and financial institutions.

In light of all this, we can say that the social policy in Egypt suffers from numerous defects and need to address the following:

### **Disruption in the Tax System:**

The tax system in Egypt lacks justice and transparency. In fact, government finances rely on taxes collected from salaried workers from the poor and middle classes, public entities and companies, especially the oil directorate and the Suez Canal Directorate. In addition, the actual tax revenue is much less than the possible revenue that can be collected. This requires fighting tax evasion and toughening its punishment, imposing a more efficient and just system characterized by the multiplicity of tax sections and the increase in tax rates with the increase of taxpayers' income, imposing taxes on capital benefits and on exhaustible resources, led by oil and gas. Therefore, the tax system structure should be reformed. However, the government only undertook swift responses and limited them to the partial measures of promulgating some laws imposing new taxes, among a number of other measures undertaken in order to bridge the budget deficit, amid the absence of the parliament and without engaging in any social dialogue<sup>12</sup>.

- The decision of the President of the Republic was issued concerning law number 58 in 2014, and included amending the general sales tax sections on selling the following commodities:

- Alcoholic beer
- Cigarettes

12- For more details:

Ahmed El Sayed Najjar, the general budget of the State 2013/2014, a bad reproduction of the policies of the Mubarak regime, report on strategic economic trends, 2013, the Pyramids Center for Political and Strategic Studies, Cairo.

The fiscal policy in Egypt and opportunities to achieve justice, the Egyptian Center for Economic and Social Rights, March 2014, unpublished study.

○ Alcoholic beverages

It is noteworthy that these commodities became subject to the general sales tax in virtue of law 11 in 1991, adopted on May 2, 1991. It was noted that this tax is paid by consumers of different income classes<sup>13</sup>:

- The promulgation of law 44 in 2014, which imposes an additional temporary annual tax, for three years, starting the current fiscal year. The tax rate is 5% from the income tax of the income of natural persons and benefits of legal persons exceeding one million Egyptian pounds, in accordance with the provisions of the relevant income tax. This tax is applied and collected according to these provisions. The taxpayer subject to the tax mentioned in the previous paragraph of this article, may request that the outcome of this tax to be used in funding one or more services projects, among the projects adopted with a decision by the Minister of Finance, in coordination with the ministers in charge of education, health, housing, infrastructure or other sectors of services<sup>14</sup>.

This law gave the taxpayer great freedom in the use of the outcome of this tax and in the choice of the means to spend it without any social supervision. Here, the State renounced its authority in managing and monitoring this money. It deals with taxpayers as if they are doing a charity or volunteer work<sup>15</sup>.

- The capital gains tax guaranteed by law 53 of 2014; this 10% tax on capital gains is imposed on the benefits of financial institutions, including institutions following the free zones system, whether benefits were regular or non regular, and whether they are distributed in cash or in kind as shares, bonds, or establishing quotas, or any

other ways, even if it was indirect<sup>16</sup>.

### Unbalanced Support:

The estimates of “support, grants and social benefits” in the general budget during the fiscal year 2014/2015 reached around 233853 million Egyptian pounds, representing 9.7% of the GDP. However, this percentage does not entirely go for the poor and those with limited income. Indeed, the rate of commodity support taken from it is 163453 million Egyptian pounds, 42.9% of which go to supporting oil production, and the largest share of this support goes to the factory owners<sup>17</sup>.

Concerning the social services support and grant, 55685 million Egyptian pounds are distributed on thirteen items and these are: support to the transfer of passengers, support to students’ subscriptions, support to non-economic lines, the effect of implementing the estate tax, support to health insurance for working women, support to health insurance for children below schooling age, support to health insurance for students, support to comprehensive health insurance, social security salary, child salary, contribution in the salaries’ fund, other social benefits, grants. In addition, support and grants to development sectors get 1572 million Egyptian pounds, the support and grants to economic activities get 8881 Egyptian pounds and the credits, support reserves and different aids get 4262 million Egyptian pounds.

These items show that they cover basic needs of citizens, especially those with limited income, and the government should have increased the allocations of support and grants to social services<sup>18</sup>.

We will explain this in details, in the coming lines, where it will turn out that the social security salaries are neither enough to ensure a decent life, nor can be relied on to cater to the household needs, in light of the deterioration of health services, including the hospitals of health insurance. The distribution of these items reveals that the State does not have social protection

13- Official website of the Ministry of Finance <http://www.mof.gov.eg>

14- Official Gazette, number 22 bis (g), June 4, 2014.

15- Rim Abdel Halim, Austerity measures to counter a crisis on the account of social justice, the Egyptian Initiative for Personal Rights.

16- Official website of the Ministry of Finance <http://www.mof.gov.eg/Arabic/>

17- Same source.

18- Same source.

policies, which would lead to social justice and protect the poor. Rather, this system does not enable the poor to face the risks resulting from the economic and social policies implemented by the State.

The State is proceeding with the method of solving its crises and bridging the budget deficit on the account of the poor. On the other hand, it adopted a new system to distribute bread with the ration card where it gives 150 loaves of bread to the supported citizen per month. Supported citizens shall pay five pennies for the loaf. The Ministry of Supply will buy the loaves of bread from bakeries working on diesel for 33.7 pennies and from bakeries working on natural gas for 33.3 pennies... The bakery owner receives directly to value of his sales in his bank account as soon as he sells. The Minister of Supply indicated that "this system will ensure net profits to bakery owners estimated to 260 Egyptian pounds for each ton of flour producing bread. These prices will be revised every three months."

Following the official declarations of the Ministry of Supply, 67 million citizens out of 86 million living in Egypt will benefit from this new system through the ration card. Bread subsidies are estimated at 18.5 million Egyptian pounds, according to the financial statement of the State general budget of 2014/2015, compared to 21.3 million Egyptian pounds in 2013/2014, which means that the government decreased the support to bread by around 13%.

This new system hasn't been implemented in all provinces and some problems have emerged, such as the lack of commitment of points of sale and bakeries in distributing shares allocated to citizens, and bread accumulation cases appeared in some bakeries. Moreover, the problem of the incomers who did not benefit from the subsidized bread, and most of these have left their provinces and came to Cairo or other governorates, such as the Canal city, looking for livelihoods. In addition, a large part of citizens with limited income and those with irregular income does not have the right to get the ration card despite that the decision pertaining to sections of people eligible to get a ration card includes the following<sup>19</sup>:

19- According to the official website of the Ministry of

- Seasonal and temporary employment, people working in agriculture, street vendors, migrant workers, drivers, independent artisans and craftsmen, low-income workers, the unemployed and their dependents, the educated who are still unemployed, whose monthly income does not exceed 800 Egyptian pounds.
- Government, public and private sector employees whose monthly salary does not exceed 1200 Egyptian pounds.
- Government, public sector and insured private sector employees whose monthly income does not exceed 1500 Egyptian pounds.

However, setting a maximum for these sections has marginalized beneficiaries with limited income who assume the burden of buying supply material and commodities in the market price. The maximum income should have been raised to include a larger part of people with limited income.

**People with Special Needs in the Eye of the Storm<sup>20</sup>:**

- People with special needs suffer from double the problems; their

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Supply, which issues the ration cards enabling their holders to get reserve goods in a supported price:  
 Pensioners in social security, and the Sadat and Mubarak Salaries  
 Widowed and divorced women, in addition to breadwinning women  
 People with chronic disease and with special needs  
 Minors who do not have any breadwinner or steady income after the death of their parents  
 Seasonal temporary employment, workers in agriculture, street vendors, migrant workers, drivers, artisans and craftsmen working for the own account, those with low income, the unemployed and the people they are in charge of, the educated who are still unemployed, whose maximum monthly income is 800 pounds.  
 Employees working in the government, the public sector or the private sector with a maximum monthly income of 1200 pounds.  
 Government, public sector and insured private sector employees with a maximum monthly income of 1500 Egyptian pounds.

20- Official date by the National Council for Disability.

struggle and their life burdens are exacerbated because the State does not provide them with enough care, either by not executing laws, or because of the absence of defined strategies that guarantee the social inclusion of these people and which cater to their basic needs. This becomes clear with the State's disinterest in preparing a database and an inventory. The National Council on Disability will kick off a project in cooperation with the Central Agency for Public Mobilization and Statistics, aiming at preparing a full inventory for people with special needs on the level of the Arab Egyptian Republic. Negotiations with the Ministry of Planning are ongoing in order to ensure a budget for this project.

- People with special needs suffer from the complex conditions and procedures, upon which the beneficiaries eligible to receive the pension allocated to them are defined.
- The National Council on Disability is calling to reallocate 5% of the appointments given to people with special needs in all State institutions, and to tighten the sentences of business owners who refuse to hire this segment of the population.
- The Ministry of Information and Communications Technology had set a plan to spread ICT clubs in all villages of Egypt, i.e. around 3500 villages. This way, each village will have two clubs. It is noteworthy that, currently, there are 1500 clubs, 32 of which are for children with special needs where they can connect to the internet and to the outside world.
- The Ministry of Health provides health services related to disabilities as a part of the general health service delivery without dealing with the specificities of people with special needs.
- Civil society, through local or international organizations, is undertaking programs and projects. Some of these projects are implemented with the ministries, such as the Ministry of Education and the Ministry of Health.

In addition, national councils, such as the National Council on Disability and the National Council on Childhood and Motherhood, also play a role in these projects, and most of them focus on the following:

- Generating job opportunities through training people with disabilities and providing them with the necessary funding to establish small craft and handicraft enterprises.
- Establishing a center for psychology and rehabilitative treatment services, such as speech rehabilitation (to remedy language and speech defects), natural treatment and funding for prosthetic devices.
- Undertaking studies and field reports in some provinces to identify the scope and reasons behind disabilities and their types, and how families deal with the member with a disability.
- Expanding the establishment of special schools, classrooms for the disabled, providing schools with state-of-the-art equipment and preparing and training teachers and trainers.
- Setting social and cultural programs which increase the inclusion of the disabled in the society.

### **Social Security and Unequal Distribution:**

To avoid any confusion between the specificities of social insurance and social security, we, hereby, confirm that social insurance is one of social security means in terms of ensuring social protection and security. Social insurance is limited to systems covering certain social risks in return for subscriptions done by the insured and business owners. These subscriptions are redistributed to those to whom ensured risks occur. When the State, in certain systems, shoulders the burden of benefits without any subscriptions in return, the system stops being qualified as insurance and becomes a social security system. Egypt has implemented insurance legislation since more than 150 years. In 1854, it adopted the civil pension system for government employees, and social security systems developed in accordance with the economic and social situ-

ations. Nowadays, government entities and legislation pertaining to social security dealing with pension, subsidies, compensations and social assistance are as follows:

### **The Unified Social Insurance Law for Government, Public and Private Sectors Employees**

On 1/9/1975, law 79 of 1975 was promulgated and it unified the insurance and pension laws for government employees with the social insurance law for private and public sectors employees.

Law 135 of 2010 was promulgated and it transformed social insurance to a saving system, putting social solidarity at the core of the system. This law was supposed to enter into force on January 1<sup>st</sup> 2012. Then, Marshal Tantawi issued a decision postponing the implementation of this law to January 1<sup>st</sup>, 2013. Later, the former Minister of Social Solidarity, Ahmad El Borai abolished this law and law 79 of 1975 reentered into force<sup>21</sup>.

It is noteworthy that law 135 of 2010 was subject to harsh criticism by independent trade unions and pensioners trade unions and associations. In fact, this law bore numerous defects clearly revealing the will of the government to transform the insurance system in Egypt to a commercial system, while risking the insurance money in commercial investments far away from the supervision of money owners and beneficiaries.

### **Insurance for Business Owners and their Equivalents<sup>22</sup>**

The insurance cover extended to cover business owners in virtue of law 61 of 1973 and starting 1/11/1973. It was replaced by law 108 of 1976, starting 1/10/1976 AD.

### **Social Insurance for Egyptian Workers Abroad<sup>23</sup>**

The insurance cover extended to cover Egyptian workers abroad and non-insured inside Egypt, in

21- <http://almesryoon.com>

22- Official website of the National Committee of Social Security <http://nosi.gov.eg/Arabic/>

23- Official website of the National Committee of Social Security <http://nosi.gov.eg/Arabic/>

virtue of law 74 of 1973, starting 1/11/1973. It was replaced by law 50 of 1978, starting 1/8/1978.

### **Comprehensive Social Insurance<sup>24</sup>**

On 1/1/1976 law 112 of 1975 entered into force on the comprehensive social insurance. It was replaced by law 112 of 1980, starting 1/7/1980. This law granted a salary of ten Egyptian pounds, and it was called the "Sadat Salary" for people who reached the age of 65, those whose total disability has been proved or deceased, and were not eligible to get a pension since they are among the ensured sections in virtue of social insurance law, or the ongoing insurances and pensions at the promulgation of this law.

A number of additions to this salary were made; on 1/7/2011, it reached 144 Egyptian pounds, and this was followed by other additions, the latest being addition of 15% with a minimum of 50 Egyptian pounds for dues before 1/7/2012.

### **Social Security Pensions<sup>25</sup>**

- The Ministry of Insurance and Social Affairs offers a pension system known as social security. This was launched with law 116 of 1950, which is the first law making social care a right to those who need it. This law was amended by law 133 of 1964, and the social security system does not require paying any previous subscriptions as a condition to get this type of pensions.
- The social security system was amended by law 3 of 1977, and it was known, hereafter, as the "Sadat Salary".
- This law was amended in 2000 by law 87 and it became known as the "Moubrak Salary".
- The beneficiaries of this system are: orphans, female widows, divorced women, children of divorced women

24- Official website of the National Committee of Social Security <http://nosi.gov.eg/Arabic/>

25- For more information:  
Al Ahram portal <http://www.ahram.org.eg/News/Veto>  
Veto portal <http://www.vetogate.com/91943>  
Child law <http://www.protectionproject.org>

in case the woman dies, gets married or imprisoned, 50 year old women who have never been married, families of the imprisoned, the cases of full disability and old age.

- The value of the household monthly salary ranges between 200 and 300 Egyptian pounds.
- There are monthly aids in accordance with the ministerial decision 155 of 1992, as well as its amendments. The beneficiaries are: pregnant women starting their third pregnancy month until birth, infants until two years old, the family of an imprisoned, a wife formally abandoned by her husband.
- Some assistance is paid only once, and in accordance with the ministerial decision 26 of 2002, the benefiting individuals or households are those working in productive enterprises, urgent personal cases, education expenses, birth expenses, public and individual calamities.
- The lump sum aids for former government and public sector employees and their families, in accordance with the ministerial decision 165 of 1996. These are paid in the cases of illness, for education and in the case of the marriage of one of the girls.
- The Law of the Egyptian Child number 12 of 1996, amended by law 126 of 2008 in article 49, stipulates the following: "Children who have the right to receive a monthly salary from the Ministry in charge of social security of not less than sixty Egyptian pounds, according to the conditions and rules indicated in the Social Security Law for orphan children, children with unknown father or unknown parents, children of the breadwinner or divorced mother in case she gets married or dies, children of the detainee by law or the imprisoned, the jailed and imprisoned breadwinner or the imprisoned breadwinner, for at least one month.

### Pensions and aids conditions:

- The number of insured individuals with social security in the government and public sector/public business sector during the period between 2011 and 2012 was around 16 million persons, at a time when the number of employees in the same period was 24 million. This means that 8 million were not covered by any insurance protection<sup>26</sup>.
- The total value of subscriptions in the government, public/public business sectors and the private sector during the period of 2011-2012 was 38848 million Egyptian pounds. The share of the government sector was 23586 million Egyptian pounds and those of the public business, public and private sectors was 15262 million Egyptian pounds. These figures show that the percentage of employees in the government sector was 23%, but the percentage of its subscriptions was 61% of the total subscriptions. The percentage of employees in the public business, public and private sectors was around 77% and the percentage of their subscriptions was 39%. The reason behind that is the pressure exerted by business owners on workers to ensure themselves with the minimum wage, in addition to the evasion from insurance with its different forms, such as not ensuring a full or partial insurance coverage to workers and then terminating the insurance despite the continuation of the business relationship, or ensuring workers but deducting their share of the subscription and refraining from sending subscriptions to insurers, which leads to the decrease in the value of salaries and the waste of their insurance rights<sup>27</sup>.

26- Annual Statistical report, Central Authority for Public Mobilization and Statistics, Egypt, September 2013.

27- For more details:

Same source

Khaled Ali, the future of insurance funds, Al Shorouk, May 16, 2014, <http://www.shorouknews.com>

- The expansion of the early pension systems without examining their repercussions on insurance systems and related actuarial studies, as they transform thousands of workers paying insurance subscriptions to pensioners and eligible to get them. This creates a deficit in the reserves, since the actuarial study expected revenues during a specific period, in addition to obligations which are not due before a certain timeline, and then they were surprised with the opposite in both cases because of the policies adopted by the State in privatization without taking into consideration the rights and obligations of insurers<sup>28</sup>.
- The following table showcases the decrease in the value of pensions former government employees receive, which are not enough to ensure the basic needs of the pensioners, if we take into consideration that they include household breadwinners, people living with chronic diseases and aging diseases. In fact, the percentage of those receiving 1100 Egyptian pounds and less is 52.2%; the percentage of inheritors making 1100 Egyptian pounds and less reaches 88.6%., the percentage of inheritors receiving one or less than one pound per day is 53.1% and the percentage of the living making this amount is 7%.

**Table 1: pensioners among the former government employees (living/inheritors) distributed according to the monthly salary sections (2011/2012)<sup>29</sup>**

Monthly Salary Sections in Egyptian pounds	Living		Inheritors		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Total	982150	100	18101143	100	2792293	100
Less than 100	1788	0.2	165680	9.1	167396	6.0
100	4149	0.4	478600	26.4	482749	17.3
300	62302	6.3	319018	17.6	381302	13.7
500	110327	6.3	249482	13.8	359809	12.9
700	116871	11.9	183562	10.1	300433	10.8
900	13008	13.5	121251	6.7	254259	9.1
1100	133948	13.6	88404	4.9	222352	8.0
1300 and more	419757	42.7	204218	11.3	623975	22.3

**Table 2: Pensions paid by the Ministry of Social Affairs and the number of beneficiaries according to the pension type (amounts are in thousands of Egyptian pounds)<sup>30</sup>**

Pension Type	Orphans		Widows		Divorced Women		Children of Divorced Women		Total Deficit	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
	25847	36402	269429	425392	213626	334789	9111	12431	552070	942625

Aging		Girls who have never been married	
Number of cases	Amount	Number of cases	Amount
200346	206156	24258	27943

28- Khaled Ali, same source.

29- Annual Bulletin of the General Social Services in 2012, the Central Authority for Public Mobilization and Statistics.

30- Same source

Family of the Imprisoned		Total	
Number of cases	Amount	Number of cases	Amount
13927	25207	1308614	2110954

- The Ministry of Religious Properties (Waqf) also allocated monthly and temporary assistance. Table 3 shows the amounts of money distributed according to the type of aid in the provinces in 2011/2012<sup>31</sup>

Assistance	Monthly Allowances	Temporary Allowances					Total Cases		
		Lump Sum			Feasts and Seasons		235041		
Amount in thousands of Egyptian pounds	Number of cases	Total Amount	Average share of each case in Egyptian pounds	Number of cases	Total Amount	Average share of each case in Egyptian pounds	Number of cases	Total Amount	Average share of each case in Egyptian pounds
		2084	1306	627	104907	17913	171	128050	6298

### The Health Sector and Privatization:

The health system in Egypt lacks quality and social justice. In fact, access to good quality health services is bound by citizens' purchasing power. Health sector was the first service sector to stop receiving government subsidies. Since the eighties, the government stopped building public hospitals, and multiple sources started providing healthcare services. The rich relied on private and investment hospitals and the poor relied on dispensaries. Moreover, health funding is weak and doctors and nurses were battered by parents of the sick people or the sick people themselves, because of the lack of basic requirements in hospitals. Indeed, in Egypt, there are 1.5 beds for each ten thousand citizens, which is much lower than global averages. Doctors are not fairly distributed in the Republic. In general, the number of doctors in cities is higher than rural areas, and Cairo and Alexandria provinces have 50% of the total number of doctors. In addition, the number of professional mistakes inside hospital, even private hospitals, increased<sup>32</sup>.

This health situation in Egypt damages most citizens and increases household burdens, which have to shoulder the expenses of health services. However, the most affected are the poor, especially those living in rural areas. In fact, death rates in rural areas are 2% higher than in cities. In addition, health funding is weak and it does not exceed 5%; as for spending from savings, it reached 72% of total expenses, and 34% of these expenses are on medicines<sup>33</sup>.

International organizations (such as USAID, the World Bank and the European Commission) have been involved in the health sector in Egypt since the second half of the seventies, or for more than thirty consecutive years. The size of funding these international entities bring to health services reaches a maximum of 3% in most years. This funding is directed towards main health care programs, especially those for children, motherhood and childhood care<sup>34</sup>. However, the most dangerous forms of this interference are undertaking a number of studies and research about the

31- Same source

32- Seminar entitled "Health a Right of the Poor", Union of Journalists, organized by the Freedoms Committee in the Union of Journalists, the Committee to Defend the oppressed and the life and freedom party "under establishment", May 17, 2014.

33- <http://www.el-balad.com/958183>

34- Dr. Mahmoud Hassan Khalil, the economies of health in Egypt in the transition period, Report on Economic and Strategic Trends, Center for Political and Strategic Studies, 2013.

health policies in Egypt. These led to a joint plan between international entities and the Egyptian government to restructure the health sector in Egypt. This plan was subject to harsh criticism by non-government organizations and Egyptian health experts. In fact, it had paved the way to the retreat of the State and to the reduction of its role in supporting health services, which will be privatized. This way, health insurance shifts from being social to commercial. In fact, the most important characteristics of this plan is the promulgation of a new law for health insurance stipulating the multiplicity of treatment packages provided in health insurance in accordance with the subscription price. This leads to citizens' inequality and paves the way to privatize state-owned health facilities. Moreover, health insurance will not cover the treatment of diseases requiring a high financial cost that the poor cannot handle, such as the treatment of kidney failure, heart surgeries and treatment at state expense<sup>35</sup>.

Since the end of the seventies, successive governments have been trying to pass the health insurance law and transforming it from social to commercial. During the rule of the Muslim Brothers, there was a trend to issue a new draft law on health insurance, pushing privatization forward. This project failed with the collapse of the Brotherhood's regime. After June 30, attempts continued during the mandate of the Beblawi government to revive the project of privatizing health insurance<sup>36</sup>.

In September 2014, the Ministry of Health in the government of Mahlab submitted a new draft law on health insurance. The latter was subject to harsh criticism. On September 22, 2014, the "Eighth National Declaration to Defend the Rights of the Egyptian People to Health" issued by the "Coalition Committee to Defend Health", which includes eleven parties, twenty-four coalitions and popular movements, twelve NGOs, ten trade unions and workers unions associations,

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35- Dr. Mahmoud Hassan Khalil, the economies of health in Egypt in the transition period, Report on Economic and Strategic Trends, Center for Political and Strategic Studies, 2013.

36- Same source

included the following remarks on the draft law<sup>37</sup>: First: it stipulates that beneficiaries should pay, in addition to subscription, contributions which would reach 400 Egyptian pounds per month (10% for radiology with a maximum of 200 Egyptian pounds, 5% for analysis with a maximum of 100 Egyptian pounds, 20% for medicines with a maximum of 50 Egyptian pounds, with examinations fees varying from 3, 5 and 10 Egyptian pounds for the practitioner, the specialist and the consultant, respectively, no matter how numerous the visits were, for any disease). Small and limited-income employees are incapable of paying these fees; therefore, they will be deprived from the right to treatment.

Second: the draft law stipulates the separation of funding from the service and unifying the structures of government services in one structure; however, it does not stipulate that this unified structure will remain a non-profit service structure as it is now. It is known that the World Bank requests the transformation of the health service structure to a profitable economic structure. Rather, the law stipulates buying the service equally from the government structure, from the private and civil sectors without any discrimination. This retransforms government hospitals to profitable hospitals just like the private sector and restores the core of the project of the profitable holding company (instead of the service entity) owning affiliated companies, which are the hospitals! Citizens rejected this issue and the Egyptian judiciary had already rejected it.

It is suggested that university hospitals, providing one third of the skills services in the Republic, are to be reformed with the participation of the private sector. Certainly, it is explicitly suggested to change their legal nature to profitable companies selling their services to health insurance and treatments on the expense of the State become full of benefits. This will let them make benefits because of the illnesses of citizens who will shoulder the heavy burden of the costs.

The Eighth National Declaration to Defend the Rights of the Egyptian People to Health the draft law on organizing clinical medical tests, which is based on the encouragement of global phar-

37- Eight Conference for the Committee of the Defense of Health, Union of Journalists, September 22, 2014.

maceutical companies through allowing testing new medicines on Egyptians without enough constraints and therefore, exploiting the poverty of Egyptians by making them experiments on the account of their health, and maybe their lives. Among the wonders of the government, the Minister of Health allows withdrawing the current version of the law because of its shortcomings, at a time when the Minister of Scientific Research insisted on presenting it as it was not withdrawn and maybe amended<sup>38</sup>.

The general State budget is among the basic determinants of the economic and social trends of the government. These general budgets show that the government has adopted, a few years ago, clear policies to decrease the support to health service paving the way to privatize them. Indeed, it had decreased budgets allocated to health. The total spending on health care in 2010 constituted 4.8% of the GDP. In 2011, this percentage was 4.9% and in 2012, it reached 5% of the GDP<sup>39</sup>.

In the 2013/2014 budget, 32.7 billion Egyptian pounds were allocated to public spending on health. This equals less than 1.6% of the estimated GDP of that year<sup>40</sup>. In the 2014/2015 budget, the budget of public spending on health reached 42 billion Egyptian pounds, with an increase of 9 billion Egyptian pounds. However, in the same time, the government had decreased the amount of support to health insurance and the estimates reached 511 million Egyptian pounds in the draft budget of the fiscal year 2014/2015, at a time when this amount was 520 million Egyptian pounds in the budget of 2013/2014. The amount of 511 million Egyptian pounds is allocated in a number of programs and it is estimated that 104 million Egyptian pounds go to support the health insurance of 520 thousand breadwinning women. The public treasury of the State pays 200 Egyptian pounds yearly for each breadwinning woman.

38- Same source.

39- Official website of the World Bank <http://data.albankaldawli.org/indicator/SH.XPD.TOTL.ZS/countries>

40- Ahmed El Sayed Najjar, General State Budget 2013/2014, a bad reproduction of the policies of Mubark's regime, Report Economic Strategic Trends 2013, Center of Political and Strategic Studies, 2013

The estimated credits to support health insurance for children below the schooling age reach 167 million Egyptian pounds for around 14 million children, according to the date set by the General Authority for Health Insurance, in virtue of law 86 of 2012 on health insurance for children below the schooling age. This law stipulates that the public treasury of the State shall shoulder the annual subscriptions of 129 Egyptian pounds for each child.

The estimated credits to support health insurance for students are around 240 million Egyptian pounds to support health insurance for 20.5 million students<sup>41</sup>.

This shows that the State is determined to pave the way for the health insurance draft law and for the privatization of health services. In fact, the increase by approximately 9 billion Egyptian pounds, compared to the previous fiscal year, was not translated in plans to start a comprehensive reform aiming at improving health services. However, this increase was limited to a number of programs, as stated above. Even the allocations for these programs do not lead to the provision of good health services for benefiting sections, whether these are children or breadwinning women.

### **Loans, a Double-Edged Sword<sup>42</sup>:**

According to the report on the performance of the social fund for development covering the first half of 2014, the total actual expenditures on loans funding small and microenterprises is 1.38 billion Egyptian pounds funding around 87.3 thousand small and microenterprises, and generating around 100.6 thousand job opportunities. The total amount of bank grants disbursed for infrastructure and community development projects and training, reached 170.2 million Egyptian pounds, which generated 2.74 million employment opportunities, in addition to 276 job opportunities through training. The total percentage of amounts disbursed for small and microenterprises for men is 77% and for women 23%.

41- Official website of the Ministry of Finance <http://www.mof.gov.eg/Arabic/Pages>

42- <http://www.sfdegypt.org/org/sfd/annual-report>

The report shows that total expenditures on basic infrastructure and sectors of activity (drinking water, road paving, irrigation and environment improvement, public buildings, administrative support) reached 111 million Egyptian pounds. 56.9 million Egyptian pounds were spent on community development projects in terms of administrative support, capacity building of associations, training, environment and health activities, education, youth employment and functional expenses.

The abovementioned figures show that the loaning policies adopted by the State do not work in order to fight poverty and generate sustainable job opportunities. Indeed, a large part of the money allocated to these loans goes to micro projects, which duration does not exceed a number of months. In many cases, owners of these enterprises face obstacles in paying back because of the lack of necessary expertise and skills, or the inability to marketing. The government is keen on increasing the number of those getting these loans, but there is not true development plan in order to fund more sustainable projects and enterprises and generate true job opportunities in order to ensure a source of income and decent life for citizens.

### **Role of Civil Society amid the Regression of the State:**

Amid the regression of the State' role in supporting numerous services, among which education and health, charitable civil associations with religious roots (Christian and Muslim) had the opportunity to play essential roles as an alternative of the State in numerous villages, neighborhoods and popular areas in different provinces. These associations provided educational and health services, direct aids (cash and foodstuffs), and thanks to foreign funding and donations<sup>43</sup>, they were able to assume this

43- According to the information we were able to get, the size of donations for Egyptians in 2009 reached 4.5 billion pounds. It is expected that this amount will increase with the increase of the number charitable associations and institutions in Egypt in the past four years (the instrument and the suggested frameworks to the national project for volunteer work in Egypt, information center and support decision making in the Cabinet, <http://www.epi.gov.eg/Upload/Documents/1373/>.

role in a sustainable manner. Therefore, they became capable of bridging a wide gap left by the government through building hospitals and classrooms, providing monthly subsidies to orphans, widowed women, divorced women and poor families<sup>44</sup>.

Moreover, numerous civil society associations play development roles and their activities focused on the maritime and tribal facets, since the fifties. These associations rely on foreign funding. International organizations also assumed development roles and implemented a number of projects, among which the "Ichraq" Project to teach girls. This project was implemented by the World Population Council between 2011 and 2012, in cooperation with a number of the main civil associations in three provinces. After this project, the World Population Council implemented another project, in 2012, entitled "We Can Participate", aiming to build the capacities of girls to access the labor market<sup>45</sup>.

USAID is among the international agencies that funded service projects. Among these projects, one was implemented in 2012-2013 in four provinces, aiming to improve pregnant women's health through pregnancy follow up programs, along with awareness raising and nutrition programs. In addition, USAID funded the project of improving early childhood education, through its partnership with the Ministry of Education and Higher Education, along with main partner associations. Many of these charitable and development associations implemented projects in cooperation with government parties. These projects include the project supporting the poorest villages, which was the fruit of joint efforts between main service associations, the UNDP and the Council of Social Contract affiliated to the Cabinet<sup>46</sup>.

### In the past ten years, and in a framework of "Cor-

pdf

44- International report on the sustainability of CSOs in the Middle East, factors influencing the sustainability of the work of civil organizations in Egypt, 2012, United group – lawyers and legal consultants, Conference "Civil Society in Egypt... Opportunities and Risks", Mariott Hotel – Zamalek, Cairo, Egypt 2014.

45- Same source

46- Same source

porate Social Responsibility”, numerous businessmen, entities and companies implemented development and services programs through the funding of main associations or through development associations affiliated to these companies<sup>47</sup>.

At a time when many civil society organizations following the human rights approach countered policies adopted by the government concerning social protection, popular associations were to defend the right to pension, since 2004. In fact, the Committee to Protect Pensions and Insurance Rights was established and then, in the aftermath of the January 25 Revolution, to a union of solidarity with pensioners and of protecting insurance rights. In addition, the Union of Pensioners became a Public Syndicate of Pensioners and it was registered as a syndicate before the January 25 Revolution, and it has branches in all provinces of Egypt. Moreover, a number of non-government organizations used the litigation mechanism to defend pensioners’ rights through the following<sup>48</sup>:

- Lawsuit 32168 of 1961 filed by Hashem Moubarak Center for Law in order to prepare the guide and spread the budgets of the national investment bank to identify the true value of the accumulated debt of insurers.
- Lawsuit 28631 of 1960 filed by Alhilali Institution for Freedoms where it appealed the constitutionality of the presidential decision pertaining to abolishing the Ministry of Social Insurances and annexing the Insurance Department to the Ministry of Finance.
- Lawsuit 7196 of 1963 filed by Mr. Ahmed Hassan El Bour’i and Mr. Khaled Ali Omar for the unconstitutionality of annexing the funds of insurers to the public treasury of the

State.

- Lawsuit 8535 of 2008 filed by Alhilali Institution for Freedoms to call to make the social allowance of pensioners equal to the social allowance to civil servants and without a maximum ceiling.
- A lawsuit was submitted to the Supreme Constitutional Court concerning the unconstitutionality of the ministerial decision 272 of 2006 on annexing the social insurers’ money to the public treasury of the State, considering that this money is private and owned by the insured in virtue of the law.
- Numerous protests were organized. Suggestions and alternative policies were submitted to the government in order to improve pensions; for instance, setting a minimum pension equal to 80% of the minimum wage, toughening the sentence in the insurance law on business owners who do not pay their share of their workers’ subscription<sup>49</sup>.
- NGOs referred to litigation mechanisms to defend the right to health. A number of lawsuits were filed and were accompanied by protests. The Egyptian Initiative for Personal Rights raised the cause of rejecting the ministerial decision of transforming the health insurance department to a holding company<sup>50</sup> providing health insurance services in an investment manner, which hampers the right of citizens to insurance. The Court gave the verdict to abolish the abovementioned decision on 4/9/2008. The reasoning did not only include the provisions of the International Covenant, but also adopted the general remarks of the Committee for Economic and Social Rights.

In the aftermath of losing the lawsuit, the government started working on a new health insurance

47- Same source

48- For more details: Elhami El Mirghani, Report on Economic and Social Rights and Sustainable Development, Taurus for Research and Studies, 2012. Elhami El Mirghani, Social insurances and insurance rights, Development Support Center for Consultancy and Training, 2012.

49- Farouq EL Achri, President of the General Union for pensioners, and Saiid El Sabbagh, General Secretary of the Union, workshop on the crisis of implementing the decision on minimum wage, Center of Unions and Workers Services, headquarters of the Saiid Association, February 27 and 28, 2014.

50- Government decision 637 of 2007.

draft law and published it in Egyptian newspapers in October 2009. This created a large debate within the Egyptian society. The Committee to Defend the Right to Health, a popular committee including around 50 organizations, associations and parties, held a conference to respond to the government's draft law on health insurance. It voiced rejection to the discrimination between citizens in terms of access to health insurance services through offering insurance packages for each according to financial capacities. The result was that the Minister of Health withdrew this project in March 2010, following the calls for more deliberations and a survey on civil society<sup>51</sup>.

- The Egyptian Initiative for Personal Rights and the Pharmacists Guild filed a lawsuit before the Administrative Court in the State Council on 22/10/2009 to cancel the decision of the Ministry of Health to link medicines' prices to the global prices. This would result in a great increase in the prices of medicines, which constitutes a new burden to the poor and deprives a large part of citizens from their right to access medicines. The lawsuit was based on national laws and the International Covenant on Economic and Social Rights, and the Court's verdict was to stop the decision on 27/4/2010<sup>52</sup>.
- Over the past few years, the Doctors' Syndicate has adopted more than one mechanism to exert pressure on the government. In fact, it held negotiations, protests and partial strikes in order to improve health services, increase the budget allocated to health and improve the wages of health service providers<sup>53</sup>.

## Recommendations:

- The establishment of the Economic and Social Council with syndicates as members, among which the Syndicate of Pensioners. This contributes to the activation of the participation of stakeholders in designing economic and social policies.
- The redistribution of public State treasury credits to cater to the basic needs and services of citizens, including social security pensions that guarantee a decent life for target populations of men and women.

## Recommendations Pertaining to Social Insurances:

- The establishment of an independent entity for social insurances to manage this file. It will be constituted of representatives of the government, the administrative control, the central body for accountability, the syndicates of pensioners, along with experts in the fields of accounting and investment.
- The amendment of laws related to social insurance in accordance with the Constitution.
- Expanding the cover of health insurance to reach pensioners and their families.
- In virtue of articles 8 and 17 of the Constitution, the State shall commit to reviewing legislations and allocations of social security to guarantee social justice and to include the unemployed section of the people, ensuring a suitable pension for small farmers, agriculture workers, fishermen and non-regular employment.

## Recommendations Pertaining to the Right to Treatment and Health Services:

- Truly increasing the health budget, as stipulated in the Constitution, to 3% of the GDP.
- Reforming the comprehensive social health insurance project.
- Reforming university hospitals by en-

51- Mohsen Awad, Alaa Chebli and Mo'taz Othman, Legal Empowerment of the Poor Guide, knowledge and expertise, Arab Organization for Human Rights and the Regional Office of the UNDP in Cairo, 2013.

52- Same source.

53- Doctors' Union <http://www.ems.org.eg>

suring necessary funding, along with reforming their administrative structures, while keeping them affiliated to their universities to continue existing as non-profit service entities and keeping them away from the participation of the private sector in virtue of law 67 of 2010 pertaining to the Participation of the Private Sector in services.

- Rejecting the current version of the project organizing clinical health research and refusing the transformation of the Egyptian people to experiment rats on which pharmaceutical companies test the medicines that they cannot test on people in their own countries. This way, they will be exploiting the needs of the poor in our country where the pressure of the need and the limited supervision transform them to testing victims.
- Rejecting the conditioned loans of the World Bank to the health sector. It is also necessary to stop the joint projects with the World Bank, that only aim at privatizing the health sector and widening the opportunities of the profitable private sector. This increases the disease burden on citizens. The alternative here is to mobilize resources through progressive taxation, among others, and ensure sufficient funding for hospitals, along with reforming their administrative policies.
- Activating popular supervision in each hospital to follow up on the performance and provide treatment services based on total transparency in declaring policies, figures and salaries.