

African  
Union



# THE COUNTRY REVIEW REPORT OF THE ARAB REPUBLIC OF EGYPT

AFRICAN PEER REVIEW MECHANISM (APRM)



February 2020

**AFRICAN PEER REVIEW MECHANISM (APRM)**



**THE COUNTRY REVIEW REPORT  
OF THE  
ARAB REPUBLIC OF EGYPT**



**FEBRUARY 2020**



# **COUNTRIES PARTICIPATING IN THE AFRICAN PEER REVIEW MECHANISM (APRM)**

As of February 2020, the following 40 countries participate in the  
APRM:

*Algeria, Angola, Benin, Burkina Faso, Cameroon, Botswana, Congo  
(Republic), Chad, Côte d'Ivoire, Djibouti, Egypt, Equatorial Guinea,  
Ethiopia, Gabon, Gambia, Ghana, Kenya, Lesotho, Liberia, Malawi,  
Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria,  
Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone,  
South Africa, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia and  
Zimbabwe*

## **AFRICAN PEER REVIEW (APR) PANEL OF EMINENT PERSONS**

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*(Chairperson and Lead Panellist for Egypt)*

Professor Fatma Zohra KARADJA from Algeria, representing North Africa

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Ambassador Mona OMAR ATTIA from Egypt, representing North Africa

*(Member)*

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representing Southern Africa

*(Member)*

Honourable Bridgitte MABANDLA from South Africa, representing  
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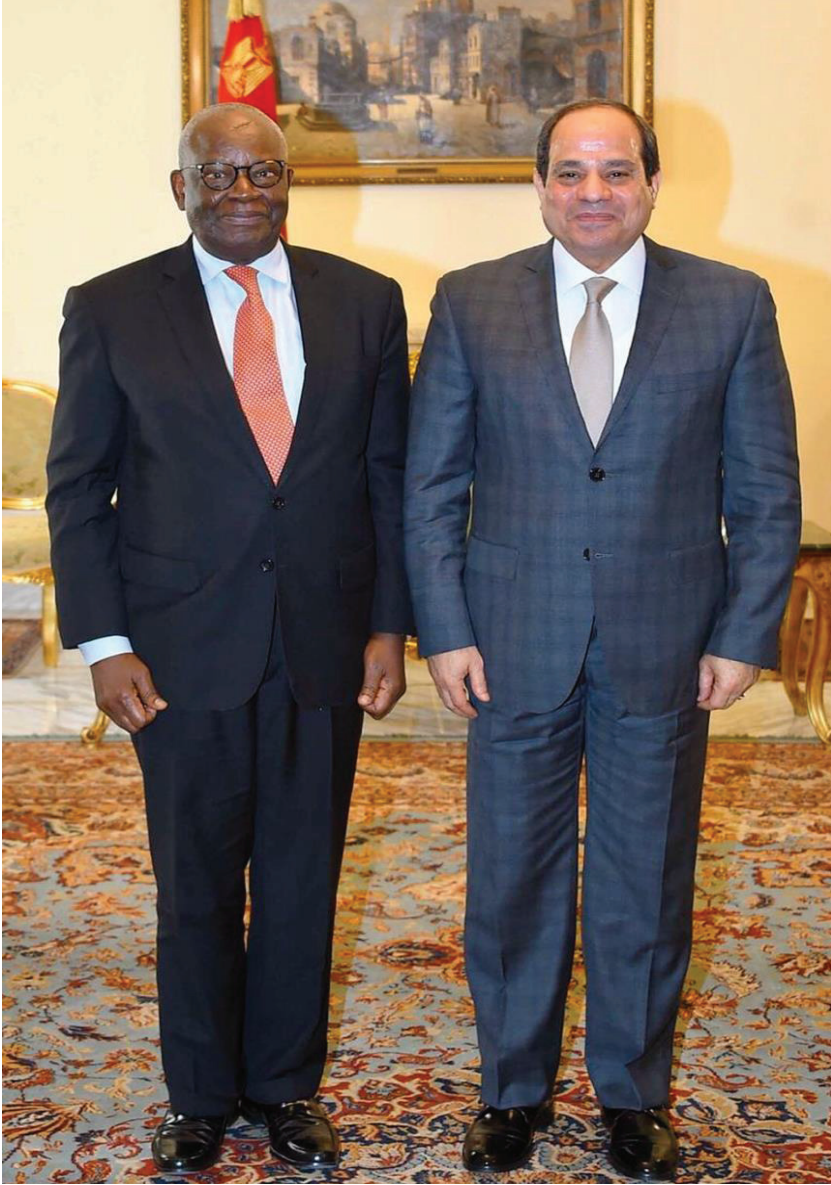
*(Member)*

Dr. Ali Abderahman HAGGAR from Chad, representing Central  
Africa

*(Member)*

**APR SECRETARIAT**





His Excellency Mr. Abdel Fattah El-Sisi, President of the Arab Republic of Egypt,  
Professor Ibrahim Gambari, the Lead Panel Member of Egypt.



## ACKNOWLEDGEMENTS

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The Chairperson of the African Peer Review Panel of Eminent Persons (APR Panel) and the Lead Panellist for the Arab Republic of Egypt, Professor Ibrahim Gambari, commends the Government and good people of Egypt for managing to go through the country review process. Egypt is among the first set of countries to accede to the APRM in 2004, one year after its establishment in 2003.

The APR Panel lauds His Excellency Abdel Fattah El-Sisi, President of Egypt for reviving the APRM process in the country and staying focused which enabled the finalisation of the self-assessment. Commendably, the government of Egypt expressed interest to be reviewed, established all the necessary APRM national structures, procured technical research expertise, undertook the country self-assessment process and hosted the review mission, all in less than 3 years. This shows the commitment of the leadership of Egypt to enhance governance and champion inclusive development.

The APR Panel also extends special appreciation to His Excellency Abdel Fattah El-Sisi, President of the Arab Republic of Egypt and His Excellency, Dr Mostafa Madbouly, Prime Minister of Egypt, for supporting the process and availing resources to both the national process and the review mission. The APR Panel further recognises the outstanding contribution of Ambassador Ashraf Rashed, the Chairperson of the APRM National Commission and the Members of the Commission, for spearheading the smooth flow of the national review process and facilitating the stakeholders' meetings. The Panel would also like to acknowledge Ambassador Khaled Emara and his successor Ambassador Soha Gendi, APRM National Focal Point for Egypt.

The APR Panel expresses its gratitude to H.E. Minister Sameh Shoukry and the members of the Ministry of Foreign Affairs in Egypt for their selfless effort in ensuring the review mission interact with relevant stakeholders during the consultation process. The APR Panel also acknowledges the counsel and leadership of Prof. Eddy Maloka,



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The participation of stakeholders from the following governorates is sincerely appreciated: Alexandria, Port Said, Aswan, Giza and Cairo. The APR Panel also wishes to thank all the non-state stakeholders in Egypt for their energy in embracing and contributing to the APRM review process.

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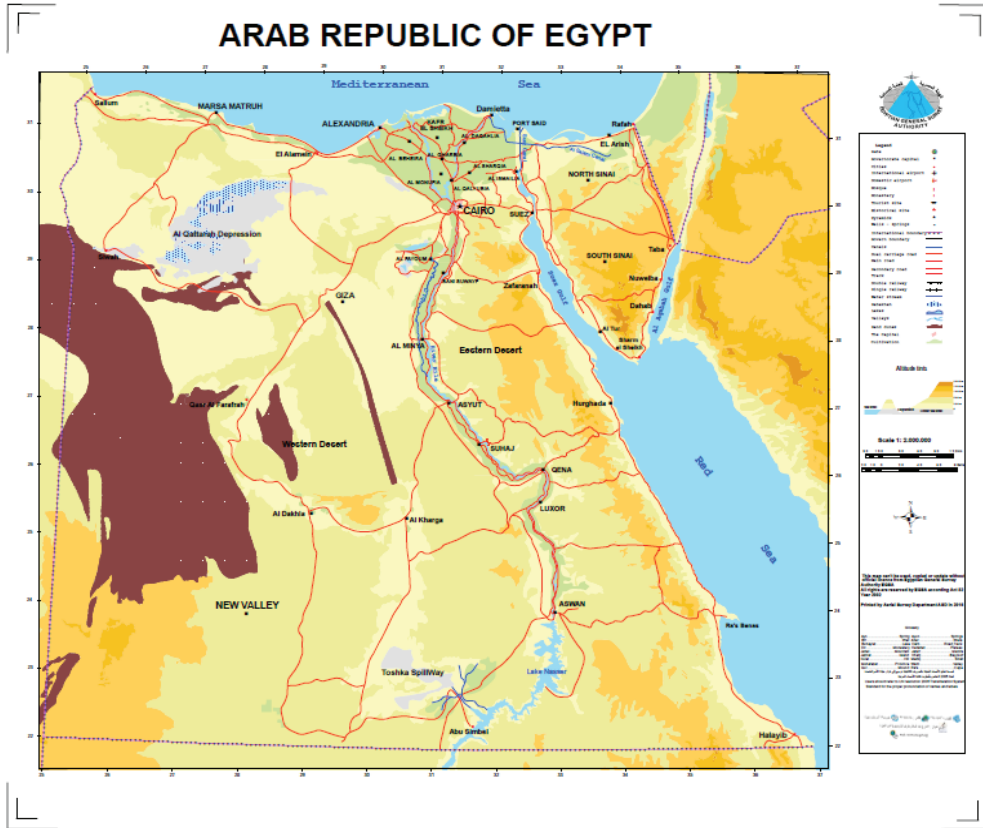
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# MAP OF EGYPT



## COUNTRY FACT SHEET

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**Location:** North-eastern corner of Africa and south-western Asia, bordering the Mediterranean Sea, between Libya and the Gaza strip, and the Red Sea north of Sudan.

**Total Area:** 1,001,408.1 km<sup>2</sup>

**Land Area:** 995,450 km<sup>2</sup>

**Waters:** 6,000 km<sup>2</sup>

**Population:** 99,848,700 (2019 estimate): Female (48.5 Per cent)  
Male (51.5 Percent) - (3rd in Africa)

**Official Language:** Arabic

**Capital:** Cairo

### Political System and Government

**Political System:** Republican

**The President of the Republic:** H.E. Abdel Fattah El-Sisi

**The Prime Minister:** Dr Mostafa Madbouly

**Number of Governorates:** 27 governorates

**National Day:** July 23

**Currency:** Egyptian Pound

**GDP (Nominal):** USD 302.26 Billion (2019) -  
(3rd in Africa and 42nd in the World)

**GDP (PPP):** USD 1, 391 Billion (2019) - (1<sup>st</sup>  
in Africa and 19<sup>th</sup> in the World).

**Per capita GDP:** USD 3,047 (2019) - (132 in the  
World).

**Total Exports:** USD 2,849.5 Million  
(2018/2019)

**Total Imports:** USD 66,529.4 Million  
(2018/2019)

**Unemployment Rate:** 7.8% (Third Quarter of 2019)

**Participation rate in the labour market:** 42.2% (Third Quarter  
2019)

**Inflation rate attended`** 5.7% (2018)

**Annual Operating rate** 39% (2018)

**Local Debt to GDP** 62.3% (July-March 18/19)

### Value of Imports, Exports & Trade Balance (2018-2014)

Value: Mil. LE.

S.n	Item	2018	2017	2016	2015	2014
	Exports	523833.8	469997.0	230319.0	168074.0	195280.0
	Imports	1464815.7	1187069.5	708289.0	568963.0	523466.0
	Trade Balance	-9409819	-717071.7	-477970.9	-400889	-328166.0

### Value of some Exported Commodities (2018-2014)

Value: 000 LE.

S.n	Item	2018	2017	2016	2015	2014
1	Crude Oil	38142783	37446659	18126998	15256526	21586957
2	Raw cotton	2249250	1649816	911058	666388	621438
3	Cotton Yam	3044085	3375039	1965032	1803359	1607349
4	Cotton fabrics	3239264	3349335	1817679	1177591	1129578
5	Clothing manufactured	28573391	25989880	12279596	10351447	10119930
6	Petroleum Products	86229616	49297194	11688497	12476790	19934501
7	Sugar refined	3261994	3999509	2636206	1026138	1211151
8	Rice			245972	589611	17194
9	Potatoes	3675318	4838730	1475215	171873	2304855
10	Aluminium bars, rods, angle shapes	3387456	2433483	881079	663490	1001211

### Value of some Imported Commodities (2018-2014)

Value: 000 LE.

S.n	Item	2018	2017	2016	2015	2014
1	Wheat	46843058	46877050	22441543	19404679	22829399
2	Wheat flour	35989	40632	53612	24016	11472
3	Maize	32846055	30859275	18574038	13697189	14105301
4	Meat (chilled or frozen)	29767246	27755550	11837066	15407630	12024160



5	Milk & dairy products	11113607	8450868	6641475	5860 061	6323693
6	Sugar Refined	4951378	3928 906	2492 684	819 716	487655
7	Motor Vehicles for transport	6436903	5023013	4461729	5586414	4172519
8	Private cars	47 964097	31 095019	29083187	25259072	18389723
9	Parts of motor vehicle & tractors	18427932	13693019	11565217	10116934	9383934
10	Bars, rods	2710258	2101717	7234845	5369252	4469177
11	Equipment for digging, levelling & its parts	5927034	3704484	3861034	3202507	2109032
12	Organic & inorganic chemicals	41148009	34238519	18904891	14207095	14391465
13	Cement	182391	148087	67169	771871	2805493

### Trade Exchange with Countries groups (2018-2017)

Value: Mil. LE.

S.n	Countries group	2018			2017		
		Trade Balance	Imports	Exports	Trade Balance	Imports	Exports
	Total	-916606	1439020	522 413	-717578	1179 524	461 946
1	Total trade Exchange in COMESA	15675	18665	34340	18405	10791	29196
2	Arab Countries	-62059	231275	169216	-2344	175172	172 828

3	Easter Europe	-189 510	258 556	69046	-125 573	188 572	62999
4	Western Europe	-207 441	350 860	143 419	-206 621	328 823	122 202
5	Asia	-319 731	381 793	62 062	-259 467	301 570	42 103
6	Africa	7324	20774	28099	4591	21043	25634
7	North America	-73026	105 692	32 666	-49 233	75037	25804
8	Central America	-1464	2187	723	-1509	1955	446
9	South America	-68 132	74 578	6446	-72 806	76 334	3528
10	Oceania	-11 808	12 546	738	-9974	10 634	660
11	Others	9 239	759	9997	5 358	384	5 742

**Sources of Cash Flows and Remittances of the Egyptian Economy during the Period (2007/2008–2016/2017) (in USD Billions)**

	<b>Remittances of Egyptians Working Abroad</b>	<b>Medium- and Long-Term Loans</b>	<b>Tourism Revenues</b>	<b>Suez Canal Revenues</b>
2007/2008	8.6	-0.7	10.8	5.2
2008/2009	7.8	0.1	10.5	4.7
2009/2010	9.7	0.1	11.6	4.5
2010/2011	12.6	-0.8	10.6	5.1
2011/2012	18.0	-0.3	9.4	5.2
2012/2013	18.7	0.8	9.7	5.0
2013/2014	18.5	-1.0	5.1	5.4
2014/2015	19.3	-0.5	7.4	5.4
2015/2016	17.1	-0.2	3.8	5.1
2016/2017	17.5	4.1	4.4	4.9

*Source: Central Bank of Egypt*

## Economic Performance

Indicator	2012 /2013	2013 /2014	2014 /2015	2015 /2016	2016 /2017	2017 /2018
Total GDP	288586.2	305529.7	332698.0	336296.9	3417149	4334900
GDP Growth %	2.2	2.9	4.4	4.3	4.2	5.3
Inflation (CPI) %	6.9	10.1	11	10.2	23.5	20.9
Unemployment %	12.7	13.2	13	12.8	12.5	11.8
Foreign Direct Investment (% of GDP)	1.4	1.4	2	2.3	4.1	3.1
Export Growth	7.6	-3.6	-14.5	-15.9	16.2	18.9
Import Growth	-2.6	4.3	1.9	-6.4	2.8	6.9
Current Account of balance (\$M)	-6390.4	-2779.7	-12142.6	-19831.1	-14394	-5962.3
Public debt (% of GDP)	88.0	89.3	93.1	102.8	108	93
External Debt (%M)	43.233	46.067	48.063	55.764	79.033	92.644
Total Debt Service (\$M)	3089.3	3198.9	5609.1	5084.7	7320.1	13253.5

## Distribution of Share of Government and Private Sector in Investments According to the Economic Activity during 2017/2018 (in L.E MM)

Economic Activity	Government Investment		Private Sector Investment		Percentage of Share
	Total Gov Investment	% Share of Gov	Total Private Investment	% Share of Private Investment	Overall Total Investment
1. Agriculture, Forestry and Fishing	8698.7	35.2%	16000	%64.8	24698.7
2. Crude Oil	1804.6	39%	2820	%61	4624.6
3. Natural Gas	3753	5%	71260	%95	75013
4. Oil Refining	1867.2	100%	-	-	1867.2
5. Other Manufacturing	5966.4	10.9%	49000	89.1%	54966.4

6. Electricity	81466.6	100%	-	-	81466.6
7. Water	6975.4	100%	-	-	6975.4
8. Sanitation	9515.9	100%	-	-	9515.9
9. Construction and Building	2102.1	16.7%	10500	83.1%	12602.1
10. Transportation and Storage	35870	62.4%	21600	37.6%	57470
11. Communications	1243.9	5.7%	20600	94.3%	21843.9
12. Information	1144.6	12.7%	7900	87.3%	9044.6
13. Suez Canal	12224.5	100%	-	-	12224.5
14. Wholesale and Retail Trade	2076.9	10.5%	17700	89.5%	19776.9
15. Financial Intermediation and Insurance	46.3	100%	-	-	46.3
16. Tourism	681.8	15%	3850	85%	4531.8
17. Real-Estate Activities	17870	22.2%	62570	77.8%	80440
18. Educational Services	15461.5	61.6%	9650	38.4%	25111.5
19. Health Services	5210.4	37.6%	8650	62.4%	13860.4
20. Other Services	21947.8	60.5%	14300	39.5%	36247.8
21. Other Central Investments	150000	100%	-	-	150000
22. Settlements	18800	100%	-	-	18800
<b>Total Investments</b>	<b>404727.6</b>	<b>56.1%</b>	<b>316400</b>	<b>43.9%</b>	<b>721127.6</b>

(\*) Source: The Central Bank of Egypt, Monthly Statistical Bulletin, Issue No. 264, March 2019, P. 129

## Education sector

### Trend of key Pre-Primary Education Indicators

Year	18/17	17/16	16/15	15/14	14/13	13/12	12/11
Enrolment	1302215	1244052	1219995	1176764	1110318	972078	874730
No. Students (Male)	672996	645172	634501	611165	577412	505362	457955
No. Students (Female)	629219	598880	585494	565599	532906	466716	416775

Number of schools	11524	11250	11064	10630	10227	9209	8928
Average Number of students/Class	35.7	35.4	35.9	35.6	34.2	34.1	34.0

Source: CAPMAS, 2019

### Trend of key Primary Education Indicators

Year	18/17	17/16	16/15	15/14	14/13	13/12
Enrolment	11578412	11074835	10638860	10255297	9906249	9832516
No. Students (Male)	5963827	5706572	5485333	5288234	5111434	5087613
No. Students (Female)	5614585	5368263	5153527	4967063	4794815	4744903
Number of schools	18515	18263	18085	17847	17619	17399
Number of Classes	243717	239029	234441	231789	231196	227153
Average Number of students/Class	48	46	45	44	43	43

Source: CAPMAS, 2019

### Trend of key Public Secondary Education Indicators

Year	18/17	17/16	16/15	15/14	14/13	13/12
Enrolment	1708847	1641218	1576336	1535064	1455472	1390262
No. Students (Male)	784064	758088	731188	712934	673614	643115
No. Students (Female)	924783	883130	845148	822130	781858	747147
Number of schools	3468	3334	3235	3114	2994	2874
Number of Classes	42104	41296	39856	39016	38549	36913
Average Number of students/Class	41	40	40	39	38	38
Number of teachers	1026727	1023833	992797	989507	977065	942821

Source: CAPMAS, 2019

**Total Degrees (upper university) obtained by Egyptian from the Egyptian and Foreign Universities and Academies by degree, sec (2017)**

S.No.	University	Total	Males	% Male Enrolment	Female	% Female Enrolment
1	Cairo University	6490	2345	36.1%	4145	63.9
2	Alexandria University	8541	4116	44.4	4425	55.6
3	Ain Shams University	7424	3795	51.1	3629	48.9
4	Asyout University	9787	5587	57.1	4200	42.9
5	Tanta University	8083	2851	35.3	5232	64.7
6	Mansoura University	6646	2628	39.5	4018	60.5
7	Zagazig University	2889	1732	60	1157	40
8	Helwan University	3945	1542	39.1	2403	60.9
9	Minia University	1323	622	47.0	701	53
10	Menoufia University	7891	2960	37.5	4931	62.5
11	Suez Canal University	711	0285	40.1	0426	59.9
12	Ganoub El Wadi University	4971	1758	35.4	3213	64.6
13	Banha University	3835	1707	44.5	2128	55.5
14	Fayoum University	3416	808	23.7	2608	76.3
15	Beni Suef University	2991	1963	65.6	1028	34.4
16	Kafr El Sheikh University	6228	2831	45.5	3397	54.5

17	Sohag University	4839	1478	30.5	3361	69.5
18	Al-Azhar University	2257	1452	64.3	805	35.7
19	American University in Cairo	131	60	45.8	71	54.2
20	Academy of Arts	185	114	61.6	71	38.4
21	Police Academy	185	114	61.6	71	38.4
22	Port Said University	1593	973	61.1	620	38.9
23	Damanhur University	343	79	23.0	264	77
24	Damietta University	2279	869	38.1	1410	61.9
25	Aswan University	3998	1869	46.7	2129	53.3
26	Suez University	1971	1274	64.6	697	35.4
27	From Foreign University	203	151	74.4	52	25.6
28	Sadat University	4852	2145	42.2	2707	55.8

Source: CAPMAS, 2019

### **Enrolment in Private Universities in the academic year (2018/2017)**

S.No.	University	Total Enrolment 2017-2018	Males (18/17)	% Male Enrolment	Female (18/17)	% Female Enrolment
1	American University	5474	2511	45,9	2963	54,1
2	6 October University	22774	12177	53,5	10597	46,5
3	October Modern Science	11863	6167	52,0	5696	48,0

	&Arts University					
4	Misr Technology &Science	22293	12735	57,1	9558	42,9
5	Misr International	8597	3281	38,2	5316	61,8
6	EL-Ahram Canadian	7830	4711	60,2	3119	39,8
7	British University in Egypt	10001	5683	56,8	4318	43,2
8	French University in Egypt	380	151	39,7	229	60,3
9	The Egyptian- Russian University	4934	2838	57,5	2096	42,5
10	Sinai University	5478	3681	67,2	1797	32,8
11	Faros University	13585	6629	48,8	6956	51,2
12	Modern University for Tech & Information	9372	5771	61,6	3601	38,4
13	Future University	8506	4942	58,1	3564	41,9
14	German University	8636	4533	52,5	4103	47,5
15	Nile University	529	381	72,0	148	28,0
16	Nahda University	5257	2807	53,4	2450	46,6
17	Delta University for Science & Technology	9194	5011	54,5	4183	45,5



18	Egyptian E-learning University	1084	782	72,1	302	27,9
19	Arab Open University	2939	1917	65,2	1022	34,8
20	Heliopolis University	1280	607	47,4	673	52,6
21	Badr University	5528	2517	45,5	3011	54,5
22	Deraya University	2218	890	40,1	1328	59,9
23	Japan University	83	53	63,9	30	36,1
24	New Giza University	502	285	56,8	217	43,2
25	Horus University	1728	785	45,4	943	54,6
26	Egyptian Chinese University	369	258	69,9	111	30,1

Source: CAPMAS, 2019

**Percentage distributional of the population (10 years & over) according to the education status, sex, place of residence by urban & rural and total of Republic (2006-2017) %**

	Years /Education Status	2017			2006		
		Total	Female	Male	Total	Female	Male
1	Illiterate	25.8	30.8	21.1	30.1	37.6	22.8
2	Read and Write	10.4	9.8	11.0	12.1	10.6	13.7
3	Lower than Intermediate	18.8	18.4	19.3	19.7	18.2	21.2
4	Intellectual Education	0.3	0.2	0.3	-	-	-
5	Intermediate	29.1	26.7	31.4	25.9	23.2	28.3
6	Above Intermediate	29.1	26.7	31.4	25.9	23.2	28.3
7	University Education	11.8	10.8	12.8	9.4	7.9	10.9
8	Higher than University	0.6	0.4	0.6	0.2	0.2	0.0

Source: CAPMAS, 2019

## Other Basic Indicators

### Political Empowerment of Women in Egypt

S.n	Indicator	Current Value in Percentage
	Percentage of Female Voters	49.4
	Women Parliamentarians	15
	Women on Local Councils	25
	Women in Judicial Bodies	0.6
	Women in Public Positions	5
	Women in Senior Management Positions	22.4

Source: CAPMAS, 2019

### Social Justice and Security: Case by Type (2012-2013)

Year		2013			2012		
SN.	Item	Settled Cases	Late Cases	New cases	Settled cases	Late cases	New cases
1	Civil Cases	695	1112	1023	830	1116	829
2	Criminal Cases	5063	784	5196	4050	839	4130
3	Personal affairs cases	748	1390	765	693	272	810

Source: Ministry of Justice, CAMPAS, 2019

### Nutrition

Under- five mortality rate (2018)	20 per thousand
Under-One Infant mortality rate (2018)	15.4 per thousand
Annual number of births (2018)	2,382,262
Annual number of under-five deaths (2018)	560308
Fertility Rate per Woman (2014)	3.5%
Life expectancy at birth (Males) (2019)	72.7
Life Expectancy at Life (2019)	75.1
Total adult literacy rate (2017-2019)	74.2 %
Primary school net enrolment/attendance (2017)	97.2%
Human development index (2019)	0.7
Human development Index ranking (2019)	116 out of 189

Source: Ministry of Planning and CAPMAS.

**Health Number of hospitals, beds, repeaters, doctors, pharmacists, dentists and nurses in all sectors (2017-2013)**

<b>Item</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
No. Hospitals	1770	1679	1675	1615
No. beds	132092	126595	125169	123353
Inpatient Clinic	6069426	5784078	5659434	4929327
Outpatients	109065310	100368331	90403187	82707639
Physicians	156162	125250	117558	112085
Dentists	23438	21902	20044	18052
Pharmacy	50092	45246	41929	35498
Nursing Staff	219265	205596	203403	194994
Total Number of Bilharzia & Malaria Units	2821	2823	2838	2850

*Source: Ministry of Health and Population (CAPMAS, Statistical Yearbook, 2019)*

**Percentage of Access to Improved Drinking Water and Improved Sanitation in Egypt (%)**

<b>Governorate</b>	<b>Percentage of Access to Improved Drinking Water</b>		<b>Percentage of Access to Improved Sanitation</b>	
	<b>Urban Areas</b>	<b>Rural Areas</b>	<b>Urban Areas</b>	<b>Rural Areas</b>
Cairo	99.54	-	98.85	-
Port Said	95.37	-	89.84	-
Suez	99.92	-	91.26	-
Alexandria	99.82	98.32	92.05	6.17
Damietta	99.91	99.96	93.83	54.28
Dakahlia	99.59	98.78	90.77	78.42
Sharkia	89.7	82.1	81.1	25.9

Governorate	Percentage of Access to Improved Drinking Water		Percentage of Access to Improved Sanitation	
	Urban Areas	Rural Areas	Urban Areas	Rural Areas
Qalyubia	91.8	87	88.7	36.5
Kafr El-Sheikh	96.8	95	86.2	36.7
Gharbia	95	94.5	91.8	54.3
Menofia	96	95.2	83.9	24.2
Behera	80.8	82.8	75.4	20.4
Ismailia	98.1	85.1	83.6	14.6
Giza	93	89	85	22.3
Beni Suef	91.1	94.2	79.4	14.2
Fayoum	96.4	93.1	77	25.2
Menia	96.1	90	67.7	3.8
Assiut	93.2	92.4	41.2	3.3
Souhag	94.1	89	59.9	4.4
Qena	94.6	88.1	50	1.4
Aswan	96.4	94.3	70.9	12
Luxor	92.5	93.9	47.4	1.2
Red Sea	85.8	48.1	44.8	15.4
New Valley	91.4	92.6	85.9	26.5
Matrouh	75.5	48.7	33.9	17.3
North Sinai	58.2	63.4	3.4	1.1
South Sinai	79.6	39.6	79	48.3

*Source: Maged Othman (2018), reading in Population, Housing and Establishments Survey for 2017, "Egyptian Journal of Development and Planning, Volume No. 62, Institute of National Planning, Cairo, P. 93*

## ABBREVIATIONS AND ACRONYMS

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AATS	Africa Agriculture Transformation Scorecard
ABA	Alexandria Business Association
ACA	Administrative Control Authority
ACCH	Abu Qir Fertilisers, Alexandria Container and Cargo Handling
ACHR	Arab Charter on Human Rights
ACPSSAI	Ahram Center for Political and Strategic Studies
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
AMLCFT	Anti-Money Laundering and Combating Financing of Terrorist
AMOC	Alexandria Mineral Oils Company
APLP	African Presidential Leadership Program
APR	African Peer Review
APRM	African Peer Review Mechanism
AU	African Union
AWRO	African Women's Rights Observatory
BEEPS	Business Environment and Enterprise Performance Survey
BPFA	Beijing Declaration and Platform for Action
CAF	Confederation of African Football
CAO	Central Auditing Organization
CAOA	Central Agency for Organisation and Administration
CAPMAS	Central Agency for Public Mobilization and Statistics
CBE	Central Bank of Egypt
CEDAW	International Convention on the Elimination of All Forms of Violence Against Women
CEN-SAD	Community of Sahel–Saharan States
COMESA	Common Market for Eastern and Southern Africa
CRC	Convention on the Rights of the Child
CRCICA	Cairo Regional Centre for International Commercial Arbitration
CRM	Country Review Mission
CRR	Country Review Report
CSAR	Country Self-Assessment Report

CSIRT	Computing Security Incident Response Team
CSSA	Centre for Surveys and Statistical Applications
DREA	Department of Rural Economy and Agriculture
EAPD	Egyptian Agency of Partnership for Development
EAS	Egyptian Accounting Standards
EBRD	European Bank for Reconstruction and Development
ECA	The Egyptian Competition Authority
EEHC	Egypt Electricity Holding Company
EEIC	Egyptian Entrepreneurship Investment Company
EFSA	Egyptian Financial Supervisory Authority
EGAS	Egyptian Natural Gas Holding Company
EGP	Egyptian Pound
EGX	Egyptian stock exchange
EIoD	Egyptian Institute of Directors
EITI	Extractive Industries Transparency Initiative
EJBA	Egyptian Junior Business Association
EMLCU	Egyptian Money Laundering and Terrorist Financing Combating Unit
ENA	Ecole National D'administration
EPPL	Egyptian Public Procurement Law
ESAA	Egyptian Society of Accountants and Auditors
EU	European Union
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FEI	Federation of Egyptian Industries
FGM	Female Genital Mutilation
FJP	Freedom and Justice Party
GAAR	General Anti Avoidance Rules
GAFI	General Authority for Investment and Free Zones
GATT	The General Agreement on Tariffs and Trade
GBV	Gender Based Violence
GDP (PPP)	Gross Domestic Product (Purchasing Power Parity)
GFMIS	Government Financial Management Information System
GIZ	German Society for International Cooperation
GoE	Government of Egypt
GRI	Global Reporting Initiative Guidelines
HHD	Heliopolis Company for Housing and Development
IASB	International Accounting Standards Board

ICERD	International Convention on the Elimination of All Forms of Racial Discrimination
ICJ	International Commission of Jurists
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
IMF	International Monetary Fund
IPO	Initial Public Offer
JID	Judicial Inspection Department
LE	livre égyptienne (French for Egyptian pound)
MENA	Middle East and North Africa
MLCU	Money Laundering Combating Unit
MOU	Memorandum of Understanding
MSMEDA	Micro, Small and Medium Enterprises Development Agency
MTEF	Medium-Term Expenditure Framework
NANHRI	Network of African National Human Rights Institutions
NCCCC	National Coordinating Committee to Combat Corruption
NCCM	National Council for Childhood and Motherhood
NCW	National Council for Women
NEA	National Election Authority
NEC	National Election Commission
NEPAD	New Partnership For Africa's Development
NGC	National APRM Commission - Egypt
NGOs	Non-governmental Organisations
NPOA	National Programme of Action
NTA	National Training Academy
OAU	Organisation of African Unity
OECD	Organisation for Economic Co-operation and Development
PAFTA	Pan Arab Free Trade Area
PARC	Public Administration Research and Consultation Center
POMED	Project on Middle East Democracy
PSE	Private Sector Engagement
RAED	Arab Network for Environment and Development
REPSS	Regional Payment and Settlement System
RGI	Resource Governance Index
SADC	Southern African Development Community
SCAF	Supreme Council of the Armed Forces

SDG	Sustainable Development Goals
SEZ	Special Economic Zone
SJC	Supreme Judicial Council
SMEs	small, medium and micro enterprises
SMS	Short Message Service
SOEs	State Owned Enterprises
STEM	Science, Technology, Engineering and Mathematics,
SWOT	Strengths Weakness Opportunities Threats
TCAPP	Technology Cooperation Agreement Pilot Project
TKP	Takaful and Karama Programme
TRI	Technical Research Institutes
TVET	Technical and Vocational Education and Training
UAE	United Arab Emirates
UN	United Nations
UNCAC	United Nations Convention Against Corruption
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
UNR	Unified National Registry
UNSCR1325	United Nations Security Council Resolution 1325
USD	United States Dollar
VAT	Value Added Tax
VAW	Violence against Women
WCO	Women Complaint Office
WID	Integrating Women in Development



# **EXECUTIVE SUMMARY**

**THE APM PROCESS AND IMPLEMENTATION IN EGYPT**

## EXECUTIVE SUMMARY

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### THE APRM PROCESS AND IMPLEMENTATION IN EGYPT

1. The mission of APRM to promote the African Union's ideals and shared values of democratic governance and inclusive development by encouraging all Member States of the Union to collaborate and voluntarily participate in the home grown, credible, rigorous, independent and self-driven peer review process and the implementation of its recommendations. The primary purpose of the APRM is therefor to foster the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration through sharing of experiences and reinforcement of successful and best practice, including identifying deficiencies and assessing the needs for capacity building.
2. The evaluation involves a dual process of self-assessment by the participating country, and of external independent evaluation led by the APR Panel of Eminent Persons (APR Panel), which culminates in a peer review by participating Heads of State and Government. The participating countries are expected to implement the recommendations emanating from the peer review process as contained in the National Programme of Action, and to present regularly a progress report to the Forum of Heads of State and Government.
3. Egypt joined the APRM in 2004, and in 2016 H.E. President EL-Sisi expressed strong political will for the country to be reviewed through the APRM process. The Government of Egypt embarked on the preparation for review by establishing the necessary national structures which includes, the appointment of the Focal Point, the composition of a National APRM Commission, the establishment of National Secretariat as well as

the procurement of four Technical Research Institution's (TRIs) to undertake the country self-assessment process.

4. In November 2019, Egypt submitted its Country Self-Assessment Report. The Country Review Mission (CRM) visited Egypt from 1-18 December 2019, where it met the various stakeholders to verify the contents of the self-assessment report. The CRM, composed of independent African governance experts, held consultations with a wide range of stakeholders including the President of Parliament, the Prime Minister, Ministers, the President of the Administrative Control Authority, the President of the Central Agency for Organization and Administration, the President of the National Election Authority, members of Judiciary, various top government officials, representatives of civil organisations including labour unions, the National Council for Women, the National Council for Human Rights, religious leaders (the Grand Imam of Al Azhar and the Representative of the Coptic Church), the Federation of NGOs and civil society groups, the Federation of Chambers of Commerce, and the Federation of Industries and Business Associations, all of whom provided primary information and data on governance and socioeconomic development of Egypt. The CRM also visited the governorate of Cairo, Giza, Port Said, Alexandria and Aswan.
5. During consultations, the CRM noted a number of outstanding strengths and achievements for the Arab Republic of Egypt. Notably, Egypt has a Presidential Leadership Program which was launched by President El-Sisi at the beginning of 2016, delivered through the National Training Academy. The program is meant to prepare young persons to take on leadership roles and to shoulder political, social and administrative responsibility. Through the initiative, the Academy works to inject competent youth into the pipelines of the governmental sector and any other sectors that contribute to building and supporting the national economy and developing and raising the efficiency and performance of their workers in the administrative sector of the State. The Presidential Program also extends to training young leaders in other African countries through the African

Presidential Leadership Program, which has to date trained 189 youths from 41 African countries

6. In international competitiveness, Egyptian universities rank well in world university ranking. According to the 2019 Times Higher Education world university rankings, ten Egyptian universities featured in the world's top thousand, the highest for Africa and this was followed by nine from South Africa.
7. The Egyptian leadership has a strong political will and commitment, not only to reform the national socio-economic landscape through new legislation, regulations and policies, but also to implement them. A distinctive part of economic reforms in Egypt has been its significant efforts to stimulate economic growth through investments megaprojects that have attracted foreign direct investment. The perceived objectives of these megaprojects are multifaceted, absorbing the consequences of the economic reforms through job creation, stimulating economic activities, expanding consumption side demand, developing export capacities, increasing productivity and addressing the growing population challenge.
8. The CRM also noted some challenges that Egypt is going through and continues to address. As a result of the bold economic reform program, the economy of Egypt has stabilized, and growth has recovered; there is a need to continue further inclusive development. It is important that leadership at national and governorate levels continue to accommodate the interests of all citizenry, providing awareness on the choices taken, including the rationale behind them and to continue to accelerate economic inclusion, absorb a growing labour force through further strengthening of the country's social safety net system, including the development of programs that help persons in vulnerable situations build their own livelihoods and graduate from cash transfers.
9. Other challenges include; Egypt's continuation to address demographic pressure amid population growth, narrowing the

gender gap, enhancing the performance of the agricultural sector and alleviating poverty issues. The government policies to address these key challenges would hugely enhance long-term stability as well as sustainable socioeconomic development of Egypt.

## **SUMMARY OF THEMATIC AREAS**

### **Democracy and Political Governance**

10. Egypt has reformed its electoral system to enhance voter participation and ensure the independence of its election management body. Until 2011, elections in Egypt were supervised by the judiciary but conducted by the Ministry of Interior. The 2014 Constitution consolidates authority to conduct all elections in the independent National Elections Commission, which is responsible for the conduct of referenda, presidential, parliamentary and local council elections. By the Law No 198/2017, the National Election Authority was established to perform as the National Elections Commission envisaged under the Constitution.
11. The 2014 Constitution, as amended, has several provisions that guarantee the economic, social, cultural and political rights of citizens. The Constitution strives to live up to the aspirations of its euphoric framers who declared that: “We believe in democracy as a path, a future, and a way of life; in political multiplicity; and in the peaceful transfer of power. We affirm the right of the people to make their future. They, alone, are the source of authority. Freedom, human dignity, and social justice are a right of every citizen. Sovereignty in a sovereign homeland belongs to us and future generations”.
12. It is noteworthy that an enduring motif or characteristic of the Egyptian political process since the 1950s has been the challenge of extremism and terrorism. Several Presidents have

been the target of assassination attempts by the Muslim Brotherhood. The State has responded to the existential threats to peace and stability in Egypt by taking serious measures including banning which resulted in reducing the space for extremists to operate.

13. While such measures and laws may drive extremists underground, it is not an option for any Egyptian government to ignore the threats which extremists' activities pose for peace, stability and development in the country.
14. Consequently, the government is striving to tackle extremism and terrorism while also meeting the aspirations of Egyptians. These aspirations include not only security and affordable housing, food, healthcare, education, and environmental safety, but also public participation spaces.

### **Economic Governance and Management**

15. Egypt has increasingly pursued a market-based economic model aimed at creating a competitive, efficient, innovative and successful businesses. The country has faced many challenges in the past decades which has led to reforms in different sectors.
16. On November 11, 2016, the International Monetary Fund (IMF) approved a US\$12 billion facility for Egypt to support the authorities' economic reform program over a three-year period. The Government of Egypt (GoE) successfully implemented a first wave of macro-economic and structural reforms that successfully addressed a number of deep-seated issues and helped to stabilize the economy, sustain growth and lay the groundwork for more dynamic private sector participation in the economy.
17. Data from the World Bank indicates that in the Financial Year (FY) 2019 (ending June 30th, 2019), real Gross Domestic Product (GDP) growth reached 5.6 percent, up from 5.3 percent in FY18. This pickup is mainly driven by an expansion in gas

extractives, tourism, wholesale and retail trade, manufacturing, real estate and construction that have been the main drivers of growth. However, there is a need to further improve the doing business environment and enhance institutional capacity at the borders to facilitate trade.

18. Unemployment decreased to 7.5 percent in the fourth quarter of FY19 (from 9.9 percent a year earlier). The budget and primary balances have improved to an estimated -8.3 percent and 1.9 percent of GDP, respectively in FY19, from -9.7 percent and 0.1 percent of GDP a year earlier. Government debt is estimated to have decreased to 90.5 percent of GDP in end-June 2019, from 97.3 percent of GDP in end-June 2018, with the decline mostly stemming from the domestic portion, which accounts for 80 percent of Egypt's debt.
19. While macroeconomic environment has improved, social conditions still need further improvement. Between 2016 and 2018, nominal wage growth fell below inflation. Official estimates reported that the share of the population living below the national poverty line is still high, despite its decline to 29.7% in 2019 compared to 32.5 percent in 2017/2018, noting that it is the first time that the poverty rate has decreased since 1999 after its upward trend with the highest poverty rates still in rural Upper Egypt. To alleviate the adverse effects of the economic reforms on the poor and persons in vulnerable situations, and increase investments in Egypt's human capital, the government has scaled up key social protection mitigating measures, including through higher allocations of food smart cards and expanded targeted conditional and unconditional cash transfer programs.
20. The Government's structural reforms and passing on the benefits of reforms to ordinary Egyptians would remain key in the years ahead to consolidate on the recent gains.

## Corporate Governance

21. Egypt has a fairly well developed corporate governance framework. Since its establishment in 2003, the Egyptian Institute of Directors (EIoD) has produced guidelines for Corporate Governance applications, drawing on the international best practices, and yet compatible to the laws regulating the business of companies in the Arab Republic of Egypt.
22. In 2016, EIoD upgraded and updated the previous codes, consolidating them into one single code, bearing the name of “Egyptian Corporate Governance Code.” The revised code is comprehensive and a general framework of governance and its relevant issues. It encompasses a set of guiding rules of corporate governance, based on international and regional best practices, to serve as guidelines for the application of corporate governance in all kinds of companies in Egypt.
23. Despite having the requisite framework in place, Egypt faces a number of challenges in the spheres of competitiveness, social and economic inclusion and sustainability due to its high population growth and increasing pressures on the labour market.
24. To address these challenges, many reforms have been implemented by the government to improve the business climate and to achieve the “Sustainable Development Strategy: Egypt’s 2030 vision”. Egypt has made significant efforts to build industrial zones, to digitalize its economy, to upgrade its infrastructure and to radically transform its logistical systems. It has also implemented numerous legislative and institutional reforms, including the creation of an agency for the development of micro, small and medium-sized enterprises, the adoption of new regulations on competition, investment, public procurement, etc. All these reforms require time to produce results and for private actors to be able to adapt to them.



25. Egypt recognizes that strengthening business integrity and fighting corruption is essential for promoting investors' confidence and levelling the playing field for doing business. Consequently, the country has put in place mechanisms to ensure that corporations conduct their business ethically, combatting corruption and adhering to codes of conduct as provided in various regulations. Efforts to raise corporate ethical standards and values have come from the government but also from the private sector (the Federation of Egyptian Chambers of Commerce).
26. Women are still underrepresented in top corporate leadership. While various initiatives have been launched to allow for more women to be represented on boards of directors, the end impact remains well below international norms. In 2013, only 7.1 percent of firms had female senior leaders. Notably, this figure declined in the ensuing years, falling to 4.9 percent in 2016. Several factors hinder women from participating on boards. These factors include the fact that women in Egypt have been traditionally and socially expected to take up nurturing roles and not agentic roles that often associated with corporate leadership. In 2018, 16% of private companies were owned by females. There is a need to continue to further empower women in the corporate leadership, enhance their impact on decision-making, and improve their relevant skills and experiences.

### **Socioeconomic Development**

27. Egypt has been going through a period of positive transformation and restructuring since 2014. The Government has designed and implemented a series of plans and strategies to guide the socio-economic development of the country.
28. In 2016, Egypt adopted the 'Sustainable Development Strategy: Egypt Vision 2030' as the primary anchor for its socioeconomic development. This document, premised on the United Nations Sustainable Development Goals and the African Agenda 2063,

expresses the general orientation towards the socio-economic development of Egypt to the year 2030. The strategy includes ambitious programmes for a comprehensive reform that will restructure the socio-economic paradigm. The objective of this paradigm is to boost competitiveness, ensure inclusive growth, and attain and maintain sustainable economic growth rate to help propel the country's economy into the top 30 economies in the world.

29. The CRM observed that the Arab Republic of Egypt is making remarkable progress in its efforts to promote and accelerate broad-based sustainable socio-economic development. In the field of education, the GoE is committed to prioritizing education as a key tool for development. Public expenditure on education rose between 2008 and 2013 from 10.4 percent to 11.7, an increase of 12.5 percent. While this figure decreased in 2018 by about 22 percent from the 2008 level - possibly due to the squeeze on general spending instituted by the restructuring programmes. Interactions with officials indicate that educational expenditure is on the rise again.
30. Egypt's compulsory primary education policy in conjunction with previous policies has enhanced numeracy and literacy rates; the latter rising from 66.4 percent of the population in 2006 to 80.8 percent in 2018, according to UNESCO data. Egypt has almost attained parity in male and female primary school enrolments which was 1: 0.94 in 2017/18, marginally better than the 1: 0.93 ratio in 2012/13.
31. Also, almost all Egyptians, 98 percent of the households, have access to drinking water from an improved source and about 91 percent have access to an improved, not shared toilet facilities, while 94 percent live in dwellings with ceramic tile or cement floors. In 2019, Egypt's human development score of 0.7 ranked 116 out of 189 countries which puts Egypt among the countries

of high human development. While other African peers may be experiencing energy shortages and electricity browning, Egypt has moved from an energy deficit to an energy surplus nation through a judicious approach in the area of electricity and energy. In 2017, 99.7 percent of all Egyptians had access to electricity, indicating that virtually all Egyptian households have electricity.

32. Egypt is progressing steadily and resolutely on the way of strengthening women's empowerment and narrowing the gender gap as a major and unavoidable component of broad-based socioeconomic development. The government's efforts to promote women and empower them as a requisite for attaining gender equality are commendable. These efforts cover a wide array of fields including; (i) the institutional and legal framework, (ii) social security and social protection, (iii) access to employment and training, (iv) access to micro-credit and capital, (v) access to business, (vi) access to education, and (vii) promoting women's health.
  
33. Indeed, the encouraging progress made in the area of women's political participation and leadership is commendable. Examples include the appointment of Egypt's first ever female National Security Advisor to the President, first ever female governor in 2017, and seven deputy governors in 2019 representing 40%; the impressive increase of women ministers in the Cabinet - eight women ministers in 2017 representing 25%, the highest percentage ever compared to 6% in 2015; the percentage of women deputy ministers has increased from 17% in 2017 to 27% in 2018; at least 25% quota for women in parliament as per the 2019 constitutional amendments; and at least 25% quota for women in local councils. All this represents an important leap forward and signals resolute advancement of women empowerment in Egypt.

34. Like all developing countries, Egypt is facing the challenges of poverty. The proportion of Egyptians living on less than \$2 per day remains the same as before the economic growth. About 33 percent of the population or around 33 million people lived below the national poverty line in 2017. Showing an upward trend between 1999 and 2017, the poverty percentage, measured according to the national poverty line, rose from 16.74 percent in 1999 to 27.8 in 2014 and then to 32.5 in 2017, until it decreased for the first time since 1999 to reach 29.7% in 2019.
35. The government initiated calculated policies and programmes towards alleviating poverty and towards building sustainable paths out of poverty. These programmes include the setting of minimum wages in 2011, which were adjusted in 2018. The programmes also included subsidies for bread, rationed food and fuel products. Adopting a cash transfer programme known as "Takaful and Karama" or "Solidarity and Dignity", efforts have been made to protect the persons in vulnerable situations in society.

## **CROSSCUTTING AND OVERARCHING ISSUES**

36. The Panel identified the following issues that are considered critical due to their wider impact on governance. These salient issues are succinctly discussed below:

### **Terrorism and extremism**

37. Egypt has experienced numerous terrorist attacks in the last decade or so. The terrorist threat in the Sinai region since 2011 is particularly a significant challenge to Egypt.
38. Egypt's counter-terrorism holistic approach is built on two pillars: a security pillar and a developmental pillar. The security approach has involved law enforcement measures to disrupt and prevent terrorist activities. Egypt has enacted relevant legislation to give effect to this, and to strengthen its counterterrorism

measures, key of which is the Anti-Terror Law No. 94 of 2015 which also reflects the principles of various UN-Security Council Resolutions on combating terrorism as well as the relevant UN and Regional conventions. Other relevant pieces of legislation are the Terrorist Entities Law No. 8 of 2015; Anti-Cybercrime Law No. 175 of 2018; the Anti-Money Laundering Law No. 80 of 2002, amended by the Decree No. 36 of 2014.

39. As part of measures to limit finances to terrorist groups, Egypt has also established a robust institutional infrastructure to prevent and counter illicit flows of finances. This infrastructure includes: Anti-Money Laundering and Combating Terrorist Financing Unit at the Central Bank of Egypt; The National Coordination Committee for Anti-Money laundering and Combating Terrorist Financing; The National Coordinating Committee for Combating Corruption; The Sub-National Coordinating Committee for Preventing and Combating Corruption; and the National Council of Payments which aims at promoting electronic payments instead of cash.
40. As part of addressing the development contexts that increase the vulnerability of communities to extremism, the CSAR notes that Egypt has launched comprehensive development projects for improving the living conditions of communities including in Sinai. Various projects have been undertaken that include construction of housing units, and the establishment of hospitals and health care units. The government has also provided assistance to victims of terrorism in the form of employment opportunities in the government bodies, exemption from the study fees for students and State subsidized dwelling units.
41. In addition to security and developmental measures, Egypt has commendably sought to address the ideology that breeds and foments extremism. In 2014, the President launched an initiative calling for renewal of the religious discourse. Religious institutions such as Al Azhar have taken up leadership in

challenging extremist ideologies and generating counter narratives. Numerous campaigns have also been undertaken to raise awareness, particularly of women and youth, against the dangers of extremism, including campaigns championed by religious women leaders from both the Islamic and Christian faiths.

42. Egypt has taken comprehensive measures to combat the threat of terrorism, as the country faces a genuine threat from the Muslim Brotherhood terrorist organization. Commendably, Egypt has continued to strengthen and improve its counterterrorism measures to ensure national and regional security. The CRM noted that the launch of the Aswan Forum for Peace and Sustainable Development presented an important forum for strengthening regional and international cooperation in combatting the threat of terrorism and extremism. This is in addition to Egypt's hosting the Sahel and Sahara Center for combating terrorism, and the African Union Post Conflict and Development Center.
43. The Government continues to undertake measures to strengthen the country's counterterrorism policies, while ensuring its accord with regional and international commitments on human rights norms. It is worth noting that the 2014 Constitution has taken an advanced direction in ensuring the fulfilment of Egypt's international human rights obligations.

### **Promotion of Human rights**

44. Egypt has reiterated its position with regard to the respect of comprehensive human rights, which includes civil, political, economic, social, and cultural rights. The 2014 Constitution has taken an advanced direction in ensuring the fulfilment of Egypt's international human rights obligations. This gives the rights and stipulations contained in these treaties protection by the Constitution.

45. Egypt has acceded to all the key international and regional human rights codes and standards and has taken measures to implement them through the Constitution, legislation, policies and programmes. Egypt's Constitution comprehensively covers civil and political rights as well as economic and social rights.
46. The Government is determined to further promote human rights, and continue to integrate International and Regional human rights obligations into National Laws. The establishment of the Supreme Standing Committee for Human Rights (SSCHR) constitutes an important step in that regard.

### **Agricultural Sector**

47. The Agriculture Sector provides livelihoods for 55 percent of the population and directly employs about 30 percent of the labour force. The sector accounts for about 20 percent of total exports and foreign exchange earnings.
48. Underdevelopment of the agriculture sector has limited the sector's contribution to spatial and rural development and job creation. The sector faces challenges related to soil quality, use of traditional farming techniques, access to finance, scarce water resources, less developed irrigation infrastructure and encroachment on agricultural lands.
49. The authorities are acting on these challenges; through the Land Reclamation programmes, and also building new cities to free the fertile land for cultivation. The Ministry of Agriculture and Land Reclamation has developed a comprehensive strategy to last until 2030 for the sector.

## **The State military industrial institutions' (SMII) role in economic governance**

50. The State military industrial institutions (SMIIs) have played an important role along with other stakeholders, in the Egyptian society, including in shaping the economic governance of the country. The Armed Forces, as a national institution, is hugely revered in the Society. It has supported the people by protecting their various revolutions and political transitions safeguarding the Constitution.
51. In the economic sphere, the Egyptian SMIIs have been instrumental in complementing the private sector through the provision of essential goods and services at affordable prices, thereby filling the market gap in certain areas of the economy.
52. Under the current Egyptian economic model, the SMIIs are an effective contributor to indigenous industrialization and economic modernization. In an ideal state-led developmental economy, the public sector is central to economic growth, and Egypt's SMIIs are contributing to the engine of industry and supplying of public services at times of need, commendably also in the area of infrastructure development, including new highways (6000 km), bridges, and tunnels in addition to building 14 new cities in different governorates.
53. Given their essential role, SMIIs should continue to engage and work closely with the private sector, which is vital for the nation's growth and sustainable socio-economic development.

### **Inclusive development**

54. Egypt has been undergoing deep seated reforms since 2014 aiming at enhancing growth rates, restoring foreign investors' confidence, curbing budget deficit and tackling the escalating debt levels. An overarching goal of the reforms is to unleash the private sector as a driver of growth and jobs. This has included efforts to integrate Egypt into the global economy. As a result of the bold reform program, the economy has stabilized, and growth has recovered.



55. We commend the Government for the measures it has put in place to mitigate the effects of Egypt's economic reforms on the poor and persons in vulnerable situations in the Society, including through the initiatives of the Ministry of Social Solidarity. It is important to continue to accelerate economic inclusion, by absorbing a growing labor force through strengthening the country's social safety net system, and continue the development of programs that help persons in vulnerable situations build their own livelihoods and graduate from cash transfers.

### **Demographic pressure**

56. Egypt's population is growing at a high rate. While the Government continues its efforts aiming at controlling population growth through family planning policies, this has not resulted in significantly curbing population growth. Data from the UN World Population Prospects estimates that Egypt's current population is approximately 100.3 million people, 40 % of whom are under the age of 18. By 2050, the UN projects that Egypt's population might reach 150 million, and by 2100, 200 million.
57. This ongoing population growth is a challenge, given that much of the country is a desert. Although Egypt's land mass is approximately a million square kilometres, the population is concentrated in only 5-8 % of that area, mainly along the Nile Basin and Delta. Egypt's population density — if divided by the total land mass — ranks it at 115 globally, but if divided by inhabitable area the ranking jumps to 14th globally, making Egypt's cities among the most populated in the world. As the population grows, Egyptian urban centers will need to provide more services such as housing, sanitation, health care and education. The Government has undertaken significant projects for the creation of additional 14 new cities, including the New Administrative Capital, and is implementing huge projects to increase the agricultural production, although arable land remains under significant pressure due to water shortages and the effect of climate change.

## Gender gap

58. Despite efforts made by the successive governments, the gender gap in Egypt remains to be narrowed. The 2019 Global Gender Gap report ranks Egypt 134 (out of 153 countries) with a score of 0.629 one point ahead of 135 out of 149 countries in 2018. Indeed, Egypt ranked 8th out of 19 in the MENA Region and the country ranks on the lowest quartile for 3 out of the 4 dimensions of gender equality: economic participation and opportunity (140th), education attainment (102th) and political empowerment (103th), on women's health it ranks 51st.
59. Since President El-Sisi came to office, he has accorded special attention to the issue of empowerment of women and integrating persons with disabilities in society and continues to adamantly highlight these objectives in many occasions and throughout all government policies. The Government is already working to close gender gap, through the National Council for Women, and in collaboration with the civil society organizations.
60. In this context, the Government has created a comprehensive legal framework to promote the empowerment of women, and increased their political participation in the government, including appointment of ministers and deputy ministers, governors, mayors and deputy governors, increasing their representation as members of parliament and other national and local institutions.
61. It is worth mentioning that the rate of women voting in elections and referenda has drastically increased in recent years, and the number of girls in education has also witnessed a major increase. Tougher penalties have been put in place to combat violence against women in all its forms.
62. In 2019, Egypt became the first country in the Middle East and Africa to launch a Closing the Gender Gap Accelerator. Closing the Gender Gap Accelerator aims to create global and national public-private collaboration platforms to address gender gaps and reshape gender parity.

## Corruption

63. Like in many countries, corruption is a challenge. President Abdel Fattah El-Sisi has accorded the fight against corruption top priority since he assumed office. In 2014, the government launched a national anti-corruption strategy in fulfilment of “transparency and accountability” as a “main pillar” of the economic reform program begun in fall 2016. And, most notably, several officials were brought to trial for corruption since 2014, which has earned Egypt international praise.
64. In December 2018, President El-Sisi launched the second phase of the National Strategy for Fighting Corruption 2019-2022 at Africa 2018 forum in Sharm El Sheikh. The Strategy's goals focus on developing anti-graft bodies and activating mechanisms of transparency and integrity at government departments, along with legislative reform to accelerate verdicts' issuance and increase public awareness about the need to combat corruption.
65. The fight against corruption is encouraged to continue, spearheaded by a powerful State agency, the Administrative Control Authority (ACA). The ACA's main role is to gather information and investigate all administrative and financial violations in the State apparatus and refer cases to the office of public prosecutor when a wrongdoing is suspected. It is noteworthy that significant amounts of funds have been retrieved back to the State in recent years through this powerful mechanism.

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# CHAPTER ONE

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## INTRODUCTION

### The APRM and its implementation in Egypt

66. *“The mandate of the African Peer Review Mechanism (APRM) is to ensure that the policies and practices of participating states conform to the agreed political, economic and corporate governance values, codes and standards contained in the Declaration on Democracy, Political, Economic and Corporate Governance. The APRM is the mutually agreed instrument for self-monitoring by the participating member governments”. NEPAD/HSGIC/03-2003/APRM/MOU/Annex II*

### The APRM Process

67. The APRM is an instrument voluntarily acceded to by Member States of the African Union (AU) as a self-monitoring mechanism for promoting good governance. The African Peer Review (APR) process entails periodic reviews of the policies and practices of participating states to ascertain progress being made towards achieving mutually agreed goals and compliance with the political, economic and corporate governance values, codes and standards outlined in the AU’s Declaration on Democracy, Political, Economic and Corporate Governance [APRM Base Document, Paragraph 15].
68. The APRM mission is to deepen democratic practices through national participatory and inclusive assessments in the four pillars of governance, namely democracy and political governance (DPG), economic governance and management (EGM), corporate governance (CG) and sustainable socio-

economic development (SED). The aim is to encourage and build a transformative leadership through a self-assessment process that is inclusive and participatory, constructive national dialogue, and the sharing of experiences and peer learning, in order to reinforce successful and exemplary practices among African countries.

69. The evaluation involves a dual process of self-assessment by the participating country, and of external independent evaluation led by the APR Panel of Eminent Persons (APR Panel), which culminates in a peer review by participating Heads of State and Government. The participating countries are expected to implement the recommendations emanating from the peer review process as contained in the National Programme of Action, and to present regularly a progress report to the Forum of Heads of State and Government.
70. The APRM is open to all member states of the AU, and to date 40<sup>1</sup> member countries have voluntarily acceded by signing the accession Memorandum of Understanding (MOU), as indicated in Box 1. Accession entails committing to submit to periodic peer reviews, as well as to facilitate such reviews, and to be guided by agreed parameters for good political and economic governance, socio-economic development and corporate governance in line with APRM Base Document and Questionnaire.

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<sup>1</sup> APRM member states are: *Algeria, Angola, Benin, Botswana, Burkina Faso, Cameroon, Chad, Congo (Republic), Cote d'Ivoire, Djibouti, Egypt, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Kenya, Lesotho, Liberia, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, South Africa, Sudan, Tanzania, Togo, Tunisia, Uganda, Zambia and Zimbabwe.*

71. The APRM process consists of five interrelated stages, which are defined in the APRM Base Document. They are briefly described below.
72. **Stage One** is the preparatory phase, both at the level of the APRM Secretariat and at the national level. Under the direction of the APRM Panel, the APRM Secretariat forwards to the country to be reviewed the APRM Questionnaire covering the four focus areas of the APRM assessment. On the basis of the questionnaire, the country conducts a self-assessment exercise, produces the report and formulates a preliminary National Programme of Action (NPOA) to rectify identified shortcomings or challenges. The NPOA is expected to take into account existing policies, programmes and projects in the country to avoid duplication. Both the Country Self-Assessment Report (CSAR) and the preliminary NPOA are submitted to the APRM Secretariat. During the same period, the APRM Secretariat develops a background document on the country. This is done through desk research, gathering available current and pertinent information on the governance and development of the country in the four assessment areas.
73. **Stage Two** is the country review visit. Under the leadership of the APRM Panel, the Country Review Mission (CRM) visits the country concerned and carry out the widest possible consultations with state and non-state actors, including government officials, other state institutions such as the judiciary and parliament, political parties, and representatives of civil society organisations, including the media, academia, trade unions, business and professional bodies. The main objectives are to:
- *Learn about the perspectives of the different stakeholders on governance and socio-economic development of the country;*
  - *Get in-depth understanding of the issues identified in the CSAR; and*

- *Discuss recommendations on how these could be addressed.*
74. The country mainly plays a facilitating role during the review visit, ensuring that the CRM is able to carry out its review smoothly and independently. The CRM is given full access to all sources of information, documentation and stakeholders, as provided for in the MOU for Technical Assessment and the Country Review Visit signed by the country and the APRM.
75. **Stage Three** involves the drafting of the Country Review Report (CRR). It is informed by the CSAR and preliminary NPOA, Background papers prepared by the Secretariat, as well as information made available to the CRM during the country consultations with stakeholders. The draft report:
- *Considers the applicable political, economic and corporate governance and socio-economic development commitments made in the preliminary NPOA;*
  - *Identifies any remaining weaknesses; and*
  - *Recommends further actions to be included in the final NPOA.*
76. After consideration and validation of the draft report by the APRM Panel of Eminent Persons, it is then submitted to the government under review to ensure the accuracy of the information. The government is given an opportunity to react to the findings and put forward its own view on how the shortcomings can be rectified. These responses are appended to the country report. At this stage, the country finalises its NPOA, taking into account the conclusions and recommendations of the draft report.
77. **Stage Four** consists of the peer review of the country. Upon finalisation of the Country Review Report, it is then submitted to the APR Forum for consideration and formulation of actions deemed necessary in accordance with the Forum's mandate.

78. **Stage Five** entails formal publication and presentation of the CRR to national stakeholders and key African Union regional bodies, such as the Regional Economic Community to which the country belongs, the Pan-African Parliament, the African Commission on Human and Peoples' Rights, etc.

*Box 1.1: Status of APRM implementation as of 2019*

The APRM is clearly the most innovative instrument for entrenching democracy and good governance in Africa. It is unprecedented in the history of governance in Africa. The key principle of the APRM process is to propel the citizen at the centre of public policy and governance practice in Africa by ensuring broad-based participation of all stakeholders in the review process. In so doing, it heightens public awareness of governance and development processes, and builds a national dialogue and consensus around critical governance issues. The National Programme of Action (NPoA) that comes out of the review process provides an implementation framework for the State and stakeholders to address governance challenges and meet developmental goals. It is equally a monitoring tool for countries to track progress.

National ownership and leadership by the participating countries are essential to the effectiveness of the APRM process. This includes leadership in ensuring consistency and alignment with existing national strategies and processes. In Egypt, it is critical that APRM NPOA is aligned with Vision 2030, the global Sustainable Development Goals and Medium-Term Expenditure Framework (MTEF).

Prior to the review of Egypt, twenty-two countries have completed the base review process and peer reviewed by the APR Forum. Kenya, Uganda and Mozambique are the first APRM Member State to have pioneered the second cycle review.

The Arab Republic of Egypt is the 23<sup>rd</sup> member State to submit itself to APRM review process.



## **The implementation of the APRM process in Egypt**

79. Egypt acceded to the APRM on 9th of March 2004. However, the APRM process was not accomplished since accession. It was revived after an advance APRM mission fielded in June 2016 when the Egyptian authorities expressed strong political will in reinvigorating the APRM process in the country. Soon after the advance mission, the government embarked on establishing the necessary national structures. This included, the appointment of the Focal Point, the composition of a National APRM Commission, the establishment of National Secretariat as well as the procurement of four Technical Research Institution's (TRIs) to undertake the country self-assessment process.
80. The National Commission in the framework of Egypt's membership in APRM was established by the Prime Ministerial Decree no. 1896 in 2017, which was later amended by the Prime Ministerial Decree no. 1524 in 2018. It consists of 20 distinguished members of society, including representatives of government entities, civil society, academia, the private sector, parliament, media and human rights advocates. Selection criteria for the Commission members include competency in the thematic areas of APRM, diverse stakeholder representation, and gender balance (35 % women).
81. The main responsibilities of the National Commission in Egypt include: i) developing a strategy and action plan for the implementation of the APRM Base review; ii) Sharing knowledge about the APRM and the review process; iii) Establishing sub-committees responsible for each of the four APRM thematic areas; iv) selecting Technical Research Institutes (TRI) and assigning them to a thematic area; v) preparing for public consultations on the four thematic areas in collaboration with TRIs; vi) reviewing and validating of the final country self-assessment report.

82. The following criteria issued by the Prime Minister Decree were used in selecting the TRI that were entrusted with carrying out the self-assessment of Egypt:
- ✓ Prominent Egyptian research institutions and think tanks (private or public), known for their professionalism, competencies, technical capabilities, and knowhow.
  - ✓ Soundtrack record based on research ethics, validity, confidentiality, credibility and core competencies which are the pillars for conducting a sound objective review in the four APRM thematic areas.
83. Four TRIs were selected as follows:
1. Al-Ahram Center for Political and Strategic Studies (ACPSS) for Democracy and Political Governance.
  2. Center for Economic and Financial Research and Studies (CEFRS) at the Faculty of Economic and Political Sciences, Cairo University, for Economic Governance and Management.
  3. Public Administration Research and Consultation Center (PARC) at the Faculty of Economic and Political Sciences, Cairo University, for Corporate Governance.
  4. The Institute of National Planning (INP), for Socio-Economic Development.
84. The TRIs used the following research methods to obtain data and complete the country self-assessment.

**Desk review of references and literature** complemented by different statistics issued by government authorities including the Central Agency for Public Mobilization and Statistics (CAPMAS), the Ministry of Finance and the Ministry of Planning, Monitoring and Administrative Reform<sup>2</sup>. The report relied on the basic governmental documentation such as the

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<sup>2</sup> The name of the “Ministry of Planning, Monitoring and Administrative Reform” was changed in December 2019 to “Ministry of Planning and Economic Development”

national and sectoral strategies, policies and action plans. This is in addition to the international conventions, the Constitution and the multiple legislative frameworks. Desk review also looked at relevant international and regional reports and relying on Egypt-related indicators.

**Field surveys** were conducted by the Centre for Surveys and Statistical Applications (CSSA), Cairo University, on a population sample including 1,808 individuals representing the Egyptian society with due regard to the demographic distribution across governorates (regions). About 72 percent of the sample is distributed among the Greater Cairo governorates: Cairo, Giza, and Qalyubia, 14 percent from Beni-Suef, and 14 percent from Menoufia. The urban areas represented 62 percent while rural area represented 38 percent of the sample. The gender dimension was taken into consideration with males representing 51 percent and females 49 percent out of the total sample. As for the sample classification by age, youth represented the majority of the sample reflecting Egypt's Population Pyramid, as per the following percentages: 36 percent of the sample for a population segment of 19-30 years, 25 percent (31-40 years), 26 percent (41-50 years), and 13 percent (51-65 years). Classification by education resulted in 70 percent of the sample representing university students and secondary stage students. Classification by employment status, 75 percent are employed and 25 percent are unemployed (including housewives, students and retired persons). The survey relied on a questionnaire which includes 6 question groups covering all the issues subject of monitoring and assessment under the pillar. The results of the questionnaire served as guidelines for providing the recommendations related to this report based on the opinions of respondents regarding different policies.

**In-depth interviews** with officials of Ministries and government authorities in addition to interviews with experts of economic sectors representing the Egyptian economy's private and civil sectors as well as the social sectors.

**Focus groups and group discussions** covering issues related to the partnership between the government and the civil society and the private sector; concepts, mechanisms, challenges and ways to overcome it, in addition to the decentralization practices and good governance. The focus groups worked also on other issues including the standards for determining investment priorities, assessing the implications of Egypt's Vision 2030 and the Sustainable Development Goals on women support and empowerment. They also addressed the persons in vulnerable situations in society, assessing Egypt's experience in planning with community participation and developing 2030 Strategy, protecting and enhancing the Egyptian women's rights. The focus groups and group discussions were conducted in the presence of a group of specialists in the relevant topics.

85. In November 2019, Egypt submitted a 436-page Self-Assessment Report to the APRM Secretariat (see Box 1.2). From 28 November to 18 December, the Country Review Mission (CRM) led by Professor Ibrahim Gambari, Chairperson of the APRM Panel and Lead Panelist visited Egypt for the review mission, where the CRM met the various stakeholders and discussed governance and development of Egypt. The Mission was officially launched by the Prime Minister Dr Mostafa Madbouly on the 5<sup>th</sup> December 2019. The CRM was composed of independent seasoned African experts chosen for their competence and expertise in the area of governance, particularly in the focus areas of the APRM assessment.

### *Box 1.2: Egypt Self-Assessment Report*

The 20 distinguished members of Egypt National APRM Commission were very committed and professional. They took the assigned task of coming up with a Country Self-Assessment Report (CSAR) seriously and this was done in a scientific and rigorous way with the support of four credible local Technical Research Institutes. The country presented a CSAR divided into two thematic areas. Part 1 on Democracy and Political Governance and Part 11 on Sustainable Economic, Corporate, Social and Environmental Development.

Invariably, this has created some challenges for the Country Assessment Team especially the three thematic areas that was subsumed into one, and also to distil the crosscutting issues in a scientific way.

It is noteworthy that the APRM National Commission of Egypt indicated that although the CSAR is not divided into four separate pillars similar to the Questionnaire, it is structured into two main parts providing the answers of all the questions under the four pillars of the APRM questionnaire. It explained that this is attributed to the intertwined, interconnected and multifaceted nature of governance which was reflected in the questions of the questionnaire leading to some repetition.

#### **86. On behalf of the APR Panel and APR Secretariat**

- Prof. Ibrahim Gambari, Chairperson of the APR Panel of Eminent Persons and Lead Panellist for Egypt review.
- Dr Rachel Mukamunana, Head of Division, Country Reviews Coordination at the APRM Secretariat, and Country Coordinator for Egypt.
- Ms Ejigayhu Tefera, Researcher in economic governance
- Mr Peter Katwesige, Researcher in political governance
- Ms Rutendo Nazare, Researcher in socio-economic development

- Ms Thandi Mtetwa, documentalist
- Ms Nomfanelo Mhambi, support officer

### **Independent experts**

- Prof Alex Gboyega, from Nigeria, political scientist in charge of political governance
- Dr Mutuma Ruteere, from Kenya, an expert in political governance.
- Prof. Afeikhená Theo Jerome, from Nigeria, expert in the area of economic governance and management.
- Dr. Misheck Mutize, from Zimbabwe, expert in the area of economic governance and management.
- Prof. Bernard Dasah, a Ghanaian national, expert in the area of socioeconomic development.
- Ms Houða Mejri, from Tunisia, expert on gender.
- Prof. Karim Ben Kahla, from Tunisia, expert in corporate governance.
- Prof. Amon Chizema, from Zimbabwe, expert in corporate governance.

87. The CRM held consultations with a wide range of stakeholders including the President of Parliament, the Prime Minister, Ministers, the President of the Administrative Control Authority, the President of the Central Agency for Organization and Administration, the President of the National Election Authority, members of Judiciary, various top government officials, representatives of civil organisations including labour unions, the National Council for Women, the National Council for Human Rights, religious leaders (the Grand Imam of Al Azhar and the Representative of the Coptic Church), the Federation of NGOs and Civil Society Groups, and the Federation of Chambers of Commerce, the Federation of Industries and Business Associations, all of whom provided primary information and data on governance and socioeconomic development of Egypt. The CRM also visited - in addition to Greater Cairo - the governorates of Port Said, Alexandria and Aswan.

88. This Country Review Report presents the findings of the CRM to Egypt, as well as Panel recommendations. The report is structured in seven chapters in addition to the executive summary. Chapter one is on introduction and provides an overview of the review process and the methodology which was used for self-assessment and country review mission; Chapter Two provides a historic background and overview of Egypt. The subsequent four chapters provide findings in the four APRM focus areas in the following order: Democracy and Political Governance; Economic Governance and Management; Corporate Governance; and Socio-Economic Development. Chapter 7 highlights the crosscutting and overarching issues. These are issues, which are pivotal to the governance and socio-economic development of the country. The Report also highlights in boxes good and best practices which have been identified by the Mission and which are worthy of sharing and emulation by other countries.



Launch of the Country Review Mission by H.E. Dr. Mostafa Madbouly, Prime Minister of the Arab Republic of Egypt.

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# CHAPTER TWO

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## BACKGROUND

### 2.1 The APRM process

89. Egypt, officially known as the Arab Republic of Egypt, is a transcontinental country located in the north-east corner of Africa. This is made possible through a land bridge formed by the Sinai Peninsula. The country is bordered by both land and sea: The Mediterranean to its North, Israel and the Gaza Strip to the North-east, the Gulf of Aqaba to its East, the Red Sea to the East and South, Libya to the West and Sudan to the South as shown in Chapter one.
90. With an estimated population of 99.8487 million in 2019<sup>3</sup>, Egypt is the third most populous countries in Africa after Nigeria and Ethiopia, and the country ranks 14th in the world. The last official census was last held in 2017 when Egypt posted a population of around 95 million people. Egypt has a youthful population. In 2018, the median age of the population was 23.9 years, with a total life expectancy of 73 years.
91. World famous for its ancient civilization, prodigious culture, its pharaohs and sights like the pyramids, the country has historically been highly influential in the Arab world. Egypt's four largest cities include: Cairo, capital of Egypt and largest urban agglomeration in Africa; Alexandria, the country's main port; and Giza, third largest city and the location of the Giza Pyramids and the Great Sphinx.

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<sup>3</sup> CAPMAS



92. Egypt has an area of 1,001,408.1 km<sup>2</sup>. By area, the country ranks 29<sup>th</sup> largest country in the world and takes up 0.03 of Africa's total land area. Its existence is bound up with the River Nile. Most of the country is desert, so about 95 percent of the population is concentrated in a narrow strip of fertile land along the Nile River, which represents only about 5 percent of Egypt's land area.
93. Egypt is administratively divided into twenty-seven governorates, which include four city governorates (Alexandria, Cairo, Port Said and Suez), nine located in Lower Egypt (in the Nile Delta region), nine in Upper Egypt along the Nile River from Cairo to Aswan, and five frontier governorates covering Sinai and the deserts that lie west and east of the Nile. Governorates are further divided into hundreds of municipalities and smaller sub-municipal village districts. Egypt has a centralized system of government - although some officials are elected at the local level, and there have been efforts toward greater decentralization in policy areas like education in recent years. The governors of the different administrative regions are directly appointed by the President, and local governments are mainly funded by the central government.
94. This chapter presents a brief historical background and describes the state of contemporary Egypt. It serves as an analytical backdrop for the next four chapters in which the four thematic areas of APRM.

## **2.2 BRIEF POLITICAL HISTORY**

95. Arab Republic of Egypt is one of the oldest countries in the world and it is often regarded as the cradle of civilization. The country has a proud history dating back to at least 5 000 years. Egypt is home to one of the world's great ancient civilizations, with evidence of widespread settlement as far back as around 6000 BC. For almost 30 centuries—from its unification around

3100 B.C. to its conquest by Alexander the Great in 332 B.C.— ancient Egypt was the preeminent civilization in the Mediterranean world. The country was conquered by the Romans in 30 BC, and then again during the Arab conquest of 636 BC, which led to the gradual establishment of Islam as the country’s dominant religion.

96. From the 16th to the beginning of the 20th century, Egypt was ruled by foreign imperial powers, first the Ottoman Empire and then the British Empire<sup>4</sup>. The Ottoman-Mamluk War (1516–1517 BC) saw control of Egypt’s territory transferred from the Mamluk dynasty (1250–1517 BC) to the Ottoman Empire. Ottoman control was to last almost uninterrupted for over 350 years.
97. The end of the nineteenth century marked a crucial point in the country’s history. Egypt came under the control of the British Empire in 1882. Following the outbreak of the First World War in 1914, Britain officially proclaimed Egypt a British Protectorate.
98. Modern Egypt dates back to 1922, when it gained independence from the British Empire as a monarchy. In 1952 a revolution led by a group of young Egyptian Army officers known as the ‘Free Officers Movement’ installed a government that promoted a combination of socialism and Pan- African and Arab nationalism. Following the 1952 revolution, Egypt ended the British military presence, nationalized the Suez Canal, exiled King Farouk and his family, and was declared a republic.
99. On 25 January 2011, a revolution erupted in Egypt. The uprising against the presidency of Hosni Mubarak was mainly driven by economic decline and accusations of corruption as thousands of protesters gathered in public spaces calling for ‘dignity, freedom and the fall of the regime’. After 18 days of protests,

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<sup>4</sup> Egypt: Doing Business, Investing in Egypt Guide, Volume 1. 2019 Edition, International business Publications, USA.

President Mubarak stepped down, bringing an end to his 29 years in office. On 2 June 2012, Muhammad Morsi of the Muslim Brotherhood was sworn in as President and stayed in power from 30 June 2012 to 3 July 2013.

100. When Former President Morsi took office in June 2012, after winning Egypt's presidential elections, instead of consolidating democratic or civilian rule, President Morsi's rule exposed divisions in Egyptian politics, pitting a broad cross-section of all components of the Egyptian Society against the Brotherhood and its Islamist supporters. The Brotherhood was accused of endorsing various extremist views and even engaging known extremists responsible for terrorism in the country. The peak of confrontation came with the attempts by Former President Morsi to place presidential powers above constitutional norms. This led to his ousting on 3 July 2013, following widespread popular demonstrations against the rule of the Muslim Brotherhood.
101. President Abdel Fattah El-Sisi was subsequently elected in May 2014 after securing 97 percent of the vote and he won again in the elections that took place in 2018 by almost the same margin. Following amendments to the Constitution approved by voters in April 2019, President EL-Sisi is eligible to contest for another term when his current term ends in 2024.

### **2.3 ECONOMIC AND FOREIGN RELATIONS CONTEXT**

102. Before 1952, Egypt was mainly a "free enterprise economy." The government refrained from direct control of the economy. The picture changed dramatically in the decade following the 1952 revolution through the nationalization of the Suez Canal and the events which took place in the aftermath which encouraged the Egyptian government to take wholesale nationalization measures.

103. Since 2000, Egypt has increasingly moved toward a market-oriented economy in a bid to stabilize the economy and attract foreign investment through structural reforms, fiscal and monetary policies, taxation, privatization, and new business legislations.
104. Egypt has a diversified economy. Manufacturing is the biggest sector, accounting for 16.7 percent of the GDP in 2018. This is followed by wholesale and retail trade (12.9 percent) and the extractive industries (12.8 percent). While the country has limited arable land, agriculture still comprises a significant component of Egypt's GDP, accounting for 11.3 percent of GDP in 2019.
105. With a nominal GDP of 302.26 USD billion, Egypt moved up three places in 2019 from the previous year to occupy the 42nd position in the world and number 3 position among the world's largest economies in Africa after Nigeria (28th) and South Africa (37th). Using purchasing power parity however, Egypt moved to the top 20 in the world in 2019 to occupy the 19th position after surpassing Thailand and Australia and the top position in Africa. Egypt has thus emerged as the largest economy in Africa on PPP basis. Located at a crossroads between Africa Asia and Europe, Egypt remains one of the strategically important countries as it has been for millennia.
106. A leading country in the Arab world, Egypt's capital city, Cairo, hosts both the 22-member Arab League and Al Azhar University, founded in AD 971 which is said to be the oldest continuously operating university in the world and has symbolic importance as one of the most prestigious Islamic universities worldwide.
107. Egypt maintains good relations with the Arab countries, including special ties with the Gulf States, where millions of

expatriates work providing a valuable source of remittances for Egypt.

108. Egypt's 1979 Peace Treaty with Israel remains one of the most significant diplomatic achievements for the promotion of Arab-Israeli peace.
109. Egyptian leadership has transcended beyond national borders, clearly evident in the country's foreign policy. The imperative for leadership in foreign affairs stems from the country's demographic weight, geopolitical location and military capability. Moreover, it is a function of Egypt's historic and contemporary role as the heart of cultural and intellectual innovation in the Arab world. Consequently, Egypt plays a proactive role in the efforts for resolving the regional conflicts. Egyptian leadership has been afforded support in its efforts for conflict resolution by the country's election to a non-permanent seat in the United Nations Security Council in 2015.

## **2.4 KEY STRENGTH AND ACHIEVEMENTS**

110. Egypt ranks high among the countries of the world for its longevity as a civilization, the roles it has played in history, and its strategic location. Ancient Egypt broke all the barriers of what was thought to be humanly impossible, creating works of art and science far beyond the prospects of that time.
111. Ancient Egypt left several legacies for humanity. The Great Pyramid of Giza (also known as the Pyramid of Khufu), the oldest and largest of the three pyramids in the Giza pyramid complex was the tallest man-made structure in the world for about 3800 years until the 14th century when the Lincoln Cathedral was built. Originally standing 147 meters tall (481 feet), the pyramid which is more than 4000 years old is the oldest

of the Seven Wonders of the Ancient World, and the only one to remain largely intact.

112. The Sphinx, a limestone statue of a reclining sphinx, a mythical creature with the body of a lion and the head of a human is closest to the Great Pyramid. The mummy – an eviscerated, dried and bandaged corpse – has also become a defining Egyptian artefact.
113. Ancient Egypt had a unique writing style – Hieroglyphics – a script consisting of many hundreds of intricate images engraved in stone walls of temples, painted in the burial chambers or written with pen on rolls of papyrus, the precursor of today's papers.
114. The Valley of the Kings in Luxor where all the famous pharaohs of ancient Egypt were interred is a sight to behold. The wonderful artefacts and monuments of Egypt including the temples and the tombs are an inescapable mystery and sheer architectural grandeur.
115. Not to be outdone, Modern Egypt has not been left behind. The Bibliotheca Alexandrina, located on Egypt's Mediterranean Coast is the largest library in the Middle East and Africa. It is a spectacular, state-of-the-art facility with contemporary timeless design. The facility championed by UNESCO was conceived as a revival of the ancient library in the city founded by Alexander the Great and burnt down by Julius Caesar in 48 BC. The 11-story library can take up to 5 million volumes of books and expanded up to 8 million by the use of compact storage.
116. Egypt boasts of the second highest number of Nobel Laureates in Africa: Mohamed ElBaradei (Peace, 2005); Ahmed Zewail (Chemistry, 1999); Naguib Mahfouz (Literature, 1988) and Anwar Sadat (Peace, 1978), surpassed only by South Africa with 11 laureates.

117. The Egyptian national football team (The Pharaohs) is also the most successful national team in Africa, having won the Africa Cup of Nations a record seven times: the inaugural edition in 1957 and on home soil in 1959, as well as the 1986 edition, 1998, 2006 in Egypt, 2008 and 2010. Two of the local clubs-Zamalek and Al Ahly have dominated the Confederation of African Football (CAF) competitions and they were both named by CAF as the 1st and 2nd African Clubs of the 20th Century, respectively. Al Ahly is the most decorated football club in Africa having won a record 8 CAF Champions League titles while Zamalek has won 5 CAF Champions League titles.
118. The factor of continuity remains the Nile, which defines Egypt hence Herodotus, the ancient Greek historian, described “Egypt as the gift of the Nile”. Egypt relies on the Nile for its livelihood and continuity through the annual inundation, which fructifies the land through the flooding of the cultivated areas of the Nile valley up to the desert edge depositing a layer of fertile silt, securing successful harvest for the next farming season in normal years.

### **Leadership Training**

119. In a bid to prepare the young persons to take on leadership roles and to shoulder political, social and administrative responsibility, a presidential program delivered through the National Training Academy was launched at the beginning of 2016 by President El-Sisi.
120. Through the initiative, the academy works to inject competent youth into the pipelines of the governmental sector and any other sectors that contribute to building and supporting the national economy and developing and raising the efficiency and performance of their workers in the administrative sector of the State.

121. The Presidential Program also extends to training young leaders in other African countries through the African Presidential Leadership Program (APLP) (Box 2.1).

*Box 2.1: Best Practice -The African Presidential Leadership Program (APLP)*

The program was launched in a bid to implement one of the recommendations of the 2018 World Youth Forum coinciding with the 2019 Egyptian Presidency of the African Union. The program aims at bringing together African youth with different affiliations and beliefs under one umbrella aimed at development and peace, complementing Egypt’s role in effective participation with other African governments. The 5-week program is designed to give more than 1,000 young people from 18 and 30 years of age from Africa a chance to participate in 10 sessions of 100 young African people each.

To date, 189 youth from 41 African countries have benefited from Batches 1 and 2 of the African Presidential Leadership Training as shown in Table 2.1.

**Table 2.1: Number of trainees of the African Programs African Presidential Leadership Program (APLP)**

<b>Country</b>	<b>APLP 1</b>	<b>APLP 2</b>	<b>TOTAL</b>
Algeria	2	0	2
Angola	0	3	3
Benin	0	1	1
Botswana	0	1	1
Burundi	0	1	1
Cameroon	7	4	11
Chad	1	0	1
Comoros	1	1	2
Congo, Kinshasa	1	0	1
Djibouti	1	2	3



Egypt	15	9	24
Equatorial Guinea	0	1	1
Eritrea	0	1	1
Ethiopia	2	1	3
Gabon	0	1	1
Ghana	5	4	9
Guinea	1	3	4
Kenya	10	2	12
Lesotho	1	1	2
Liberia	1	6	7
Libya	1	2	3
Malawi	1	4	5
Morocco	0	1	1
Mozambique	1	0	1
Namibia	1	0	1
Niger	0	1	1
Nigeria	29	13	42
Rwanda	1	1	2
Senegal	0	1	1
Sierra Leone	1	1	2
Somalia	2	1	5
South Africa	1	0	1
South Sudan	1	0	1
Sudan	2	2	4
Swaziland	1	1	2
Tanzania	2	0	2
Togo	0	1	1
Tunisia	0	3	3
Uganda	8	5	13
Zambia	2	4	6
Zimbabwe	2	0	2
Total Batch 1	104 from 29 Countries		
Total Batch 2	85 from 32 Countries		
Total APLP Trainees	189 from 41 Countries		

*Source: National Training Academy*

## Africa's Best Universities

122. In international competitiveness, Egyptian universities rank well in world university ranking. According to the 2019 Times Higher Education world university rankings, ten Egyptian universities featured in the world's top thousand, the highest for Africa and this was followed by nine from South Africa as shown in Table 2.

**Table 2.2: Best Universities in Africa in the World University Rankings 2020**

Africa Rank	World Rank	University	Country	City
1	136	University of Cape Town	South Africa	Cape Town
2	194	University of the Witwatersrand	South Africa	Johannesburg
3	251–300	Stellenbosch University	South Africa	Stellenbosch
4	401–500	Aswan University	Egypt	Aswan
4	401–500	Covenant University	Nigeria	Ota
4	401–500	University of KwaZulu-Natal	South Africa	Durban
4	401–500	Mansoura University	Egypt	Dakahlia
8	501–600	University of Ibadan	Nigeria	Ibadan
8	501–600	North-West University	South Africa	Potchefstroom, Mahikeng, Vanderbijlpark
8	501–600	Suez Canal University	Egypt	Ismailia
11	601–800	Beni-Suef University	Egypt	Beni Suef
11	601–800	Cairo University	Egypt	Cairo
11	601–800	Ferhat Abbas Sétif University 1	Algeria	Setif
11	601–800	University of Johannesburg	South Africa	Johannesburg
11	601–800	Kafrelsheikh University	Egypt	Kafr el-Sheikh
11	601–800	Makerere University	Uganda	Kampala

11	601–800	University of Pretoria	South Africa	Pretoria
11	601–800	Sidi Mohamed Ben Abdellah University	Morocco	Fez
11	601–800	University of the Western Cape	South Africa	Cape Town
20	801–1000	Ain Shams University	Egypt	Cairo
20	801–1000	American University in Cairo	Egypt	Cairo
20	801–1000	University of Béjaïa	Algeria	Béjaïa
20	801–1000	Benha University	Egypt	Benha
20	801–1000	University of Ghana	Ghana	Accra
20	801–1000	University of Lagos	Nigeria	Lagos
20	801–1000	University of Nairobi	Kenya	Nairobi
20	801–1000	Tanta University	Egypt	Tanta
20	801–1000	Tshwane University of Technology	South Africa	Pretoria

*Source: Compiled from the Times Higher Education World University Rankings 2020.*

### **Summary**

Egyptian Universities	= 10
South African Universities	= 09
Nigerian Universities	= 03
Algerian Universities	= 02
Ugandan Universities	= 01
Kenyan Universities	= 01
Ghanaian Universities	= 01
Moroccan Universities	= <u>01</u>
<b>TOTAL</b>	= <b><u>28</u></b>

## Transformative Leadership

123. Transformative leadership derives from the notion that leaders transform followers in ways that lead to greater collective performance and success. Transformational leadership is, therefore, a prerequisite for development and thus relevant in the context of Egypt.
124. According to a model developed by Bass and Avolio (1995)<sup>5</sup>, the extent to which leadership is considered transformational is a function of a number of things. Specifically, transformational leadership carries role-model attributes and behaviours that followers approve and seek to follow. Transformational leadership articulates compelling and inspiring visions of the future, while challenging existing assumptions and stimulating new ways of thinking. Moreover, transformational leadership is inclusive, effectively attending to followers' needs and concerns.

### *Box 2.2: Best Practice – Egypt Transformative Leadership*

*Consistent with the notion of transformative leadership, the Report commends several bold decisions and initiatives that President Abdel Fattah El-Sisi and his government took in order to achieve sustainable development. These decisions were deemed necessary to change the life of Egyptians in the long term. For example, the government took the bold decision to rationalize fuel subsidies as one way to positively encourage direct investments to Egypt and to correct the structural imbalances that the Egyptian economy has suffered for decades.*

*While the examples of initiatives singled out below do not provide an exhaustive list, however, they are indicative of Egyptian leadership's strong political will and commitment not only to*

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<sup>5</sup> Bass, B.M. & Avolio, B.J. (1995). Multifactor leadership questionnaire: Leader form, rater form, and scoring key for MLQ (Form 5x-Short). Redwood City, CA: Mind Garden.

*reform the national socio-economic landscape through new legislation, regulations and policies, but to implement them.*

*First, the Egyptian government has shown a strong commitment to underpin the development of the country through public leadership that is inclusive of female participation, and inclusive of the interests of the youth and persons with disabilities. Indeed, President El-Sisi declared 2017 to be the Year of Egyptian Woman, and sponsored the 'Egyptian Woman Can' conference. The year before had been declared Year of the Youth, and the year 2018 was declared Year of Persons with Disabilities.*

*Second, the President's commitment to diversity is not symbolic. Certain key government Ministries in the country are led by women, For example, the Ministry of Social Solidarity and the Ministry of Planning, Monitoring and Administrative Reform. From a leadership perspective, the presence of women government ministers will improve the confidence and aspirations of young female Egyptians. Moreover, there is emphasis on leadership development that targets not only women but the youth in Governorate leadership.*

*Third, there is physical evidence that stands as a manifestation of decisive leadership in the form of infrastructure development and the mega projects, including the on-going construction of the New Administrative Capital and the largest solar energy project in the world at Aswan.*

*President El-Sisi's transformational leadership impact also manifests in his integrative policies, which seek to develop previously underprivileged areas and peoples and include them in the current development processes as participants and beneficiaries. Article 236 of 2014 Constitution promises participatory and inclusive economic and urban development of border and underdeveloped areas. Article 236 obligates the State to develop and implement a comprehensive economic and urban development plan for Upper Egypt, Sinai, Matrouh, and Nubia,*

*prioritizing the inhabitants of these areas as participants and beneficiaries. Nubians had lost lands in two Aswan dam projects, which were economically significant for the rest of Egypt but left them deprived. Under President El-Sisi, Egypt embarked upon the identification of entitled Nubians for financial compensation for their loss of lands and other reparation in the form of housing and arable land while also ensuring restitution. The payment of financial compensations commenced on 20<sup>th</sup> January 2020.*

*Beyond what has been achieved to date, continued collaborative efforts by the government, private sector, civil society and academia provide yet more transformational leadership that should deliver sustainable and inclusive development in the country.*

### **National Mega-Projects**

125. A distinctive part of economic reforms in Egypt has been its significant efforts to stimulate economic growth through investments in megaprojects that have attracted foreign direct investment. The perceived objectives of these megaprojects are multifaceted, absorbing the negative consequences of the economic reforms through job creation, stimulating economic activities, expanding consumption side demand, developing export capacities, addressing the growing population problems and increasing productivity. The APR panel believes that what makes Egypt's mega projects outstanding is their funding model, with private investors funding the majority of them, and government having very little to no exposure in the projects. Since 2016, over US\$335 billion has been invested in energy infrastructure, real estate, transport infrastructure, manufacturing industries and hospitality.
  
126. In construction, it was confirmed to the CRM that Egypt has 14 active projects in which it is constructing new cities in an attempt to strengthen and diversify the country's economic potential. One of the largest construction projects visited by the CRM is the

New Administrative Capital, a new city located 45 kilometres east of Cairo being constructed in a 714 km<sup>2</sup> previously undeveloped and desert land making it almost as large as Singapore. The authorities confirmed to the CRM that the New Administrative capital is expected to draw approximately 7 million people and it is expected to become Egypt's financial capital, housing the main government departments, courts, Ministries and foreign embassies. The new capital is envisioned as a "smart" 21st century city with "663 hospitals and clinics, 1,250 mosques and churches," Africa's tallest building, and an amusement park four times larger than Disneyland.

127. In collaboration with China, the country is also constructing infrastructure for an electric train to link the New Administrative Capital to other key cities to accelerate efficient mobility. A new power plant has already been established in the New Administrative Capital to support its industrial and urban projects and social housing has also been completed within its borders.
128. The GoE has paid due attention to building sufficient power generation to provide electricity to all citizens. According to the official data, the CRM noted that Egypt has spent LE 515 billion in developing the national electricity grid since 2014 through a number of renewable energy projects. Egypt's power mega projects are expected to increase the country's power generation by 50 percent. Some of the notable power megaprojects noted by the CRM include; three 4.8 GW turnkey combined-cycle power plants in Beni Suef, Burullus and New Administrative Capital, 12 wind parks 600 wind turbines, the 4000 MW El Dabaa Nuclear Power Plant and the 6000 MW Hamrawein coal-fired power plant.
129. In the agricultural sector, the GoE embarked on a project of reclamation and development of one and a half million acres as steps towards the restoration of Egypt's status as a major

agricultural State and to achieve self-sufficiency of crops. This project is expected to expand agricultural land by 20 percent, reduce the food gap and increase the populated land area by creating new urban communities surrounding the newly developed agricultural zones. In addition to bringing agricultural activity, it will be associated with clusters for food and beverage, packaging and oil processing. According to the official plans, new housing units, health facilities and education services will be established around the agricultural zones to attract local workers and foreign investors.

130. Other megaprojects are being implemented in the logistics and ports, generating employment for thousands of Egyptian citizens. The Suez Canal, one of Egypt's major economic zones launched in 2015 is generating more than US\$ 5 billion per year. According to GoE, several other projects are in progress, which include; upgrading the Cairo-Suez and Ismailia-Port Said roads to freeways, establishing 6 tunnels that connect the area and the Suez Canal banks, developing Nuweiba Port to form a free zone, upgrading Sharm El Sheikh Airport, upgrading the ports of East Port Said, West Port Said, Al Arish, Adabeya, Tur, and Ain El Sokhna.
131. While the short-term objectives of creating employment, stimulate economic growth and attract foreign direct investments are being achieved, the CRM noted the need for medium to long-term sustenance. As recommended in Economic Governance and Management, it is imperative for the GoE to continue to adopt an economic strategy that balances between maintaining the gains of economic reforms and long-term economic objectives of addressing unemployment, developmental gaps and poverty. In addition, the APR panel recommends that, the poor and persons in vulnerable situations continue to be accommodated in the planning for the new cities and other megaproject.



## **2.5 CONCLUSION**

132. Since assuming office in 2014, President El-Sisi countered extremism and implemented bold economic reforms, which have returned Egypt to the path of growth and macroeconomic stability. Stability in Egypt is key for the region, Africa, and indeed the world.

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## CHAPTER THREE

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### DEMOCRACY AND POLITICAL GOVERNANCE

#### 3.1 OVERVIEW

133. The political history of modern Egypt is mostly the narrative of perpetual search for a governance system that works for most of the people. It began in 1952 when the Free Officers Movement's revolution led to the abdication of King Farouk. From 1953 Egypt was declared a republic and abolished the monarchy, the armed forces has maintained a prominent and revered role in society.
134. The first President, Muhammad Neguib was replaced with the more dynamic Gamal Abdel Nasser, as Egypt's President, until 1970. Nasser set up a socialist government, which focused on the socioeconomic development of Egypt. He promoted Arab nationalism and Pan-Africanism, but his more durable achievements were in domestic policies. Under him, women gained more rights, a middle class formed, and standards of living improved. His administration expanded Egypt's infrastructure, developed rural economies, and built the Aswan High Dam.
135. Notwithstanding his undoubted concern for the rapid development of Egypt and the welfare of the ordinary people, his vision did not embrace a democratic environment. He established the National Union, which was superseded later by the Arab Socialist Union as the vehicle for mobilizing support for stability. Although Nasser triumphed over domestic opposition and foreign conspiracies, the coalition of forces that

backed him could not transform into a democratic political movement.

136. After Nasser's death in 1970, Anwar Sadat, his deputy who was elected President, faced challenges due to high welfare costs and expansive military expenditures to finance Egypt's wars, to overcome these challenges, Sadat opened up the economy, the Egyptian army fought the October 1973 war, after which President Sadat embarked on peace negotiations, that resulted in the liberation of Sinai, occupied by Israel in 1967. Sadat won the peace and a Nobel Peace Prize jointly with the Israeli Prime Minister Menachem Begin, for signing the Camp David Accords.
137. His successor, Hosni Mubarak, repaired relations with Arab countries and deepened ties with the United States, which gave aid to Egypt while cooling relationships with Israel somewhat. On the domestic front, he cracked down on the Islamists, especially the Muslim Brotherhood, some of whose members assassinated Anwar Sadat. Egypt's intervention in Kuwait to help liberate the country from Iraq cemented its position as the most influential Arab State. Mubarak also expanded Egypt's infrastructure in housing construction and increased welfare benefits to the poor. In the end, a faltering economy and perceptions of growing inequality contributed hugely to the social uprisings which culminated in his stepdown.
138. In the ensuing elections, the Islamists managed to have a majority in the legislature. Their majority in parliament resulted in their views prevailing in the review of the 2012 Constitution. The Muslim Brotherhood used violence as a means of advancing its goals, thus crossing the line between legitimate political activity and terrorist tactics and justifying banning by the government. The Muslim Brotherhood holds explicitly the view that the State should be theocratic. The

pursuit of the goal of establishing a theocratic State puts the Muslim Brotherhood in direct conflict with the national State.

139. Mohamed Morsi, who won the 2012 elections, ran on the platform of the Freedom and Justice Party, a disguise for the Muslim Brotherhood. However, his leadership of Egypt was short-lived, as his scheme to consolidate his position by enhancing the powers of his office backfired and resulted in massive protests which culminated in his removal from power by popular demand in 2013.
140. Thus, in the space of two years, popular uprisings had resulted in the change of government, triggering efforts by the administration of President Abdel Fattah El-Sisi to find solutions to the economic, social and political problems which provoked the two revolutions. The reforms have encompassed economic, social, and political spheres, but the most critical of all is the democracy and political governance reforms of which the Constitution of 2014 is the anchor.
141. It is noteworthy, however, that an enduring motif or characteristic of the Egyptian political process since the 1950s has been the challenge of extremism and terrorism. Most Presidents have been the target of assassination attempts by the Muslim Brotherhood. They killed Anwar Sadat, and bear responsibility for many terrorist acts in the country. The government has invariably responded with measures that seek to combat terrorism. Not tackling the menace that they constitute to the peace and stability of Egypt, without which there cannot be development, is, on the other hand, no option for any Egyptian government.
142. Consequently, the current government under President El-Sisi continues to combat extremism and terrorism while also meeting the aspirations of most Egyptians. These aspirations include security, affordable housing, food, healthcare,

education, environmental safety, and open public participation spaces.

143. The following sections examine the reforms carried out since 2014 in terms of the parameters of the Democracy and Political Governance Thematic Area's eight Objectives of the APRM.

### **3.2 STANDARDS AND CODES**

144. According to the CSAR, Egypt has signed or ratified most of the African and international codes and standards. These include:

#### **Standards that need signing and/or ratification**

- Charter of the United Nations (signed in 1945)
- Universal Declaration of Human Rights (Signed in 1948)
- International Covenant on Economic, Social and Cultural Rights, (ratified in 1982)
- International Covenant on the Civil and Political Rights (ratified in 1982)
- International Convention on the Elimination of All Forms of Violence Against Women (ratified in 1981)
- International Convention on the Elimination of All Forms of Racial Discrimination (ratified in 1967)
- Convention on the Prevention and Punishment of the Crime of Genocide (ratified in 1952)
- Geneva Conventions of 1949 (ratified in 1952)
- Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (ratified in 1993)
- Convention on the Political Rights of Women (acceded in 1981)
- Convention on the Rights of the Child (acceded in 1990)

- The 1<sup>st</sup> Optional Protocol to the Convention on the Rights of the Child Preventing the Sale of children, Child Prostitution and Child Pornography (acceded in 2002)
- The 2<sup>nd</sup> Optional Protocol to the Convention on the Rights of the Child Preventing the Child Involvement in Armed Conflicts (acceded in 2002)
- African Charter on Human and Peoples' Rights (ratified in 1984)
- Convention Governing the Specific Aspects of Refugee Problems in Africa (acceded in 1980)
- OAU Convention on the Prevention and Combating of Terrorism (acceded in 2000).
- Protocol to the AU Convention on the Prevention and Combating of Terrorism (ratified in 1999)
- African Charter on the Rights and Welfare of the Child (acceded in 2001)
- African Union Convention for the Protection and Assistance of Internally Displaced (Enacted in 2009)
- Bamako Convention on the Ban of the Import into Africa and Control of Trans-boundary Movement and the Control of Transboundary Movement and Management of Harzadous Wastes within Africa (ratified in 2004)
- Charter for the Public Service in Africa (no information available)
- Arab Charter for Human Rights (ratified in 2019)
- The Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
- The International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families; the Convention on the rights of persons with disabilities

## **Standards that do not need ratification and Accepted Best Practices**

- Declaration on the Protection of All Persons from being subjected to Torture and Other Cruel, Inhuman or Degrading Treatment (signature not necessary)
- UN Declaration of the Rights of the Child (signature not necessary)
- The United Nations Rules for the Protection of Juveniles Deprived of their Liberty (signature not necessary).

## **Findings of the CRM**

145. The CRM established that while Egypt has signed and ratified a wide range of African and International codes and standards, the country is yet to accede to some Standards and Codes. These include:

- Second Optional Protocol to the International Covenant on Civil and Political Rights
- Protocol to the African Charter on Human and Peoples' Rights on the Rights of women in Africa (popularly known as the Maputo Protocol);
- The African Charter on Democracy, Elections and Governance.

146. For the codes and standards that the country has signed and ratified, Egypt has taken measures to domesticate its regional and international commitments and obligations through the Constitution as well as through various articles of legislations. The CRM notes that the Egyptian Constitution in article 93 explicitly provides that "The State shall be bound by the international human rights agreements, covenants and conventions ratified by Egypt, and which shall have the force of law after publication in accordance with the prescribed conditions." Egypt is to complete the enactment of domestic legislation to give effect to all the international and regional codes and standards that the country has ratified, once the

Supreme Standing Committee for Human Rights (SSCHR) is operational.

147. The CRM was informed that the SSCHR is being established as a permanent committee within the Executive branch that will have the responsibility of coordinating the implementation of regional and international obligations across the whole of government. This is an important and useful measure.

## **Recommendations**

The APR panel recommends that:

- The GoE consider signing relevant codes and standards that have not been signed and in particular; Second Optional Protocol to the International Covenant on Civil and Political Rights, Protocol to the African Charter on Human and Peoples' Rights of women in Africa (also known as the Maputo Protocol), and the African Charter on Democracy, Elections and Governance.
- Continue to enact the necessary legislation to give effect to those standards and codes that the country has ratified.
- Increase awareness on the country's regional and international commitments and obligations among the public and also among key stakeholders including NGOs.



### 3.3 ASSESSMENT OF THE PERFORMANCE ACCORDING TO APRM OBJECTIVES

#### Objective 1: Entrenching Constitutional Democracy and the Rule of Law

##### Summary of the CSAR

148. The CSAR states that Egypt adopted its current Constitution in 2014 in response to popular demands for political, social, and economic reforms expressed during two successive revolutions in 2011 and 2013. Drafted by a committee of 50 members representing various interest groups, the consultations were held with constitutional jurists, law professors, judicial authorities, national councils, representatives of the media, civil society, Al-Ahzar, and the Church before its formal adoption. In 2019, the Constitution was amended after the parliament adopted proposed amendments, by an overwhelming majority, that voters approved by over 88 percent in a national referendum.
149. The Constitution, the CSAR declares, stipulates the equality of citizens before the law and guarantees their access to justice without discrimination. It also ensures their right to form and associate in political parties by notification only. To enhance women's participation in the political system, it gives them a quota of 25% of the seats in the House of Representatives and local councils, as well as guarantees for the representation of the youth, Christians, persons with disabilities, workers, and farmers.
150. According to the CSAR, provisions to sustain constitutionalism and the rule of law are:
- the principles stated in the Constitution that the people are the main source of power;
  - that the political system should ensure partisan pluralism;

- guarantees of justice and equality of the citizens before the law;
- freedom to form political parties, NGOs, labour unions, newspapers and public marches, demonstrations and processions by notification only; and
- the right to participate in elections.

151. The CSAR indicates that the constitutional provisions have been articulated further in laws which provide for the establishment of the National Elections Commission, the regulation of political parties and composition and powers of the House of Representatives. Other efforts to facilitate widespread participation in elections include enabling citizens to vote using their National Identity Cards as an alternative to the voter's card and being able to use the internet and SMS to locate their polling stations. The electoral arrangements also include elaborate processes for candidates to file dispute before a court of law. The transparency of elections had also been enhanced by admitting election observer missions, including from COMESA, the Arab League, and the Africa Union.

152. The Constitution and the other laws passed to enhance political participation have ensured, according to the CSAR, expanded space for citizens to express their sovereign will in competitive environment. The Constitution establishes the National Elections Commission, which is exclusively responsible for the conduct of elections, and makes provisions for its independence. Under the new regulations made by the electoral body, the number of registered political parties rose to 92 and several independent candidates were elected to the House of Representatives.

153. The main measures for ensuring credible elections, according to the CSAR, have been: (a) revision of the voters' list and allowing voters to use their National Identity cards to vote instead of a voter's registration card; (b) use of the internet and SMS by voters to verify their polling units; (c) assistance to

persons with disability to vote; (d) use of transparent ballot boxes, phosphoric ink, and counting of votes at the polling units in the presence of elections observers missions, including from the AU, COMESA and the Arab League. The CSAR indicates that “many local, regional and international observers reported that” the 2018 presidential election “represented the most transparent and impartial election ever held in Egypt.”

154. The CSAR further points out that the Constitution explicitly states that the rule of law shall be the basis of governing and that it has provisions enshrining the rule of law under articles 94-100. It indicates that Egypt has automated court processes that enable litigants to track their cases as they go through the judicial system. Furthermore, there are provisions in the Constitution for legal adjudication of electoral disputes.
155. The CSAR points out that the term limits imposed by the 2014 Constitution were amended in 2019 by an overwhelming vote of the Parliament and subsequently approved by over 88% of the voters in a referendum. Consequently, the two four-year terms stipulated by the 2014 Constitution has changed to two 6-year terms.
156. Regarding the subordination of the security forces to civilian authority, the CSAR mentions that articles 206 and 207 of the Constitution regulate police affairs and lists some legislations that provide for their assessment. Similarly, the CSAR indicates articles of the Constitution (200, 201, and 202), which regulate the functioning of the Armed Forces together with the list of laws controlling their conditions of service, the military tribunals, and the establishment of the Al Galaa Fund for the Armed Forces.

## **Findings of the CRM**

### **Free and Fair Competition for Power and the Promotion of Democratic Governance**

157. The CRM ascertained that Egypt has reformed its electoral system to enhance voter participation and ensure the independence of its election management body. Until 2011, elections in Egypt were supervised by the judiciary but conducted by the Ministry of Interior. In 2005, the Supreme Constitutional Court empowered the judiciary to manage elections, with two bodies established to handle elections – the Presidential Election Commission and the Higher Electoral Commission. The Presidential Election Commission’s duty was to organize Presidential elections while the Higher Electoral Commission had responsibility for elections to the House of Representatives.
158. The 2014 Constitution consolidates authority to conduct all elections in the National Elections Commission, which is responsible for the conduct of referenda, presidential, parliamentary and local council elections. By the Law No 198/2017, the National Election Authority (NEA) was established to perform as the National Elections Commission envisaged under the Constitution.
159. The CRM noted that the NEA had taken many steps towards promoting a competitive and inclusive electoral system. Among its efforts towards that end are the collaboration with the National Council of Women to ensure more women participate in elections, encouragement and facilitation for persons with disabilities to participate in polls, training and deployment of a large number of judges to supervise and monitor elections, quick resolution of complaints from voters through a hotline, online registration of observers, and obedience of court judgments on electoral disputes.

*Box 3.1: Good Practice - The National Election Authority and the Conduct of Elections.*

**The NEA:** Article 2 of the Law stipulates that the National Elections Authority shall be “technically, financially and administratively” independent. The law spells out the scope of its authority to make regulations for the conduct of elections or referenda without any external interference, including compiling and maintaining a database of voters, delimiting constituencies, regulating campaign funding, issuing a code of conduct for politicians, and arranging for Diaspora Egyptians to vote.

**Composition:** The NEA is led by a Board of Directors made up of ten senior judges selected two each from among the (a) Vice-Presidents of the Court of Cassation, (b) Presidents of the Court of Appeal, (c) Vice-Presidents of the State Council, (d) Vice-Presidents of the State Litigation Authority, (e) Vice-Presidents of the Administrative Prosecution Authority. Egyptian judges are highly esteemed as incorruptible and appointing them to manage elections was meant to make voters repose confidence in the electoral process. The judges are selected by the Higher Judicial Council and the Special and Supreme Councils of the judicial entities represented on the NEA, and appointed by the President for a term of six. The NEA will be headed by Judges for ten years, i.e. 2014-2024.

**Performance Highlights:** The NEA has liberalized the conditions for registering and voting at elections. Before 2011, it was cumbersome for Egyptians to obtain a voter’s card. The prospective voter had to apply to a police station with a birth certificate and his or her photograph. After verification, the police issued the voter’s card. Obtaining the voter’s card from a police station discouraged women who were reluctant to register. Anyone without a voter’s card who wanted to vote had to go to a police station to register and declare who he or she wanted to vote before voting. Difficult

registration requirements meant that voter turn at elections, which held infrequently anyway, was low.

Under the new regulations any Egyptian who is 18 years is automatically enrolled on the voter's database, thereby ensuring continuous updating of the voters' register. An eligible voter can use his/her national identity card to vote as an alternative to the voter's card. The prospective voter can verify his polling unit on the NEA website or by short message service (SMS). The NEA maintains a hotline for receiving complaints from voters on the electoral process, and website for online registration of elections observers. The NEA also made arrangements for Egyptians residing abroad to vote in elections.

Simplifying the voter registration process and making it easier for voters to verify their polling units has had a positive impact in participation in elections. Statistics estimates voter turnout at the 2005 presidential election as 22.95%, 51.85% in 2012, 47.45% in 2014, and 41.05% in 2018 <sup>22</sup>. According to the CSAR, participation in the referendum of 2019 was 44%. Considering the very low participation levels of 22.95% in 2005 and 28.27% in the 2015 parliamentary elections and the fact that elections were infrequently held in Egypt, the quantum leap in voter turnouts in recent years is encouraging and a sure sign that the NEA is laying a sound foundation for credible and competitive elections.

## **The Rule of Law and the Supremacy of the Constitution**

160. The CRM finds that the 2014 Constitution, as amended, has several provisions that guarantee the economic, social, and political rights of citizens. The Constitution strives to live up to the aspirations of its euphoric framers who declared that: "We believe in democracy as a path, a future, and a way of life; in political multiplicity; and in the peaceful transfer of power. We affirm the right of the people to make their future. They, alone, are the source of authority. Freedom, human dignity, and social

justice are a right of every citizen. Sovereignty in a sovereign homeland belongs to us and future generations<sup>6</sup>”.

161. Thus, several articles of the Constitution confer economic, social, and political rights implementation of which sets Egypt firmly on the path to democracy. Article 1 declares that “Egypt is a sovereign State, united and indivisible. It asserts that nothing in the country “is dispensable,” and its system is a “democratic republic based on citizenship and the rule of law<sup>7</sup>.”
162. The Constitution ensures the rights of all citizens, and made provisions for Christians and Jews that give them formal equal citizenship status with their Muslim compatriots. Therefore, the Constitution declares that:
- Arabic is the official language, and the principles of Islamic Sharia are the main source of legislation;
  - But also that the principles of Christian and Jewish doctrines are “the main sources of legislations that will regulate their respective personal status, religious affairs, and selection of spiritual leaders<sup>8</sup>.”
163. Article 53 is emphatic about the equality of citizens. It states that, “Citizens are equal before the law, possess equal rights and public duties, and may not be discriminated against on the basis of religion, belief, sex, origin, race, color, language, disability, social class, political or geographical affiliation, or for any other reason”.
164. Article 4 of the Constitution makes sovereignty an exclusive attribute of the people, who it urged to exercise and protect it, while article 5 enshrines “political and partisan pluralism,” peaceful rotation of power, separation, and balance of powers, and respect for human rights and freedoms.

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<sup>6</sup> Egypt’s 2014 Constitution, Preamble

<sup>7</sup> Article 1

<sup>8</sup> Ibid, Articles 2 and 3.

165. Among the civic rights guaranteed by the Constitution are freedom of thought and opinion, the right to organize peaceful public meetings, marches, demonstrations, and all forms of public protests. Article 75 grants the right to form non-governmental associations and foundations which shall be democratic and registered; such NGOs can operate freely without interference from government. Similarly, articles 76 and 77 provide for the freedom to establish trade unions (syndicates) and professional associations that shall not be subject to control or interference by the government.
166. Article 70 of the Constitution confers on Egyptians, as individuals or corporate entities, the right to own and run news media such as newspapers, television, radio, and digital publishing platforms, and guarantees their freedom to operate without government's interference. Article 74 is emphatic that Egypt should have unfettered press by declaring that, "It is prohibited to censor, confiscate, suspend or shut down Egyptian newspapers and media outlets in any way. Exception may be made for limited censorship in time of war or general mobilization. No custodial sanction shall be imposed for crimes committed by way of publication or the public nature thereof. Punishments for crimes connected with incitement to violence or discrimination amongst citizens, or impugning the honor of individuals are specified by law." Thus, the article even prohibits custodial punishment for an infringement of press regulations.
167. Three Laws govern the practice of journalism in Egypt – the Supreme Council for Media Regulation (SCRM), Law, the National Press Authority Law, and the National Media Authority Law. The SCRM in October 2018 issued regulations for the registration of websites, which required applicants to pay a registration fee of LE 50,000 and disclosure of ownership and purpose for all sites followed by at least 5000 people. SCRM has the power to block websites for infractions that include offensive religious and moral content, incitement, false



or fake news, and news contrary to the Constitution. It also exercises supervisory powers over the National Press Authority and the National Media Authority.

168. As the CSAR put it, Egypt faces “unprecedented internal and external security threats ensuing from the increased terrorist groups’ activities and the collapse of national institutions in several neighbouring countries.” Egypt has experienced several terrorist attacks with frightening casualty numbers. We present data on some of the terrorist attacks and casualty figures below<sup>9</sup>.

**Table 3.1: Sample terrorist attacks**

<b>Date</b>	<b>Place</b>	<b>Target</b>	<b>Casualties</b>
2 <sup>nd</sup> Nov. 2018	Monastery of Saint Samuel the Confessor, Minya	Bus Carrying Copts	Seven dead; twelve injured
24 <sup>th</sup> March 2018	Rushdy, Alexandria	Convoy of Alexandria Security Director	One dead; four injured.
29 <sup>th</sup> Dec. 2017	Cairo, Helwan	Church	Thwarted, a terrorist caught with a bomb, machine gun, and 150 bullets. The operation left nine dead and five injured.
24 <sup>th</sup> Nov. 2017	Bir al Abd of North Sinai	al Rawda Mosque	235 dead and several injured.
20 <sup>th</sup> Oct. 2017	El Wahat Road, Giza	Police	Sixteen dead, and 22 wounded
16 <sup>th</sup> May 2015	Al Arish, North Sinai	Judges	Three judges and a driver killed, and two others injured.

<sup>9</sup> <http://www.sis.gov.eg/section/5114/5177?lang=en-us> accessed on 21<sup>st</sup> December 2019

169. A court banned the Muslim Brotherhood and its organizations in 2013 and sequestered its revenues. Since Morsi fell from power, numbers of the Muslim Brotherhood have been prosecuted for committing crimes against the society.
170. The terrorist attacks in Egypt have led to massive support for the government's security measures to combat them in the Sinai and elsewhere in the country. The resort to violence by the Muslim Brotherhood after the ouster of Morsi from power and their subsequent terrorist attacks have placed them outside the pale of legal opposition.

### **Executive's Respect for the Rule of Law**

171. Articles 94-98 of the Constitution enunciate Egypt's rule of law principles. These Articles stipulate that the rule of law will be the basis of governing; that no penal code shall have retrospective effect; a person is innocent until proven guilty by a court of law; that accused persons have the right to defend themselves and to appeal against an unfavourable ruling. Furthermore, the State is obliged to protect victims, witnesses, accused persons, and informants. Also, the Constitution guarantees access to the courts and rapid adjudication, and forbids trial before "exceptional courts".
172. Egypt's judiciary has a longstanding reputation for integrity, impartiality, fairness, and a will to assert its independence<sup>10</sup>. The post-2011 institutional reforms aimed at ensuring that executive branch officials obey court judgements. Article 97 of the Constitution renders every administrative act or decision liable to judicial review and criminalizes the failure of the appropriate public official to carry out a court judgement.

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<sup>10</sup> See, Tamir Mostafa, *The Struggle for Constitutional Power: Law, Politics and Economic Development in Egypt*, Cambridge, Cambridge University Press, 2007.

## **Recommendations**

The APR Panel recommends that Egypt;

- Consider signing the African Charter on Democracy, Elections and Governance.
- Continue to ensure that civil society organisations operate freely in the country within the confines of laws and regulations.

## **Objective 2: Upholding the Separation, Checks and Balance of Powers**

### **Summary of the CSAR**

#### **Separation of Powers**

173. The CSAR notes that the separation of powers is based on two pillars: the first is the distribution of the State' powers among three authorities to ensure that neither of them will prevail, and the second is the separation between the three powers while maintaining cooperation and balance between them. To concretize this, the Judiciary has a special status for being a double judicial system (Public Law and Private Law Judiciary) consisting of two judicial bodies each of which is independent in adjudicating certain lawsuits.
174. The 2014 Constitution shows major amendments in reducing the power of the President. According to Art. 159, the House of Representatives has the right to impeach the President in case he breaches the Constitution or commits felony. Art. 161 allows parliament to withdraw confidence from the President by a two-thirds majority, and Art. 189 states that the prosecutor-general is to be appointed by the Supreme Judicial Council instead of by the President himself, as in the 2012 Constitution.

## **The Power of the Judiciary**

175. Traditionally, the judiciary is acknowledged as a respected institution and judges show a high degree of professional consciousness and power of judgment in general. As an independent body in the administrative sphere, the State Council is particularly able to challenge decisions of the executive.
176. The independence of the judiciary has been included in all previous constitutions, but the new 2014 Constitution shows some major advances, which followed suggestions by a 2012 conference of the Arab Centre for the Independence of the Judiciary and Legal Profession. Besides the higher independence of the prosecutor-general, the immunization of administrative acts or decisions as well as exceptional courts are now prohibited (Art. 97). The supervision of elections, which has been highly contested in the past, are the task of judicial bodies for at least the next ten years (Art. 210). Independent budgets of the judicial bodies are fully transparent to parliament.
177. Further, under Law No. 136 of 2014, the military courts have jurisdiction over any crimes committed on any public property or vital facility. Thus, the Constitution limits the military trials of civilians to crimes “that represent a direct assault against military facilities, military barracks, or whatever falls under their authority” (article 204 of the Constitution).
178. The Constitution proclaims that the judiciary is independent. Each judicial body has an independent budget and administers its own affairs (article 185, Constitution). The Judiciary prepares these budgets in collaboration with the Minister of Finance. Judges have security of tenure and the law regulates their terms and conditions of service and disciplinary accountability (article 186, Constitution).

179. The Minister of Justice also appoints the presidents of the Courts of First Instance courts. Further the Minister of Justice manages the Judicial Inspections Department, which initiates disciplinary hearings against judges. The Minister of Justice capacity includes appointing investigating judges and transferring and disciplining prosecutors. The Supreme Judicial Council (SJC), which comprises senior judges, also exercises significant power over judges. It approves the hiring of new judges, promotions, requests for transfer, secondments, special assignments and pay increases. It also selects all prosecutors. Yet another critical body is the Judicial Inspection Department (JID), which investigates judges' ethical and legal violations.

### **Composition, Independence and Effectiveness of the Judiciary**

180. The judiciary is an autonomous authority that adjudicates justice, interprets the Constitution with a view to ensuring its supremacy and inculcates a culture of the rule of law. The judiciary is managed by the supreme judicial council although the State is mandated with the responsibility of enacting laws that regulate the formation of the supreme judicial council and definition of its jurisdiction (Art 188). Headed by the General Assembly that selects a President from the most senior three deputies of the court President.

181. Article 193 of the 2014 Constitution provides, "The Supreme Constitutional Court is made up of a president and a sufficient number of deputies to the president." At present, the number of deputies to the president is ten. The President of the supreme Constitutional Court serves as its Chief Justice, and the Deputies (also called Vice-Presidents). The Constitution also provides for the appointment of a body of commissioners, who are judicial officers that serve as advisory staff to the court: "The Commissioners Authority of the Supreme Constitutional Court is composed of a president and a sufficient number of vice- presidents in the authority, advisors and assistant advisors".

182. Its core functions include:

- Administering justice through dispute resolution;
- Interpreting the Constitution and laws;
- Promoting the rule of law and contributing to the maintenance of law and order in society;
- Safeguarding the Constitution and upholding democratic principles; and
- Protecting human rights of individuals and groups.

### **Financial Independence of the Judiciary**

183. According to Art 191 the supreme Constitutional Court shall have an independent budget, which shall be fully examined by the House of Representatives and shall, after discussion, be included in the State budget under one budget line.

184. The current Constitution asserts the financial independence of all the judicial bodies as stated under the amended article (185) which indicated in the first paragraph that: "Each judicial body or authority shall manage its own affairs, and is consulted with regards to the draft laws regulating its affairs, and each has an independent budget." Article 191 stipulates that: "The Supreme Constitutional Court is an autonomous and independent judicial body having its headquarters in Cairo. However, in cases of necessity it may, upon the approval of its General Assembly, hold its sessions elsewhere in Egypt. It shall have an independent budget, which is fully examined by the House of Representatives. Upon its approval, this budget shall be included in the State budget under one budget line. The General Assembly of the court shall manage its affairs and it shall be consulted regarding bills of laws relevant to its affairs".

185. Pursuant to the laws of judicial bodies, the president of the supreme board of each body or authority shall be granted the powers of the Minister of Finance regarding spending the related allocated budget.

## **Independence and Effectiveness of the Legislature**

186. The House of Representatives is entrusted with the authority to enact legislation, and approve the general policy of the State, the general plan of economic and social development and the State budget. Article 101 of the constitution indicates that the House of Representatives' exercises oversight over the executive power. In its dispensation of its duties, the House of representatives assumes the following powers as outlined in article 101. (1) Legislative Power (enactment of laws and legislations) (2) Declaration of the general policy of the State, general economic and social development plan, general budget of the State and monitoring the actions of the executive authority through different channels.

### **General economic development plan and State budget**

187. According to article (101) of the constitution, the House of Representatives is entrusted with the authority to approve the general policy of the State, the general plan of economic and social development and the State budget. According to article (124), the draft State budget shall be submitted to the House of Representatives at least ninety (90) days before the beginning of the fiscal year; and shall not be effective unless approved thereby. In all cases, the budget law may not include any provision that puts new burdens on citizens.

188. According to article (125) of the constitution, the final accounts of the State budget must be submitted to the House of Representatives within a period not exceeding six (6) months as of the end of the fiscal year. The annual report of the Central Auditing Organization (CAO) and the latter's notes on the final accounts shall be submitted therewith.

### **Monitoring executive power actions**

189. According to article (101) of the Constitution, the House of Representatives exercises oversight over the actions of the executive power. According to article (129), every member of the House of Representatives may direct any question to the Prime Minister, or one of his/her deputies, or a Minister, or one of his/her deputies on any matter that falls within their respective authorities; and the latter must respond to such question during the same annual session. According to article (130) every member of the House of Representatives may direct an interrogation to the Prime Minister, or one of his/her deputies or a Minister or one of his/her deputies in order to hold them accountable for matters that fall within their respective authorities.
  
190. According to article (131) of the Constitution, the House of Representatives may decide to withdraw confidence from the Prime Minister, or one of his/her deputies or a Minister or one of his/her deputies. Filing a motion of no confidence may not be made except after an interrogation and upon a proposal submitted by at least one-tenth of the members of the House of Representatives. The House of Representatives shall issue a decision after considering the interrogation. Withdrawal of confidence requires the affirmative vote of a majority of the House members.
  
191. According to article (102) of the Constitution, the House of Representatives is composed of no less than four hundred and fifty members elected by direct secret public ballot. The President of the Republic may appoint no more than 5 percent of the members.
  
192. The House of Representatives that was elected in 2015 was composed of 596 members. The number of the elected



members was 568, including 325 independent and 243 partisans, representing 19 political parties. Some 28 members were appointed by a Presidential decree. Number of youths in the parliament was 185 members including 60 under the age of 35 and 125 from 36 to 45, representing about 32.6% of the total number of members. While, number of women was 89 members including 75 elected and 14 appointed, representing about 14.9% of the total number of members.

### **Candidates for the Presidency**

193. It is worth noting that the House of Representatives has the mandate to vet potential Presidential candidates, candidates must receive the recommendation of at least twenty elected members of the House of Representatives, or support from at least twenty-five thousand citizens enjoying the right to vote, in at least fifteen governorates, with a minimum of one thousand supporters from each governorate. In all cases, no one can support more than one candidate as regulated by Law.

### **A diverse and representative Parliament**

194. Parliamentary elections in 2015 results indicate that 318 of the 596 current House of Representative members are independents unaffiliated with any political party, a significant shift from Egypt's historical trend of empowering majority parties to govern Parliament. Two hundred thirty-seven candidates affiliated with political parties were elected, with the Free Egyptians Party, established by a Coptic Christian businessman, taking the highest number of seats at 65. Nation's Future, a political party aimed at giving a voice to young Egyptians and founded by a 25-year old who is the youngest head of party in Egypt, came in second with 51 seats. Individuals under 35 years old won nearly 10 percent of total seats contested.

195. In addition to the historic advances made by Egyptian youth, women also made extraordinary gains by winning 89 seats. This impressive number was attributed in part to the unprecedented number (275) of women competing for individual candidate seats. Amongst elected party list candidates, 56 were female, constituting an impressive 47 percent of the field. The ranks of Coptic Christians set to serve in Parliament also grew considerably, with 24 Copts gaining seats via party list voting and 12 attaining positions as independent candidates. Media personalities and journalists won 11 seats, while disabled individuals and Egyptian expatriates won eight seats each.

### **Mechanisms for Resolving Disputes between Organs of the State**

196. In the process of undertaking their constitutional mandates, the three main organs of the State often come into conflict with one another. This is inevitable and may be a blessing in disguise for devising innovative ways of developing tighter mechanisms of checks and balances. The Constitution and the executive regulation of the House of Representatives law grant a selection of the self-executing rights that support its independence, the most significant of which are as follows:

- The House of Representatives shall be solely competent to impose penalties on its members who violate the duties pertaining to membership or commit banned acts. This is addressed under Chapter Five entitled "Parliamentary Penalties" provided for under articles (381-383) of the internal regulation of the House.
- Pursuant to article (118), the Constitution grants the House the right to set its own internal regulations of its work and the manner of exercising its authorities and maintaining order therein. Such internal regulations shall be issued by a law. Article (119) of the Constitution also sets forth that the House of Representatives shall be competent to maintain order

therein and this duty shall be incumbent upon the Speaker of the House.

## **Findings of the CRM**

### **Separation of Powers**

197. In modern State systems, the main organs of the State are the executive, the judiciary and the legislature/ House of Representatives. The subsidiary arms of the government are the bureaucracy and the security establishment, which ordinarily form part of the executive organ of the State. The State therefore comprises these three permanent institutions: the executive, including the bureaucracy and the security establishment, the judiciary and the legislature.
  
198. The government, on the other hand, is composed of men and women who manage these institutions. Hence, the State (institutions), in the strictest sense of the term, is distinguishable from the government (officials). Institutions of the State are permanent, while governments come and go in the normal course of regular competition for power in a democratic setting. However, both the institutions and officials play a crucial role in operationalising the notion of separation of powers. The existence and constitutional mandates of the key organs of State in Egypt are provided for in the present Constitution which, together with the enabling legislation, defines their scope of operations and sets out a system of checks and balances.

### **Objective 3: Prevention and Management of Intra and Inter-State conflicts**

#### **Summary of CSAR**

##### **Revolutions**

199. In the recent past, Egypt has undergone two revolutions, the first in 2011 and the second in 2013.<sup>11</sup> In January 2011, Egyptians went to the streets, staging mass demonstrations that resulted in the resignation of the government of President Hosni Mubarak in February. The Supreme Council of the Armed Forces took the task of administrating the country until June 2012 when it handed over to Mohamed Morsi who had been elected President under the banner of the Freedom and Justice Party (FJP) founded by the Muslim Brotherhood Movement.
200. Amidst protests a new Constitution was subjected to a referendum and adopted in December 2012. In June 2013, wide-spread popular protests against the government of President Morsi began to build-up and led to his ouster in July 2013.
201. In January 2014, a new Constitution was adopted through a referendum. The new Constitution provides for political pluralism, separation of powers and respect for human rights and freedoms. The Constitution also guarantees press freedom as well as equality between men and women. In the May 2014 Presidential elections, H.E. Abdel Fattah El-Sisi - who had resigned from the military - won the elections with a 96.6 percent majority from a turnout of 47.5 percent.

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<sup>11</sup> This background and summary of political developments in Egypt draws from the *Final Report of the African Union High-Level Panel for Egypt* PSC/AHG/4.(CDXVI)

202. Political calm and order have returned to the country since then as the country addressed transitional issues through new legislations and programmes for political and social inclusions.

### **Terrorism and extremism**

203. The CSAR notes that Egypt has been faced with significant terrorism challenges attributed to the activities of the Muslim Brotherhood and Ansar Bait al-Maqdis militant group in North Sinai (one of the local terrorist groups that are derived from the Muslim Brotherhood). There have been attacks on security officials, civilians, mosques, churches and tourists, in Cairo and other parts of Egypt. The CSAR notes that the terrorist groups are driven by Takfiri ideology and other deviant ideas of the Muslim brotherhood.
204. Egypt has adopted a comprehensive approach in confronting terrorism that has two pillars. The first is security-related to counter and eliminate terrorist hotbeds and the second pillar is developmental and aimed at addressing the developmental context in terms of economic care and assistance to victims of terrorism. In addition, to security measures, the State has engaged with a number of key actors as part of its measures to immunize the community against extremism. These include working with religious institutions to confront the extremist ideologies and messages; working with civil institutions to undertake community outreach.
205. Egypt has also enacted various pieces of legislation including the Anti-Terror Law No. 94 of 2015, Terrorist Entities Law No. 8 of 2015, Anti-Cybercrime Law No. 175 of 2018, and the Anti-Money Laundering Law No. 80 of 2002, which has since been amended. These laws have been enacted as part of the country's comprehensive approach and they are in compliance with the UN Counter-Terrorism Strategy.

## **Regional and International Cooperation**

206. Egypt has close and robust cooperation with regional and international partners in measures aimed at comprehensively addressing the challenge of terrorism. The CSAR notes that the State has adopted the principles and objectives of United Nations Global Counter-Terrorism Strategy, the Arab convention for the Suppression of Terrorism, the African Anti-Terrorism Convention and has been active in regional and international diplomatic consultations on issues of terrorism.
207. Egypt has been a leading participant in diplomatic initiatives and forums on terrorism in the African region, in the MENA region and internationally through the United Nations. The CSAR notes that Egypt is also keen on strengthening the capacities of the neighbouring countries on counterterrorism. The Egyptian Agency of Partnership for Development (EAPD) and the Cairo International Center for Conflict Resolution, Peacekeeping and Peacebuilding have organized training courses for other African countries. Cooperation is also strengthened through the African Union Post-Conflict Reconstruction and Development Centre hosted by Egypt. In December 2019, President EL-Sisi launched and hosted the first Aswan Forum for Peace and Sustainable Development that seeks, among others to promote cooperation in combatting terrorism.
208. The CSAR points out that Egypt has acceded to both the Organization of African Unity Convention on the Prevention and Combating of Terrorism and the Arab Convention on the Suppression of Terrorism. The country is also complying with the resolution of the Arab Summit held in Kuwait 2014 on developing an Arab strategy for combating extremism.

## **Findings of the CRM**

209. The CRM established that Egypt has ratified relevant international and regional codes and standards to address terrorism and has provided for their domestic applicability and

implementation through legislation and relevant policy measures. Overall, Egypt has shown progress with respect to promoting internal as well as regional peace and security. Indeed, as the 2019 Global Peace Index notes Egypt has continued to improve on the three domains of “level of Societal Safety and Security; the extent of Ongoing Domestic and International Conflict; and the degree of Militarization.”<sup>12</sup>

### **Terrorism and extremism**

210. The CRM notes the challenges that Egypt has confronted from the scourge of terrorism. The country has clearly taken important and effective measures to confront the challenge from both a security and development perspective. Given the regional and international nature of terrorism, the CRM notes the commendable efforts by Egypt to strengthen regional and international cooperation on the matter.
211. The CRM was informed of efforts by the Al-Azhar to train imams so as to challenge extremist ideologies in both Egypt and other parts of Africa. Al-Azhar has also established a Global Observatory for Electronic Fatwa and Translation that monitors and seeks to challenge extremist ideas and narratives on the Internet. This is commendable practice that can benefit many countries.
212. The CRM established that the 2014 Constitution and the elections that resulted in the presidency of H.E. Abdel Fattah El-Sisi have brought in a new phase of stability in the country after two revolutions.

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<sup>12</sup> Institute for Economics & Peace. *Global Peace Index 2019: Measuring Peace in a Complex World*, Sydney, June 2019. Available from: <http://visionofhumanity.org/reports> (accessed 12, December 2019) p. 16.

## **Nubians**

213. Egyptian Nubians inhabit the region bordering Sudan and many of them were displaced from their lands following the construction of the Aswan High Dam.
214. The 2014 Constitution, for the first time, recognized the Nubians concerns in article 236. The Constitution commits the State to ensure development in the areas inhabited by Nubians and to preserve Nubian culture. In the 2015 elections, the first ever Nubian Member of Parliament was elected. Under President El-Sisi, Egypt embarked upon the identifying entitled Nubians for financial compensation for their loss of lands and other reparation in the form of housing and arable land. The payment of financial compensations commenced on 20th January 2020.

## **Egypt-Israel Peace**

215. Egypt and Israel signed a peace agreement in 1979 after being in a state of war since the establishment of the State of Israel in 1948. That peace agreement also paved the way for the end of the Israeli occupation of the Sinai Peninsula. The peace agreement has held over the years of political changes in Egypt and continues to guarantee peace between the two countries.
216. The CRM established that the peace agreement is a critical part of the country's strategy for national stability and regional peace. Egypt continues to honour the sacrifices of those killed in the various wars as a reminder of the country's political history.

## **Recommendations**

The APR Panel recommends that Egypt:

- Continue to strengthen its commendable regional cooperation in effectively combating the scourge of terrorism which is a regional and international challenge.



- Continue to strengthen measures to promote political stability through consolidation of various institutions and inclusion of the diversity of political actors in the country.
- Continue the investment in the economic development in the traditional Nubian regions as per the 2014 Constitution.

**Objective 4: Promotion and Protection of Civil and Political Rights as enshrined in African and International Human Rights Instruments**

**Summary of the CSAR**

**Measures to promote human rights**

217. The CSAR points out that Egypt has ratified various international as well as African human rights instruments. Within the continent, the country has ratified the African Charter on Human and Peoples Rights; African Charter on the Rights and Welfare of the Child. In the Arab region, Egypt has acceded to the Arab Charter for Human Rights.
218. At the international level, the country is party to the major human rights instruments such as: the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social and Cultural Rights; the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; the International Convention on the Elimination of All Forms of Violence Against Women (CEDAW); Convention on the Rights of the Child; the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD); the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families; the Convention on the rights of persons with disabilities.

219. Egypt's CSAR points out that the 2014 Constitution has specifically entrenched international human rights norms in the country's domestic law providing in its article (93), that "the State shall be bound by the international human rights agreements, covenants and conventions ratified by Egypt, which shall have the force of law after their publication."
220. The country's Constitution commendably provides for both civil and political rights as well as economic, social and cultural rights. These are provided for in Part II of the Constitution. The Constitution has specifically provided that any infringement on the citizens' rights with respect to personal freedoms, sanctity of private lives or against public rights and freedoms guaranteed by the constitutions is an offence that is not subject to the statute of limitations. In addition to the Constitution, Egypt has enacted various pieces of legislation aimed at entrenching the protection of civil and political rights in the country.

### **Religious freedoms**

221. The Constitution has also provided for the freedom of belief and freedom to practice for all followers of Monotheistic religions. It stipulates that: "Freedom of belief is absolute. The freedom of practicing religious rituals and establishing worship places for the followers of Abrahamic religions is a right regulated by Law." (article 64). In addition, the Courts of Cassation and the Constitutional Court have declared that individuals have rights and freedoms to freely change their religion.
222. Egypt has enacted Law No. 80 of 2016 on Churches Construction and Renovation to promote the freedom of worship. Presidential Decrees have been issued giving permission to the Anglican and Orthodox Christians to construct new churches in various governorates.

## **Freedom of expression and media freedom**

223. The CSAR notes that media freedom and freedom of expression are guaranteed by the 2014 Constitution with several articles entrenching that guarantee (articles 65, 70, and 72). To further strengthen media freedom the Constitution has provided for the establishment of the Supreme Council for Media as a regulatory agency with 12 members with majority of the members representing media organizations.
224. Every Egyptian has among others, the right to own and establish a newspaper and censorship of the media is also prohibited by the Constitution, except in times of war. The establishment of the Media Syndicate is also provided for by the Constitution. Various pieces of legislation have been enacted to give effect to the constitutional guarantees of media freedom and they include: Law on the Media Syndicate No. 93 of 2016; Law on the Organization of Press, Media and the Supreme Council of Media Law No. 180 of 2018; Law No. 179 of 2018 on the National Press Authority; Law No. 178 of 2018 on the National Media Authority.
225. The CSAR notes that Egypt has a vibrant media sector with a mix of both private and public ownership. There are over 550 newspapers, magazines and journals 76 private TV channels and 21 channels owned by the National Media Authority. There are 29 radio networks transmitting in more than 30 languages.

## **Access to justice**

226. Article 189 of the Constitution provides that “The Public Prosecution is an integral part of the judiciary” with the Prosecutor General appointed by the President from three candidates nominated by the Supreme Council of the Judiciary.
227. The Constitution provides for protection of individuals in the event of arrest providing that they have to be notified of their charges, be granted access to their lawyers and opportunity to

contact and inform their families (article 54). Those arrested must be produced in court within 24 hours. Legal assistance for those who cannot afford is also a constitutional right and the process is elaborated under article (214) of the Law of the Criminal Procedure No. 50 of 1950.

228. The Government has undertaken measures to ensure more effective and speedy access to justice. These include the National Program for the Enforcement of Law as a Means to Achieving Speedy Justice Project that seeks to develop integrated IT systems for case management as well as the automation of police stations, prosecutions and courts.

### **Civil society**

229. The CSAR notes that Egypt has a vibrant civil society with groups working on a diversity of issues such as social care, environment protection, development, human rights and outreach.<sup>13</sup> As per the Constitution, civil associations and foundations can be founded through mere notification (articles 75 and 76). In addition, Egypt has revised the law on NGOs and in July 2019, enacted the Law on the Regulation of Non-Governmental Organizations and Foundations Operating in Civil Society which seeks to bring the regulation of NGOs to accord with the Constitution and Egypt's international and regional commitments.
230. The CSAR notes that Egypt has faced challenges with "politicization and religionization" of civil work. Politicization has manifested itself in the form of some civil society groups working to promote certain political ideologies and tendencies while religionization has seen some groups exploit the religious discourse.

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<sup>13</sup> The CSAR notes that as of September 2017, Egypt had 50,140 registered organizations.

231. The CSAR notes that Egypt is planning to address these challenges through: better coordination between development partners in alignment with Egypt's Vision 2030; building capacities of NGOs for better management; building a database of all NGOs; building better communication between Government and NGOs; strengthening the regulation of NGOs and strengthening the financial capacities of NGOs; among others.

### **Access to information**

232. The right to access to information is constitutionally guaranteed in Egypt as is the freedom of the press. As per the Constitution, the Government has the obligation to provide information to the citizens (Art 68). A draft Law on the Protection of Personal Information, and the Anti-Cybercrime Law have been approved by the Egyptian Cabinet and published in the official Gazette. The Central Agency for Public Mobilization and Statistics (CAPMAS) established in 1964 is a key institution that collects official statistics and information and also makes them available to citizens.

233. The CSAR has pointed out that Egypt was one of the first countries to ratify the United Nations Convention against Corruption (UNCAC) in 2005 which has strong provisions on access to information and has also ratified the Arab Charter on Human Rights (ACHR), which guarantees the right to access information.

### **Institutions to promote human rights**

234. Egypt has also established a comprehensive institutional infrastructure for the promotion and protection of human rights. Specifically, the country has established the National Council for Human Rights as an independent national human rights institution as per the Paris Principles. The Constitution has now entrenched the Council's role and mandate in human rights protection. The Council creates awareness, receives and investigates complaints, conducts prison visits and can intervene in court on behalf of individuals. It also conducts fact finding missions, monitors incidents and trends. The Council has established branches across 11 governorates. Within the State Prosecution Office, a human rights department has been set up to investigate complaints relating to human rights violations.
235. Most recently, Egypt has established in 2019 a Supreme Standing Committee for Human Rights (SSCHR), to strengthen the national institutional structure coordinated action in the area of promotion and protection of human rights. SSCHR has a wide mandate including preparation of national reports of human rights, international and regional mechanisms, to follow-up on implementation of their recommendations, and to undertake a communications plan to publicise the actions taken by the executive branch in addressing human rights, promoting achievements and measures done to address any challenges. In addition, SSCHR is mandated to develop a national human rights strategy which will provide a roadmap for future actions towards promoting and respecting human rights, based on national priorities and circumstances, as well as to collaborate with key national and international parties towards the implementation of this national human rights strategy.

## **Findings of the CRM**

### **Measures undertaken to promote human rights**

236. The CRM established that Egypt has acceded to all the key international and regional human rights and codes and standards and has taken measures to implement them through the Constitution, legislation, policies and programmes.
237. Egypt's Constitution comprehensively covers civil and political rights as well as economic and social rights as laid out in Chapter I and II of Part II of the Constitution. Torture is prohibited and freedom of belief, assembly, association and expression are all guaranteed. A broad list of economic and social rights including education are also guaranteed.

### **Engagement with regional and international human rights mechanisms**

238. The CRM established that since the revolution of 2013 and the transition, Egypt has robustly engaged with both regional and international human rights mechanisms as part of its efforts to fulfil its obligations related to the promotion and protection of human rights in the country. In November 2019, Egypt underwent the Universal Periodic Review of the United Nations and received over 372 recommendations from various member states, of which 87.37% were accepted by Egypt.<sup>14</sup> According to Egypt's National Report to the UN Universal Periodic Review an Egyptian government delegation met with UN Working Group on Enforced or Involuntary Disappearances on the margins of the Group's 117th session in February 2019<sup>15</sup>.

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<sup>14</sup> Egypt: National report submitted in accordance with paragraph 5 of the annex to Human Rights Council resolution 16/21\* A/HRC/WG.6/34/EGY/1.

<sup>15</sup> Ibid. P.25.

239. The CRM was informed by officials that allegations about disappearances are based on wrong information as those individuals reported as disappeared had either migrated or joined terrorist groups.
240. The CRM established that Egypt has also extended invitations to six UN independent experts to visit the country to assess progress. These are: the Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights; the Special Rapporteur on violence against women; the Special Rapporteur on the rights of persons with disabilities; the Independent Expert on the enjoyment of human rights by persons with albinism; the Special Rapporteur on trafficking in persons, especially women and children; and the Special Rapporteur on the right to education. In 2018, the Special Rapporteur on adequate housing visited Egypt at the invitation of the government.
241. The CRM was also informed that within the African region, in 2018, Egypt submitted its report to the African Commission on Human and Peoples Rights on the country's human rights record between 2001 and 2017. In addition, Egypt's National Human Rights Council assumed, in 2019, the chairmanship of the Network of African National Human Rights Institutions (NANHRI).

### **Freedom of belief**

242. The CRM established that Egypt has a long tradition of accommodation and respect of various religions. This respect for freedom of beliefs for Abrahamic religions has been reinforced by guarantees under the Constitution and various enabling pieces of legislation. The CRM established that there are churches in addition to mosques in various cities of Egypt.



243. The leadership of the President in visiting the church, sending Christmas messages to Christians and the building of a new Cathedral in the new Capital City are important political statements with respect to religious freedoms in Egypt (see Box 3.2).

*Box 3.2: Best Practice - Promotion of religious harmony*

Under President Abdel Fattah El-Sisi, Egypt has taken important multi-dimensional efforts for the promotion and protection of religious freedoms. The President's decisive political will and determination to confront the seeds of extremism, to renew religious discourse and to lead the society by example, have led to the resurgence of the historical heritage of Egypt as an open, embracing and tolerant society, open to the followers of all religions and their harmonious interaction.

The Constitution of 2014 affirms that freedom of belief is absolute and that citizens are equal before the law and may not be discriminated against on the basis of religion, belief or any other criteria. Furthermore, the Constitution guarantees Christians and Jews autonomy in matters of civil status and religious affairs and in the selection of their religious leaders.

Noteworthy also is the fact that the Constitution prioritises the building and renovation of churches to facilitate Christians practising their faith. Law No. 80 of 2016 and some consequential Presidential decrees gave permission to Anglican and Orthodox Christians to build new churches in Cairo, Giza, Alexandria, Beheira, Sharqiya, Suhag, New Assiut and Beni-Suef governorates. The government has regularised seven hundred and thirty-eight churches and Christian worship facilities since 2016.

The government has built, a new Cathedral, the largest in the Middle East, together with a largest mosque in Egypt, and they were inaugurated on the same day in the new administrative capital in January 2019. President El- Sisi has also established a regular

tradition of attending Christmas mass at St. Mark's Coptic Orthodox Cathedral in Cairo. The government is also restoring its Jewish heritage including the registration of 500 artefacts collected from several synagogues across Egypt.

Both Al Azhar, the Coptic Church and the Evangelical Church and other stakeholders are working hand in hand to promote tolerance and harmony between the adherents of the various religions.

### **Civil society**

244. The CRM established that Egypt had enacted a new legislation aimed at better regulation of the civil society sector. The CRM was informed that civil society groups can be freely established by notification as provided for by the Constitution.

### **Improving access to justice**

245. The CRM was informed of legal, policy and institutional measures being undertaken to enhance the pace and efficiency in accessing justice in Egypt. The CRM was informed that Egypt has undertaken significant steps to continue to protect human rights and employ alternatives to pre-trial detention. Among the actions the country has undertaken to address this matter is the automation of the criminal justice system and law enforcement as well as the automation of case management.
246. The CRM notes that article 204 allows for the trial of civilians in military courts over specific crimes committed by civilians against military facilities, equipment, ...etc. CRM was assured that this is in conformity with General Comment no. 13 of 1984 and General Comment no. 32 of 2007 by the Human Rights Committee. The CRM was also informed that military courts provide similar due process guarantees to accused persons

## **Recommendations**

The APR Panel recommends that Egypt:

- Continue to strengthen mechanisms for promoting human rights through raising public awareness, better training of security officers, prosecutions and effective remedies for victims.
- Continue to strengthen the mechanisms for independent monitoring of implementation of constitutional and legal provisions on human rights.
- In addition to the commendable invitations extended to various UN independent experts, to consider inviting the UN Working Group on Enforced or Involuntary Disappearances for a country visit.
- Continue to ensure the application of the death penalty only for the most serious crimes, and the respect of Fair Trial guarantees.
- Continue to strengthen the protections for free operations of civil society groups.

**Objective 5: Ensuring accountable, efficient and effective public service delivery at the national and decentralized levels**

**Summary of the CSAR**

247. The CSAR reports that Egypt embarked upon administrative reforms in 2014 chaired by the Prime Minister with the President of the Central Agency for Organization and Administration, Minister of Planning, Minister of Local Development, Minister of Communications and Information Technology, and the Minister of Finance also as members. The administrative reform plan comprised the legislative reform, institutional development, building and developing capacities, improving government services, building and integrating data and information system.
248. A significant aspect of the change is the automation of government services across sectors. The public service is merit-based in recruitment and promotion and aims to enhance gender equity. The Ministry of Finance publishes every September a Citizens' Budget, which increases the transparency of government operations and engages citizens in budget monitoring. It has also established the Unified Governments Complaint System (an Ombudsman System), and the Citizens Service Offices to make government officials more accountable to the public.
249. The CSAR also gives a detailed account of the anti-corruption reforms carried out by the Government since 2014 anchored on the constitutional provision that the State shall fight corruption and legislate the existence of competent agencies for that purpose. Egypt, the CSAR points out, in 2017 acceded to and ratified the AU's Convention on Preventing and Combating Corruption in 2003, when it came into force as a domesticated legal instrument. Among the primary mechanisms for fighting corruption, according to the CSAR, is the Accountability State Authority, which is responsible for monitoring public budgets and auditing final accounts.

250. The Administrative Control Authority, on the other hand, is responsible for detecting and investigating corrupt acts in the civil service and designing appropriate safeguards against the administrative, technical, and financial loopholes that made them possible. The Government has established a National Anti-Corruption Academy to train staff of the anti-corruption agency. The UN has rated the efforts of the Government in combating corruption as one of the successful practices in the field of fighting corruption. The CSAR has listed an impressive number of laws and regulations for tackling corruption.
251. Egypt has a decentralization strategy, which entails devolving powers from the centre to localities with decentralization support offices established in the Ministry of Local Development, Ministry of Education and Technical Education, Ministry of Housing and Social Solidarity, Ministry of Planning, and the Ministry of Finance as well as in Fayoum, Luxor, and Ismailia governorates. A bill on the decentralization plan was pending before the House of Representatives, which will enable services to move closer to the recipients.

## **Findings of the CRM**

### **Strengthening institutions for efficient and effective service delivery machinery**

252. The CRM found that Egypt has an ambitious plan to transform its public service by reducing its size, enhancing efficiency, more transparent policy-formulation, enforcement of regulations, and fighting corruption<sup>16</sup>. Under the country's Vision 2030, the government plans to carry out ten programmes: 1) Improving the public management system; 2) Improving the planning and monitoring system; 3) Developing the communication mechanisms between the government and citizens; 4) Improving human resources management system; 5) Updating the legislative structure; 6) Improving the basic infrastructure of public administration; 7) Updating the

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<sup>16</sup> Egypt, Vision 2030, p. 22

information database of public administration; 8) Developing the human resources of public administration; 9) Improving government services provided to citizens; 10) Fighting corruption in agencies<sup>17</sup>.

253. The government's structured approach to administrative reform rests on the Civil Service Law (81) of 2016, which establishes a Civil Service Council whose membership includes, besides representatives of government, the head of the Egyptian Trade Union Federation, and four experts independent of government to manage the civil service's workforce, as civil service commissions do. The Civil Service Law regulates appointments and promotions, provides for capacity building of civil servants, and development of high professional standards. The scope of the ongoing reforms is broad but are all directed at making the public service merit-based, efficient, cost effective, modernized in terms of methods and techniques, and responsive. The Central Agency for Administration and Organization (CAOA) is responsible for implementing these reforms.
254. The Government Services Development Programme's objective is to make government services available 24 hours to reduce overcrowding in government offices, check corruption, and integrate public services through seamless data exchange between the service providers. The main projects in the programme include the National Programme for Law Enforcement, which seeks to automate police cases, prosecutions and the courts; the impact of the reforms, even as they are still unfolding, is so impressive that Egypt's civil service reform deserves highlighting as a practice worthy of emulation; and the Allocation of University Places Services Project, which enables secondary school students to apply to universities and receive admission offers online without nepotism or influence peddling.

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<sup>17</sup> Ibid.

255. The Ministry of Finance has since 2013 published the “Citizens Budget” in September following the adoption of the budget. It breaks down the revenues and expenditures of the government, explaining the sectoral allocations in simple terms that help the understanding of the public and enables them to track budget implementation. The Cabinet’s E-Complaint System complements the Citizens Budget in allowing the citizens to report the obstacles that they face in accessing services such as health, electricity and others.
256. The government’s training programmes are impressive. The CRM saw evidence of the government’s strong political will and commitment to transforming Egypt’s public service through improving the skills of the personnel making and implementing national policies. The CRM witnessed candidates for vacancies in the railways taking computer-based tests at the Capacities and Competitions Assessment Centre, affiliated to CAO. The Centre had invigilators in the many examination halls which candidates were using simultaneously, while the Centre’s staff could also monitor them on closed-circuit television. The facilities at the Centre and the NTA compare favourably with similar facilities in the advanced world.
257. Egypt is developing a fast-growing e-governance system to make services accessible to citizens. The facilities available online include the following: The Public Service Map, which gives detailed information on how citizens can apply for government services; E-Tenders Portal, which announces and accepts tenders; Electronic Services for submission of grievances regarding traffic violation; Traffic Prosecution Services for vehicle license violation; Government Job Vacancies; Payment of electricity bill and reporting meter reading; National ID Card, Birth Certificate, Death Certificate, and Divorce Certificate Extract; Train tickets reservation; and complaints and enquiries.

*Box 3.2: Best Practice - A Meritocratic Civil Service*

Recruitment into the public service is now merit-based, carried out through competitive examinations. The government has established the Capacities and Competitions Assessment Centre, which advertises vacancies online, conducts computer-based tests, and releases results electronically. The exams comprise behavioural competencies tests, proficiency in Arabic and a foreign language, computer literacy, general knowledge test, and competence in the relevant professional area. Newly recruited civil servants undergo induction training before entry into service while there are training packages for public servants who are professionals tailored to their profession.

Furthermore, there are other training packages implemented by CAO targeting senior officials and candidates for “permanent undersecretary” posts. A training package exists for retiring employees to help them plan for their post-retirement life and another called “Qualifying Women Leaders,” which aims at rapidly building the capacities of women to enable them to assume higher positions in the public service. Leadership development centers at the Central Agency for Organization and Administration, the Ministry of Public Business Sector, and the Ministry of Local Development. Additionally, the training is also available at training centers spread across government departments. The government is also assessing private training institutions with a view to their participation in the training of public servants.

The government has sought international assistance to develop the training modules and train the trainers to rapidly scale up the programmes. For example, the German Corporation for International Cooperation (GIZ), through its project “Strengthening Reform Initiatives in the Public Administration” supported the Ministry of Planning, Monitoring and Administrative Reform, and the Central Agency for Organization and Administration in piloting efficient human resource management system, and in four other public institutions. They are now at the state of scaling up the innovation civil service wide.



*Box 3.3: Best Practice - Leadership Training and the National Training Academy*

President El-Sisi in 2017 issued a decree establishing the National Training Academy (NTA), supported by the Ecole National D'administration (ENA) of France, which it is modelled after, to train those who will become the elite of the civil service in the future. The Geneva Centre for Security Policy also supports the NTA. Conceived by President El-Sisi as an “Intellectual incubator and catalyst for Human Development, providing creative solutions and innovation for transformative future leaders,” the NTA seeks to provide “transformative education and innovative multidisciplinary solutions, in accordance with global world class methods and standards, to cultivate effective leaders, impact society and become beacons for the nations’ progress in leading sustainability.” The NTA has three training portfolios: Civil Servant Programmes, Presidential Leadership Programmes and the International Programmes.

Under the Civil Servant Programme, the NTA trains civil servants to make them eligible for promotion to middle-level management careers. The training programmes seek to transform employees’ mindset and behaviors to serve citizens as clients and to empower employees with up to date practices and applications. The NTA targets employees engaged with the country’s 2030 SDG strategy, who are equipped with skills to apply its KPIs. The focus on those working to achieve Egypt’s 2030 SDG goals is a strategic choice to ensure that the civil servants understand their roles and can fulfil them.

Under the Executive Presidential Leadership programme, the NTA’s objective is to provide Egypt with efficient and transformative leaders who can lead the change the government envisages from within. The career boosting potential of the programme is evident to Egypt’s civil servants and, therefore, 11,000 civil servants applied for the programme at inception, of which NTA selected 87 after a rigorous process. The Presidential Leadership Programme aims at training a cadre of youth

qualified for political, administrative, and community leadership roles. At the time of the CRM's visit, NTA had trained over 1,500 youth.

The NTA has collaboration with Google through which it is trying to enhance the digital skills in Arabic of university students and graduates to boost their job potentials, in addition to workshops for digital marketing basics for the youth and women in rural communities. Among those trained at the NTA are one Governor, eight Ministers Assistants, fifteen Minister Associate, 16 Deputy Governors, five Governors' Assistants and 570 decision makers in the civil service and national institutions.

### **The State of Corruption in the Public Sector**

258. The CRM found that several measures are in place to fight corruption in Egypt. Article 218 of the Constitution stipulates that the State shall fight corruption and urges all agencies involved with the control of public funds to coordinate their activities to achieve enhanced integrity and transparency in the management of State funds. The primary agency for fighting corruption in Egypt is the Administrative Control Authority (ACA). First established in 1954, its functions are:

- Researching and verifying the causes of insufficiency of business and production and suggesting the means susceptible to remedy.
- Revealing the imperfection of administrative, technical, and financial systems which hinder the regular functioning of public organizations.
- Following-up the execution of laws, and ensuring that the decisions, regulation and systems applied, are sufficient for realizing the objective of their establishment.
- Detecting the administrative and financial contravention as well as the criminal actions committed by employees during the accomplishment of their function, and taking the necessary precautionary measures to avoid such occurrences within preparation, and denouncing any wrongdoing.

- Verifying the complaints presented by citizens about contravention to law, or negligence in the accomplishment of functional duties; also the observations and suggestions made by them with the aim of amelioration of the service, and regularizing the flow of business and the quick accomplishment.
  - Following-up and studying the publications of the press about complaints, and journalistic investigations revealing cases of negligence, lack of due care, abuse of power or exploitation, as well as other cases and aspects handled by the different mass media.
  - Providing the Cabinet Ministers, and Governors, the information, data, and studies they may demand, and for effecting any other supplementary work.
  - Assisting conducting investigations on candidates for top management posts or candidates to be decorated
  - Conducting investigations on illegal gain cases.
259. Conducting investigations on suspicious financial operations that might include money laundering crimes by coordinating & exchanging information with Anti Money Laundering Unit in the Central Bank of Egypt<sup>18</sup>.
260. Strengthening the ACA has been high on the government's reform agenda since President El-Sisi took over the reins of government. The first step in fighting corruption was the formulation of an anti-corruption strategy. The National Anti-Corruption Strategy 2014-2018 has ten main objectives: (1) raising the level of performance in government, (2) establishing transparency and integrity principles among public officials, (3) developing and updating anti-corruption legislation, (4) strengthening judicial procedures to achieve prompt justice, (5) strengthening capacities of anti-corruption bodies, (6) raising living standards and achieving social justice, (7) raising awareness and building trust between citizens and State institutions, (8) strengthening national cooperation against corruption, (9) strengthening regional and international

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<sup>18</sup> <https://www.aca.gov.eg/english/About/Pages/TermsOfReference.aspx>

cooperation against corruption, and (10) strengthening civil society participation in combating corruption<sup>19</sup>.

261. In early 2017, Egypt signed the AU's Convention on Preventing and Combating Corruption of 2003. After that, the government sought funding support from the African Development Bank (AfDB) to strengthen the ACA, which has also received support from UNDOC, the EU, France, and UNDP. The ensuing reform has restructured the ACA to reflect its broader mandate. The ACA now has an anti-corruption national training academy and has offices in the Governorates and units in Ministries and departments of government.
262. ACA has made significant arrests since 2017. Among high profile arrests made were the Vice-Chancellor of Alexandria University, the Secretary General of Suez Governorate, the Deputy-Governor of Alexandria Governorate, a former Minister of agriculture, ex-general secretary of the State Council, the arrest of an international human organs trafficking network, and medicines smuggling network<sup>20</sup>.

### **Measures to empower local or rural communities through devolution or decentralization**

263. Egypt has been a highly centralized State until the 2011 and 2013 revolutions, which triggered demands for democratization and significant decentralization measures included in the 2014 Constitution. Before 2014, the 1971 Constitution in article 162 provided that “Local People’s Councils shall be gradually formed, at the level of the administrative units, by direct election, providing that at least half of their members shall be workers and farmers.” It also stipulated that the law shall provide for a gradual transfer of authority to them. Not much

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<sup>19</sup> Extract from the Project Proposal Submitted to the AfDB by the Senior Program Coordinator for Regional and International Financing Institutions, Ministry of Investments and International Cooperation on “Strengthening the Capacity of the Administrative Control Agency to Combat Corruption in Egypt” in April 2017.

<sup>20</sup> <https://www.aca.gov.eg/english/News/ACANews/Pages/default.aspx>

was done by the previous governments to implement this part of the Constitution.

264. The 2014 Constitution has several provisions, the implementation of which ushers in a good measure of decentralized governance in Egypt. Article 176 of the Constitution mandates the State to ensure “administrative, financial, and economic decentralization” while 177 guarantees that the State “will satisfy the local units’ needs in terms of scientific, technical, administrative and financial assistance” and equitable distributions of resources to even standards of services enjoyed. The Constitution in article 178 assures the local units of independent budgets, in respect of which it guaranteed State revenue allocations or transfers, but also “original and additional taxes and fees of a local nature.”
265. The Constitution provides for the election of local councils by direct ballot for a term of four years, reserving 25% of the seats to youth under 35 years old, 25% to women, workers and farmers, ensuring that Christians and persons with disability adequate representation. The functions of a local council include formulating and implementing a development plan, monitoring the local executive, and passing a vote of no confidence in them. The Constitution in article 181 makes local decisions on matters within the jurisdiction of local councils final, while the governorate-level local council should resolve disputes between a council and its executive. Finally, each council shall be responsible for its budget and final accounts<sup>21</sup>, and it is forbidden to dissolve for administrative reasons<sup>22</sup>.
266. The CRM found that the government had prepared a draft law to implement these constitutional provisions, which was pending before the House of Representatives. The Speaker of the House of Representatives confirmed that the House had completed work on the details of the law and was awaiting a plenary

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<sup>21</sup> Article 182

<sup>22</sup> Article 183

session to finalize it. The path outlined by the Constitution would lead to substantial devolution of deliberative authority to the local level together with the authority to plan local development and hold government officials accountable for their execution.

## **Recommendations**

The APR Panel recommends that Egypt:

- Continue to expand and accelerate the e-governance programme to make access to government services easier.
- Finalize the draft law on local administration, and local council elected as envisaged by the Constitution.
- Continue to broaden and strengthen the anti-corruption fight, as well as expand the public awareness and sensitization aspect of the anti-corruption battle to change perceptions.

## **Objective 6: Promotion and Protection of the Rights of Women**

### **Summary of the CSAR**

267. The CSAR notes that the set of legal and institutional measures the State introduced had promoted the legal and judicial status of women remarkably since 2014, when the country adopted its new Constitution.

268. It recalls that Egypt has adopted several standards and codes on gender equality and women's rights. These include the Convention on the Elimination of All Forms of Discrimination against Women (1981); the International Covenant on Economic, Social and Cultural Rights; the International Covenant on the Civil and Political Rights (1982); and the African Charter on Human and Peoples' Rights (1984).

269. Regarding domestic laws, the CSAR adds that over the past fifteen years, Egypt has either passed or amended several legislations to promote and protect women's rights and strengthen gender mainstreaming and the advancement of women. Some of these laws are the Anti-trafficking Law No. 64 of 2010, Law No. 23 of 2012 on health insurance for women heads of households, Tax Law No. 91 of 2005 amended by Law No. 11 of 2013, acknowledging that a woman can be the supporter of her family, Law No. 45 of 2014 on the promulgation of the law on political participation, Law No. 46 of 2014 on the promulgation of the law on the House of Representatives, Decree No. 9200 of 2015 on the amendment of some provisions of the Decree of the executive regulations of Law No. 68 of 1947 on notarization of foreigners' marriage contracts.
270. Others are the Presidential Decree of 2015 on protecting imprisoned mothers and their right to keep their children with them until they are four, Law No. 78 of 2016 amending some provisions of the Penal Code regarding FGM, Civil Services Law No. 81 of 2016 (grants benefits to working mothers, such as a four-month fully paid maternity leave instead of three months), Law No. 219 of 2017 to amend some provisions of Law of Inheritance No. 77 of 1948 on the enforcement of the provisions related to inheritance for males and females, Law No. 82 of 2016 on Combating Illegal Migration and Smuggling of Migrants, Investment Law No. 72 of 2017 on equal opportunities for men and women, Law No. 2 of 2018 on Comprehensive Health Insurance, which guarantees that all Egyptians, including women, are entitled to get free-of-charge treatment for those who are financially unable, Law no. 10 of 2018 on persons with disabilities, which includes many articles related specifically to women, and Al Azhar Grand Sheikh's Decision No. 32 of 2018 prohibiting the transfer of women workers from their work place to another without their consent, unless a transfer justification is duly submitted.

271. The CSAR expounds on the principles of economic and social justice that underpin this evolution in the State's commitment to promoting women's rights. It notes that the root of such a development lie in the country's 2014 new Constitution, which admittedly addresses women's issues more comprehensively and equitably than previously, as it states unequivocally that the Constitution guarantees equal rights and duties to all, with no discrimination whatsoever.
272. The Constitution includes more than 20 articles that address women's issues directly, notably ensuring equal opportunities for women, prevention of discrimination against them, protection against all forms of violence, and ensuring empowerment for women and girls. The most significant of these are article 6, which grants Egyptian Women the right to transfer their nationality to their children, article 11 on Women's rights and gender violence, which also commits the State to achieving equality between women and men in all civil, political, economic, social, and cultural rights, article 180, which allocates a quarter of the seats of Local Councils to women; and article 93, which stipulates that the agreements, covenants, and international conventions Egypt has ratified have the force of law.
273. The articles of the Constitution that promote social, economic, and political rights for all citizens include i) Article 17 ensuring social security services; ii) Article 19, which sets the age of compulsory education at the end of the secondary phase, which is an unprecedented move in confronting early marriage; iii) Article 53 addressing prohibited forms of discrimination (including gender-based discrimination), and adding an executive mechanism to deter discrimination by establishing an Independent Commission for this purpose.



274. In addition to this legal framework, the CSAR emphasizes the various National Strategies that have been put in place to implement these laws, namely:
- The National Strategy for the Empowerment of Women 2030.
  - The National Strategy to Combat Violence against Women.
  - The National Strategy to Combat Female Genital Mutilation.
  - The National Strategy to Combat Child Marriage.
275. The National Strategy for the Empowerment of Women 2030 was developed in 2017 by The National Council for Women (NCW) established since 2000. The latter is the actual gender machinery that reports directly to the President of the Republic. It comprises of a President with the rank of Minister and 29 members, including representatives of youth, persons with disabilities and rural women.
276. The CSAR notes that article 214 of the Constitution has granted autonomy to the NCW and the right to review all laws related to women before adoption. The Council has 27 branches all over the country and is responsible for the formulation, implementation, and evaluation and reporting on the national gender policy. It has based the National Strategy for the Empowerment of Women 2030 on the objectives of Egypt's Vision 2030, using a participatory approach that gathered 17,500 people from different horizons (ministers, governors, parliamentarians, youth, women associations and around 180 civil society organisations).
277. The CSAR provides well-documented information on the critical role the NCW is undertaking to push the national gender agenda, which made it boast a high number of beneficiaries that has increased from 393 272 in 2014 to 24,000,000 in 2019.
278. Major NCW interventions include:
- Establishing the Observatory of Egyptian Women's Rights to monitor progress achieved in the area of women's participation in decision-making; gathering data and

producing periodic reports, studies and surveys on the pending gaps; and suggesting adequate laws and mechanisms for addressing them.

- Cooperating with the African Women's Rights Observatory (AWRO) to monitor and report on progress achieved in combating FGM (2007); and the formulation of a plan to combat violence against women (2010).
- Tabling draft laws based on the outputs of the training programme that the Council organized in 2017, in collaboration with the Public Prosecution, for women Prosecutor Assistants and Auditors of the Family Prosecution in both Cairo and Giza.
- Developing a legislative framework for the protection of Egyptian female domestic workers, combating human trafficking, and preventing illegal migration.
- Launching and moderating an on-line Legislative Observatory to collect public suggestions regarding necessary amendments to the Personal Status Code.
- Setting up a Women complaints Office (11, 868 women beneficiaries up to the end of 2017), holding legal symposia, and launching shelters for women victims of violence.
- Organising around 4000 outreach activities including a national conference to popularize the Egypt 2030 Vision, with the participation of 1.000 women members and rural pioneers.
- Developing and disseminating several training manuals to raise awareness on issues such as marital life, gender mainstreaming in all development sectors to achieve Vision 2030, the role of the media in highlighting women's role in the society, achieving women's economic, social and political empowerment, and combating violence against women.
- Listing many structures, activities, and campaigns led by the NCW to raise awareness, combat gender-based political, social and economic discrimination; and caution against its

psychological, economic, and legal repercussions and encourage behavioural change.

279. Major structures and campaigns in this regard include:

- Women Complaints Offices
- The Human rights, Women and Child’s Section at the Ministry of Justice.
- The GBV Section set up in 2013 at the Ministry of the Interior and similar sections in different Security Directorates nationwide.
- Combating GBV Units created in 21 Egyptian public universities.
- “Equal Opportunities Units” established in 30 Ministries and subsidiary Units launched at the decentralized level to ensure providing a safe and violence-free environment for women.
- The “Taa Marbouta” Campaign (The She Sign), on empowering women and building their self-esteem as real actors of change in their own right.
- The Tarq al-Abwab Campaign (Door Knocking), to inform and sensitize women in remote rural areas. The campaign, which was conducted in collaboration with religious, economic and social community leaders has reached out to over 4 million households nationwide.
- “Because I am a man” campaign that aims at engaging men and boys into women agenda reaching 10 million viewers in the first 2 weeks of launching the campaign in social media.

280. Highlighting the increased presence of women in decision-making, the CSAR provides evidence of the improvement in the following “all-time high” figures:

- In 2015, the highest representation in Parliament: 15% (89 women including 75 elected and 14 appointed), compared to less than 2% in 2012.
- Highest quota for women in Local Councils 25 %.

- Highest representation on the Board of administration prosecution: 5 out of 7.
- Improved representation in Cabinet (25%) with eight women ministers in 2017, the highest percentage ever, compared to 6% in 2015.
- 25% quota for women approved by Referendum in upcoming parliament (as per the 2019 constitutional amendments).
- Two (2) women appointed as Governors and seven (7) Deputy Governors.
- One woman Commissioner for Infrastructure and Energy at the African Union.
- First woman National Security Advisor to the President of Egypt.
- First woman Head of Court.
- First woman Deputy Governor of the Central Bank.
- First woman appointed as Deputy Head of the Accountability State Authority, in addition to six women Deputy Heads of the State Lawsuits Authority.

281. The CSAR also illustrates the encouraging progress attained in the area of women’s political participation and leadership: The percentage of women Deputy Ministers has increased from 17% in 2017 to 27% in 2018 %; 25% of women on the Board of the Central bank of Egypt; Women on Boards of Banks has increased from 10% in 2018 to 12% in 2019; Appointment of 26 new Female Judges in Courts of First Degree, Appointment in 2016 of one disabled woman and one rural woman on the Board of the National Council for Women; and Appointment of Four Women Judges in the Secretariat of the “Supreme Elections Committee”.

282. The CSAR underlines equally the importance of the capacity-building component to promote women’s political empowerment and leadership, as stated in the National Strategy for the Empowerment of Women 2030. The percentage of female voters has risen to 44% of the 50% target; women

parliamentarians, 15% of the 35% target; women in local councils, 25% of the of the 35% target; women in judicial appointments, 0.5% of the 25% goal; women in public posts, 5% of the 17% objective; and women in senior management posts, 19% of the target of 27%.

### **Findings of the CRM**

283. The CRM notes with satisfaction the great strides made to promote and protect the rights of women in Egypt and strengthen the pertinent normative, legal, and institutional framework. Under article 214 of the Constitution, the government enhanced the status of its gender machinery, the National Council for Women (NCW) and gave it autonomy and the right to review all laws related to women before being presented to parliament. The NCW reports directly to the President of the Republic on the implementation and evaluation of the ambitious National Strategy for the Empowerment of Women 2030 it has developed in 2017.
284. The CRM acknowledges that Egypt is the first country to launch a women strategy that complies with the Sustainable Development Goals and under Egypt's vision 2030. The Strategy has four components: Political empowerment and leadership, Social empowerment, Economic empowerment and Protection, with two cross cutting pillars: Legislations & awareness raising.
285. The CRM notes that the NCW's budget has more than doubled over the period 2017 - 2020, rising from EL 31 192 000 in 2017 to EL 69 987 000 for the period 2019-2020.
286. Egypt is committed to many international instruments on promoting women's rights and gender equality including The Universal Declaration of Human Rights (1948); The International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural

Rights (1966); The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) (1980); The Convention on the Rights of the Child (CRC) (1990); The Declaration on the Elimination of Violence against Women (1993); The International Conference on Population and Development (1994) Programme of Action; The Beijing Declaration and Platform for Action (BPFA) (1995); and Resolution 1325 on Women, Peace and Security (UNSCR1325).

287. The CRM notes that, although Egypt was the first Arab country which ratified CEDAW in 1981, yet it still maintains reservations to the following articles:
- Article 2 (on policy measures), subject to the general reservation that Egypt is willing to comply with this Article, provided such compliance does not go against Islamic Sharia law;
  - Article 16 (on equality in marriage and family life); and
  - Article 29(2) (on the administration of the convention and arbitration of disputes).
288. In a positive move to promote women's rights concretely, Egypt withdrew its reservation to article 9 (2) in 2004, after amending the Nationality Law to remove discrimination against women and allow them to give their nationality to their children.
289. Egypt signed the African Charter on Human and Peoples' Rights in 1980. However, it has not signed the Protocol to the Charter relating to the rights of women (Maputo Protocol, 2003). Also, Egypt has signed the African Charter on the Rights and Welfare of the Child of 1990, with a reservation to article 21(2) on the minimum age of marriage. Withdrawal of this reservation was approved in 2015 after Egypt amended its Child Law.

290. The CRM also observes that Egypt is not yet party to the Istanbul Convention on preventing and combating violence against women and domestic violence. This Convention is based on the understanding that violence against women is a form of gender-based violence that is committed against women because they are women. It is the obligation of the State acceding this Convention to fully address it in all its forms and to take measures to prevent violence against women, protect its victims and prosecute the perpetrators

### **Standards and Codes**

291. The CRM observes that Egypt has signed a significant number of international and regional instruments that are essential for enhancing the rights of women. Egypt needs to continue its efforts to accelerate the domestication of the instruments and to report on progress with their implementation, and the CRM received assurance that it was a work in progress.

292. Asked by the CRM, Egyptian officials recognized that reservations are regularly reviewed based on consultations between various stakeholders. They also recognized the need to address the delay in periodic reporting by Egypt on the implementation of these instruments and in order to address this delay, Egypt presented in November 2019 some of its periodic reports: 1-The Combined Eighth, Ninth and Tenth Report to the Committee on the Elimination of all Forms of Discrimination Against Women (CEDAW). 2-The Combined Fifth, Sixth and Seventh Report to the Committee on the Rights of the Child (CRC). 3-The Combined Initial, Second and Third Report to the Committee of the Rights of Persons with Disabilities (CRPD). 4-The Combined Fifth, Sixth, Seventh and Eighth Report to the Committee against Torture. 5-The Combined Fifth, Sixth, Seventh and Eighth Report to the Human Rights Committee.

**Table 3.2 CEDAW’s Observations and the Egyptian Government’s Responses**

Category	CEDAW’s Observations	Response of the Egyptian government
NCW’s Activities	NCW’s continued coordination and other activities, and establishment of equal opportunity units are noted with appreciation	To promote women in all economic, social and political fields and combating all forms of VAW, identifying and resolving problems experienced by female government officers. Egyptian National women observatory is also established as well as a National Complaints office.
Legislation	Modifying discriminatory legislations such as Penal Code & Personal Status law	The Egyptian Constitution issued in 2014, introduced a provision for the first time obliging the State to protect women from all forms of violence, to empower them and to provide care, as stated in article 11 that The State is committed to protect women against all forms of violence and ensure enabling women to reconcile a balance between family duties and work requirements as well as providing care and protection of motherhood and childhood, female heads of families, and elderly and women in need. <input type="checkbox"/> The Penal Code was amended (2014) (articles 306 (a) and 306 (b)) to criminalize sexual harassment. Sexual harassment was for the first time defined by the law. Accordingly, verbal, physical, behavioral, phone and online sexual harassment is punished by a prison sentence of 6 months – 5 years, and up to LE 50,000 in fines, representing a major step towards



	<p>achieving safety for Egyptian women and girls in public spaces.</p> <ul style="list-style-type: none"> <li>□ The Law Governing the Family Insurance Fund was amended (Law No. 113 for 2015) to increase its resources to respond to the needs of women.</li> <li>□ The Penal Code was amended (2016) (article 242) to provide for prison terms of five to seven years for those who carry out FGM, and up to 15 years if the case results in permanent disability or death.</li> <li>□ The new Investment Law (article 2) dedicated for assuring equal investment opportunities for both men and women.</li> <li>□ The Inheritance Law was amended (Law No. 219 for 2017) to impose stricter sanctions on those who withhold the inheritance from whoever has the right to such inheritance, which will have a great impact on women</li> <li>□ The Law institutionalizing the work of the National Council for Women was passed and issued (Law No. 30 for 2018) to elevate the President of the Council to a Minister level post and recognize a wider policy role with respect to the empowerment of women.</li> <li>□ The Law for Persons with Disabilities was approved (Law No. 10 for 2018), guaranteeing more rights for women with disability. It establishes the first comprehensive definition for persons with disabilities to guarantee the inclusion of all segments of the disability under its umbrella.</li> <li>□ Recognition of women as breadwinner in accordance with the</li> </ul>
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		<p>unified tax law No. 91 of 2005 and amended by Law No. 11 of 2013</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Issuance of law No. 11 of 2019 of the National Council of Persons with Disabilities</li> <li><input type="checkbox"/> Amendment of Civil Service Law 2016 granting benefits of working mothers such as 4-month maternity leave instead of 3 months.</li> </ul> <p>Social security and pension law issued in 2019</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> In 2019, two decrees (123, 124) issued by the Financial Regulatory Authority stated that at least one woman should be represented on boards of the financial companies</li> <li><input type="checkbox"/> Constitutional Amendments of 2019: Amending article 102 of the Constitution regarding allocating 25% of seats in Parliament to women</li> </ul> <p><b>Violence against women legislations in the penal code:</b></p> <p>The Penal Code was amended (2014) (articles 306 (a) and 306 (b)) to criminalize sexual harassment. Sexual harassment was for the first time defined by the law. Accordingly, verbal, physical, behavioral, phone and online sexual harassment is punished by a prison sentence of 6 months – 5 years, and up to LE 50,000 in fines, representing a major step towards achieving safety for Egyptian women and girls in public spaces.</p>
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		<p><b>Rape “sexual intercourse without female consent”:</b>  Article 267 criminalizes rape (sexual intercourse with a female without her consent). Penalties range <b>from 25 years to life imprisonment or the death sentence</b>. The legislator increased the penalty for rape in some of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. The victim has not reached <b>the age of 18 years</b>.</li> <li>2. The perpetrator is one of the <b>victim’s guardians and is responsible for her upbringing or care, or has authority over her, or works as wage worker for the victim</b>, or one of those previously mentioned.</li> <li>3. The rape is perpetrated by <b>two or more persons</b>.</li> </ol> <p><b>Indecent Assault by force “Hatek ‘ard”:</b>  <b>Article 268</b> criminalizes <b>sexual assault and imposes prison terms of up to 15 years</b>. Instances of rape using parts of the perpetrator’s body (other than genitals) or other objects are treated as an indecent assault, it is also can be viewed as <b>attempted rape</b> as the offender does not need to leave marks on the victim’s body to be charged with sexual assault</p> <p>However, the article also stated that the penalty may be increased for indecent assault <b>to [aggravated] imprisonment</b></p> <ul style="list-style-type: none"> <li>• if the victim of the crime has not attained <b>18 years of age</b></li> </ul>
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		<ul style="list-style-type: none"> <li>• if the offender is one of <b>the victim’s guardians or someone in charge of rearing, observing, or having power over her; or is a paid servant to her or to the aforementioned persons.</b></li> </ul> <p>The penalty shall be life imprisonment if there are aggravating circumstances such as combining two conditions.</p> <p><b>Indecent assault without force:</b>  <b>The penal code also in its article 269</b> criminalizes the act of indecent assault even if it is without force with the presence of <b>3 elements</b></p> <ol style="list-style-type: none"> <li>1. Act of indecency against the victim</li> <li>2. The criminal intent</li> <li>3. Age of the victim</li> </ol> <p><b>Anti-Cyber and Information Technology Crimes Law</b>  “law No.175 of 2018”:  It was the 1st Egyptian Legislation, issued to address crimes that take place through the Internet and electronic communication and assaulting private life and addressing unlawful information content</p> <p>Launching the <b>Essential Service packages</b> for women who might be subject to violence:</p> <ul style="list-style-type: none"> <li>- Medical Protocol for healthcare of women subjected to GBV in Egypt</li> <li>- Referral pathway for GBV case management in Egypt</li> <li>- Judges’ Standards of handling crimes of Violence Against Women</li> </ul>
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		<ul style="list-style-type: none"> <li>- Procedural Manual on handling cases of sexual and gender-based violence</li> <li>- Manual on effective police response to crimes of violence against women</li> <li>- Victim's advocate manual for NCW complaints office staff</li> <li>- Practical guide for NCW complaint office hotline operators</li> <li>- Operational Manual for anti-harassment units in universities</li> <li>- TOT Manual for complaints office staff on VAW case management</li> <li>- TOT Manual for health service providers in civil society organizations on VAW case management</li> <li>- Adapted module on social services for VAW case management and shelters' guidelines</li> </ul>
Women's Access to Justice	Strengthening the legal complaints system to ensure women's effective access to justice	Establishing a Women Complaints office to monitor and resolve all forms of discrimination against women
Violence against Women (VAW)	Comprehensive law criminalizing all forms of VAW (legislation), coherent and multi-sectoral action plan to combat VAW, increasing the number of shelters, providing data and information on the prevalence of VAW	Provision of a hotline for women/girls, national strategy for combating VAW, survey on the harassment, campaign for combating VAW through the media, legislation for combating VAW, the launch of the Egypt Economic Cost of Gender Based Violence Survey to support evidence-based policymaking (2015). 18 Anti-Harassment units established in universities. A National committee for eradication of FGM was established in 2019.

<p>Women's Empowerment</p>	<p>Eliminating traditional practices and stereotypes that discriminate against women; combating human trafficking, prostitution and temporary marriage; political participation, education, employment, female domestic workers, nationality, health, FGM/C, rural women, etc.</p>	<p>The National Strategy for the Empowerment of Egyptian Women 2030 was adopted by the President of Egypt in 2017. The year 2017 was the “Year of Egyptian Women,” describing expediting steps towards the empowerment of women, in addition to safeguarding their constitutional rights as a “national duty”. Egypt is the first country to localize the SDGs quantitative targets at the governorate level and started the localization roll-out activities to ensure whole-of-society engagement and guarantee that no one is left behind. In 2019, a National Committee for the Elimination of FGM was established to follow up on the implementation of the National Strategy to Eliminate FGM. The Committee is presided by the National Council for Women and the National Council for Childhood and Motherhood. Enhancing women's empowerment (community development; improving livelihood; support for female-headed households; provision of ID cards; literacy education; health services; legislation for enhancing women's political participation; training of prospective female candidates)</p>
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*Source: Compiled based on CEDAW, 2010, Concluding observations of the Committee on the Elimination of Discrimination against Women, CEDAW, 2013, Information provided by Egypt on the follow-up to the concluding observations of the Committee*

293. The CRM observes that the government provided additional information while responding to the concluding observation of the Committee on the Elimination of Discrimination against Women in January 2013, and the combined eighth, ninth and tenth periodic report was submitted.
294. In summary, there are lots of efforts concerning domestication, implementation, monitoring, and reporting on Egypt's international and regional commitments on the promotion and protection of women's rights, however few shortcomings concerning these aspects are still being addressed.

### **Specific government interventions**

295. Some of the specific interventions the Government has been implementing in the area of Women's rights promotion and protection include the restructuring of the "Equal Opportunity Units" that were established 2010 in 32 line Ministries to enhance their role in ensuring constitutional equality between men and women in the workplace; Addressing any employment practices that are discriminatory against women; Providing legal awareness programs to support the rights of working women and help them get the necessary training and promotion opportunities.
296. Other women-specific interventions include setting up the "Complaint Office" services and providing legal and social services to approximately 60,000 women beneficiaries up to 2018 (Victim advocate system, Legal Support, Family Courts and VAW cases); Establishing 18 anti-harassment units in universities; Upgrading shelters for women victims of violence under the supervision of the Ministry of Social Solidarity; 440 general hospitals integrated Gender Based Violence (GBV) package of health services; Providing *law enforcement training* (700 representatives from the country's prosecution and judiciary bodies on violence against women); The ongoing

formulation of a comprehensive Law on violence against women is drafted and being studied by Egyptian Government.; Launch of the Egypt Economic Cost of Gender Based Violence Survey to inform policy-making (2015); and The launch by Al Azhar of a Manual on Combating Violence against Women in Islam to sensitize and build the capacities and effective agency of religious leaders to become women rights advocates.

### **The Egyptian Women's Observatory (2017)**

297. To monitor and evaluate the country's implementation of its commitments to women's rights promotion and protection, the NCW also designed and launched the Egyptian Women's Observatory in 2017. Its primary purpose is to set indicators on women's social and economic empowerment and follow-up on the implementation of the Strategy for the Egyptian Woman 2030, which focuses on addressing the following priorities:

- The power relationship between women and men in the domestic, community and public domains, which could impede the advancement of women;
- Women's participation in political and managerial decision-making processes and their access to / and control over productive resources, social services, and employment opportunities;
- Cultural and traditional practices that systematically subject females to male dominance;
- Difficult access by women to credit, improved technology, land and extension services which constrain agricultural productivity;
- Disparities in access to opportunities for education, science and technology, skills development and training; and,
- Gender-based violence.



*Box 3.3: Good Practice - Women Complaint Office*

A Women Complaint Office (WCO) is a channel between the National Council for Women (NCW) and Egyptian women who face any form of discrimination or any practice or form of discrimination that violates the principles of equality and equal opportunities underlined in the Constitution. WCO was established by virtue of an agreement with the European Union.

WCO started to receive complaints from Egyptian women centrally, and at the local level from lawyers at NCW branches. WCO managed to compile and address 60. 000 complaints.

Hotline 15115

298. During the different meetings it attended, the CRM noted the scope of the all-out campaign Egypt is leading to combat all aspects of gender-based violence (harassment, FGM, early forced marriage, sexual exploitation, human trafficking, etc.). Egyptian representatives pointed out many positive developments, as well as legal and policy measures to strengthen gender equality and promote the rights and the advancement of women, many of which the CSAR contained.
299. The CRM notes that despite the existing political will to promote women's rights and the noteworthy developments and their impact on the ground, constraints and challenges persist.

## Gender Responsive Budgeting

### The basic features of gender responsive budget in Egypt

The Government of Egypt (GoE) has dedicated 242 billion Egyptian pounds to the *women agenda* from July 2018 – December 2019.

- **14% of the National budget** is directly dedicated to women's issues.
  - 273% increase in social security pension
  - 247% increase in medical expenses for citizens
  - 135% support health insurance for female students
  - 123% support health insurance for children under school age
  - 125% of women benefit from electricity subsidies
  - 376% growth rate for women benefiting from natural gas home delivery support
  - 100% subsidizing social & early childhood benefits
  - 50% health insurance for female heads of households
  - 8% of child's pension
  - 63% wages of workers in government agency
  - 100% Early childhood program
  - 103% support for food supplies
- **75% growth rate in allocations serving women issues** directly through 9 different governmental entities.
- **173.3 billion EGP for food subsidies** directed to women between 2015/2016-2019/2020.
- **1398 million EGP for girls' students benefiting from health insurance** support for schools' students between 2015/2016-2019/2020.
- **663 million EGP for females' heads of household** benefiting from *health insurance* between 2015/2016-2019/2020.

The GoE has been working on *performance-based budgets* since 2006. The Egyptian Prime Minister established a committee for performance-based budgets (decree number 1167) to follow up on the

AWP of the Ministries. The Egyptian Parliament also has a dedicated committee for performance-based budgets.

### **Access to Justice**

300. Personal status matters in Egypt are governed by separate laws for Muslims and Non-Muslims. Personal status law (PSL) for Muslim individuals depends on Islamic Sharia. It is governed by law-decrees number 25/1920 and 25/1929, and laws 1/2000, 10/2004 on the establishment of family courts, 11/2004 on family insurance fund, and 4/2005 on custody. Family courts examine PSL-related issues (divorce, alimony, custody, etc.) for Muslims. For non-Muslims, their personal status matters are regulated by their religious doctrines.
301. The Penal Code was amended (2015) (articles 306 (a) and 306 (b)) to ***criminalize sexual harassment***. Sexual harassment was for the first time defined by the law. Accordingly, verbal, physical, behavioral, phone and online sexual harassment is punished by a prison sentence of 6 months – 5 years, and up to LE 50,000 in fines, representing a major step towards achieving safety for Egyptian women and girls in public spaces.
- The **Law Governing the Family Insurance Fund was amended** (Law No. 113 for 2015) to increase its resources to respond to the needs of women.
  - The Penal Code was amended (2016) (article 242) to provide for ***prison terms of five to seven years for those who carry out FGM***, and up to 15 years if the case results in permanent disability or death.
  - The ***new Investment Law*** (article 2) dedicated for assuring equal investment opportunities for both men and women.
  - The ***Inheritance Law was amended*** (Law No. 219 for 2017) to impose stricter sanctions on those who withhold the inheritance from whoever has the right to such inheritance, which will have a great impact on women
  - The **Law institutionalizing the work of the National Council for Women was passed and issued** (Law No. 30 for 2018) to

elevate the President of the Council to a Minister level post and recognize a wider policy role with respect to the empowerment of women.

- The ***Law for persons with Disabilities was approved*** (Law No. 10 for 2018), guaranteeing more rights for disabled women. It establishes the first comprehensive definition for persons with disabilities to guarantee the inclusion of all segments of the disability under its umbrella.
- ***Recognition of women as breadwinner*** in accordance with the unified tax law No. 91 of 2005 and amended by Law No. 11 of 2013
- Issuance of law No. 11 of 2019 of the ***National Council of persons with Disabilities***
- ***Amendment of Civil Service Law 2016*** granting benefits of working mothers such as 4 months maternity leave instead of 3 months.
- ***Social security and pension law*** ratified in 2019

302. The CRM notices that women's access to justice is hindered by different individual, social, and institutional factors; and women's awareness of their rights and procedures is still low. Furthermore, poor women cannot always afford to appoint a lawyer and may have to resort to appointing a less expensive attorney who may not be adequate to defend their case. And for that reason, the Women complaints office provide free of charge lawyers to help women in need proceed with their complaints or reports. The WCO has offices within the 27 governorates of Egypt. The WCO also has strong linkages and network with other concerned authorities in Egypt and a strong referral system is maintained to assure women's complaints/inquiries are handled efficiently and effectively.

303. Social pressure entrenched in traditional patriarchal norms also acts as a deterrent, and at the level of institutions, conflict resolution and litigation, processes are perceived to be slow. Delays in court- the CRM was told- can also be used as a tactic by lawyers against women to push them to renounce their rights.

304. **Violence against women** The CRM notes that violence against women has been recognized as a social and legal problem in Egypt and welcomes the decisive moves the State has taken to address this scourge. Indeed, the two main legislative instruments protecting women from sexual violence are the Egyptian Constitution of 2014 and the Criminal Code of 1937 and its amendments. The Egyptian Constitution of 2014 not only preserved the rights granted to women by previous Egyptian Constitutions, but also introduced more progressive rights aimed at protecting women from other forms of violence and discrimination.
305. The CRM retains also the widely reported lack of qualified human resources and financial funds that various mechanisms to combat gender-based violence, assistance services and shelters for victims are facing; as no indication was made available to the CRM on the sources and amount of funding earmarked by the government for the running of these mechanisms.
306. There are no official figures related to convictions of perpetrators of sexual violence crimes; and it is thought that this is partly due to a number of reasons, including the reluctance of victims of such crimes to report them, the negative perceptions of sexual violence victims and stigmatization of victims.

### **Female Genital Mutilation (FGM)**

307. The CRM establishes that FGM continues to be a harmful practice against women in Egypt, and women continue to be subjected to this practice. According to a joint demographic health survey conducted in October 2015 by the Egyptian Ministry of Health, in collaboration with a domestic non-governmental organisation, USAID and UNICEF, approximately nine in ten women in some areas aged fifteen to forty-nine are victims of the crime of FGM.

308. Globally, Egypt is one of the countries with high percentage of circumcised women. According to the UNFPA survey, 90 percent of Egyptian women aged 18–64 years have undergone circumcision (UNFPA 2015 survey “The Egypt Economic Cost of Gender-Based Violence”).
309. While the overall prevalence changed little between 2008 and 2015, a secondary analysis of the DHS (Demographic and Health Survey) data on Egyptian girls aged 0-17 between 2005 and 2014 concludes that the total percentage of girls who had already undergone FGM, and those who were likely to undergo FGM before they reached 18 years of age fell from 69% to 55% in that period. As girls are unlikely to experience FGM after the age of 17 in Egypt, this suggests that the overall prevalence of FGM will continue to decline in the future.
310. The CRM notes also that the prevalence of this practice is often linked to wealth. In 2015, 94.4% of women aged 15-49 in the lowest wealth quintile had undergone FGM, compared to 69.8% in the highest wealth quintile. Available data suggests this difference appears to be widening.
311. The CRM acknowledges the efforts the government is deploying to address this issue, including the formulation and current implementation of the National FGM Abandonment Strategy 2016-2020. It notes however that a systematic and regular evaluation of results achieved is still needed to strengthen the implementation of this strategy and make necessary adjustments as necessary. The Government of Egypt has also formed the *first National Committee for eradication of FGM* in Egypt Chaired by National Council for Women a & National Council for Childhood and Motherhood, including various concerned stakeholders. The mechanism is established to coordinate effort and renew commitments to end FGM in Egypt.
312. The CRM endorses the belief that to combat the problem of sexual violence against women, the government should continue to take firm and active measures to amend and strengthen existing laws, and to make the criminal justice system more

accessible and more responsive to women victims, regardless of their social or economic background.

### **Women's role in politics**

313. Women's political empowerment is an essential requirement of democratic governance and can be measured in terms of the legal rights guaranteed for women to vote and run for office, as well as in terms of the daily practical exercise of these rights. Participating in public institutions - such as parliaments, local councils or government - allows women to contribute to the decision-making and law-making processes that affect people's rights, lives and future.
314. Politically, Egyptian women have been on the frontlines of two revolutions, calling for social justice and equality (2011 and 2013). The CRM explored the presence of women in political and public institutions in Egypt - notably the parliament, local councils, political parties, non-governmental organisations and trade unions.
315. It notes that:
- a. **In parliament**, the quota system was reinstated for the 2010 and 2015 parliamentary elections. The Law on the House of Representatives (No. 46/2014) allocates 56 of the 596 parliamentary seats (almost 10%) to women. In addition to the 56 women elected through party-lists subject to a women's quota, 19 women were able to win open seats previously held by men, 14 were appointed by the President in full parity with another 14 men who were also appointed by the President. In total, women currently represent 15% of parliamentary seats, the highest proportion of women ever to serve in Egypt's parliament. While recent constitutional amendments stated a quota of 25% to women in the upcoming parliament.
  - b. **In local councils**: a new constitutional clause reserved 25% of seats in all local councils to women, which is the highest quota ever for women so far;

- c. **In government:** The appointment of Egypt's first woman governor in 2017 and the impressive increase of women ministers in the Cabinet to 25% represent an important leap forward and signal advancement for women in the upcoming local elections.
- d. **In Egyptian diplomatic Corp:** Women represent 25%
- e. **In political parties:** Egyptian political parties are yet to fully embrace the promotion of gender equality and greater female representation within their ranks and in leadership positions (only one party "Dastoor" elected a female leader in 2011). Women's representation in political parties is still low, though after the 2011 Revolution, it became significantly higher compared to their representation in older political parties.
- f. The CRM observes that women's representation in social democratic or socialist parties for example is higher than in liberal parties. Overall, women represented 10.8% of all parliamentary candidates in the 2015 elections; and political parties mainly opted for supporting the number of female candidates deemed necessary by the quota stipulated in the law. For women candidates, having the support of a political party is more advantageous as it provides them with financial and campaign support and protection.
- g. The CRM contends that extending the quota so that it applies to both party-list and independent seats would provide incentive for political parties to support and nominate more female candidates, and thus increase their chances of winning in elections and strengthening their representation within decision-making bodies.
- h. **In trade unions:** The CRM did have the opportunity to meet with a delegation of trade unionists who were exclusively male. According to CAPMAS, women's representation in trade unions in general reached 35.8% in 2017. Women are better represented in the Education Syndicate (28.4%), the Agriculture Jobs Syndicate (17.7%) and the Commercial Jobs Syndicate (16.1%).



316. The CRM underlines the pro-activeness and assertiveness of women workers to defend their rights and notes that, following the 2011 revolution, Egyptian working women made a substantive contribution to the increasing number of syndicates and trade unions. Women started organising and establishing their own syndicates and contributed to the establishment of other syndicates along with men. They founded for example the Nursing and Female Rural Leaders Syndicates, exclusively composed of female members. They also helped to establish the Independent Teachers Syndicate and Egyptian Postal Workers Union, in addition to other specialised, regional and national organisations.
317. The CRM observes however that while there are no legal obstacles to women’s participation and leadership in trade unions and syndicates in Egypt, and despite increasing numbers of trade union and syndicate members (around 3.9 million members belong to 24 professional unions in Egypt), women continue to represent a minority of leaders and members in these organisations.

### **Access to productive assets and finance**

318. Access to resources is an unavoidable indicator of women’s empowerment, which presupposes their access to enabling resources in order to enhance their agency and ability to “define their own life-choices”. Women’s empowerment has been stressed as a key objective for development policies and programs as enshrined in the SDGs, which call to “undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources; in accordance with national laws (Goal 5 - Target 5a).

319. The CRM notes that according to the Egyptian Financial Supervisory Authority (EFSA), the percentage of enterprises owned and managed by women is 23 percent and most (18 percent) are found in the micro sector. However, In 2019, two decrees (123, 124) issued by the Financial Regulatory Authority stated that *at least one women should be represented on boards of the financial companies. Also:*
- Percentage of *women on board of the Central bank of Egypt* is 25%
  - Percentage of *women on boards of Banks* has increased from 10% in 2018 to 12% in 2019
  - Percentage *women on board of shareholding companies and public agencies* has increased from 418 in 2017 to 441 in 2018.
320. As to land ownership, men comprised about 95 percent of landowners, while only 5.2 percent were women. The largest portion of female holders, 12 percent, falls within the category of less than one feddan (0.420 hectares). In rural areas, where land ownership is not only an asset but also reflects social class, families might tend to put pressure on women to sell land to male relatives, thus placing them at a disadvantage both socially and economically.
321. The CRM observes also that, although Egypt has recently put much emphasis on women's financial inclusion as an explicit national objective, Egyptian women's access to and usage of financial products is constrained by limited control over assets for collateral, the absence of financial capability especially in rural areas, and the perception of banks that women in general represent a high-risk segment.
322. National efforts were observed such as: The Central bank of Egypt has signed an unprecedented MOU with the National Council for Women on the financial inclusion for women. The first ever Central Bank globally to sign an MOU with a national women Machinery. The VSLAS Village Savings and Loans Associations were applied, allowing women to save and grow

their financial capital and starting their own micro-projects; and on ground & media financial and banking products Awareness to Egyptian women in all Governorates of Egypt was conducted.

323. Unequal access to resources, compounded by high female unemployment rate (25 percent in 2016 according to CAPMAS compared to 9 percent among men), stresses the need to enhance women’s economic capability and effective participation, and address it as an urgent priority on the national development agenda.

## **Recommendations**

The APR Panel recommends that Egypt:

- Continue to strengthen the comprehensive implementation of the laws on violence against women
- Sustain and strengthen the training of police officers dealing with violence against women.
- Continue to strengthen policies and measures to increase the representation of women in senior positions in both the public and private sector.
- Expand awareness creation and strengthen support to women to ensure that they speak out and report cases of violence.
- Consider lifting the remaining reservations related to CEDAW, and signing the Protocol to the African Charter on Human and Peoples’ Rights (Maputo Protocol);
- Increase the participation of women in decision-making positions by introducing quotas and affirmative action measures;
- Consider creating a Parliamentary Committee specifically dedicated to Gender issues be set up;
- Expedite the enactment of the “Violence against Women Bill” currently under preparation, as well as the “Personal Status Law” currently under discussion;

- The Government of Egypt and other national and international stakeholders intensify their efforts to fully implement the National Strategy to Combat Violence against Women, and increase the quality and the extent of assistance and services provided to women victims of violence;
- The Government of Egypt and supervisory authorities scale up tailored trainings for Imams, judges, lawyers and public prosecutors to spread a culture of gender equality, non-discrimination and respect for human rights.

**Objective 7: Promotion and protection of the rights of children and young persons**

**Summary of the CSAR**

324. Egypt signed and ratified the Convention on the Rights of the Child in 1990, the Optional Protocol to the Convention on the Rights of the Child, on the sale of children, child prostitution and child pornography (ratified in 2001) and the African Charter on the Rights and Welfare of the Child (ratified in 1994). The government has also formulated policies under the framework of the Constitution that guide the implementation of programmes for protecting the rights of children and young people. Institutional arrangements are in place for sensitizing the public on children’s rights. In February 2016, Egypt officially launched its Sustainable Development Strategy (SDS): Egypt Vision 2030, the Egyptian Government Plan of Action 2018-2022 includes several programs addressing the improvement of the child's situation till 2022.
325. Progress made so far in promoting the rights of children, the CSAR notes the following:
- Enabling laws are in place;
  - Awareness of children’s rights has increased; and

- A strong partnership has been forged between the government and civil societies working with children’s rights.
326. The Constitution grants children “the right to be named and possess identification papers, have access to free compulsory vaccinations, health and family care or an alternative, basic nutrition, safe shelter, religious education, and emotional and cognitive development” (article 80). It requires the State to guarantee the rights of children with disabilities and ensure their rehabilitation and incorporation into society.
327. Further, it requires the State to care for children and protect them from all forms of violence, abuse, mistreatment, and commercial and sexual exploitation. It prohibits the employment of children before they have completed primary education, or in jobs that expose them to risk. It requires the State to establish a judicial system for child victims and witnesses, and to work to achieve children’s best interest in all measures taken concerning them. With respect to the youth, the Constitution requires the State to: guarantee their care; help them discover their talents; develop their cultural, scientific, psychological, creative and physical abilities; encourage them to engage in group and volunteer activity; and, enable them to participate in public life (article 82).
328. The Egyptian Government adopts a set of programs and policies aiming at improving the situation of children all over the country in a way that ensures the realization of the sustainable development goals set forth under the Sustainable Development Strategy 2030 adopted by the government in 2016 which is inspired by the UN 2030 Agenda for Sustainable Development. This is detailed below.
329. Establishing the first child-friendly court in Cairo which comprises: prosecution offices, trial rooms for children offenders, offices for experts and social observers, waiting rooms for children, their families and lawyers, secured rooms for detained children offenders summoned before the competent

courts and prosecutions, as well as legal and psychological aid offices. These offices are equipped with the necessary furniture, electronic devices and other logistics required in accordance with the relevant international standards. Also, the establishment of another child-friendly court is underway in Giza.

330. Numerous resolutions are issued by the Minister of Justice, including the establishment of circuits having the jurisdiction to adjudicate all claims addressing crimes involving all forms of violence committed against women and children, and establishing "forensic clinics" for receiving the children victims of violence named "Women and Children Clinics".
331. In 2017, the Ministry of Justice signed a Memorandum of Understanding with the UNICEF for cooperation in all issues related to the criminal justice and the protection of children victims and witnesses.
332. Issuance of the procedural manual, in 2017, for enforcing alternative measures substituting the liberty-depriving penalties imposed on children, identifying the barriers hindering their enforcement, and proposing suitable solutions. This manual is considered a reference in the field of criminal justice for children developed in cooperation with the Swiss organization Terre des Hommes (TDH).
333. The participation of the Ministry of Justice in developing a strategy and an action plan for eliminating the worst forms of child labour in Egypt by 2022. In 2018, the Ministry also participated in developing the National Strategy for the Prevention and Treatment of All Forms of Violence against Children.
334. Developing the "Alternative Families" system for children deprived of family care. The number of alternative families reached 9,794 families fostering 9,910 children. The Ministry of Social Solidarity is endeavouring to close all care houses and

orphanages by 2025 while extending the Alternative Families system aiming at fostering orphans for creating the most appropriate environment for the sound mental, physical and behavioural development of the children. The age of children included under the Alternative Families System was changed to start from three months instead of two years.

335. The establishment of "residential institutions" for fostering children from 6 to 18 years who are deprived of family care. These institutions reached 345 institutions benefiting 9,082 children.

- Launching a number of initiatives aiming at eliminating poverty among children; such as the National Strategy for School Feeding, and scaling up free school feeding programs to absorb over 11 million students with a percentage up to 81% from the students enrolled in the elementary stage at both public and community schools.
- Improving the quality and quantity of the available education opportunities. At the quantity level, the government has increased the number of classes and schools, established 3.2 thousand schools, for all stages, consisting of 40 thousand classes. This contributed mainly in providing educational services in some areas. At the quality level, the Ministry of Education and Technical Education is focusing on providing training to teachers and administrative cadres as well as developing the academic curricula.

336. The National Council for Childhood and Motherhood (NCCM), subsidiary to the Ministry of Health, is the institutional entity responsible for monitoring the children situation in Egypt. In 2018, the Council launched, in cooperation with the government, "the National Strategy for Childhood and Motherhood till 2023", to be implemented in partnership with the government, the Council and NGOs. Over the past years, the Council implemented a number of programs aiming at raising the

awareness of the child's rights including: the Egyptian Child Forum, child labour program, poverty alleviation program, girls' education initiative, the national program for quality education, combating human "women and children" trafficking program, adolescents health program, addressing the problem of irregular migration of unaccompanied children, the national program for the safe use of internet and information technology, as well as the program for protection and rehabilitation of street children.

337. Additionally, programs were introduced for reducing education dropouts, care for children with disabilities and the literacy of young mothers and girls. At present, the government is working on enhancing the mandate of the National Council through a new law which strengthen its ability to safeguard the rights of children, and allow the latter to be consulted on the laws related to child and family, and for children to be entitled to file criminal lawsuits against violators to their rights.
338. Furthermore, the National Sustainable Development Plan 2030 aims to improving the child's rights especially in crosscutting fields included under the UN Sustainable Development Plan 2030. The Egyptian Government Plan of Action 2018-2022 contains several programs addressing the improvement of the child's situation till 2022 including the following:
- Encouraging innovation among children through supporting the Child's University Program in cooperation with 31 public universities;
  - Accessibility to pre-university education to all without discrimination through establishing 100 Japanese schools, 22 of the Nile schools, opening 1,600 classrooms for persons with disabilities and the Waqf Charity Fund for Education;
  - Improving health services provided by hospitals and healthcare units, reducing child mortality rate to 11.8 per one thousand children, expanding the availability of neonatal incubators to reach 1,600 incubators, supplying medicines and vaccinations and automating the supply of infant milk.



339. The government of Egypt announced Action Plan 2018-2022 which includes several actions and policies that are to be implemented throughout this period and targeting the young people. The Plan pays due care to youth employment as the Plan provides a set of measures including the following:

- Encouraging entrepreneurship and self-employment through creating 200 business incubators every year, designing programs and school and university curricula that provide training on entrepreneurship and encourage self-employment targeting 5 thousand young males and females annually.
- Integrating between the outputs of the higher education and the requirements of the labour market through increasing the number of entrepreneurship centres to 40 centres, the number of graduates obtaining career counselling to 15 thousand graduates, and the number of industry-linking programs to 65 programs.
- Providing concessionary (soft) loans through increasing the finance directed to medium and micro enterprises to reach 20% of the overall funding, increasing the capital of specialized funds for supporting small enterprises to reach L.E one billion benefiting 100 thousand young people. This is in addition to providing loans amounting to L.E 10 billion over four years through the National Project for Human and Social Development providing 150 thousand job opportunities, expanding the base of beneficiaries from the Micro, Small and Medium Enterprises Development Agency through raising the finance value to reach L.E 5.6 billion by 2020, as well as providing banking finance of L.E 20 billion over four years for supporting about 350 thousand projects.

- Developing skills through promoting the role of the Employment Office in providing training and employment so as to train about 8,500 graduates holding technical and university degrees and providing jobs for about 4,000 young people.
340. The Government Plan of Action also pays attention to some other youth-related issues including fighting irregular migration through organizing 140 reach out programs targeting young people and families across governorates where this phenomenon is widespread, improving job opportunities through organizing a program for training, employment and entrepreneurship benefiting 360 thousand young people.

### **Findings of the CRM**

341. Egypt has put in place a comprehensive policy and legal framework to promote and protect the rights of the child. This includes ratified international and regional instruments, as well as formulated policies under the framework of the Constitution, which guide the implementation of programmes geared towards the protection of the rights of children and young persons. The main challenge has been allocation of adequate resources to implement the policies.

**Objective 8: Promotion and protection of the rights of persons in vulnerable situations, including internally displaced persons, refugees and persons with disabilities.**

**Summary of CSAR**

342. Egypt's 2014 Constitution obligates the State to respect the rights and dignity of persons with disabilities like peer citizens in order to achieve the principles of equity and equal opportunities. The Constitution contains nine articles on the rights of persons with disabilities, namely (53, 54, 55, 80, 81, 93, 180, 214, and 244). Also, the Egyptian Constitution regulates the establishment of the National Council for Persons with Disabilities and grants this entity the legal personality and the technical, financial and administrative independence. Meanwhile, article (244) provides that: "The State shall endeavour that persons with disability be appropriately represented in the first House of Representatives to be elected after this Constitution is approved, as regulated by law." In the application of this last provision, article (2) of the House of Representatives Elections Law of 2015 defines the person with a disability as: "Any person with a disability that does not prevent him/her from exercising his/her civil and political rights. This disability is to be specified by a medical report to be issued in accordance with the conditions and controls laid down by the High Elections Commission after consulting the National Council for Persons with Disabilities". Likewise, article (5) provides that persons with disabilities are to be represented by one to three candidates in each list, depending on the numbers assigned to each list. Consequently, eight persons with disabilities won seats for the first time in the House of Representatives, in addition to one appointed representative.
343. In 2018, Law No. 10/2018 on the "Rights of Persons with Disabilities" was issued upon approval by the House of Representatives. It includes their rights to education, health services, political participation, social solidarity, training,

rehabilitation, and employment. It is the first Egyptian comprehensive and inclusive legislation of the rights of persons with disabilities since Egypt ratified the Convention on the Rights of Persons with Disabilities in 2008, more than 44 years after adopting the first legislation on persons with disabilities, namely Law No. (39) of 1975 on Rehabilitation of Persons with Disabilities<sup>23</sup>.

344. Egypt is a destination country for refugees and asylum-seekers. As of December 2018, the United Nations High Commissioner for Refugees (UNHCR) in Egypt has registered 244,910 refugees and asylum-seekers<sup>24</sup>. Egypt continues to host a diverse refugee and asylum-seeker population, composed of 58 different nationalities, and refugees remain the largest population among them. Despite the absence of a land border with Egypt, Syria has 132,871 individuals (54 percent of the total refugee and asylum seeker population), including 55,328 children (42 percent of the entire Syrian refugee population) in Egypt. From January to December 2018, the UNCHR newly registered 8,866 Syrians.

### **The Role of the National Council for Persons with Disabilities**

345. The Constitution, under article (214), legalizes the national councils, including the National Council for Disabled Persons. Pursuant to this article, the Cabinet approved the draft law on establishing the "National Council for Persons with Disabilities" to replace "the National Council for Disability Affairs" established by virtue of the Prime Minister Decree No. 410 of 2012 and the subsequent decrees thereof. In March 2019, the Law No. 11 of 2019 was promulgated for the establishment of the National Council for Persons with Disabilities.

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<sup>23</sup> (Eman Marie, "Egypt's Policies Regarding Persons with Disabilities", (Cairo; Al-Ahram Center for Political and Strategic Studies; the Egyptian File, Issue 48, August 2018), P. 6-7)

<sup>24</sup> UNHCR Statistical Report, January 2019

346. The Council aims at promoting, developing and protecting the rights and dignity of persons with disabilities in compliance with the provisions of the Constitution and in the light of the international conventions, treaties, and charters, which Egypt ratified, to entrench their values, raise the awareness of their content and contribute to ensure the application thereof.
347. According to article (5) of the Law, the Council shall have the jurisdiction to propose the State's general policy regarding the rehabilitation, inclusion and empowerment of persons with disabilities, following-up and evaluating the implementation of this policy, addressing the issues these persons may encounter, in addition to coordinating with all the State's competent Ministries and entities for the enforcement of the provisions of the international Convention on the Rights of Persons with Disabilities, proposing amendments to relevant policies, means and programs, providing opinion in any other international conventions regarding the persons with disabilities the State, acceded to, or may accede to, giving opinion on the reports the State submits regularly according to the international conventions related to the rights of persons with disabilities, preparing annual reports on the outcomes of the above-mentioned actions to be presented to the President, the House of Representatives and the Cabinet of Ministers.
348. Moreover, the Council is competent to give an opinion on the draft laws and decrees related to the Council and its mandate. The Council also undertakes to represent persons with disabilities, registering the Council in international fora, conferences and organizations concerned with disability issues, in coordination with the State's competent entities. The Council holds conferences, symposia, discussions, training courses and workshops to inform the persons with disabilities about their rights and duties, in addition to documenting information, data, statistics, studies and researches related to disabilities, contributing to developing a database of all the data of persons with disabilities to facilitate their communication with the

Council and in coordination with the State's concerned entities, issuing publications, magazines and brochures reflecting the goals and competences of the Council.

349. Furthermore, the Council receives, discusses and proposes appropriate solutions to the complaints from persons with disabilities, and reports to the competent investigation authorities any violation to the rights of persons with disabilities, intervene in claims in favour of the affected disabled persons. The Council also adopts the necessary policies, strategies, programs and projects to raise the social and health awareness about how to avoid causes of disabilities, issue the decisions and the internal regulations related to the financial, administrative and technical affairs of the Council without being restricted by the government rules, approve the Council's annual plans and budget, and consider laying down the plans and policies required for investing the Council's funds.

## **Findings from the CRM**

350. The protection environment for refugees and asylum seekers in Egypt is conducive. While visa requirements introduced in July 2013 for refugees entering Egypt are maintained, many refugees continue to enter Egypt based on family reunification. The Government allows refugees and asylum-seekers registered with UNHCR to regularize their residency and grants six-month renewable residence permits.
351. In February 2017, the Government of Egypt (GoE) has agreed to a proposal put forward by UNHCR to decentralize the process for issuing the permits beyond Cairo, and in October 2017 the GoE decided to prolong the duration of the residence permits to one year. Recently, MOI has introduced new measures to improve the granting and renewal of the residence permits. Advocacy continues with the GoE to enable all refugees to obtain a one-year residence permit based on their UNHCR documentation. Although government policies do not allow any forcible return, UNHCR continues its dialogue with the GoE regarding refugees who have irregularly entered Egypt and who wish to regularize their residency.
352. Refugees live in urban areas alongside Egyptian communities across the country and are mainly concentrated in Greater Cairo, Alexandria and Damietta. As per 2012 presidential decree, refugees have access to public education and health services at an equal level of Egyptian nationals. Additionally, refugees also benefit from all subsidies in the transport and food sectors, provided by the State to Egyptian citizens. Such sharing of public services and government subsidies represents an added challenge for the Egyptian economy.
353. In 2016, Egypt has launched the 2030 Vision which follows the sustainable development goals as a general framework for improving the quality of lives and welfare for the growing

population (96.3 million Egyptians in 2018<sup>25</sup>). The Government has therefore embarked on an ambitious reform program and has implemented decisive measures to restore macroeconomic stability which are having a positive impact on the economy as market confidence is growing. Inflation continued to recede in the first half of 2018. However, the latest round of energy price increases in June, triggered a rise in inflation to an average of 14 percent.

354. Resilience activities are crucial to support the GoE efforts to provide health services and education to refugees and further enhance the capacity of national institutions to absorb and respond to the increasing demand on public services.
355. While State institutions play a crucial role in supporting refugees' protection, education, and health needs, they require further support to provide broader quality services for both the refugee and host communities.
356. In addition to hosting refugees, Egypt also hosts 105,885 asylum-seekers and refugees from Africa, Iraq, and Yemen<sup>26</sup>. These populations account currently for 45 per cent of the total number of asylum-seekers and refugees registered with UNHCR (237,389) in Egypt, including 38,980 Sudanese (16 per cent), 15,444 Ethiopians (6 per cent), 14,770 Eritreans (6 per cent), 13,616 South Sudanese (6 per cent), and 23,075 from other nationalities including Somalis, Iraqis and Yemenis.
357. The GoE and agencies are committed to ensuring equity in access to protection, services and humanitarian assistance for Africans, Iraqis and Yemenis registered with UNHCR. As part of the advocacy towards a one refugee approach in Egypt, a Response Plan for Refugees and Asylum Seekers from Africa, Iraq and Yemen were launched by eight appealing partners in collaboration with the government. The response plan aims to continue addressing the needs of over 105,000 refugees and

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<sup>25</sup> <http://bit.ly/2WqjXSF>

<sup>26</sup> Population figure of refugees and asylum-seekers registered with UNHCR in Egypt as of 30 September 2018



asylum-seekers mainly from Africa and 50 other countries with identified funding requirements of USD 41.8 million.

### **Strategic direction and response plans**

358. The 2019-2020 Refugee Resilience Plan (3RP) Country Plan for Egypt aims to continue the efforts of the partners in strengthening protection for refugees and supporting the most vulnerable among refugees and the hosting community. 3RP partners need to be encouraged to continue supporting State institutions to gradually improve protection and service delivery since they complement government efforts where necessary. In parallel, the CRM also noted that refugees from other origins are supported through other response instruments in accessing national services in the education and health sectors. This approach ensures that the response does not focus exclusively on refugees but considers the broader implications for Egypt as a host country.
359. In the protection sector, CRM noted that Egypt 3RP focuses on strengthening the capacity of existing national and local systems to respond to the protection needs of refugees and impacted communities, with an emphasis on children, adolescents and youth in line with the No Lost Generation (NLG) initiative that humanitarian partners advocate for. At the same time, the sector provides parallel services to prevent and respond to the needs of refugees with heightened risks. Support under the resilience component underlines the close cooperation with the relevant Ministries and national authorities to build capacities of relevant departments to enable them to meet the pressing needs of refugees and host communities.
360. Case management and multi-sectorial service provision, campaigns to raise awareness on protection issues and to optimize full access to all services through the involvement of the community volunteers for the dissemination of information and prevention activities. Furthermore, legal counselling and coordinated monitoring and assistance to refugees needs to be highly prioritized by various stakeholders.

361. The 3RP partners may further extend support to the Ministry of Education and Technical Education's (MoE) systems in the governorates and districts hosting refugees to improve the quality of education. Partners need to continue to address the needs of out-of-school children and youth from both refugee and impacted communities through increased life skills and vocational training opportunities and developing additional child-friendly spaces. The CRM notes efforts made by Egypt to support adolescents in accessing secondary schools and receiving certification. Tertiary education and access to universities remain important.
362. In the health sector, the CRM noted that the 3RP partners had made efforts to work closely with the Ministry of Health and Population (MoHP) in strengthening existing national health systems to enable access and quality services to both the refugees and host communities. Specific capacity gaps in mental health and non-communicable diseases in primary care settings are being addressed through capacity building and within the existing national programme. There is a need to continue to focus on selected primary health care facilities and hospitals in areas hosting refugees.

## **Recommendations**

The APR Panel Recommends that Egypt:

- Continue to expand benefits to persons with disabilities by implementing all the laws conferring the benefits effectively.
- Implement the agreement with UNHCR to decentralize the process for issuing the permits beyond Cairo.
- Accelerate the responses to the requests of the regularization of the residence status of refugees who have irregularly entered Egypt and wish to regularize their residency.
- Increase funding to the State institutions that play a key role in supporting refugees' protection, education, and health needs to both the refugee and host communities.

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## CHAPTER FOUR

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### ECONOMIC GOVERNANCE AND MANAGEMENT

#### 4.1 OVERVIEW

363. After experimenting with a mix of socialism and Arab nationalism in the past, Egypt has increasingly pursued a market-based economic model aimed at creating a competitive, efficient, innovative and successful businesses. In 1974, Egypt under President Sadat turned away from the Soviet Union and initiated *Infitah*, or an economic open-door policy. Since then, the International Monetary Fund (IMF) and the World Bank have encouraged comprehensive reforms that would make Egypt an outward-looking market-oriented economy in which the private sector plays a prominent role.
364. The country has faced many challenges in the past decades which has led to the adoption of socioeconomic policies and reforms. The Economic Reforms adopted since 2014, are aimed at to addressing financial imbalances, monetary distortions and structural issues in the Egyptian economy through introducing a number of measures such as tax reforms, automation and digitalisation, promoting investment and business environment.
365. The Government of Egypt (GoE) successfully implemented a first wave of macro-economic and structural reforms that successfully addressed a number of deep-seated issues and helped to stabilize the economy, sustain growth and lay the groundwork for more dynamic private sector participation in the economy. On November 11, 2016, the International Monetary Fund (IMF) approved a US\$12 billion facility for Egypt to

support the governments' economic reform program over a three-year period.

366. Data from the World Bank indicates that in the Financial Year (FY) 2019 (ending June 30th, 2019), real Gross Domestic Product (GDP) growth reached 5.6 percent, up from 5.3 percent in FY18. This pickup is mainly driven by an expansion in gas extractives, tourism, wholesale and retail trade, manufacturing, real estate and construction that have been the main drivers of growth.
367. Unemployment decreased to 7.5 percent in the fourth quarter of FY19 (from 9.9 percent a year earlier). The Central Bank of Egypt cut policy rates by 150 basis-points in August 2019, a move that should improve private sector cash flow via its impact on lending rates. The monetary easing was triggered by the remarkable decline in headline inflation in August 2019 to 7.5 percent, due to favourable base effects, as well as moderating food inflation; altogether diluting the inflationary impact of the July 2019 energy price hikes. The budget and primary balances have improved to an estimated -8.3 percent and 1.9 percent of GDP, respectively in FY19, from -9.7 percent and 0.1 percent of GDP a year earlier.
368. This comes on the back of the containment of energy subsidies and civil servants' wages, in addition to increased revenues collection (notably from the VAT and income tax). In tandem, even though significant risks remain in terms of debt size, composition and contingent liabilities, government debt is estimated to have decreased to 90.5 percent of GDP in end-June 2019, from 97.3 percent of GDP in end- June 2018, with the decline mostly stemming from the domestic portion, which accounts for 80 percent of Egypt's debt. Egypt's external position has stabilized at broadly favourable levels, as foreign reserves reached US\$45.42 billion in December 2019 (covering around 8.3 months of merchandise imports). The Egyptian

pound strengthened against the US\$, reaching LE /US\$15.9 by end of December 2019; cumulatively appreciating by around 16 percent since the Pound's weakest point around mid-December 2016.

369. While macroeconomic environment has improved, social conditions remain a challenge. Between 2016 and 2018, nominal wage growth fell below inflation. Official estimates reported that the share of the population living below the national poverty line in FY18 increased to 32.5 percent, from 27.8 in 2015, with the highest poverty rates still in rural Upper Egypt, yet has decreased again in 2019 to 29.7% which is the first-time poverty rates decrease since 1999. To alleviate the adverse effects of the economic reforms on the poor and increase investments in Egypt's human capital, the government has scaled up key short-term social protection mitigating measures, including through higher allocations of food smart cards and expanded targeted conditional and unconditional cash transfer programs. The Government policy of passing on the benefits of reforms to ordinary Egyptians would remain key in the years ahead.
370. To complement the economic reforms, the Egyptian government also adopted a new progressive framework governing the social, economic and environmental development titled, "Sustainable Development Strategy: Egypt's Vision 2030", in accordance with the UN Sustainable Development Goals and the African Agenda 2063. The framework provides a base for accelerating broad-based socio-economic and environmental development to promote sustainable development.
371. According to the World Bank's Ease of Doing Business report of 2019 Egypt is among the most-improved countries as it jumped eight spots to rank 120th out of 190 countries and is on the list of top performers in the year 2017/18. This improvement has been attributed to the implementation of regulatory reforms that facilitated doing business and the enactment of the New

Investment Law No. 72 of (2017) and its executive regulation, which came as part of the integrated plan executed by the government to improve the investment climate, regaining investors' confidence and completing legislative reforms to ease investment procedures (World Bank Doing Business Report, 2019).

372. A number of legislative reforms took place to encourage private investment particularly in the electricity sector, such as the issuance of the Renewable Energy Law No. 203/2014 which makes provision for any investor to construct, own or operate power plants from renewable energy sources and sell the electricity generated from these power plants to the Egyptian Company for Electricity Transmission under the conditions and prices agreed upon with the investor. According to the CSAR, in 2017, 99.7 percent of the total population had access to electricity.

## **4.2 STANDARDS AND CODES**

373. According to the APRM questionnaire for Country Self-Assessment Report (CSAR) on economic governance and management, a country is assessed on the basis of 15 Standards and Codes. Egypt has adopted the following codes and the date of effect is indicated.

**Table 4.1. Standards and Codes**

**Standards that need signing and/or ratification**

<b><u>Standards and Codes</u></b>	<b><u>Adopted/ Signed (include date)</u></b>	<b><u>Ratified</u></b>	<b><u>Enacted</u></b>	<b><u>Date last reported</u></b>	<b><u>Reservations / Notes</u></b>
AU Convention on Preventing and Combating Corruption (2003)	11/7/2003				
UN Convention against Corruption (2003)	9/12/2003	Yes			
UN Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997)	X				
AU Abuja Treaty establishing the African Economic Community (1994)	3/6/1994	Yes			
AU African Charter on Statistics (2000)	X	X			

## Standards that do not need ratification and Accepted Best Practices

<u>Standards and Codes</u>	<u>Adopted</u>	<u>Notes</u>
Best Practices for Budget Transparency (2002)		
Revised Code of Good Practices on Fiscal Transparency (2007)		
Guidelines for Public Debt Management (2003)		
Code of Good Practices on Transparency in Monetary and Financial Policies: Declaration of Principles (1999)		
Core Principles for Systemically Important Payment Systems (2001)		
Special Recommendations on Terrorist Financing, and the Forty Recommendations (2004)		
Core Principles for Effective Banking Supervision (2006)		
Anti-Bribery Convention (1999)		
Extractive Industries Transparency Initiative		
Stolen Assets Recovery Initiative		
International Standards on Auditing		
Insurance Core Principles and Methodology (2003)		
Guidelines for Corporate Governance of State-Owned Enterprises (2005)		



**The findings of the CRM:**

374. There is observance of standards and codes in Egypt as the government is strongly inclined towards international best practices as part of its macroeconomic reforms. Adopting international codes and standards is being prioritised as the government forge ahead in cementing investor confidence and establishing international competitiveness. The APR panel believes that by fully executing its Sustainable Development Strategy: Egypt's Vision 2030, it would have adopted, implemented and in compliance with all the APRM economic governance and management standards and codes.

**Recommendations of the APR Panel:**

- Government of Egypt to sign and rectify forthwith the relevant standards and codes that the country is yet to adopt (Ministry of Foreign Affairs).

**4.3 ASSESSMENT OF THE PERFORMANCE ACCORDING TO APRM OBJECTIVES****Objective 1: Design and implement economic policies for sustainable development****Summary of the CSAR**

375. The CSAR reports on Egypt's economic reform program under the International Monetary Fund (IMF) Extended Fund Facility in which it received a US\$12 billion loan in November 2016. Under the program, the country has managed to cut its current account deficit from more than 5 percent of GDP to less than 2.5 percent utilizing sustainable income sources other than grants. It reduced to half its budget deficit from 16.5 percent in 2013 to the current 8.5 percent of GDP. Its economic growth has been raised from 2.2 percent in 2013 to 5.6 percent in 2018/2019.

376. In the energy sector, the CSAR documents the government plans and programs in which the GoE has paid special attention due to its strategic importance in driving economic development. Energy is a key component of the reform framework and the authorities are executing a holistic plan to reform the energy sector as the government has adopted a large-scale restructuring program to rationalize energy subsidies since July 2014. This is in addition to implementing a number of projects to generate power from solar energy in partnership with the private sector. The government is also pursuing the Integrated Sustainable National Energy Strategy until the year 2035 that includes maximizing the use of renewable energy in power generation mix to reach more than 37 percent by 2035.
377. As part of the comprehensive reform plan for the energy sector (petroleum, gas and electricity), the GoE adopted the application of a broad-based restructuring program to rationalize energy subsidization and mainstream the usage of energy-saving lamps. A number of new power generation plants were also built to provide for the increasing demand; three power generation plants built in collaboration with Siemens Germany Company, with a total energy output of 14,400 Megawatt in the New Administrative Capital, Beni Suef and Borrollos. The power generation projects have expanded the power networks in terms of transmission and distribution, and upgrading the capacity of power-generation plants through their conversion from simple-cycles to combined-cycles. As of December 2018, the CSAR points out that 99.7 percent of the total population of Egypt had access to electricity.
378. In line with the economic reforms, the CSAR underlines that the GoE has put in place a number of legislative reforms to encourage private investment particularly in the electricity sector, such as the issuance of the Renewable Energy Law No. 203/2014 which makes provision for independent investors to construct, own or operate power plants from renewable energy

sources, and sell the electricity generated from these power plants to the Egyptian Company for Electricity Transmission under the conditions and prices agreed upon with the investor.

379. Inflation rate increased significantly after the liberalization of the Egyptian pound exchange rate on November 3, 2016, when the value of the Egyptian Pound against the Dollar decreased significantly (from 8.8 to 18.03 pounds against the US dollar), resulting in an increase in the cost of imports and in the prices of the majority of food commodities. This led to a rise in inflation rate to around 23.3% in 2016/17, especially as uneven economic growth slowed. Inflation rate however declined to 13.2 percent in 2018/19 and further down to 6.7 percent in August 2019, as macroeconomic conditions stabilized and indicators improved.
380. The CSAR highlights major development initiatives being undertaken by the Government of Egypt (GoE) to improve the energy, services, transport and communication infrastructure. Some of the major developments being undertaken are; the New Administrative Capital in East Cairo, currently considered to be one of the major real estate investment projects in the Middle East, Benban Solar Park which is the world's largest solar array, the New Ismailia City, the New Alamein City, an Integrated City at Al-Galala and the East Port Said City.
381. The GoE has an Action Program (18/2019-21/2022) which includes actions to support savings and investment, aimed at promoting financial inclusion, developing new and innovative saving deposits and encouraging remittances from Egyptians abroad. The program also supports the establishment of funds, investment companies and entrepreneurship, expanding the funding base in partnership with international and regional institutions, as well as maximizing the utilization of State-owned assets. It prioritises the restructuring of public sector companies, settling their accumulated debts, stimulate participation in investment in public company proposals, increase efficiency and

stimulate the stock market. The Central Agency for Public Mobilization and Statistics prepares the National Statistical Report for tracking progress on the Action Program in line with the sustainable development goals 2030 indicators.

382. The government also has Action Plan 2018-2022 which, according to the CSAR, outlines number of actions and policies that are to be implemented throughout this period and targeting the youth. The Plan aims to address youth unemployment through a set of measures that include; encouraging entrepreneurship and self-employment through creating 200 business incubators every year, designing programs in school and university curriculum that provide entrepreneurship training and encourage self-employment targeting 5 000 young males and females annually.

383. The Egyptian government has paid great attention to health services as an important investment in human resources that has a positive return on economic development and social justice. The 2014 Egyptian Constitution obliged the State to allocate certain percentages of government spending to social development as follows; Health: 3% of the GNP which gradually increases until it conforms to international rates (article 19), Pre-university education: 4% of the GNP which gradually increases until it conforms to international rates (article 18), University education: 2% of the GNP which gradually increases until it conforms to international rates (article 21) and, Scientific research: 1% of the GNP which gradually increases until it conforms to international rates (article 23).

384. As highlighted in the CSAR, the public sector plays a major role in the economy of Egypt, contributing a total of 31.9 percent of GDP and 56.1 percent of the total investments in the fiscal year 2017/2018. The statistics in the CSAR shows that the public sector is the major employer in Egypt with a total number of 5.75 million employees for the fiscal year 2016/2017, 3.28 million

(57.1 percent) of them in the local administration and 1.44 million (25 percent) in the central administration body. In terms of the sectoral distribution of employees in public sectors, the education sector has the largest number of employees (1.95 million) employees forming 41.6% of the total number of employees in the public sector, followed by the health sector with 16.57 percent of public sector employees.

385. Egypt's reforms had consequences on poverty. The Gini coefficient which reflect inequality has remained relatively the same at 0.30 since 2010, indicating that although the average per capita spending/consumption rose between this period, the level of heterogeneity between spending and consumption levels in the Egyptian community remains high. The CSAR also notes that poverty percentage according to the national poverty line increased from 19.6% in 2004 to 27.8% in 2014 then to 32.5% in 2018 and has decreased recently in 2019 to 29.7% due to financial and economic reforms that the country has undergone, this has been one of the subsequent social consequences. Poverty as stated in the CSAR, is mainly concentrated in the Upper Egypt and in rural areas than in urban areas.

### **Findings of CRM**

386. These findings relate to the description of Egypt's economic vision, the key challenges addressed by this economic vision, sectoral economic policies developed and implemented to promote economic growth and sustainable development as well as monitoring and evaluating policy effectiveness.

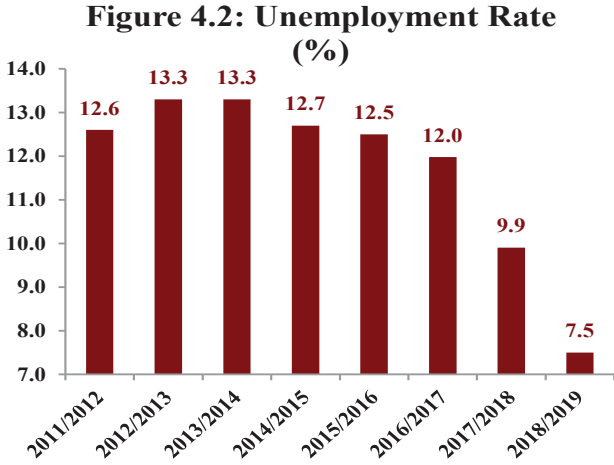
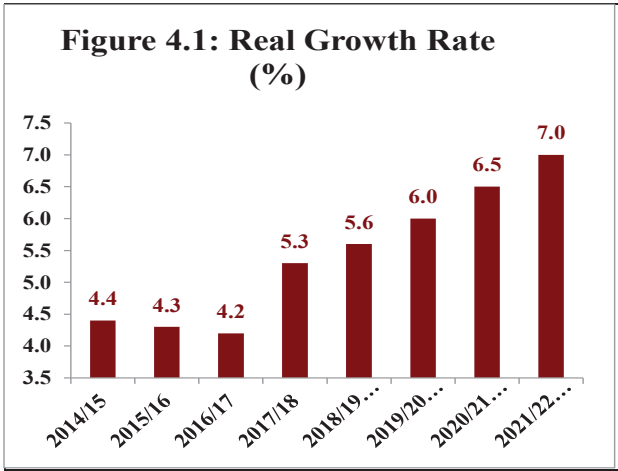
### **Macroeconomic policy**

387. The CRM visited the Ministry of Planning, Monitoring and Administrative Reform and observed that Egypt has gone through a political transition and is undergoing economic transformation. The economic transformation aims to address structural challenges that include; rising public debt, poorly targeted subsidies, a growing public sector wage bill, over-

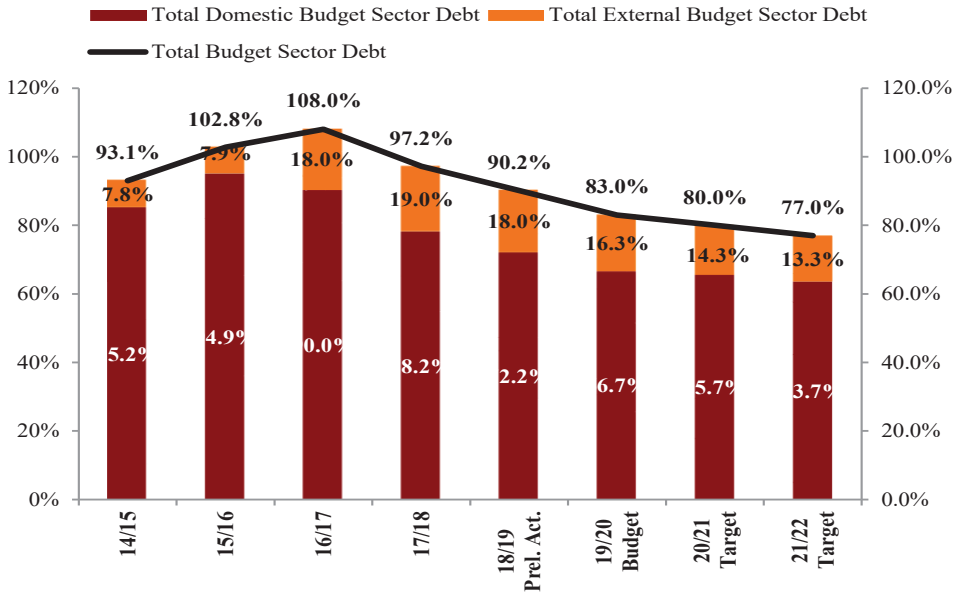
reliance on food imports, declining foreign reserves and foreign currency shortage. The Ministry of Planning, the Ministry of Finance and the Central Bank of Egypt unpacked the government's plans, strategies and policies as well as the role of key Ministries, departments and agencies in implementation. In March 2016, the GoE launched the Sustainable Development Strategy: Egypt's Vision 2030 to reform structural imbalances and increase the rate of economic growth. The government also negotiated for a three-year US\$12 billion IMF economic loan package, a key part of the implementation of Sustainable Development Strategy: Egypt's Vision 2030, which is centred on the Economic Reform Agenda in three key areas: monetary, fiscal, and structural reforms.

388. The Ministry of Finance outlined to the CRM that the GoE successfully implemented the first phase of macro-economic and structural reforms, which successfully addressed a number of deep-rooted economic issues and helped to stabilize the economy, stimulate growth and lay the fabric for private sector to drive sustainable economic growth. This comes on the back of the containment of energy subsidies and civil servants' wages, in addition to increased revenues collection (notably from the VAT and income tax). After interacting with the Ministry of Finance, the CRM was referred to the Memorandum of Economic and Financial Policies (MEFP) by the authorities of the Arab Republic of Egypt in the Third Review of the IMF under the Extended Arrangement of Extended Fund Facility for more details of fiscal reforms. Treasury further referred the CRM to the of the Arab Republic of Egypt IMF Staff report in Fifth Review Under the Extended Arrangement of Extended Fund Facility for the most recent outcomes of the macroeconomic reforms.
389. Egypt transitioned its monetary policy from a fixed exchange rate to a flexible exchange-rate regime in which exchange rate is determined by market forces and inflation targeting to maintain

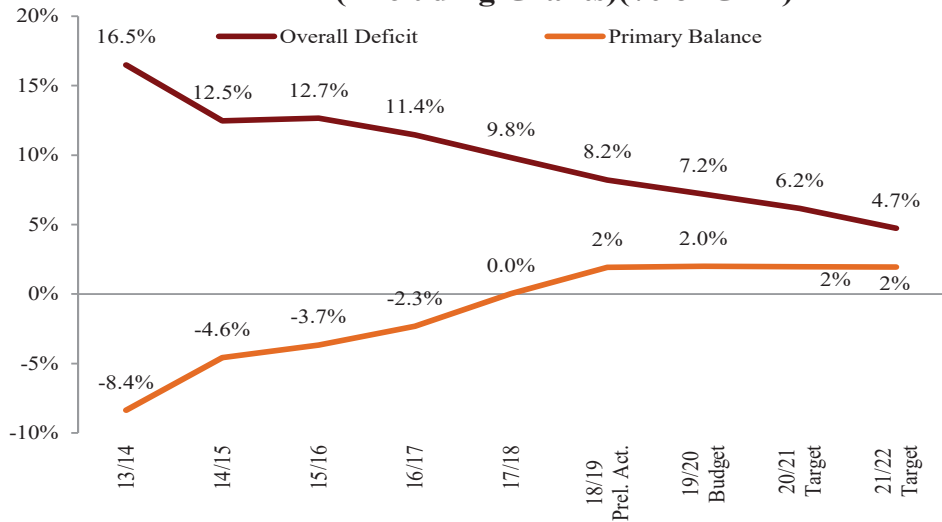
price stability. In fiscal policy reforms, the country aims to reduce public debt by rationalizing fuel subsidies while expanding spending on persons in vulnerable situations. Structurally, Egypt is realigning overlapped laws and decrees, streamlining industrial licensing, providing support to micro, small and medium-sized enterprises, decriminalizing business insolvency and simplifying bankruptcy laws. By the end of the fiscal year 2017/8, the Egyptian economy had already begun to experience positive gains from the reforms. The following highlights some outstanding macroeconomic developments:



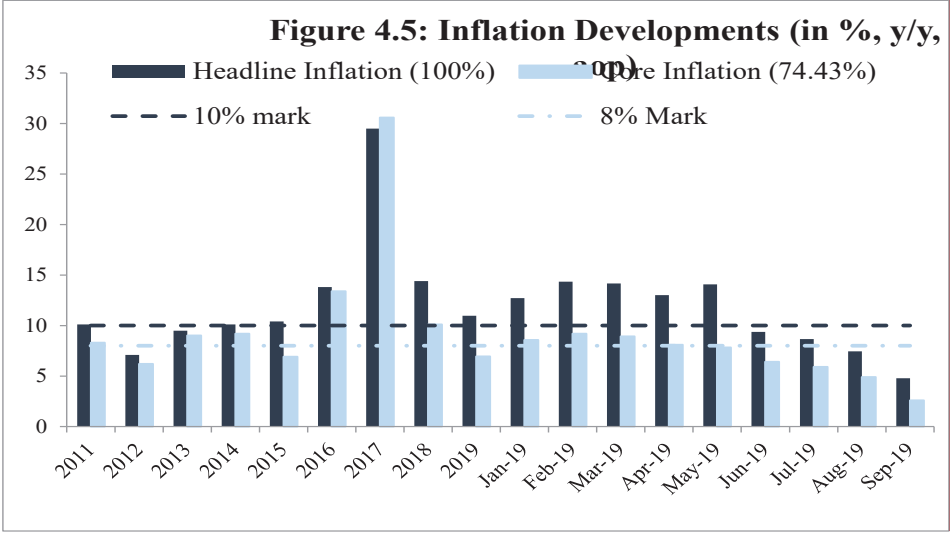
**Figure 4.3: Total Budget Sector Debt (% of GDP)**



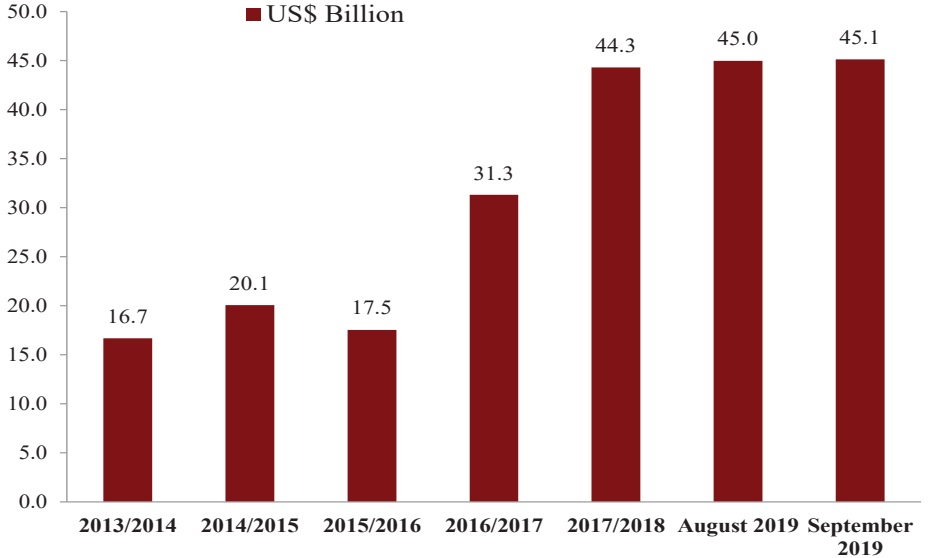
**Figure 4.4: Overall Deficit and Primary Balance (Excluding Grants)(% of GDP)**

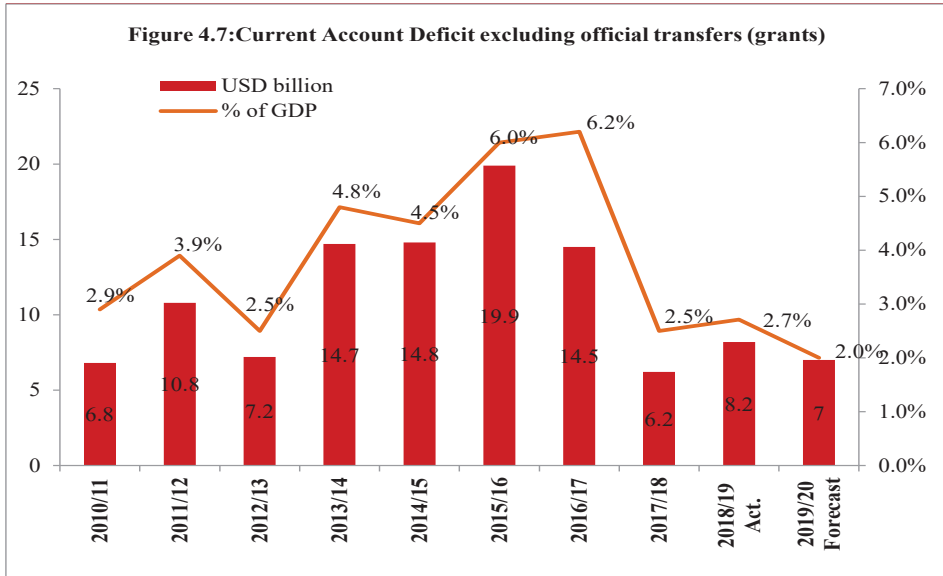






**Figure 4.6: Net International Reserves**





Source: Ministry of Finance

*Box 4.1: Good Practice - Implementation of economic reforms*

The implementation of monetary, fiscal, and structural reforms in Egypt is commendable. The GoE showed great commitment and political will to pursue bold economic reforms that led to fruition in a short space of time. As the CRM went through stakeholder consultations, it was clear that the GoE has managed to establish strong ownership of the reform programs among key stakeholders, allowing fiscal authorities to take decisive upfront policy actions, which was essential to establish credibility and confidence in the economy.

Government's strategic vision to reprioritise expenditures from inefficient subsidies to other social sectors such as education, healthcare and targeted social programmes were well executed. Before the reforms began in 2013/14, expenditure on energy subsidies (petroleum and electricity) was LE 140 billion far exceeding expenditure on health and education which was LE 115

billion. In the 2019/20 fiscal budget, expenditure on health and education is LE 205 billion, more than double the amount being spent on energy subsidies (petroleum and electricity) of LE 57 billion. The major credit rating agencies (Fitch, Moody's, and Standard & Poor's) raised the credit rating of the Egyptian economy 2 notches from B- to B+.

390. As outlined in the CSAR, the CRM confirmed that Egypt was the largest FDI recipient in Africa in 2018, although total FDI inflows decreased by 8 per cent from US\$7.4 billion in 2017 to US\$6.8 billion in 2018. According to the United Nations Conference on Trade and Development (UNCTAD)'s World Investment Report for 2019<sup>27</sup>, FDI inflows into Egypt was mainly towards the oil and gas industries in the new vast discoveries of gas reserves in Zohr and the Mediterranean Sea. These discoveries attracted huge investments from multinational enterprises that drove the country to become a net exporter of gas from January 2019. Egypt signed 12 exploration and production agreements with international oil companies in 2018, notably the British Petroleum which invested approximately US\$30 billion in the country over two years. Additional large foreign investment projects in various other sectors in 2018 were; Nibulon (Ukraine)'s US\$2 billion project to upgrade Egypt's grain storage infrastructure, US\$1 billion project of Artaba Integrated Holding (Saudi Arabia) to construct a new medical city, US\$830 million project of Shandong Ruyi Technology Group (China) to construct a textile area in the Suez Canal Special Economic Zone (SEZ).
391. Following the CRM consultations with stakeholders (Central Agency for Public Mobilization and Statistics (CAPMAS), Federation of Egyptian Industries, General Federation of Egyptian Trade Unions, General Federation of Non-

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<sup>27</sup> United Nations Conference on Trade and Development (UNCTAD)'s World Investment Report for 2019

governmental organisations, Federation of Egyptian Chambers of Commerce and the African Development Bank), they expressed their commitment and support to the government's reforms under the IMF's Extended Fund Facility, which they believe are essential for long-term sustainable development of Egypt. Stakeholders generally expressed optimism towards the success of the current reforms and that it is premature to evaluate the extent of the success of the reforms because the country is still in the process of implementation and change.

392. It is worth to note that the reform implemented by Egypt did not result in rising unemployment as is the case in many other countries that applied similar reforms. The CRM observed that during the period of reforms unemployment dropped from 13.3 percent in 2014 to 7.5 percent in 2019 and it is projected to continue on a downward trend. This is a significantly positive development for the economy of Egypt and it shows that more people are joining workforce, which will increase consumption demand, future production industry, more savings and economic stability. Both the Ministry of Finance and the Federation of Egyptian Chambers of Commerce attribute the drop in unemployment rate to national megaprojects that the GoE is undertaking that includes; the construction of new cities, agriculture, construction of roads, electricity plants and bridges, some of which the CRM visited in New Cairo, Alexandria and Port Said.
393. The CRM also noted that in 2018/19 the GoE managed to achieve its primary surplus target of 2 percent of GDP, which is helping the fiscus to anchor a decline in the public debt-to-GDP ratio. The CRM confirmed that Egypt's fiscal authorities are aiming to maintain primary surpluses over the medium term to keep public debt on a downward trajectory. The elimination of fuel subsidies and other subsidies was aimed at encouraging energy efficiency, protect the budget from unexpected changes

in oil prices, free up fiscal space for social spending and create room for spending in health, education, and social protection.

394. From interactions with different stakeholders, the CRM observed that there are mixed reactions about the government's megaprojects and the construction of new cities. The main issues are that; the projects might only create short-term employment for the youth rather than long-term and sustainable jobs; While the government continues to build and upgrade the country's infrastructure, it should continue the efforts to adequately enhance the economic soft tissue, such as education, healthcare and training, that connect the sectors of the economy.
395. Following the visits to Government departments and agencies of the government of Egypt, the APR Panel believes that there is momentum from key arms of government to fully support the reforms through building efficiency, competencies and institutional restructuring. The CRM found that the GoE has a centralised public service recruitment, trainings, manpower planning and institutional reforms under the Central Agency for Organisation and Administration (CAOA) to enforce the control of the public service wage bill. This system controls the employment processes of all public institutions through evaluations and machining the skills needs within each government department
396. As Egypt is witnessing outstanding macroeconomic development, and the economy has been able to absorb the effects from the monetary, fiscal and structural reforms and went further to reduce unemployment, it still faces challenges, and should continue its policies to reduce poverty and improve the standard of living.
397. Data from the Ministry of finance shows that per capita average of GDP, a key economic development indicator that measures the prosperity of citizens by breaking down a country's GDP per

person, is one of the few macroeconomic indicators that showed a negative reaction to the country's economic reforms. Egypt's per capita GDP dropped from US\$3671.7 in June 2015 to US\$3060.8 in June 2019 (Ministry of Planning, 2019), meaning that the general standard of living of Egyptians has depreciated. This is the direct effect of the devaluation of the LE following the liberalisation of the currency exchange, rationalization of energy subsidies and the introduction of new Value Added Tax (VAT). According to the Ministry of Planning projections, the per capita GDP should reach US\$3,600 in June 2020.

398. A visit by the CRM to CAPMAS confirmed that the percentage of Egyptians who are living in poverty has increased from 19.6 percent in 2004/05 to 27.8 percent in 2015, and 32.5 percent in 2017/18 and decreased to 29.7% in 2019. CAPMAS survey defined the poverty line as income of less than US\$1.3 a day per person and extreme poverty is defined as income of US\$1 dollar a day per person. According to CAPMAS's Statistical Yearbook (2019), the highest percentage of the poor is in Upper Egypt's Assiut and Sohag, with 66.7 percent and 59.6 percent respectively.
399. In line with CSAR, the CRM confirmed with the Ministry of Social Solidarity that the GoE has put in place various safety nets to cushion the poor and the persons in vulnerable situations of the society against the effects of economic reforms. These programs include; the conditional cash transfer program "Takaful and Karama", translated to "Solidarity and Dignity", a cash assistance to poor households to send their children (6-18 years) to schools, provide health care for mothers and children (under 6 years) in health care centres and support the elderly from both genders as well as persons with disabilities. The Ministry of Social Solidarity outlined to the CRM that the Takaful and Karama project current coverage stands at approximately 3.6 million households which is approximately 11 million Egyptians. The project has reached households in all of

Egypt's 27 governorates, with women representing 88 percent of total beneficiaries to date. It was also brought to the attention of the CRM that the GoE is prioritising more investment into impoverished governorates in order to counter multidimensional poverty.

400. The Ministry of Planning, Monitoring and Administrative Reform acknowledged to the CRM the poverty challenge of Upper Egypt caused by decades of marginalisation, geographical reasons and the growing population. The CRM noted that the GoE has placed Upper Egypt high on its agenda to attract investment to an area that has long remained unattractive to private business and ranked low in job opportunities. Data from the Ministry of Social Solidarity indicates that 238 projects have been launched in Upper Egypt, including the development of 3,258 school classes, with 179 new classes being built through an Egyptian-Japanese joint programme. The construction of a power plant in Beni Sweif governorate with a total investment of US\$3 billion and a power station in Assiut at the cost of US\$746 million. It was further noted that the President of Egypt inaugurated the establishment of a Development Authority with a fund of LE 5 billion for Upper Egypt, tasked with creating jobs and maintaining monuments to attract tourists to the governorates.
  
401. With regard to government debt which has significantly decreased according to official statistics, the CRM raise concerns about the cost of servicing the current debt, which is on the upward trend. Interest payment remains the largest expenditure on Egypt's fiscal budget, taking 10.1 percent in 2018/19 fiscal year. Although some of the debt is low interest and owed to the Gulf countries and the IMF, data from the Ministry of Finance shows that the bulk of the new debt raised from the private sector is at higher interest rates.

402. The Ministry of Finance together with the Ministry of Planning, Monitoring and Administrative Reform noted to the CRM that the GoE is working on a home-grown structural adjustment program which include improving the investment environment in order to facilitate private sector participation, FDI and trade as the IMF facility is coming to an end in December 2019. The Ministries highlighted to the CRM that cooperation between Egypt and the IMF is continuing as it is a key partner in achieving Egypt's economic reforms. The Ministries further confirmed that they are currently in talks with the IMF and undertaking consultations on signing new non-financial programs to get technical support and exchanging experiences.

### **Business environment**

403. The CRM visited the Federation of Egyptian Industries which pointed out that there has been a growing informal sector that transact predominantly on cash, which represents more than 50 percent of Egypt's economy and is not taxed. They pointed out that the integration of the informal sector small, medium and micro enterprises (SMEs) is an urgent necessity to the Egyptian economy and the new SME law creates an appropriate platform for the incorporation of these enterprises into the formal economy. On the other hand, speaking as the representative of private businesses, the Federation believes that there is a need for more incentives and supporting laws for informal sector to formalise their businesses. In addition, although they acknowledge government's efforts in reforming the business environment, there is a need for the regulatory reforms to sufficiently address the problem of overlapping laws and decrees to facilitate businesses growth. They therefore recommended to the CRM that the GoE should maintain the comprehensive monitoring and evaluation system to track the effectiveness of the support institutions to private sector and SMEs.



404. The Federation of Egyptian Chambers of Commerce elaborated to the CRM the role of the State Military Industrial Institutions (SMIIs) in the country's economy, to fill the gap created by the absence of private investment in the market to avoid shortages. The efficiency of those institutions to deliver mega, complicated projects faster than the private sector is well noted as also affirmed by the President. Their role is to monitor and supervise the government projects implemented by the private sector. It was emphasised to the CRM by both the Ministry of Planning, Monitoring and Administrative Reform and the Federation of Egyptian Chambers of Commerce that the Ministry of Defence and Military Production is performing a monitoring role in the construction mega projects.
405. The CRM confirmed that the GoE has welcomed recommendations from business representatives such as the Federation of Egyptian Industries and Federation of Egyptian Chambers of Commerce to open key sectors to private enterprises in order to promote Foreign Direct Investment (FDI). The GoE is in the process of undertaking an Initial Public Offer (IPO) program to sell part ownership of State -owned enterprises as a means to expand ownership base, raise additional funds, attract more private sector investments, increase competitiveness and to optimize the State 's assets. The Ministry of Finance has already identified 23 State -owned enterprises to undergo through the IPO, a list which the CRM accessed on the Ministry of finance website.
406. The government launched an Initial Public Offer (IPO) programme to list 23 public sector companies on the Egyptian stock exchange (EGX), to be implemented over two phases. The program, which was launched in March 2019, is set to add approximately LE 450 billions of market capitalisation to the EGX. Some of the companies earmarked for this programme are; Eastern Tobacco Company, Abu Qir Fertilisers, Alexandria Container and Cargo Handling (ACCH), Heliopolis Company for Housing and Development (HHD), The Alexandria Mineral Oils Company (AMOC), E-Finance and Banque du Caire. The total ownership to be offered in these companies is estimated to

range between 15 and 50 percent and the program is set to be implemented over 24 to 30 months. The listing exercise is expected to expand market capitalisation and daily trading volume on the stock exchange, on the other hand the government will retain its partial presence in these entities.

407. The exercise of listing public enterprises re-aligns their ownership structure allowing the private sector to invest in them through buying shares on the stock exchange without privatising them. SOEs therefore secure funding through public trades on a stock exchange whilst the government retains control of their operations and influential in how the institutions are run. Listing SOEs is a good practice as it provides many opportunities to raise capital, widen the shareholder base, maintain fair value of shares, attract and maintain competent employees, boost the balance sheets and insure good governance. As part of its SOEs reforms, the GoE is divesting from successful SOEs and use the proceeds from IPOs to inject in struggling entities as well as for budget support.

## **Sectoral policies**

408. In terms of sectoral economic policies, the CRM finds that the GoE has developed and implemented a number of policies to promote economic growth and sustainable development in the past 4 years. There are major development initiatives undertaken by the government to improve the energy, services, transport and communication infrastructure in the country.

### **Energy**

409. In the energy sector, the CRM visited Aswan and Alexandria governorates where they noted that the GoE is building Benban Solar Park in Aswan, Upper Egypt, which is one of the world's largest solar park according to the World Economic Forum (2019). The CRM noted that Egypt added 25 000 megawatts of new power stations to the national electricity grid during the period from 2014 to 2018.

*Box 4.2: Best Practice – Aswan Benban solar park: a model for sustainable development*

The Government of Egypt recently completed a 6 PV Power Plants in Benban Solar Park – one of the largest solar power projects in the world – located in Aswan. This solar park which consists of 32 solar power plants and a capacity to generate between 1.6 to 2.0 Gigawatts of solar energy is producing enough electricity to power one million homes. This mega project will help Egypt utilize its natural resources and to move towards achieving its goal in generating clean energy. This project was successfully completed and connect to the grid 360MW within the set time frame of 3 years and with the highest international standards. This project was executed by Egyptian companies and it is a significant part of Egypt's 2030 vision in the field of renewable energy. Egypt now has a 25 percent surplus of the capacity of electricity and ready to export.

410. The government, through the Ministry of Electricity and Renewable Energy and the Egyptian Electricity Transmission Company, expressed their interests to the CRM to operate the power link with Sudan with a capacity of 300 MW in the first phase. In addition to the power linkage with Sudan, other projects include Egypt-Saudi Power Linkage Project and Egypt-Greece-Cyprus power Linkage Project through Crete Island. A Memorandum of Understanding was signed with the International Chinese Organization to develop regional and international linkage projects.

411. As outlined in the CSAR, the CRM confirmed that the extractive industries sector is considered as one of the main effective sectors to the Egyptian economy as it contributes around 18 percent of the GDP. The Sustainable Development Strategy 2030 aims to increase the contribution of the industrial sector from 18 percent to 21 percent and consequently increasing the exports to reach 10 percent annually.

### **Banking Sector**

412. Egypt has a well-established and sound banking system which consists of 40 commercial, non-commercial public and private banks as well as specialized banks. According to the Central Bank of Egypt (CBE), Egypt has one of the biggest banking sectors in the North African region and the strong banking sector has been the backbone of the economy for the success of the reforms. The stability of the country's banking system is reflected in the strong confidence held in the sector by investors and banking public.
413. The GoE has prioritised raising financial inclusion across society by enacting a New Banking Law and stipulating bold lending target to small and medium-sized enterprises (SMEs), which is set by the central bank. The APR Panel believes that this is important in redefining the role of the banking sector in inclusive economic growth for Egypt.
414. The CRM noted that the CBE New Banking Law also established new minimum capital requirements for institutions as well as set term limits for banking CEOs. The banking sector has also adopted Basel Committee on supervision standards and has fully implemented the core Basel II and Basel III.

### **Monetary policy effectiveness**

415. The Central Bank of Egypt (CBE) is entrusted with the Monetary Policy formulation and implementation under Law No. 88 of 2003 of the Central Bank, Banking Sector and Monetary System.

The primary and overriding objective of the Central Bank is to maintain price stability, which is achieved through low rates of inflation. From the official documents accessed, the CRM noted that this objective is believed to be essential for maintaining confidence and sustaining high rates of investment and economic growth. To complement the monetary policy, GoE has committed to fiscal discipline in order to achieve this objective (Central Bank of Egypt, 2019)<sup>28</sup>.

416. The CRM noted that the CBE has not yet put in place a formal inflation targeting framework to anchor monetary policy mainly because the fundamental prerequisites have not yet been met. Although this is important to enhance the predictability and transparency of the monetary policy in Egypt, the CBE is achieving its inflation objectives by steering short term interest rates, growth of credit, money supply and other factors that may influence the underlying rate of inflation. The effectiveness of the monetary policy can be seen as the CBE has reduced inflation from 33 percent in July 2017 to the current 3.1 percent in December 2019, the lowest inflation rate since December 2005. The fall in annual inflation rate is one of the central bank's biggest accomplishments since the country embarked on IMF-backed economic reform program in 2016.
417. The CRM also noted that the CBE is developing a strategy for digital financial technology and it has established the Financial Technology Innovation Fund at a value of LE 1 billion to reinforce the financial technology industry in Egypt. The Fund is aimed to develop an integrated strategy according to the latest international standards that are consistent with the nature of the Egyptian market to enhance the industry and services of financial technology in Egypt, which is considered a step towards Egypt's transformation into a regional Financial Technology hub over the next three years.

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<sup>28</sup> Central Bank of Egypt (2019) Monetary Policy Report II/2019.

418. The CBE has undertaken initiatives to promote and coordinate financial inclusion in Egypt by enhancing access to simple banking services. Some of the initiatives noted by the CRM were: developing regulations to allow electronic identity checks (e-Know Your Customer) to allow people to open new accounts without the customer present, using blockchain technology, establishing Egypt's first fully digital bank and enhance anti-money laundering systems to meet new requirements of digital financial services. The CBE aims at widening access to this service for all society segments, especially the small-value transactions and making banking easy, convenient, sustainable, affordable, effective and aligned with consumer protection.
419. The CBE has also established an initiative entitled "Mastering Cyber Security in the Banking Sector" to enrol specialists in the fields of information security in the banking sector in a specialized training program in cooperation with the Egyptian Banking Institute. The initiative aims at creating 100 qualified specialists over two years, in partnership with international organizations specialized in IT security. The CBE has also established the Computing Security Incident Response Team (CSIRT) for the banking sector. From these initiatives, the CRM observed that the Egyptian Monetary system is committed to reducing and prevent cyber-attacks as well as responding to IT incidents to recover from events quickly.
420. The CRM was also briefed about the CBE's electronic linking with the Regional Payment and Settlement System (REPSS) of COMESA, a system that aims to provide a unified platform in order to link all African COMESA member States as an advanced alternative to traditional methods. By establishing the COMESA Clearing House to execute transactions among the African commercial banks in the COMESA region. This exercise significantly reduces external fees of correspondent banks as well as the time period for the settlement of transactions. This new system currently includes nine countries:

Egypt, Kenya, Uganda, Democratic Republic of the Congo, Zambia, Rwanda, Mauritius, Swaziland and Malawi. The other COMESA member countries are expected to join the system in the near future.

421. After sorting to determine how the monetary policy aligns with the Sustainable Development Strategy: Egypt's Vision 2030, the CRM believed that there is need to align inflation targeting monetary policy and the government's disciplined fiscal policy with some of the goals in the Sustainable Development Strategy (SDS): Egypt Vision 2030 to avoid divergence to Pillar 9 of creating a clean, safe and healthy environment leading to diversified production resources and economic activities, supporting competitiveness, providing new jobs, eliminating poverty and achieving social justice.
422. With regards to susceptibility of shocks, the APR Panel believes that the impact on the real economy of Egypt may emerge from supply-side external shocks that affect short run aggregate supply and can also affect a country's long-run productive potential. Examples of such shocks might include steep changes in oil and gas prices or other commodities, political turmoil, industrial action or natural disasters causing a sharp fall in production.

### **Monitoring and evaluation**

423. The Ministry of Planning, Monitoring and Administrative Reform noted to the CRM that there is a Draft State Policy Planning Law that has been prepared to govern the integrated system of balanced development planning in Egypt, to follow up policy implementation and to assess its results at the central level and local administration levels. This is necessary to achieve the planning goals of raising the standard of living, improving the quality of basic services, raising the level of economic development and increasing the social welfare of citizens. The

CRM further acknowledge the importance of the policy planning law in improving the efficiency of setting investments according to local administration priorities and community parties, increasing transparency and community accountability.

424. With regard to the monitoring and evaluation of policy implementation, the CRM notes that all Ministries, entities, governorates and centres are required by law to prepare periodic, semi-annual and annual follow-up reports indicating progress in meeting their implementation goals, challenges faced and actual implementation rates as compared with the time-bound plans. All reports are sent to the Supreme Council for Planning and Urban Development. The regional planning entities of the Ministry concerned with the policy planning affairs monitor the implementation of the Governorate and district plans and verify the information and data contained in reports issued by the governorate and the local administration units within its scope, in accordance with performance measurement indicators.
425. All Ministries, entities and authorities are required by law to provide the necessary data and statistics to the Ministry of Planning, Monitoring and Administrative Reform to prepare, monitor and evaluate the implementation of the various plans at the central, regional and local levels. The Minister of Planning, Monitoring and Reforms also submit an annual follow-up report on the implementation of medium and long-term plans to the parliament, after its approval by the Supreme Council for Planning and Urban Development, within six months after the end of the fiscal year.

### **Recommendations**

The APR Panel recommends the following:

- Egypt to sustain prudent macroeconomic stability that cement the gains from the significant reforms that the country has implemented to realise its full economic potential (Ministry of Finance).



- GoE to continue to support private sector driven economic growth (Ministry of Planning, Monitoring and Administrative Reforms).
- GoE to continue aligning fiscal, monetary and structural policies to promote informal and SME businesses (CBE).
- GoE to continue aligning macroeconomic policies to SDS Egypt Vision 2030 Pillar 9 of eliminating poverty and achieving social justice (Ministry of Finance, CBE).
- To align new legislations and decrees with old laws to avoid overlapping (Ministry of Investment).
- GoE to continue to accord equal priority to SMEs as it is doing to mega projects (Ministry of Investment, Federation of Egyptian Chambers of Commerce).

**Objective 2: Encourage ownership and participation of key stakeholders in policy formulation and implementation**

**Summary of the CSAR**

426. The CSAR notes that facilitating the participation of key stakeholders in the formulation and implementation of economic policies, especially sustainable development strategies, and the multiple programs to implement these strategies, is an important goal of government in achieving good governance. It gave the example of the process of drafting and formulating the Sustainable Development Strategy: Egypt’s vision 2030 through a broad-based consultative process, involving the government alongside the private sector and civil society, and the process was led by the Ministry of Planning, Monitoring and Administrative Reform. The 2030 Strategy was launched in 2016 and it has been updated since December 2017, taking into consideration the latest developments in the field of exchange-rate liberalization and the gas discoveries, as well as the incorporation of proposals and views that have been put forward by stakeholders.

427. Various governmental entities participate in formulating the development strategy, including Ministries, trade unions and relevant authorities with the Ministry of Planning, Monitoring and Administrative Reform, which coordinates the national strategy drafting work.
428. With regards to the use of expertise for technical advice and support in drafting the economic policies, the CSAR highlights that Egypt largely rely on its own local experts. For example, the mega projects in developing infrastructure are being run by Egyptian experts with little foreign consultations. The Information and Decision Support Center of the cabinet, which has been used to seek technical support in the formulation of the development strategy and the National Council for Women that has been consulted on women's issues upon drafting economic policies. Externally, technical support was also received from both the World Bank and other international development partners on implementation of macroeconomic reforms.
429. The CSAR also notes a growing interest in expanding citizen participation and their role in decision-making process in the direction of greater democracy, participation and empowerment. In this context, the State is moving towards participatory planning approach, taking into consideration local needs, so that the planning process becomes an interactive process. According to the CSAR, representatives of the private sector and civil society are fully aware of their role and actively participate in policy making.
430. The process of drafting the Sustainable Development Strategy: Egypt's vision 2030 is a vivid example of identifying key institutions and stakeholders and how they were involved in the drafting and formulating the development, economic, and social policies, under the participatory planning process adopted by the Egyptian government represented by Ministry of Planning,

Monitoring and Administrative Reform, where field methods were based on interviews, focus groups and panel discussions.

431. The CSAR highlights the importance of community participation and that the Ministry of Planning, Monitoring and Administrative Reform holds a series of workshops and organizes training courses for all relevant parties to strengthen their institutional capacities and to inform them of their roles to participate in the various activities of the policy planning process. The Ministry continues to build organizational structures and drafting institutional frameworks for participatory planning process to ensure continuity and to provide appropriate mechanisms which allow for a broad-based and active participation. The process involves various relevant development partners involved in the government sector and government regulatory entities, the private sector, civil society, as well as representatives of women, youth, persons with disabilities, Micro, Small-and Medium Enterprise Development Authority, and representatives of the press and media, which the Ministry has established a database to reach various groups. At the same time, a map of the existing civil society associations was prepared to be involved in the community dialogue, as well as the establishment of a website that would allow citizens to present proposals and initiatives to incorporate them into the strategy.
  
432. On the production of national economic data and statistics, the CSAR expresses the commitment of GoE to continue to develop specialized institutions such as the Central Agency for Public mobilization and Statistics (CAPMAS), which is the main institution responsible for the production of national economic, social and environmental data using the latest information technology means and qualified human resources. The agency has been fully empowered by the government to play its envisaged role.

## **Findings of CRM**

433. The CRM observed that Egypt has put in place a number of mechanisms to interact with key stakeholders in the formulation and implementation of economic policy. All the stakeholders consulted during the mission; the Orthodox Coptic Church, Technical Research Institutions (TRIs), Chambers of Commerce, Industry, Business Associations, National Council for Women, National Council for Disability Affairs, National Council for Human Rights, Councils of Media and Press, Micro, Small and Medium Enterprises Development Agency acknowledged their active participation in policy formulation. They also appraised the government for willingness to accommodate conversations on fiscal consolidation and expenditure rationalization that include proposals to reduce the size of the cabinet. With the commitment to reduce the public sector wage bill, there are also proposals to decentralise some of the cabinet duties from central government to the local administration, where the services are utilised with maximum efficiency.
434. The process of developing key national policy such as the recently developed Egypt Vision 2030 involves a wide consultation with the whole public service, private sector and civil society, who also validate the policy to ensure ownership and commitment to support it.
435. In line with the observation in the CSAR, the government of Egypt through its Planning Ministry has established different processes and forums for consultation and participation (including legislative provisions). One of the innovative programs that the CRM confirmed is the “Sharek 2030” or "Participate 2030" Android Mobile application which is available on Googleplay. Mobile users can download the application to access all the information about the Ministry’s projects in each governorate. The application, which has links to the SDG 2030 and Agenda 2063, also help citizens to follow up

finalized or under-construction development projects as well as development indicators. It expound the country's development vision in a simplified way and provide information on strategic projects and development programs as part of the transparency principle adopted by the government to achieve the 2030 development goals. It aims at enhancing interaction between the government and citizens and increasing citizens' participation in development projects.

436. The CRM also visited CAPMAS, the government agency responsible for producing national economic data and statistics, which confirmed that the statistical agency is independent in conducting its operations, this is consistent with the findings of the CSAR. Representatives of CAPMAS unreservedly confirmed that there is no political interference in the production and publication of all statistical data. The CRM notes that each Ministry, governorate and public administration has an established department affiliated to CAPMAS, which is called the Central Statistics Department; with qualified, competent profiled and experienced personnel who carry out statistical works. This showed that the statistical processes are both comprehensive and robust to produce accurate data.
  
437. There are a number of measures in place to strengthen the capacity of the Statistical Data Agency. The CRM toured the National Centre for Statistical Training which has been established with the aim of building statistical capacity and raising efficiency levels in the work of CAPMAS, through the implementation of basic and specialized training programs for personnel in all its regional branches, as well as in statistical units of various State agencies. It was also noted by the CRM that the training centre provides various statistical programs for the public and private sector, reflecting on the quality of the statistics issued by the Agency. The centre also designs specialized programs according to the needs of the requesting entities and the centre organizes several training programs for

Egyptian university students to spread statistical awareness and introduce the applied aspects of statistics that can be practiced after graduation and joining the labour market.

*Box 4.3: Good Practice - Investing in Human Capital to Build Future Capacity*

CAPMAS has been proactive by adopting a plan to train future leaders in different Ministries and departments in order to improve their human capacities before they assume positions in government. The trainings include international cooperation department responsible for all activities carried out between the agency and foreign organizations such as the African Centre for Statistics, the Statistical Division of the African Union, the United Nations Economic Commission and the Japan International Cooperation Agency, in order to benefit from the foreign experience in training and technical support. As a strategy to build strong institutions, the GoE is also prioritizing the training and capacitation of future institution leaders through its newly established National Training Academy. Young people being appointed as deputies in different capacities (Ministries, governorates and other public service agencies) are being given technical and leadership training to ensure that the next line of leader are competent in problem solving.

### **Budget formulation process**

438. The fiscal budget process in Egypt has four phases: formulation, discussion, implementation and audit evaluation. During the budget formulation phase, the Ministry of Finance, Ministry of Planning, and the Central Bank of Egypt, identifies the macroeconomic assumptions on economic growth, inflation, foreign currency fluctuations and other macroeconomic indicators for the country in the coming year. On the basis of these assumptions it develops estimations of anticipated total revenue and expenditure. Once these assumptions and estimates have been agreed upon, the government issues a Pre-Budget

Statement providing the legislature with the parameters of the next fiscal year's budget.

439. The budget proposal is discussed and approved in parliament, a process called enactment. According to the Ministry of Finance budget process document, before enactment there is an opportunity for the public, civil society and the media to participate in the process.

*Box 4.4: Good Practice - Citizens Budget*

The CRM noted that the Ministry of Finance issues a Citizens Budget together with the Enacted Budget. A Citizens Budget is a simplified, non-technical presentation of a budget document that ordinary people can understand. The Citizens Budget is ideally issued for all key budget reports and published for easy accessibility by the ordinary Egyptians. This is an important practise as citizens can follow and evaluate the outcomes of the budget and how these outcomes are in line with their priorities and needs. The Citizens Budget is disseminated through various social media and internet platforms.

## **Recommendations**

The APR Panel recommends the following;

- Government to continue to prioritise the sustenance of employment of the growing youth population (Ministry of Manpower, Ministry of State for Youth and Sports).
- In view of the youth bulge, GoE to continue to prioritise youth involvement in policymaking (Ministry of Finance, Ministry of Youth and Sport).
- Government to continue to prioritise societal needs in its programme-based budget (Ministry of Finance, Ministry of Social Solidarity).

### **Objective 3: Promote sound public finance management**

440. The management of public finances has to be accountable and transparent in order to effectively implement government policies and to achieve the desired effects on the economy as well as gaining public trust in the institutions of the State. This section relates to what Egypt has done to promote sound public finance management, efficiency in decentralized fiscal system and its general revenue structure.

#### **Summary of the CSAR**

441. Article (219) of the Constitution issued in 2014 stipulates that the Accountability State Authority is responsible for the control of State funds, the implementation of the National Strategic plans, the State public budget and other independent budgets as well as the review of the final statements. According to the CSAR, the Accountability State Authority is the most crucial arm of government in achieving its strategic plans.

442. The Egyptian government adopted several reforms for the good governance for the public financial management which include the Financial Control over Public Funds that governs spending through the rationalization of expenditures, the control over the obligations of the administrative entities and following up their fulfilment. Internal control over the expenditure is important in identifying financial offences and corrupt practices. The GoE has a new Law No 182 of 2018, which replaces Law No 89 of 1998 on regulating tenders, bids and contracts entered into by public entities.

443. The Ministry of Finance is implementing an important information system in the management of public finances called, the Government Financial Management Information System (GFMIS), to support the State financial reform and increase transparency. The system aims to implement the State's budget electronically, control the government expenditure in order to



achieve the correct guidance for the accounting entries and the immediate warning for non-compliance with the disburse limitations or exceeds over all State sectors.

444. The macroeconomic reform program has been focusing on ensuring that the public finance position has been controlled by rationalizing support, reforming the tax system, and reducing the rise in wages, while launching a range of investment projects to stimulate the economy. One of the outcomes of the reforms on public finances is the fall in fiscal deficit, which decreased to 9.8 percent in 2017/18, compared to 12.5 percent in 2015/16. The deficit is expected to be below 9.8 percent in 2018/19.
445. The CSAR highlights that taxes contribute the largest share of public revenues, increasingly exceeding 70 percent over the past 5 years. Followed by grants contributions which reached 21 percent of the total revenues in 2013/14, although it declined to 0.24 percent in 2017/18 as a result of the economic reform program. The tax structure shows that the contribution of taxes on goods and services in the total tax receipts is from about 40 percent to about 46.8 percent, with the contribution of taxes on incomes, profits and capital gains declined from 41 percent to 33 percent, between 2015/16 and 2017/18 respectively. There has been a relative stability on the total contribution of other taxes (8.1 percent property taxes – 6 percent customs taxes - 6.1 percent other taxes) in 2017/18 due to the issuance of the VAT law in August 2016, and the increase in the general tax rate from 13 percent to 14 percent from July 1, 2017.
446. The country's tax policy aims to increase tax receipts (income taxes, VAT, customs, and real estate taxes) by about 0.5-1 percent of GDP per year, until the tax percentage reaches 17 percent of GDP in 21/2022, against 12.5 percent on average over the past five years. The fiscal authorities aim to achieve these targets through; issuing a unified law for tax procedures for income taxes, VAT and real estate tax by integrating income tax and VAT authorities into a single authority to standardize actions. The Egyptian Tax Authority is also working on reducing

financial obligations on economic establishments by applying tax deductions to direct and indirect inputs at production different stages and reviewing the cost and pricing basis of a number of taxes that have not been reviewed for a long time.

447. As part of the administrative and institutional reforms, the GoE is also reforming the tax system to improve tax collection and payment mechanisms in parallel with simplifying tax actions. The tax authority is working to end tax disputes and improving the service provision to restore trust between the tax authority and taxpayers, filling gaps in tax evasion and tax avoidance, phasing out of unauthorized exemptions and establishing specialized tax collection offices to deal with large and small taxpayers individually. The Tax Authority is also initiating partnerships with taxpayers on issuing tax invoices, mechanizing inventory and signing cooperation protocols with professional syndicates. The Government has since passed Law No. 79 of 2016 on ending tax disputes with investors, resulting in the settlement of 3,000 tax disputes.
448. The overseas workers' remittances, which increased from USD17.9 billion in 2011/12 to USD27.8 billion (10.5 percent of GDP) in 2018/2019, with a growth rate of 46 percent during the period. Remittances are expected to fall to 8.5 percent of GDP in the 2019/2020 fiscal year. While beginning to implement the Economic Reform Programme, the value of the external grants has decreased to LE 1.9 billion in 2017/18, representing only 0.23 percent of the total public revenues, compared to around 2.7 percent in 2016/17.

### **Findings of CRM**

449. The CRM noted that the Ministry of Finance has a dual control mechanism that combines financial control and the external audit executed through accounting and auditing departments. The Ministry of Finance has its representatives in all administrative entities who are mandated to implement the financial controls. Also, there is the Accountability State Authority, which is an

independent auditing institution that works as an instrument of public finance control. The independent auditors supervise all the financial activities of state-owned enterprises, government departments, political parties, trade unions, national and party news media, and all other entities that are subsidised by the State.

450. The GoE is implementing its strategic plan to achieve financial inclusion and transition to a cashless society. A CRM visit to the Ministry of Finance confirmed that the Government Financial Management Information System (GFMIS) is being implemented to promote sound public finance management as part of its structural reforms. This advanced public finance management system aims to implement the national fiscal budget electronically, control the government expenditure in order to guide the accounting entries and the immediate warning for non-compliance with the disburse limitations by different Ministries.

*Box 4.5: Good Practice - Government Financial Management Information System*

The GoE is implementing an online financial system to manage the fiscal budget electronically, control the government expenditure and automate the public accounting for all Ministries in real time. The system, which is part of the government's economic reforms, aims to control public spending and track any financial transactions of government agencies. It is one of the measures that the government has taken to optimise spending and control the budget deficit. Government officials are able to follow up on all financial transactions via an electronic network that links to the State budget's account, to ensure the agencies are meeting their commitments. All ministers, governors, heads of courts and administration bodies will have access to the monitoring system to check financial performance.

451. The GFMIS facilitates quick exchange of financial information, processing transactions and maintain transparency in the cash flow management of public institutions. It also allows the timely issuance of the final statements, improving the effectiveness of strategic planning to manage the State resources and measure the expenditure growth for all sectors. Thus, it provides timely, reliable and comprehensive reports that support implementation of the government's fiscal policies, fiscal rules, formulating, controlling, monitoring and executing of the national budget.
452. Furthermore, the CRM noted that this automated financial control system enables government to plan, execute and monitor the budget effectively through prioritization, execution and reporting of expenditures. With such a financial control system, authorities have a complete record of all government transactions at click of a button. According to information reported by the Ministry of Finance, the GFMIS reduce government's vulnerabilities to fraud and corruption while keeping pace with technological advances in digitalization, data management, and cyber security.

### **Fiscal decentralization**

453. Egyptian Constitution incorporate the need for decentralising and empowering local government. A visit to the Alexandria and Port Said Governorates reveals that the local government budgets are largely depended on allocations from the national budget and a smaller proportion from fees collected at local level. In addition, most investments related to enhancing economic development are being implemented by central agencies. Egypt's has 27 governorates, which receives an allocation from the national budget according to the size of the governorate, the population and level of development. The Governorate budget requests are first approved by Local Popular Councils before the national budget. In accordance with the hierarchical structure of the budget system, any need or spending request identified at the lowest level must be passed from the

village to the district to the Governorate level, before it can be included in a budget request prepared by the directorate at the Governorate level.

### **Accounting Standards**

454. Under the Corporate Law No. 159 of 1981 and the Capital Market Authority Law No. 95 of 1992, all companies in Egypt are required to prepare financial statements in accordance with Egyptian Accounting Standards, and those financial statements must be audited by a Certified Public Accountant according to the Egyptian Auditing Standards. Joint audits are required for banks and other financial institutions.
  
455. The Minister of Investment is responsible for setting accounting standards under Decision No. 243/2006 adopting Egyptian Accounting Standards (EAS) based on the International Financial Reporting Standards (IFRS). The Egyptian Society of Accountants and Auditors (ESAA) Standards' Committee monitors IFRS and any revisions issued by the International Accounting Standards Board (IASB) and then communicates any changes to the Ministry of Investment in order to incorporate the changes to the existing EAS.
  
456. The Egyptian Society of Accountants and Auditors is developing an exposure draft of a proposed Egyptian Accounting Standard for SMEs. The exposure draft is based on the IFRS for SMEs but is expected to propose several differences, including differences in the areas of leases and distributions of profits to employees.

## **Egypt tax structure**

457. With regards to the tax structure of Egypt, the information accessed by the CRM from the Egyptian Tax Authority shows that, for the year 2018/2019 the contribution of different taxes to the fiscal revenue were as follows:

- Highest share of tax revenues was contributed by corporate income tax (28 percent)
- Followed by other taxes on goods and services (23 percent),
- VAT (21 percent),
- Personal income tax (10 percent)
- Other taxes (4 percent)

458. In its 2020 National Budget, the Ministry of Finance expects tax revenues to rise to 14.3 percent and 14.5 percent of GDP in the next two fiscal years. Other revenue sources include property income, which represents the largest share of non-tax revenues in 2018. The Treasury expects tourism receipts and remittances to account for 8.5 and 4.2 percent of GDP in 2019/20, up marginally from 4.1 percent and down from 9.0 percent in 2018/2019, respectively.

459. The Treasury's efforts to improve revenue collection is responsive to investors' needs. Example noted by the CRM is the freezing of the Capital Gains Law in 2014 which was deemed to be discouraging business at a time when Egypt's appetite for private investment is high and replacing it with Stamp Duty on stock exchange transactions for both buyers and sellers. However, with regards to property tax and other forms of progressive tax, the APR Panel encourages Egypt to continue to devise ways of implementing effective forms of progressive taxes. The CRM observed that, as the country is undergoing massive infrastructure and real estate development, it is crucial to improve its administrative capacity on property registration in order to collect property taxes and capital gains taxes on real

estate profits. The country may be losing important potential tax revenues at present and more in the future.

460. The Ministry of Finance is going ahead with its plans for 2019/20 to implement the automation of the Egyptian Tax Authority, unifying tax procedures, integrating income tax, with VAT departments and improving the work environment. The Ministry is working to develop the tax system in order to enhance governance, facilitate efficient revenue collection and reduce tax evasion.

### **Recommendations**

The APR Panel recommends the following:

- GoE to decentralise revenue collection to local administration to ensure better collection of revenues and taxes (Ministry of finance).
- GoE to continue to support the full implementation of electronic financial system for efficient public financial management (Ministry of Finance).
- The GoE to consider introducing other forms of progressive taxation to increase tax revenue and address income inequality (Ministry of Finance, Egyptian Tax Authority).
- GoE to continue to improve administrative capacity on property registration to avoid loss of potential tax revenues on property transactions.

## Objective 4: Fight corruption and money laundering

### Summary of the CSAR

461. On corruption, the CSAR notes that the 2014 Constitution explicitly stipulates under article (218)<sup>29</sup> that "The State shall fight corruption, and the competent control agencies and organizations shall be identified by Law.
462. Egypt has several agencies mandated with fighting different spheres of corruption. Articles (219) to (221) elaborate the control agencies and their competences. Article (219) sets forth that the Accountability State Authority shall be responsible for monitoring the funds of the State. Article (220) stipulates that the Central Bank shall be responsible for developing and overseeing the implementation of monetary, credit, and banking policies, and for monitoring the performance of banks. Article (221) addresses the role of the Egyptian Financial Supervisory Authority (EFSA) which shall be responsible for monitoring and supervising financial non-banking markets and instruments.
463. Egypt acceded to the African Union (AU) Convention on Preventing and Combating Corruption that was adopted in Maputo on July 11, 2003 and came into force as of 05/08/2006 and was approved by the House of Representatives on 29/05/2017 and has come into force since then.
464. The government has also institutionalized combating money laundry and terrorist finance by establishing the Egyptian Money Laundering and Terrorist Financing Combating Unit (EMLCU), The National Coordinating Committee to Combat Corruption (NCCCC), and the National Council of Payments. Moreover, the State has enhanced cooperation with the UN agencies and other international and regional organizations working in the field of

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<sup>29</sup> The State Information Service, The Constitution of the Arab Republic of Egypt, Cairo, 2014, Article (218)



combating terrorism through adopting the United Nations Global Counter-Terrorism Strategy, the Arab Convention for the Suppression of Terrorism, the African Anti-Terrorism Convention, and participating in all relevant international and regional meetings and forums.

465. The Administrative Control Authority (ACA) was established by virtue of Law No. 54 of 1964 which specified its functions of controlling and detecting violations, investigating the causes behind malpractices, detecting the defects of the administrative, technical and financial systems and proposing the appropriate solutions. The Authority is also assigned to monitor the enforcement of laws at the State's administrative units, detect the administrative and financial violations and crimes that are committed by employees during, or consequential to, performing their duties. Moreover, the Authority is entitled to detect and control the crimes committed by persons, whom are not employees, and threaten the soundness of performing the work duties or the public services. In 2017, Law No. 207 of 2017 was promulgated to amend some provisions of Law No. 54 and to grant the Authority the technical, financial and administrative independence. By virtue of this Law, the Administrative Control Authority is directly reporting to the President of the Republic and aims, according to the new provisions, to "end corruption, fight all its forms, take all necessary measures and procedures to prevent its occurrence in order to ensure the good performance of the public services, preserve the public funds and other State-owned assets." The new Law adds several duties, most notably; developing and monitoring the national anti-corruption strategy in cooperation and coordination with other State's competent authorities and bodies, spreading the values of integrity and transparency, tracking the results of the international, regional and local indicators in the field of combating corruption and giving the adequate recommendations to avoid the negative aspects specified by the indicators.

## Findings of the CRM

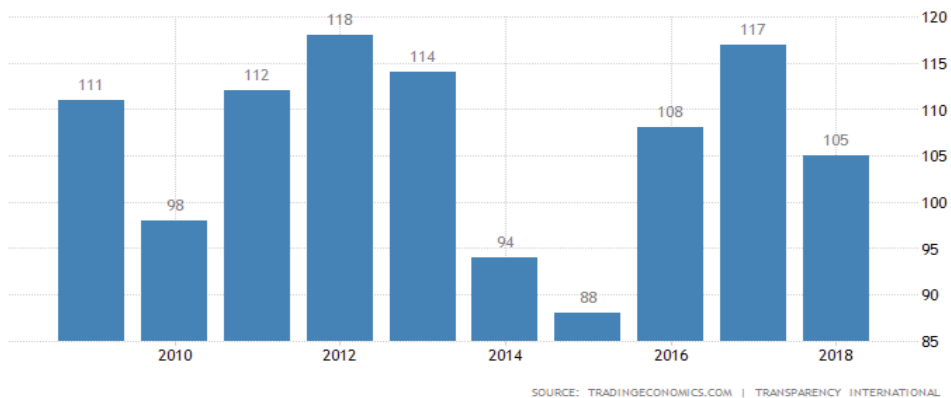
### Corruption

466. President Abdel Fattah El-Sisi has accorded the fight against corruption top priority since he assumed office. The Mission learnt that in 2014, the government launched a national anti-corruption strategy in fulfilment of “transparency and accountability” as a “main pillar” of the economic reform program begun in fall 2016. And, most notably, several officials were brought to trial for corruption since 2014 which has earned Egypt international praise.
467. In December 2018, President El-Sisi launched the second phase of the national strategy for fighting corruption 2019-2022 at Africa 2018 Forum in Sharm El Sheikh. The first phase was launched in 2014. The strategy's goals focus on developing anti-graft bodies and activating mechanisms of transparency and integrity at government offices along with encouraging legislative reform to accelerate verdicts' issuance and increasing public awareness about the need to combat corruption.
468. The fight against corruption is spearheaded by a powerful State agency, the Administrative Control Authority (ACA). The ACA's main official role is to gather information and investigate all administrative and financial violations in the State apparatus and to refer cases to the office of public prosecutor when wrongdoing is suspected. It is noteworthy that significant amounts of funds have been retrieved back to the State in recent years through this powerful mechanism.
469. ACA's functions and powers are delineated in Law 54/1964 and in Law 207/2017, which substantially amended Law 54/1964. The ACA has surveillance powers and can arrest, detain, and interrogate suspects. In addition, the ACA answers only to the President. Given the importance that the Egyptian government attaches to boosting FDI, ACA in 2015 also established a

specialized department in the agency tasked with encouraging investment.

470. Egypt's ranking rose 12 places from 117 in 2017 to 105 out of 175 countries surveyed in 2018 on the Corruption Perceptions Index (CPI) issued annually by the Berlin-based Transparency International (see Figure 4.9).

**Figure 4.8: Egypt Corruption ranking**



## Money Laundering

471. The Mission was informed Egypt recognizes that money laundering and terrorism financing are of the most serious threats to the stability of the global financial and economic systems. The country has also come a long way in fighting money laundering and terrorism financing by enacting the requisite laws and introducing supervisory and regulatory rules.
472. In May 2002, the People's Assembly passed with an overwhelming majority Egypt's first-ever law against money laundering, Law No. 80 of 2002. The law which was guided by the 40 recommendations of the financial action task force on Anti money laundering and Combating Terrorist in addition to Basel recommendations reflects the government's rising concern about the danger of this phenomenon and its detrimental effect on Egypt's economy as well as concerns expressed by the OECD Financial Action Task Force (FATF) on Money Laundering.

473. The country also established the Egyptian Money Laundering and Terrorist Financing Combating Unit in 2002 under the law to combat money laundering and terrorist financing activities. The unit aims to enhance anti-money laundering/terrorist financing combating systems that have been implemented by financial institutions and others operating in Egypt. The unit's main function is to receive, analyze, and distribute the suspicious transaction report (STRs) received from financial institutions and non-financial businesses and professions.
474. It was reported during the Mission at the annual conference on Money laundering that Egyptian authorities seized a record LE 3.4 billion (US\$178 million) from money laundering crimes in just one year. A significant portion of this sum was being laundered through illegal drug trafficking channels in the country. The Interior Ministry also detected 61 cases of money laundering from drug trafficking between June 2018 and May 2019.

## **Recommendations**

The APR Panel recommends the following:

- The competent Authority to continue to accord top priority to the fight against corruption and money laundering (ACA).
- ACA to continue to be strengthened and its scope be expanded (ACA).
- ACA to continue to operate transparently ensuring that its reports are made available to ordinary Egyptians as the fight against corruption involves everyone (ACA).

**Objective 5: Accelerate regional integration by participating in the harmonization of monetary, trade and investment policies amongst the participating States.**

**Summary of the CSAR**

475. The CSAR is unequivocal that overall, Egypt is doing well in implementing accelerated regional economic integration arrangements. Regarding international economic and commercial cooperation, Egypt is cooperating with the Arab countries in the context of the Greater Arab Free Trade Area, the Agadir Agreement and the bilateral trade agreements. Economic cooperation with Europe has also been established through the EU-Egypt agreements.
476. Egypt is pursuing strong integration with the African countries through the Common Market for Eastern and Southern Africa (COMESA) being one of the largest economic blocs in Africa. This is besides the Egypt-led efforts to launch the COMESA-EAC-SADC Tripartite Free Trade Area on June 10, 2015 in Sharm El-Sheikh.
477. It is noteworthy that Egypt is the largest African investor in Africa as the Egyptian investments volume reached L.E10 billion by 10 companies over the past ten years. Also, the Egyptian investments volume in Africa over the past four decades exceeded LE 40 billion.
478. The State is currently adopting a mega project to promote trade with Africa named Gossor "Bridges" with the aim of providing an integrated series of services and logistics for Egyptian exporters to different African countries. The project is aiming at opening new markets and facilitate trading with African countries. Moreover, the President launched an initiative for providing Hepatitis C treatment to one million African people, including the assistance for establishing Hepatitis treatment

centers across a number of African countries to support these countries to survey and treat their citizens from Hepatitis-C and non-communicable diseases such as hypertension, diabetes and obesity, in addition to providing training and qualification to medical cadres in African countries on how to conduct medical surveys.

### **Findings of the CRM**

479. The Mission notes that Egypt has historically been a center of trade and business in the Middle East and Africa due to its strategic location in the crossroads between the East and the West which offers the international companies a platform for their commercial activities into the Middle East and Africa. Aiming to exploit the unique advantages it enjoys, Egypt has been implementing trade liberalization policies since the 1990s as part of its Economic Reform package.
480. Accordingly, Egypt has progressively eliminated most quantitative restrictions and lowered tariff rates on imported goods and services. Some of the trade reforms have been unilateral and others have been linked to Egypt's commitments as a member of the General Agreement on Tariffs and Trade (GATT) since 1970 and the World Trade Organization (WTO) since 1995 that obligated Egypt to remove 98% of its tariffs through scheduled reductions during the period 1995–2005.
481. Egypt participates actively in the multilateral trading system, both in the regular work of the WTO and in the Doha Development Agenda negotiations. The Mission confirmed that Egypt is a signatory to several multilateral trade agreements as stated in the CSAR including:
- The African Continental Free Trade Area (AfCFTA)
  - The General Agreement on Tariffs and Trade (GATT)
  - The General Agreement on Trade in Services (GATS)
  - European Union-Egypt Free Trade Agreement (Association Agreement)

- Free Trade Agreement with EFTA States
- Turkey-Egypt Free Trade Agreement
- Greater Arab Free Trade Area Agreement
- Agadir Free Trade Agreement among Egypt, Morocco, Tunisia and Jordan
- Egyptian-European Mediterranean Partnership Agreement
- The Common Market for Eastern and Southern Africa (COMESA)

482. Egypt has also signed a wide array of trade agreements and expanded its network of relationships with its trade partners on the global arena. Egypt has signed bilateral agreements with several countries: Libya (January 1991), Morocco (April 1999), Tunisia (March 1999), Jordan (December 1999), Lebanon (March 1999), and Syria (December 1991). Additionally, in 1995, Egypt and China entered into a trade accord. Egypt has also signed an economic treaty with Russia. In June 2001, Egypt signed an Association Agreement with the European Union (EU) which entered into force on June 1, 2004. The agreement provided for immediate duty-free access of Egyptian products into EU markets, while duty free access for EU products was phased in over a twelve-year period. In 2010, Egypt and the EU completed an agricultural annex to their FTA, liberalizing trade in over 90 percent of agricultural goods.

483. In the same context, Egypt is an active signatory of investment framework agreements with the Arab and African countries in the aim of strengthening inter-regional integration and fully benefit from trade agreements it signed as foreign investment is essential for the growth of the Egyptian economy.

484. The numerous commercial agreements, no doubt, confer a number of advantages on Egypt including access to a significant market of over 600 million consumers on the African continent, but also to the European and Middle-Eastern markets.

## Mega Projects

485. The Mission observed that as part of the 2030 Vision, the Government of Egypt has embarked on a number of national mega projects that aim to enhance the competitiveness of the economy, create employment opportunities and attract foreign and domestic private investments.
486. The megaprojects represent a watershed moment for the country's economic aspirations and reinforces Egypt's role as a major hub for global commerce and trade. With work underway by more than 1,000 companies and nearly two million Egyptian workers, these national mega projects are contributing to a new chapter in Egypt's economic progress. The Suez Canal is considered to be the shortest link between the east and the west due to its unique geographic location; it is an important international navigation canal linking between the Mediterranean Sea at Port Said and the red sea at Suez. Expansion of the Suez Chanel would boost world trade (Box 4.6).

### *Box 4.6. Best Practice: Expansion and Modernization of the Suez Canal*

The 150-year old Suez Canal is one of the world's most critical waterways. The Suez Canal reduces maritime supply chain routes by nearly 43 percent, or over 4,800 nautical miles. Nearly 10 percent of all global commerce and 416,000 tons of cargo pass through the canal every year.

On 6 August 2015, Egypt completed a historic US\$8.6 billion expansion of the Suez Canal, which will increase capacity, allow two-way maritime traffic for the first time, reduce waiting and transit time from 11 to three hours and creating new jobs and revenue. Financed entirely by the Egyptian people through investment certificates and completed two years ahead of schedule, the New Suez Canal is expanding Egypt's domestic economy and bolstering the nation's role as a major global commerce hub. Records



provided to the mission indicates that by 2023, this expansion of the strategically important 45-mile waterway will double the canal's daily capacity to approximately 97 ships, up from just 49 in 2014.

This remarkable endeavour is a key component of President El-Sisi's larger vision for modernizing and advancing Egypt's economy. In June 2018, Egypt's Suez Canal revenue for the 2017-2018 fiscal year rose 11.5 percent to a record high of \$5.585 billion.

487. The Mission learnt that as part of the launch of the New Suez Canal, Egypt has made the development of the Sinai Peninsula a key part of its economic strategy and the locomotive of development. Through the Suez Canal Economic Zone, Egypt is transforming 461 square kilometres and six new ports into a vibrant hub for international commerce that will connect 1.6 billion consumers across Europe, Asia, Africa and the Gulf to Egypt's own growing market of more than 90 million people.

488. In February 2018, President El-Sisi announced a new LE 275 billion commitment to develop Sinai's economy and improve security, including the construction of 47 new schools and four new central hospitals. When complete, the Suez Canal Economic Zone will help support one million new jobs for two million residents.

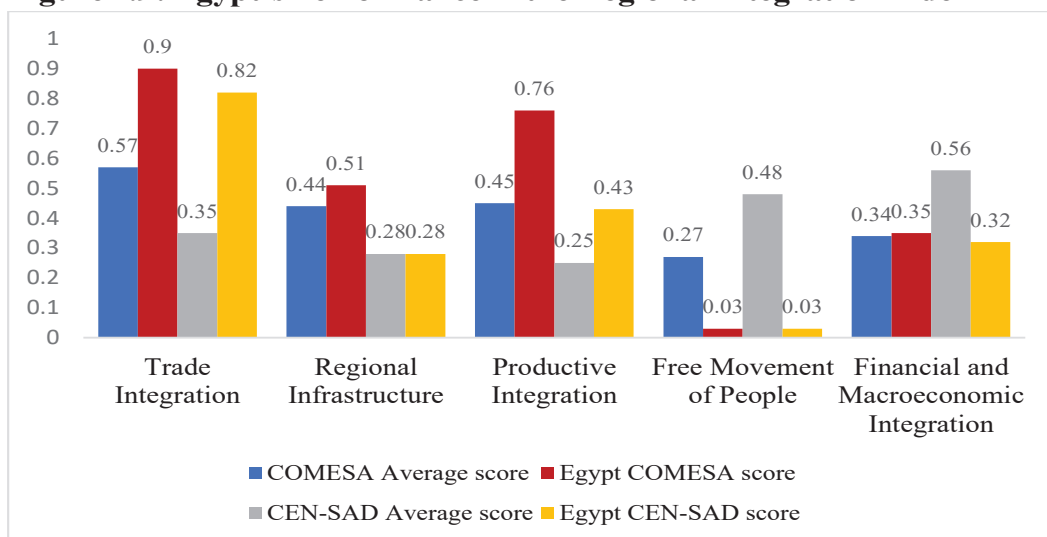
### **Performance on Regional Integration**

489. The mission observes that the Egyptian administration attaches strategic importance to enhancing regional integration among African countries as one of the ways to implement the African Union's Development Agenda 2063, which represents continental aspirations. The country is also keen to play a key role in driving regional integration in Africa.

490. Overall, Egypt is doing well in the Africa regional integration index designed to measure the extent to which each country in Africa is meeting its commitments under the various pan-African

integration frameworks, such as Agenda 2063 and the Abuja Treaty. The index, which is a joint project of the African Development Bank, the African Union Commission and the Economic Commission for Africa, covers the following dimensions: free movement of persons, trade integration, productive integration, regional interconnections and infrastructure, and macroeconomic policy convergence.

**Figure 4.9: Egypt’s Performance in the Regional Integration Index**



Source: 2019 Edition of African Integration Index. Available at <https://www.integrate-africa.org/rankings/country-profiles/egypt/>

- 491. Ensuring the free movement of persons and facilitating intra-regional trade via land corridors represent two areas in which the country could make further progress according to the Index.
- 492. On trade integration, Egypt appears to have made strong progress towards removing tariff barriers to intra-community imports: its average applied tariff on imports from CEN-SAD and COMESA is just 0.1 per cent. Egypt also scores well in terms of trade facilitation, ranking eighth in Africa on the indicator on the ease of trading across borders from the World

Bank “Doing Business” index. In addition, Egypt ranks second highest in terms of its trade complementarity with the rest of the continent, behind only South Africa, which suggests a high degree of specialization between Egypt and its neighbors.

493. These efforts are not reflected, however, in the actual volume of intra-community trade as a share of GDP. Since Egypt has low intra-regional tariffs, high complementarity with the rest of the continent and low costs of trading with the world, its level of intra-regional imports as a share of GDP in both CEN-SAD and COMESA suggests that the non-tariff costs of trading within the region may be higher than those with the rest of the world. This may be due to the high costs of transporting goods overland between Egypt and the rest of Africa, which in turn suggests that, in order to boost intra-regional imports, Egypt may need to focus on trade facilitation and infrastructure in the land corridors that connect.

## **Recommendations**

The APR panel recommends the following:

- Egypt to embark on an optimal use of the commercial agreements through promoting co-production and active integration policy (Ministry of Industry, Trade and Small industries, Minister of Investment and International Cooperation, Ministry of Foreign Affairs).
- The GoE develop long-term strategies to sustain FDI, employment and economic activity when the megaprojects are completed.
- Along with other African countries, Egypt to continue to accord priority to boosting its performance in the African Regional Integration Index, especially in the areas of free movement of persons and trade integration (Ministry of Foreign Affairs, Ministry of Industry, Trade and Small industries, Minister of Investment and International Cooperation).

**Objective 6: Develop and implement trade and investment policies that promote economic growth.**

494. Trade and investment are recognised as key drivers of economic growth and development, especially for developing countries. It promotes productive employment, decent job opportunities, reduce poverty, transfer of technology, as well as ushering new business and management models. Good trade and investment policies are considered as key instruments to encourage, protect and stimulate investment (local and foreign) in order to accelerate economic growth. They are critical to achieve Agenda 2063 and Agenda 2030 development agenda.

**Summary of the CSAR**

495. The CSAR acknowledges the roles of economic development in enhancing policies that creates an enabling business environment in favour of targeted inclusive growth. Egypt has a comprehensive Industry and Trade Development Strategy (2016-2020) with the objectives of; deepening domestic industry to achieve integration among local supply chains, allowing the inclusion into the international supply chains through applying an integral and comprehensive package of actions that encourage the productive industrial activities.

496. According to the CSAR, the Industry and Trade Development Strategy (2016-2020) was developed with a vision to make the industrial development the main driver for achieving the inclusive sustainable growth in Egypt, meeting the national demand and supporting exports to promote Egypt's active role in the global economy and adapt with ongoing global changes. This strategy branches out into sectoral strategies some of which target industrial sectors and others address industrial structure issues, such as the Energy Rationalization Strategy, the Industrial Innovation Research and Development Strategy, the Small, Medium and Micro Enterprises and Entrepreneurship

Development Strategy and the Technical and Vocational Training and Education Development Strategy.

497. Egypt's industrial and investment policies are aimed at creating high-value job opportunities and achieve the structural transformation of the Egyptian economy from a traditional economy to a developed industrial knowledge-based economy. The policies consist of a package of legislative, procedural and institutional measures aiming at creating a business environment that promotes development and growth.
498. The CSAR also refers to the local industry deepening programs that aims at integrating local supply chains into international supply chains through applying an integrated inclusive package of measures that work on promoting productive industrial activities. The GoE has various initiatives to enhance foreign trade and attract foreign investment including the Industrial Licensing Facilitation Law (No. 15 of 2017) and its Executive Regulations; Law of Activating the Local Product and its Executive Regulations and Law 90 (2018) to amend some provisions of the law concerning giving Egyptian projects an advantage in government contracts. This is meant to upgrade industry in Egypt, ensure job creation and activating many other sectors linked to the industrial sector. Furthermore, the CSAR indicated the ratification of bilateral and regional cooperation, including the tripartite free trade agreement (EAC-SADC-COMESA).
499. The GoE has prioritised support to Micro, Small and Medium Enterprises (MSME) due to their substantial doubled impact on creating job opportunities. The CSAR outlines key reforms being implemented to improve the business climate for MSME including setting a streamlined tax framework, providing protective measures against foreign harmful trade practices and granting preferential treatment to these enterprises in government procurements.

500. The MSME support facilities also include offering new instruments for financing micro enterprises while providing business-licensing entities, introducing funding formats other than loans as well as promoting financial leasing. Additionally, the government has established the Micro, Small and Medium Enterprises Development Agency (MSMEDA) to lead the development of policies pertaining to such enterprises.
501. According to the CSAR, the general private sector investment rate has been declining from 16.8 percent in 2007/8 to 3.1 percent in 2016/17, due to the declining rate of savings, thus increasing the financing gap between savings and investment. The CSAR acknowledge the Government's Action Program (2018/19-2021/22) to support savings and investment, promote financial inclusion, develop new and innovative saving deposits.
502. The program is important for encouraging remittances from Egyptians abroad, expanding the establishment of funds, investment companies and entrepreneurship, expanding the funding base in partnership with international and regional institutions. This also facilitates maximizing the utilization of State-owned assets, restructuring public sector companies, settling their accumulated debts, and stimulate participation in investment in public company proposals, increase their efficiency and stimulate the stock market.
503. The CSAR summarizes Egypt's exports to Africa in 2017, which amounted to US\$3.6 billion compared to US\$3.4 billion in 2016 (equivalent to 14.2 percent of Egypt's total exports volume). Egypt's imports from African countries amounted to about US\$1.8 billion in 2017 (equivalent to 2.8 percent of Egypt's total imports volume).
504. Libya has been one of Egypt's largest trading partners on the continent, as well as Sudan. Egyptian exports to Libya amounted

to US\$1.24 billion in 2010, declined to US\$555.7 million in 2011, then rose slightly to US\$ 991 million in 2014 and US\$445 million in 2017. Egyptian exports to Sudan also decreased from US\$704.7 million in 2010 to US\$445 million in 2017.

505. It was further highlighted in the CSAR that the low level of Egyptian exports to African markets is due to factors related to transport and shipping such as absence of regular liners (shipping and airlines) between Egypt and most countries of Africa. The high freight and transportation costs to African countries and length of the shipping period that can be up to 28 days usually lead to product damage, high commercial risk rates as well as the high cost of insurance for exported products.
506. Another challenge is the similarity between the production structures of most COMESA countries, which depends on the export of raw materials and the import of finished goods, as well as the lack of basic information about the markets, their required goods, and the tastes of their consumers as well as competition from Southeast Asian exports for many Egyptian products, is what is hampering trade between Egypt and other African countries.
507. The main importers from Egypt in the African continent are Sudan, Algeria, Morocco, Tunisia, Kenya, South Africa, Ethiopia and Nigeria who import building materials, mineral products and chemical products. Egypt also exports plastics, sugar and its derivatives and essential oils.
508. The main exporters to Egypt from the African continent are Nigeria, Kenya, Zambia, South Africa, Morocco and Algeria. The natural gas was imported from Nigeria, tea and tobacco from Kenya, copper from Zambia, and coke and iron from South Africa. About half of Egypt's foreign trade is with COMESA countries.

## **Findings of the CRM**

### **Investment Policy**

509. The CRM noted Egypt's important efforts to enhance its business climate by liberalizing the investment restrictions and introducing the new Investment Law in 2017. The reforms in customs administration were crucial to more efficient and transparent in cross border investments. The APR panel however believes that Egypt can continue to do more to improve the business environment by further simplifying customs procedures, improving the risk assessment system to reduce red tape and increase transparency.
510. The CRM is cognizant of the important changes to Egypt's investment regime and private sector representatives during the stakeholder's engagement in Cairo, Alexandria and Port Said have underscored the major changes in the investment environment and the increased confidence in private sector investment due to the ongoing economic reform.
511. Investment incentives under the new Investment law include deductions on taxable profits and preferential import duty rates. Exemptions from stamp duty and notarization and registration fees are provided for up to five years from registration in the Commercial Register. The Law is expected to expand economic growth, domestic production, exports and foreign investment, and is designed to boost employment opportunities and increase Egypt's competitive edge.
512. The New Investment Law is commended by business for consolidating many of the investment rules that were scattered under different laws and regulations. It offers new non-tax incentives, investment protection guarantees, new rules for State-land allocation and set new out-of-courts forums for amicable settlement of investor- State disputes. It also authorized the General Authority for Investment and Free Zones (GAFI) to

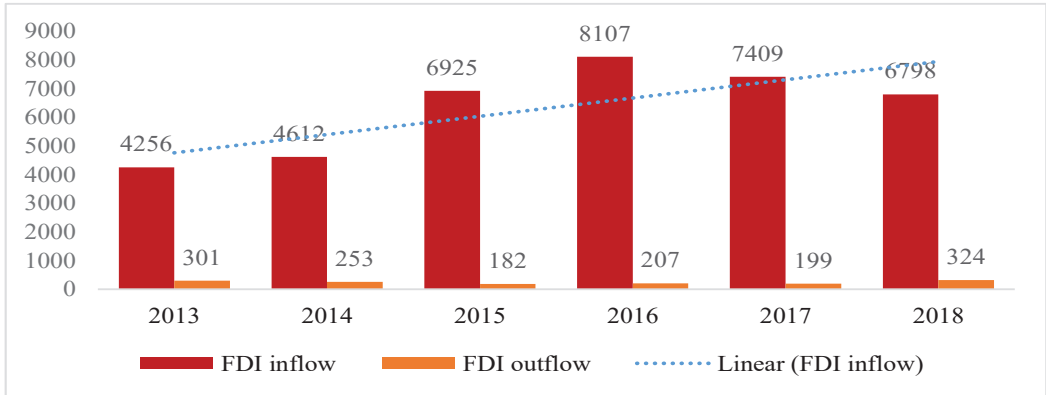


act as a one-stop-shop for all investment related licensing procedures. GAFI is now the only authority to allocate State - owned land for investment and promote it through its one-stop shop which shall include representatives from the landowners in the process.

513. It was also noted by the CRM that the Investment Law introduces a new tax reduction system for investment in certain geographical areas as well as investment in specific sectors. Only new companies established after the issuance of the law can benefit from this tax credit system. Egypt allows the establishment of privately-owned free zones namely, the internal investment system, investment zones, technology zones and public free zones.
514. Egypt now has a unified approval for companies undertaking strategic or national interest projects, either as public-private partnerships or related to public utilities, infrastructure, new and renewable energy, roads and ports. These companies are eligible to receive a single approval to cover the establishment, operation and management of their project. Investors are now able to obtain all licenses from GAFI without need to interact with any other authority.
515. The Prime Minister has the authority to designate geographic areas for specific developments in logistics, agriculture, industry, communications and information technology. The CRM confirmed that equipment purchased by companies for these enterprises will not be subject to taxes or customs duties. It is the responsibility of GAFI to prepare a map and identify special investment zones for investment projects that are needed and the land that can be made available to investors.
516. The developments in the investment laws and regulations in attracting investment have shown positive results. Egypt's foreign direct investment (FDI) inflows increased from US\$4.61 billion in 2014 to US\$6.79 billion in 2018. FDI inflows are

oriented towards the oil and gas industry, due to the discoveries of offshore gas reserves. The European Union is the main foreign investor in Egypt, followed by the United States and some Arab countries.

**Figure 4.9: FDI trend (in US\$ billions)**



*Data source: United Nations Conference on Trade and Development (UNCTD)'s World Investment Report for 2019*

**Table 4.2: FDI inflows by industry**

Main Invested Sectors	2016-2017 (in %)
Oil sector	66.3
Manufacturing	10.2
Construction	4.3
Communication	3.9
Real estate	2.5
Finance	2.1

*Source: Central Bank of Egypt<sup>30</sup>*

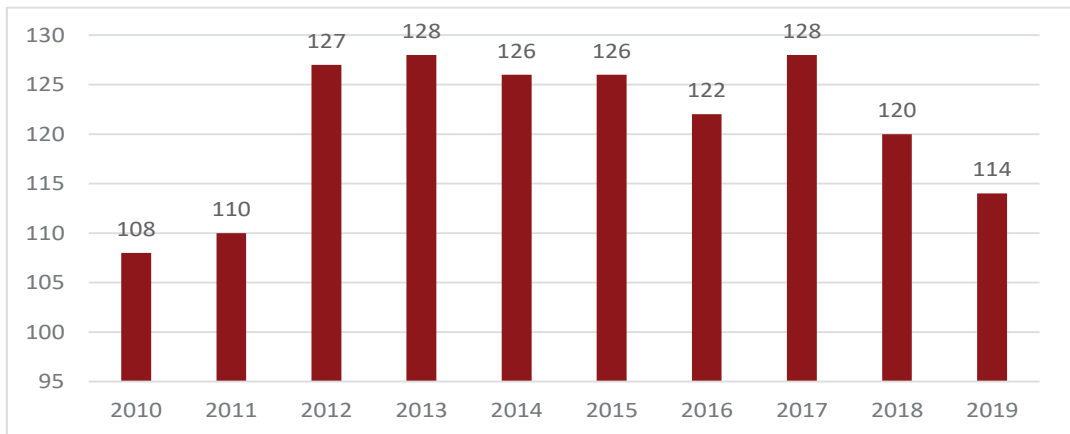
517. According to the data from the Ministry of Planning, private investments witnessed a rise of 77 percent during the year 2018/19 reaching LE 444.5 billion compared to LE 250.9 billion

<sup>30</sup> Central Bank of Egypt, External Position Document Volume 61, 2017-2018 - Latest available data.

during 2016/17. The total implemented investments also increased during the year 2018/19 by 30.3 percent to LE 958 billion compared to LE 721.1 billion during 2017/18.

518. According to the 2020 Doing Business report, Egypt ranked 114th out 190 countries in the 2020 Doing Business report of the World Bank, gaining six spots compared to the previous year. The implementation of regulatory reforms such as tax reform, one-stop shop, protections for minority investors and improvement in the reliability of electricity supply were among the key factors for improvement.

**Figure 4.10: Ease of Doing Business in Egypt**



*Source: World Bank Doing Business report (2019)*

### **Public Investment**

519. As noted earlier, the productive structure of the Egyptian economy is skewed towards large public-sector enterprises. The benefit from adopting a more market-oriented approach to economic policy implementation has been recognized by the authorities and a more participatory role of the private sector in the economy is one of the objectives of Egypt’s Sustainable Development Strategy (SDS) “Egypt Vision 2030”.

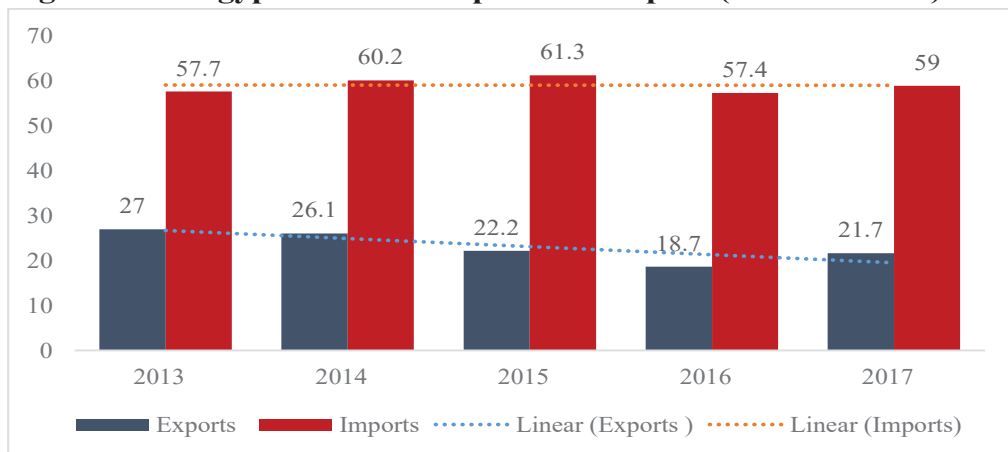
520. The presence of the State in the economy remains significant, including through the Ministry of Defence and Military Production in the prevailing development model as a key protagonist in indigenous industrialization and economic modernization. In an ideal State-led developmental economy, the public sector is central to economic growth, and Egypt's State Military Industrial Institutions (SMIIs) are contributing to the engine of industry and supplying of public services at times of need.
521. During the consultations, it was underscored that the military production spearhead and supervise mega infrastructure projects, and contributes to the production of essential goods ranging from food to household appliances, manufacture industrial chemicals and transport equipment, and import basic commodities for civilian markets.
522. As it is witnessed in Egypt, public investment stimulates economic growth and development by participation in economic activities. In this respect, the government is foreseen to be playing a declining role in financing industrial investment under the assumption of continued divestiture of State-owned enterprises under the program of offering state-owned companies for investment by the private sector.

### **Export, Import and Trade Balance**

523. The Industrial Development Strategy (IDS) set out the trade policy objectives of Egypt as promotion of export and import rationalization in order to become a main export hub for medium technology manufactured products by 2025.
524. The adoption of a flexible exchange rate in November 2016 has helped Egypt to boost its external competitiveness by eliminating the overvaluation of the local currency and contributed to narrowing its trade deficit. As can be seen from the Table 4.2 below, the elasticity of exports was not

corresponding with magnitude of currency depreciation, which suggests that other factors were playing an inhibiting role.

**Figure 4.11: Egypt’s value of export and import (in US\$ billion)**



Sources: Central Bank of Egypt

525. In order to minimize the ever-increasing trade deficit, the Ministry of Trade and Industry unveiled a new export strategy meant to increase exports by more than double to US\$55 billion per year by increasing the number of industrial and export companies operating in Egypt. Egypt has a diverse export base: the share of exports of fuel products declined from 43 percent of total exports in 2005 to 14.3 percent in 2016. Despite this, fuel remains Egypt’s single most important export product, followed by vegetables, which represented 12.5 percent of total merchandise exports in 2016 (from 8.7 percent in 2011), precious stones and metals (11.8 percent), chemicals (11.3 percent), and textiles (11.2 percent). Egypt’s merchandise exports declined in US dollar terms between 2011 and 2016, to US\$22.5 billion. In 2016, the European Union was Egypt’s main export destination, followed by the United Arab Emirates, Saudi Arabia and Turkey.

526. Merchandise imports amounted to US\$57 billion in 2016. Machinery and electrical equipment is the single most important

import group, accounting for 16.1 percent of total merchandise imports in 2016, followed by mineral fuels (14.2 percent) and base metals (11.4 percent). In 2016, 32.4 percent of Egypt's merchandise imports came from the European Union; China and other Asian countries were the source of 27.3 percent of Egyptian imports.

527. In 2017, Egypt had a negative trade balance of US\$37.3 billion after deducting US\$59.0 billion of annual imports from its yearly export total of US\$21.7 billion. This is mainly attributed to the notable increase in imports whose volume grew by 85.2 percent during the period between 2005/06 and 2016/17. The petroleum trade balance for Egypt during 2019 achieved an initial surplus of \$ 8.1 billion, compared to a deficit of \$ 3.7 billion dollars during 2018. This came as a main result of the jump in investments in the oil and gas sector, mainly the discovery of new oil fields in the Mediterranean.

**The APR Panel recommends the following:**

- The GoE to continue to devise monetary policy measures to encourage savings (CBE).
- GoE to continue its commendable policy of prioritised support to Micro, Small and Medium Enterprises (MSME) (Ministry of Investment).
- Fast-track the implementation of the new Export strategy to increase Egypt's export and reduce the trade balance deficit (Ministry of Trade and Industry).

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# CHAPTER FIVE

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## CORPORATE GOVERNANCE

### 5.1 OVERVIEW

528. The APRM definition of Corporate Governance involves all aspects that govern a company's relations with shareholders and other stakeholders. The APRM's Objectives, Standards, Criteria and Indicators document defines Corporate Governance as concerned with the ethical principles, values and practices that facilitate holding the balance between economic and social goals, and between individual and communal goals. The aim is to align as much as possible the interests of individuals, corporations and society within a framework of sound governance and common good (Paragraph 4.1 Objectives, Standards, Criteria and Indicators document (NEPAD/HSGIC-03-2003/APRM/Guidelines/OSCI 9 March 2003).
529. This chapter undertakes Corporate Governance Assessments of Egypt along the five main APRM objectives. As a country with a long history and corporate presence as well as the third largest economy in Africa, Egypt has a fairly well-developed corporate governance framework. Since its establishment in 2003, the Egyptian Institute of Directors (EIoD) has produced guidelines for Corporate Governance applications, drawing on the international best practices, and yet compatible to the laws regulating the business of companies in the Arab Republic of Egypt.
530. In 2005, the EIoD released the first Corporate Governance Code, basically addressing listed companies to help them comply with governance and disclosure requirements, in the

good interest of all shareholders and investors, in addition to help them achieve the highest levels of efficiency and sustainability. A year later (2006), the EIoD came up with the Corporate Governance Code for State Owned Enterprises (SOEs). In 2011, seeking to keep up to date with the best practices at the international and regional levels, in terms of the roles of Boards of directors, the EIoD revised the Corporate Governance Code for listed companies, in line with the governance guidelines at the time.

531. In 2016, EIoD again upgraded and updated the previous codes, consolidating them into one single code, bearing the name of “Egyptian Corporate Governance Code.” The revised code is comprehensive and a general framework of governance and its relevant issues. It encompasses a set of guiding rules of corporate governance, based on international and regional best practices, to serve as guidelines for the application of corporate governance in all kinds of companies in Egypt. The code is also in consonance with the Joint Stock Companies Law No. 159 of 1981 and its Executive Regulations; the Capital Market Law No. 95 of 1992 and its Executive Regulations; as well as Egyptian Exchange Listing and Delisting Rules.
532. Despite having the requisite framework in place, Egypt faces a number of challenges in the spheres of competitiveness, social and economic inclusion and sustainability due to its high population growth and increasing pressures on the labour market.
533. The challenge of competitiveness relates to the country’s imperative to abandon a rentier economy, the need to further develop her human capital and to diversify and consolidate her exports while focusing on innovation. The challenge of inclusion stems from the need to continue improving the wellbeing of the most vulnerable social strata, strengthening the feeling of social justice, combating poverty, integrating the informal sector and giving a more important place to women in the functioning of



the formal economy. The challenge of sustainability centre around addressing pressures on the country's natural resources, accepting short-term sacrifices to preserve the rights of future generations and continue to develop new forms of green and circular economies.

534. The fore mentioned challenges could be mitigated by the Egyptian businesses that are at the heart of the rapid and structural transformations that the economy and society are undergoing.
535. The CRM was able to learn about the many reforms implemented by the government to improve the business climate and to achieve the Egypt 2030 vision. Indeed, Egypt has adopted a new Constitution and launched numerous legal and institutional reforms aimed at transforming its economy and business environment.
536. The effort to disseminate good governance resulted in the adoption of numerous international standards and the drafting of two codes of governance. One for private companies, the other for State owned companies. Egypt has also ratified most of the ILO conventions.
537. The ratification of other international codes and norms relating to the banking sector, accounting standards or climate change is satisfactory. However, a more open adherence to the transparency standards for the extractive industries should be encouraged. Finally, an effort should be made to raise the awareness of companies and public bodies of the ISO 37001:2016 Anti-bribery management systems standard.
538. The CRM acknowledges that Egypt has made significant efforts to build industrial zones, to digitalize its economy, to upgrade its infrastructure and to radically transform its logistical systems. It has also implemented numerous legislative and institutional reforms, including the creation of an agency for the development of micro, small and medium-sized enterprises, the adoption of

new regulations on competition, investment, public procurement, etc. All these reforms require time to produce results and for private actors to be able to adapt to them.

539. By simplifying the business environment and targeting women and youth in particular, these efforts have attempted to better include the informal sector and to develop value chains and greater synergy among economic actors.
540. The impact of these reforms is being felt. Indeed, over the past three years, we have witnessed an improvement in business competitiveness rankings and an enhancement in the majority of economic indicators. However, some challenges remain, notably due to access to financing.
541. Egypt has also implemented several reforms aimed at giving concrete expression to the constitutional principle of good governance, transparency and access to information. Laws and regulatory mechanisms for the governance of private companies, public companies and NGOs have been adopted. These regulations aim to take into account the particularities of the entities concerned and are based on a combination of voluntary and mandatory approaches.
542. Egypt recognizes that strengthening business integrity and fighting corruption is essential for establishing investors' confidence and levelling the playing field for doing business. Consequently, the country has put in place mechanisms to ensure that corporations conduct their business ethically, combatting corruption, and adhering to codes of conduct as provided in various regulations. Efforts to raise corporate ethical standards and values have come from the government but also from the private sector (the Federation of Egyptian Chambers of Commerce), partly by issuing the Traders' Charter of Honour which defines obligations imposed on the traders towards citizens. In addition, the Egyptian Corporate Governance Code recommends that companies should adopt their own code of

ethics. However, some companies still do not have codes of ethics.

543. With regard to combating corruption in business, efforts have been made in recent years by the anti-corruption agencies and this is reflected in the improvement in the Transparency International corruption control score from 32 in 2013 to 37 in 2014, leading to an ascent in ranking from 114th to 94th. To record further gains, the APR panel recommends that mechanisms be put in place to ensure that companies adopt appropriate codes of ethics, including SMEs, with a clearly identified strategy of implementation and evaluation.
544. Egypt has made tremendous efforts to establish an environment that ensures organizations act as good corporate citizens. This has been achieved partly by the country adopting the Global Reporting Initiative Guidelines (GRI) and being a member of the UN Global Compact, which aims to push private companies to align their operations with ten universal principles relating to human rights, fighting corruption, labour environment, and integrated reporting. Broadly these principles ensure that organizations promote and practice principles of good citizenship. Moreover, Egypt has raised awareness of the importance of corporate social responsibility, the environment and corporate governance by launching the corporate social responsibility index in 2008. However, the CRM finds that most companies concentrate on charitable and philanthropic community engagements, and not on initiatives that draw on their competencies with the potential to benefit both the firm and the community, because Egypt still has greater need in areas that are characterized with this primary level of corporate social responsibility. Moreover, SMEs and the informal sector, mostly constituted by family businesses, are less sensitive to the values of corporate social responsibility and most of the initiatives in place do not target them.

545. The CRM is of the opinion that the treatment of stakeholders by business organizations is central to business success. For business organizations, stakeholders include shareholders, employees, customers and the government. Several initiatives point to the enhancement of stakeholders' situation in Egypt and in organizations. For instance, there have been initiatives to improve social dialogue in the country. In 2017, the ILO worked on developing the social dialogue policies and strategies by identifying the current situation in Egypt from the tripartite perspective and addressing the necessary coordination among social partners. Moreover, Egypt's 2014 Constitution points at the responsibility of the government to ensure that workers' rights are protected. The need for fair treatment of other stakeholders and customers has also been observed in Egypt's economic reforms. For example, the Consumer Protection Agency's mandate includes the provision of full protection to the consumer, addressing any commercial corruption exposed to consumers, ensuring that consumers receive good quality of products and enhancing the benefits of competition. Moreover, part of the CPA mission is about raising awareness of and protecting the consumer from harmful practices and products that may affect the health and economic situation of consumers.
546. Faced with pressing demands and expectations from the population in general, and young people in particular, these reforms may take time to produce their full expected effects and may not concern all companies and actors with the same efficiency.

547. By promoting sectoral integration, encouraging entrepreneurship, simplifying procedures and developing value chains, Egypt is able to exploit major infrastructure projects and institutional reforms to reduce the dualism in its economy and make a successful transition to an open and efficient economy.

## **5.2 STANDARDS AND CODES**

### **Summary of the CSAR**

548. The Heads of State and Government of the African Union (AU) approved eight codes and standards for APRM corporate governance assessments: Principles of Corporate Governance (OECD and Commonwealth); International standards on accounting reporting; International standards on auditing; Core principles of Effective Banking Supervision; Core principles for Securities and Insurance Supervision and Regulations African Charter on Human and Peoples' Rights Labour Codes of the International Labour Organization (ILO); Codes on industrial and environmental safety and hygiene of the World Health Organization.

549. The CSAR points out that article (27) of the Egyptian Constitution stipulates that the economic system shall adhere to transparency and good governance standards, and that the implementation of the anti-corruption strategy resulted in a number of successful practices that include Issuing ISO 37001:2016 Anti-Bribery Management System, and forming the technical committee concerned with laying down the Egyptian Standardized Specification on Anti-Bribery Management System; Launching the Code of Conduct of State Administration Employees during 2014; Issuing the Code of Conduct and Ethics for private sector companies by the Young Entrepreneurs Association in 2018; Preparing the Code of Ethics of the University Students in 2018.

550. For the CSAR, the establishment of “The Export Development Authority has permitted the issuance of 763 Egyptian standard specifications.
551. The Egyptian government has adopted a framework that combines “mandatory and voluntary mechanisms in implementing corporate governance” and that in the context of voluntary mechanisms, more than one manual have been issued to introduce companies to the standards of governance that are best applied. The key guidelines are; The Corporate Governance Guide (2006); the Corporate Governance Rules and Standards Guide (2011) and the Egyptian Guide to Corporate Governance (Third Edition 2016) that was issued by the Financial Regulatory Authority, which adopted several references, including: OECD principles issued in 1999 and its amendments issued in 2004 and 2015.
552. Regarding the banking sector, the Board of Directors of the Central Bank issued the decision to approve the rules on the governance of banks on the 5th of July 2011. As for the non-banking financial sector, The Financial Regulatory Authority issued several decisions on the application of corporate governance in the non-banking sector.
553. For encouraging good public financial management and developing accounting standards and control over public funds, in accordance with the international standards, the government adopted advanced Standards of Accounting and Control over Public Funds (before spending) and has developed and supported the independence of the Accountability State Authority.

## **International agreements and treaties concerning intellectual property rights**

554. The CSAR notes that Egypt has ratified the “Paris Industrial Property Rights Protection Treaty” (1883), the “Berne Convention for the Protection of Literary and Artistic Works” (1886), the “Madrid Agreement Concerning the International Registration of Marks” (1891), the “Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods” (1891), the “Hague Agreement Concerning the International Registration of Industrial Designs, the Strasbourg Agreement Concerning the International Patent Classification” (1971) and the “Washington Treaty on Intellectual Property in Respect of Integrated Circuits” (1989).

## **Tax system**

555. In 2016, Egypt joined the International Working Group that contributed to the establishment of the general framework for the plans to combat the erosion of the tax base and the profit shifting and the Global Forum on Transparency and Exchange of Information to ensure the application of the international standards of transparency and exchange of information for tax purposes. Egypt has also acceded to the African project for the public revenue statistics that aims to establish standard indicators for the government revenues, enabling a comparison between the performances of different countries.

## **Environmental standards**

556. The CSAR affirms that the State created incentives to encourage all concerned parties to comply with the environmental standards and controls in the different fields of life and activity.

## Findings of the CRM

### ILO Conventions

557. Egypt has ratified 64 ILO's Conventions, of which 62 are in force. While no convention has been denounced, two instruments have been abrogated<sup>31</sup>. The partition of these conventions, as shown in Table 5.1, is as follows: Fundamental Conventions: 8 of 8; Governance Conventions (Priority): 3 of 4 and Technical Conventions: 53 of 178, as shown in Table 5.1.

**Table 5.1: Key Ratified ILO Conventions<sup>32</sup>**

Convention	Date	Status
<b>Freedom of association, collective bargaining, and industrial relations</b>		
C011 - Right of Association (Agriculture) Convention, 1921 (No. 11)	03 Jul 1954	In Force
C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	06 Nov 1957	In Force
C098 - Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	03 Jul 1954	In Force
C135 - Workers' Representatives Convention, 1971 (No. 135)	25 Mar 1982	In Force
<b>Forced labor</b>		
C029 - Forced Labor Convention, 1930 (No. 29)	29 Nov 1955	In Force
C105 - Abolition of Forced Labor Convention, 1957 (No. 105)	23 Oct 1958	In Force
<b>Elimination of child labor and protection of children and young persons</b>		
C138 - Minimum Age Convention, 1973 (No. 138) Minimum age specified: 15 years	09 Jun 1999	In Force
C182 - Worst Forms of Child Labor Convention, 1999 (No. 182)	06 May 2002	In Force
<b>Equality of opportunity and treatment</b>		
C100 - Equal Remuneration Convention, 1951 (No. 100)	26 Jul 1960	In Force

<sup>31</sup> <https://www.ilo.org/>

<sup>32</sup> [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200\\_INSTRUMENT\\_SORT,P11200\\_COUNTRY\\_ID:2,10](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_INSTRUMENT_SORT,P11200_COUNTRY_ID:2,10)



C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	10 May 1960	In Force
<b>Tripartite consultation</b>		
C144 - Tripartite Consultation (International Labor Standards) Convention, 1976 (No. 144)	25 Mar 1982	In Force
<b>Labor administration and inspection</b>		
C063 - Convention concerning Statistics of Wages and Hours of Work, 1938 (No. 63) Excluding Parts III and IV	05 Oct 1940	In Force
C081 - Labor Inspection Convention, 1947 (No. 81)	11 Oct 1956	In Force
C129 - Labor Inspection (Agriculture) Convention, 1969 (No. 129)	20 Jun 2003	In Force
C150 - Labor Administration Convention, 1978 (No. 150)	05 Dec 1991	In Force
<b>Employment policy and promotion</b>		
C002 - Unemployment Convention, 1919 (No. 2)	03 Jul 1954	In Force
C088 - Employment Service Convention, 1948 (No. 88)	03 Jul 1954	In Force
C096 - Fee-Charging Employment Agencies Convention (Revised), 1949 (No. 96) Has accepted the provisions of Part II	26 Jul 1960	In Force
C159 - Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159)	03 Aug 1988	In Force
<b>Vocational guidance and training</b>		
C142 - Human Resources Development Convention, 1975 (No. 142)	25 Mar 1982	In Force
<b>Wages</b>		
C026 - Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)	10 May 1960	In Force
C095 - Protection of Wages Convention, 1949 (No. 95)	26 Jul 1960	In Force
C131 - Minimum Wage Fixing Convention, 1970 (No. 131)	12 May 1976	In Force
<b>Working time</b>		
C001 - Hours of Work (Industry) Convention, 1919 (No. 1)	10 May 1960	In Force
C014 - Weekly Rest (Industry) Convention, 1921 (No. 14)	10 May 1960	In Force
C030 - Hours of Work (Commerce and Offices) Convention, 1930 (No. 30)	10 May 1960	In Force

C089 - Night Work (Women) Convention (Revised), 1948 (No. 89)	26 Jul 1960	In Force
C101 - Holidays with Pay (Agriculture) Convention, 1952 (No. 101)	09 Apr 1956	In Force
C106 - Weekly Rest (Commerce and Offices) Convention, 1957 (No. 106)	23 Oct 1958	In Force
Occupational safety and health		
C148 - Working Environment (Air Pollution, Noise and Vibration) Convention, 1977 (No. 148)	04 May 1988	In Force
<b>Social security</b>		
C017 - Workmen's Compensation (Accidents) Convention, 1925 (No. 17)	10 May 1960	In Force
C018 - Workmen's Compensation (Occupational Diseases) Convention, 1925 (No. 18)	10 May 1960	In Force
C019 - Equality of Treatment (Accident Compensation) Convention, 1925 (No. 19)	29 Nov 1948	In Force
C118 - Equality of Treatment (Social Security) Convention, 1962 (No. 118)Has accepted Branches (a) to (h)	12 Jan 1993	In Force
Social policy		
C094 - Labor Clauses (Public Contracts) Convention, 1949 (No. 94)	26 Jul 1960	In Force

**Table 5.2: Key ILO Conventions not ratified<sup>33</sup>**

<b>Governance</b>
C122 - Employment Policy Convention, 1964 (No. 122)
<b>Technical</b>
C102 - Social Security (Minimum Standards) Convention, 1952 (No. 102)
C120 - Hygiene (Commerce and Offices) Convention, 1964 (No. 120)
C140 - Paid Educational Leave Convention, 1974 (No. 140)
C141 - Rural Workers' Organisations Convention, 1975 (No. 141)
C143 - Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143)
C151 - Labor Relations (Public Service) Convention, 1978 (No. 151)
C154 - Collective Bargaining Convention, 1981 (No. 154)
C160 - Labor Statistics Convention, 1985 (No. 160)

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[https://www.ilo.org/dyn/normlex/en/f?p=1000:11210:0::NO:11210:P11210\\_COUNTRY\\_ID:102915](https://www.ilo.org/dyn/normlex/en/f?p=1000:11210:0::NO:11210:P11210_COUNTRY_ID:102915)

C168 - Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)
C171 - Night Work Convention, 1990 (No. 171)
C172 - Working Conditions (Hotels and Restaurants) Convention, 1991 (No. 172)
C174 - Prevention of Major Industrial Accidents Convention, 1993 (No. 174)
C175 - Part-Time Work Convention, 1994 (No. 175)
C177 - Home Work Convention, 1996 (No. 177)
C178 - Labor Inspection (Seafarers) Convention, 1996 (No. 178)
C181 - Private Employment Agencies Convention, 1997 (No. 181)
C183 - Maternity Protection Convention, 2000 (No. 183)
C184 - Safety and Health in Agriculture Convention, 2001 (No. 184)
C189 - Domestic Workers Convention, 2011 (No. 189)

### **Audit and Accounting standards**

558. The relevant Egyptian authorities for dealing with audit and accountancy standards are: The Ministry of Investment and International Cooperation (for private sector companies); The Accountability State Authority (for public sector companies); The Egyptian Society of Accountants & Auditors (ESAA) and the Egyptian Financial Supervisory Authority (EFSA).
559. Egyptian Accounting Standards (EAS) are developed by the Standards Committee of the Egyptian Society of Accountants and Auditors. A committee headed by the Minister of Investment reviews, approves, and issues the standards.
560. By Decree No. 110/2015 by the Minister of Investment, Egypt adopted 39 Egyptian Accounting Standards (EAS) to replace the 35 former EAS that had been adopted in 2006. The 39 new EAS include many of the principles in the IFRS (2013) Standards.
- There are differences between the new EAS that were effective from the 1st January 2016 and IFRS Standards. The IFRS for SMEs Standard is not under consideration. SMEs that are not required to use the IFRS for SMEs Standard, must use the new

Egyptian Accounting Standards (EAS), which include special requirements for SMEs as an accounting framework.

- Table 5.3 below shows the application of IFRS, by type of business organization, in Egypt.

**Table 5.3: Extent of IFRS application in Egypt<sup>34</sup>**

<b>Extent of IFRS application</b>	<b>Additional Information</b>
IFRS Standards are required for domestic public companies	IFRS Standards are not permitted.
IFRS Standards are required or permitted for listings by foreign companies	Permitted.
The IFRS for SMEs Standard is required or permitted	No.
The IFRS for SMEs Standard is under consideration	No.

561. Even though more jurisdictions have an investigation and discipline mechanism in place than a quality assurance system (99% vs. 86%), all over the world, there is a trend for jurisdictions to establish a quality assurance review system that completely meets international best practices (50% vs. 22%)<sup>35</sup>. This quality assurance system goes far beyond the simple adoption of IFRS. It implies different aspects and Egypt's position on these quality assurance elements is shown in Table 5.4 below:

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34 <https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/egypt/#participant>

35 Even if investigation and discipline mechanisms are very important for ensuring public trust in the accountancy profession, only 22% of countries are fully following IFAC requirements for investigation and discipline systems.

**Table 5.4: Quality assurance and international accounting standards in Egypt<sup>36</sup>**

Year of assessment	Quality Assurance Review system	International education standards (IES)	International Standards on Auditing (ISA)	Intl Code of Ethics International Code of Ethics for Professional Accountants	International public sector accounting standards (IPSAS)	Investigation and discipline System	International Financial Reporting Standards (IFRS)
2016	Partially Adopted	Partially Adopted	Partially Adopted <sup>37</sup>	Partially Adopted <sup>38</sup>	Not Adopted <sup>39</sup>	Partially Adopted	Adopted <sup>40</sup>

**Banking and financial institutions regulatory framework**

562. Egypt has opted for a full implementation of Basel I, Basel II and Basel III frameworks<sup>41</sup>.

563. The website of the Central Bank of Egypt<sup>42</sup>, states that, “In the context of the CBE's keenness to apply the best international practices, in particular the requirements of Basel III, the CBE's Board of Directors ratified on the 7th of April 2016 the issuance of the regulations of the capital conservation buffer to ensure adequate absorption of the potential losses that may occur in

36 IFAC, (2019), International standards: 2019 global status report

37 As per comparison, 80% of IFAC member jurisdictions directly refer to the International Standards on Auditing

38 As per comparison, 57% of IFAC member jurisdictions directly refer to the International Code of Ethics for Professional Accountants and 90% of IFAC member jurisdictions use the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA).

39 As per comparison, 42% of IFAC member jurisdictions directly refer to the International Public Sector Accounting Standards

40 As per comparison, 79% of IFAC member jurisdictions directly refer to the International Financial Reporting Standards

41 Alliance for Financial Inclusion, (2018), Survey report on the implementation of the basel framework survey report

42 <https://www.cbe.org.eg/en/BankingSupervision/Pages/BaselIII.aspx>

banks operating in Egypt during stress and periods of financial crises and to maintain the strength of their capital base.”

564. In order to mitigate the impact of global standards on financial inclusion, it is possible to use an internal rating-based approach that could justify lower capital requirements for lower credit risk (this approach is not yet used in Egypt).

### **Dispute resolution and arbitration**

565. Egypt is a signatory state to<sup>43</sup>:

- The New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral awards;
- The Washington Convention of 1965 on the Settlement of Investment Disputes between States and the Nationals of other States;
- The Convention of 1974 on the Settlement of Investment Disputes between the Arab States and the Nationals of other States.

566. Besides, Egypt is a party to 115 bilateral investment treaties (BITs), 28 of which are not yet in force, and 15 of which have been terminated<sup>44</sup>.

567. The CRM notes with satisfaction that Egypt benefits from the presence of the “Cairo Regional Centre for International Commercial Arbitration” which is an independent non-profit international organization that aims at contributing to, and enriching the progress of the economic development scheme in

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43 <https://www.amcham.org.eg/information-resources/trade-resources/doing-business-in-egypt/laws-regulations>

44Amr Abbas and John Matouk Matouk Bassiouny & Hennawy, (2019), Egypt, The Middle Eastern and African Arbitration Review 2019, <https://globalarbitrationreview.com/insight/the-middle-eastern-and-african-arbitration-review-2019/1190120/egypt>

both Asian and African Countries. For 2016 (the last available report), the total number of arbitration cases filed before the Centre reached 1161. In 2016, “91 new arbitration cases were filed, representing a 75% annual increase compared to the 54 cases initiated in 2015. 2016 witnessed a new record for the number of cases registered under the auspices of CRCICA in a single year (91 cases). The previous record, reached in 2012 (78 cases), was, therefore, broken”<sup>45</sup>.

## **Environment and climate change**

568. The CRM found that Egypt has signed many conventions dealing with environment protection including: the Environmental Modification Convention; the African Convention on the Conservation of Nature and Natural Resources; the Vienna Convention for the Protection of the Ozone Layer; the Convention for the Prevention of Pollution from Ships; the Barcelona Convention for the Protection of the Mediterranean Sea against Pollution; the Brussels Convention on Civil Liability for Oil Pollution Damage and the Moscow Treaty for Nuclear Weapon Tests in the Atmosphere<sup>46</sup>.
569. Egypt signed the Kyoto protocol on climate change on the 15<sup>th</sup> March 1999 and ratified it on 12<sup>th</sup> January 2005. Egypt accepted the Doha Amendment to the Protocol that establishes new commitments for the period 2013-2020.
570. Egypt also signed the Paris agreement on global greenhouse gas emissions on the 22<sup>nd</sup> April 2016 and ratified it on the 29<sup>th</sup> of June 2017.
571. The CRM has noticed that in March 2016, the Egyptian Environmental Affairs Agency submitted the Egyptian third national communication under the United Nations Framework

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45 CRCICA (2017), Annual report

46 <https://www.amcham.org.eg/information-resources/trade-resources/doing-business-in-egypt/laws-regulations>

Convention on Climate Change<sup>47</sup>, observing that “In spite of the very low contribution of Egypt in the global GHG emissions, Egypt is considered as one of five highly vulnerable countries in the world to climate change”. This report states that “The key for Egypt to mitigation of climate change is to lay a sound foundation for further evolution to zero- and low-carbon energy supply technologies, with substantial reductions in energy intensity along with comprehensive mitigation efforts covering all major emitters and technology and financial transfers from industrialized countries to support decarbonization”. Finally, the report notes that “A number of efforts have been undertaken by the Government of Egypt to achieve the objectives of the convention. They included Technology Cooperation Agreement Pilot Project (TCAPP), promotion of wind energy for electricity generation, fuel cell bus demonstration project, hybrid-electric bus technology, natural gas motorcycles, methane recovery from landfills and integrated solar thermal/natural gas power plant at Kuraymat, energy efficiency improvement and emissions reduction project as well as fuel switching”.

### **Extractive Industries Transparency Initiative (EITI)**

572. The CRM found that Egypt is part of the “other countries list” of the EITI, which means that it has announced its intention to implement the EITI and that it is waiting for the acceptance by the international EITI Board of its application to become an official candidate.
573. According to the Natural Resource Governance Institute “Egypt’s oil and gas sector scores 39 of 100 points in the 2017 Resource Governance Index (RGI), ranking 60th among 89 assessments and 9th among 16 assessments in the Middle East and North Africa (MENA) region. Its overall score is lowered by

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<sup>47</sup>Egyptian Environmental Affairs Agency, (2016), EGYPT THIRD NATIONAL COMMUNICATION Under the United Nations Framework Convention on Climate Change



the sector’s score of 30 out of 100 points in the revenue management component”. The Institute also states that “Resource governance in Egypt is characterized by a considerable 24-point gap between legal frameworks and their actual implementation”.

**Table 5.5: Egypt’s Natural Resource Governance index**

	Score	Ranking
<b>Value realization</b>	45	57/89
<b>Revenue management</b>	30	65/89
<b>Enabling environment</b>	41	58/89

Source : <https://resourcegovernanceindex.org/country-profiles/EGY/oil-gas>

### **Infrastructure of Egyptian Quality System**

574. The CRM found that the Egyptian quality ecosystem is composed of five main institutions:

- The Egyptian Organization for Standards & Quality that provides services in the fields of standards, quality, measurements and industrial calibration, laboratory testing, training, technical consultations, publication and information, and consumer protection.
- The General Organization for Export and Import Control that is a service authority that protects consumers preserves Egypt’s reputation by inspecting commodity exports and imports through latest techniques and scientific equipment and preparing statistics of exports and imports.
- The National Quality Institute, a national expertise house responsible for the deployment and improvement of the quality culture, concepts, and activities in all sectors in the Egyptian Society, whether industrial or services, that complies with international standards and criteria.

- The Egyptian Accreditation Council that is the sole national body for the assessment and accreditation of conformity assessment bodies performing testing/ calibration laboratories, inspection and certification of products and systems as well as personnel<sup>48</sup>.
- The National Institute of Standards that aims to establish, achieve, preserve, and develop national standards for physical measurements and work to continue their attribution and conformity with international standards so that they are always valid for use in the purposes of measurement and calibration. The institute also provides measurement and calibration services, training and consulting and creating the necessary mechanisms to provide the institute's services within this system to various entities in order to achieve metrological attribution<sup>49</sup>.

**Table 5.6: ISO Management System Standard Certifications in Egypt, 2018**

	Certificates	Sites <sup>50</sup>	Egypt's world ranking per number of certificates
ISO 9001:2015 Quality management systems	1936	2340	52/191
ISO 14001:2015 Environmental management systems	759	914	49/190
ISO/IEC 27001:2013 Information technology -- Security techniques -- Information security management systems	17	42	73/168
ISO 22000:2018 Food safety management systems	296	320	21/170
ISO 45001:2018 Occupational health and safety management systems	37	38	39/140
ISO 13485:2016 Medical devices -- Quality management systems	45	41	42/104

48 <http://www.egac.gov.eg/>

49 <http://www.crci.sci.eg>

50 A site is a permanent location where an organization carries out work or a service)

ISO 50001:2018 Energy management systems	45	47	21/170
ISO 22301:2012 Societal security -- Business continuity management systems	6	20	31/127
ISO 37001:2016 Anti-bribery management systems	0	0	N.C

575. The information in Table 5.6 above, shows that Egypt can still make progress on all quality management systems. It also shows that Egyptian companies must be better informed and encouraged, particularly with regard to the standard ISO 37001:2016 Anti-bribery management systems.

### **Issues of enforcing standards and codes**

576. Due to the huge number of actors and the important size of the informal sector, a part of the Egyptian economy seems not concerned by all these ratifications.

577. The promotion of control and supervisory institutions, as well as institutional and legislative reforms, should ensure that international conventions are better integrated into the behavior of Egyptian economic and administrative actors.

### **Recommendations**

The APR Panel recommends the following:

- The GoE to continue to systematically report on the requisite codes and standards in this thematic area (Ministry of Foreign Affairs).
- Egypt to finalize the EITI accession process (Civil Society, Government).
- Continue to raise awareness and encourage, Egyptian companies with regard to ISO norms and particularly with regard to the standard ISO 37001:2016 Anti-bribery management systems (Civil Society Government).

- Assess the impact of the implementation of Basel pillars on financial inclusion and adopt approaches that could mitigate the impact of Basel framework on financial inclusion (CBE).
- Encourage the use of an internal rating-approach and allow lower capital requirements for lower credit risk (CBE).

### **5.3 ASSESSMENT OF THE PERFORMANCE OF APRM OBJECTIVES**

**Objective 1: Promoting an Enabling Environment and Effective Regulatory Framework for Business organizations and other entities**

#### **Summary of the CSAR**

578. Egyptian Typology of Private sector companies: According to the Egyptian legal framework, the private-sector companies comprise six types of companies which can be classified into two main groups as follows: Partnerships (i.e., general partnerships, limited partnerships and particular partnerships) and Corporations (They rely on the capital contributed by each partner, i.e., joint-stock companies, companies limited by shares and limited-liability companies).
579. Egyptian Typology of Public sector Companies: The public business sector companies include the holding companies and the subsidiaries thereof subject to the provisions of Law No. 203/1991. Both types of these companies, take the form of joint-stock companies.
580. Definition and statistics on Egyptian SME's: the CSAR, states that in February 2017, the Central Bank of Egypt issued Resolution 408 to amend the definition of small, medium and micro enterprises. Analytical studies indicate that there are 2.5 million small, medium and micro enterprises employing about

75% of the total workforce, and 17% of these enterprises export goods and services.

### **Efforts to promote investment, regain investors' confidence and complete legislative reforms**

581. Incentives for investment: According to the CSAR, the main features of the new Egyptian investment law and its executive regulation are as follows:

- Disallowing administrative authorities from cancelling, ceasing or withdrawing investment projects' licensing without notice to the investor while granting the right to reply and all means of litigation.
- Granting investors the right to expand their business and funding from abroad without restrictions, make and transfer profits and liquidate their businesses.
- Granting extra incentives to investors using domestic materials amounting to 50% of total materials, exporting 20% of production, or funding their business from abroad.
- Investors can use the company incorporation service on The General Authority for Investments' portal.
- The General Authority for Investments abides to process company incorporation requests within one day.
- The General Authority for Investments obtains all the permits for projects before designating them to investors.

582. The Investment Law No. 72 of 2017 includes a package of temporary incentives for specific projects in specific areas.

583. Regarding the guarantees covered by the investment law, the most important of these are: The law achieves equal rights of guarantees and incentives for both the Egyptian and foreign investors, and the protection of investment projects from any

arbitrary decisions such as nationalization, expropriation and revocation of licenses.

584. With respect to the allocation of land, the law added new bodies to take the responsibility of land pricing to avoid long procedures, and set new pricing criteria to ensure that the value of land is not overestimated and the pricing is completed within 30 days.
585. To simplify the procedures, the articles of the law include activating the system of electronic services and linking the work systems and databases of all entities, and decide on the application for the establishment of companies within 24 hours.
586. Article (95) allows the General Authority for Investment to establish or contribute to the establishment of companies to promote investment opportunities
587. The law also allows investors to allocate a percentage of their annual profits to community service in the fields of protecting and improving the environment, health, social or cultural care, supporting technical education, funding research and studies, and community awareness campaigns
588. Several other new laws were promulgated, the most important of which were: The Industrial Licensing Law in April 2017, to facilitate the procedures of licensing and the Restructuring and Bankruptcy Protective Reconciliation Law No. 11 of 2018 which facilitates exit from the market.

### **Incentives to investment: new institutions and tools**

589. Citizen's service centers were established in districts, cities and neighborhoods with a 60% coverage rate in order to simplify and unify administrative procedures and improve the tools used in providing services at the local level through using information and telecommunications technologies.

590. The Citizen Investment Guide has been issued to provide information on investment in projects implemented in different governorates through the internet so as to achieve better monitoring from local communities and achieve the principle of accountability
591. The State has also developed investment services and prepared the business environment, through Investor Services Centers, by applying the one-stop shop system with the aim to provide all investment services including granting the required approvals, permits and licenses to incorporate a business in one place.
592. Supporting entrepreneurship: The CSAR states that Egypt's government pays due attention to entrepreneurship and the social responsibility. In this vain, the government has:
- Introduced an article in the New Investment Law No. 72 of 2017 for supporting entrepreneurship.
  - Established the Egyptian Entrepreneurship Investment Company (EEIC) subsidiary to the Ministry of Investment and International Cooperation.
  - Launched the initiative of entrepreneurship "Your Idea, Your Project" for entrepreneurship which is an incubator for business and ideas.
  - Signed a number of agreements with many financial institutions for financing entrepreneurship projects.
  - Launched projects aiming to enable the youths to establish their own projects (ex: Rowad 2030” project initiated in cooperation between the Ministries of Planning, Trade and Industry and Education).
593. Egypt's entrepreneurship project is based on four basic pillars represented in: finance, qualification of entrepreneurs, entrepreneurship service centers and the legislative and regulatory reforms.

## **Accelerate private sector development, economic transformation and improve the business climate**

594. The Commercial and Industrial Development Strategy 2016-2020 and Egypt's 2018 report on the commercial policy review were introduced to set a commercial policy with the aim to facilitate economic growth. The strategy aims to assist Egypt in transforming into a leading industrial economy in the Middle East and North Africa region through encouraging exports for Egypt to become a headquarters for exporting technological products by 2025, besides strategies to promote private sector, industry and trade at the national, local and digital levels.
595. The establishment of Egypt's Sovereign Fund came as one of the mechanisms needed to enhance partnerships with the private sector. The fund was established in 2018, within the framework of the Egyptian state's plan to achieve sustainable development (Egypt Vision 2030) which requires an increase in the volume of investments and the ability to diversify sources of financing. The priorities of the Fund's investment plan are to maximize the return on state assets through the localization of industry and technology, the possibility of managing and developing assets in order to maximize their return and attracting investors locally and internationally.
596. At a national level, Egypt has put in place many strategies that aim to create high-value job opportunities and achieve the structural transformation of the Egyptian economy from a traditional economy to a developed industrial knowledge-based economy<sup>51</sup>. At a local or regional level, the CSAR states that Egypt launched local industry deepening programs aiming to achieve integration between local supply chains and allow

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<sup>51</sup> Example: The Industry and Trade Development Strategy (2016-2020); the Industrial Innovation Research and Development Strategy; the Small, Medium and Micro Enterprises and Entrepreneurship Development Strategy and the Technical and Vocational Training and Education Development Strategy



merging into international supply chains through applying an integrated inclusive package of measures.

597. At the digital level, an online portal for the industrial investment map was prepared, a mobile application and smart tools were developed and integrated to support decision making, a unified industrial database was completed and currently contains data from 35, 000 factories in different governorates in Egypt.

### **The regulation of the participation of the private sector in infrastructure projects and Public-Private Partnership**

598. Law No. 67 of 2010 was issued to regulate the participation of the private sector in infrastructure projects, services and public utilities, and the Prime Minister's Decree No. 238 of 2011 was issued to promulgate the executive regulations of the law.
599. A Public Private Partnership Central Unit was established in the Ministry of Finance. The Unit aims to enable the private sector to provide the services or implement the projects that the State agencies were entrusted with, without prejudice to the role of the government in the promotion and supervision of public services and projects, and only through a new contracting and service provision system.
600. As noted by the CSAR, despite the successes of partnership between government and private sector, there are challenges that need to be addressed, some of which are:
- Promulgating special laws regulating private investment in some economic service sectors such as electricity, telecommunications and airports, which resulted in unjustified legislative pluralism, and inconsistencies between the legislation and regulations in force.
  - Developing a unified strategic vision at the central level on the participation of private investment in the financing and operation of public utilities projects, in addition to increasing

coordination between the bodies responsible for organizing this participation and granting approvals and licenses.

- Promoting and strengthening the technical, financial and legal expertise necessary to propose these projects to investors and organizing such participation, and supporting the sectors concerned in strategic planning of their needs and priorities.
- Increasing public awareness of the importance and benefits of private sector participation in the financing, development and operation of such projects and their positive impact on socio-economic development.

601. Improving Infrastructure for better business opportunities: The CSAR, observes that Egypt is witnessing a great transformation in the development of its infrastructure. During the past three years, 5000 extra kilometers of roads have been added to the Egyptian road network, representing around 20% of the total network size. Besides, the State is currently keen on establishing a new generation of 16 smart cities, two of which are The New Administrative Capital and The New Alamein City.

602. A major new actor for SME's development: The Prime Minister issued Decree 947 (2017) establishing the Micro, Small and Medium Enterprises Development Agency (MSMEDA). This body develops strategic policies and plans for the development of SMEs and entrepreneurship. One of its main objectives is to facilitate their access to soft funding through providing 200 billion Egyptian pounds to fund these enterprises, 344 thousand enterprises benefited from this funding and 450 thousand job opportunities were created by mid-2019.

603. Some of the main initiatives launched by Egypt in support for micro, medium and small enterprises, are:

- The production of industrial investment map for governorates.
- The provision of industrial land and industrial clusters aimed at deepening the industry by using different methods of public

offering, direct allocation or free land allocation in Upper Egypt.

- The establishment of 22 specialized industrial complexes in 14 governorates nationwide until 2020.
- The establishment of 14 industrial complexes with a total of 4436 production units to create more than 42 thousand direct jobs.
- The support for industrial integration between large and small factories, and the deepening of the local product through the completion of specialized industrial clusters.
- The expansion of the establishment of areas attractive for investment and employment in promising activities that are viable, within the framework of comprehensive development plans, such as the Sinai Development Plan and the Suez Canal area, the Golden Triangle Mineral Resources Project, and the project of the development of the El Alamein-Matrouh-Salloum triangle and others, in order to attract more Investment and employment
- The support for the export orientation of small enterprises, where Egypt enjoys an international competitive advantage in a number of light labor-intensive industries. The government has established an “Export Development Authority” and the export credit limit was raised.
- The State is preparing an evaluation for around 200 factories in the industrial engineering sector to qualify them for exporting and carrying out training courses on exports, logistic operations and producing safe products.
- The amendments made to the Tenders and Bids Regulation Law (No. 182 of 2018) include granting preference to small entrepreneurs in local tenders when their prices are equal to any other offers, while exempting small and micro enterprises from paying half of the temporary and final insurance.

- An electronic platform was established to provide services to small, medium and micro enterprises and entrepreneurs.
604. **Facilitating finance to SME's:** The CSAR states that facilitating finance for small and medium enterprises includes encouraging financial leasing, expanding enterprises' utilization of factoring activities to provide financing for working capital through the issuance of the first law regulating this activity, issuing the law regulating movable guarantees to reduce the risks of financing these enterprises, and supporting the Nilex to provide financing for small and medium enterprises.
605. The CSAR states that all banks have been obliged to keep loans and facilities granted to small and medium enterprises not to be less than 20% of the total credit facilities of the bank within 4 years (until 2020), provided that each bank:
- Develops a strategy to expand the financing of small and medium enterprises to reach 20%, and provide the Central Bank with a specific timeline for implementation.
  - Establish a specialized unit in financing and providing banking services for small and medium-sized enterprises, with plans to train and develop the skills of those in charge.
606. The Central Bank has also launched three initiatives to encourage banks to increase the volume of loans granted to small and medium enterprises: The 5% interest rate initiative to finance companies and small enterprises; The 7% interest rate initiative for medium and long-term financing up to 10 years to purchase machinery, equipment and production lines and the 12% interest rate initiative for short-term financing of working capital for companies and medium enterprises operating in the industrial sector, agricultural manufacturing, new and renewable energy.
607. Finally, in order to allow a sufficient period to qualify them gradually to prepare certified financial statements and data, the central bank allows banks to finance companies and micro and small enterprises with a maximum sales volume of less than 10

million Egyptian pounds, and a maximum of two years from the date of grants without obtaining financial statements approved by the auditor.

608. **Microfinance and Women support:** To support women economic empowerment, the CSAR states that microfinancing was provided to more than one million women, as well as increasing the percentage of small enterprises targeting women to 69.6% in 2016 compared to 22% in 2015 and increasing the percentage funding for micro enterprises that target women from 45% in 2015 to 51% in 2016.
609. Egypt is encouraging the informal sector to integrate into the formal sector through the design of incentive programs for integration, which improve the conditions of workers and ensure their rights and raising their awareness of the importance of improving the quality of products, and the possibilities of survival in the competitive market.
610. A National Council of Payments was established by Presidential Decree 89 (2017), whose mandate is to reduce the use of banknotes outside the banking sector, support and stimulate the use of electronic means and channels to pay, and work to achieve financial inclusion in order to integrate the largest number of citizens in the banking system.

### **Improving Egypt's results in Doing Business and creating a better competitive environment**

611. According to World Bank reports, Egypt has made a significant improvement in the general ranking for doing business as it moved from the 131st place in 2016 to the 122nd place in 2017. All these measures were reflected in providing a competitive environment for investment and led to the following outcomes:
- An increase in the volume of domestic investments from L.E 514 billion in 2016/2017 to L.E 958 billion in 2018/2019, a

growth rate of about 86%, with the private sector contributing of 46.6%.

- An increase in the volume of foreign investments and restored confidence in the investment climate, as net investment inflows in 2017/2018 amounted to about USD7.7 billion compared to USD3.7 billion in 2012/2013. (The European Union accounted for over 60% of gross investment inflows followed by the United States then the Arab region with 16%).
- The official private sector has witnessed remarkable growth over the past few years, as its contribution to GDP increased from 63% in 2011 to 69.3% in 2018 and it has 20.1 million workers, representing 68.2% of the total workforce, and its total investments during the same year reached 250.9 billion pounds.
- A surge in economic establishments according to the general census of establishments 2017, as the total number of private establishments reached 6.48 million establishments employing 19.77 million individuals. Most of these establishments, 59.6%, are individual enterprises employing around 12.85 million individuals, while joint stock companies only represent 1% of establishments and employ 682.9 thousand with a percentage of 3.4%.

## **Enterprise Financing and financial regulation**

612. Banking Regulation: The CSAR, notes that the Egyptian banking sector includes 38 banks with a total number of 4009 branches.

613. The CSAR further states that a Banking Reform targeted at restructuring public sector banks financially and administratively, addressing the problem of bad debts of banks, developing digital financing and electronic banking services, implementing the Basel Accords and governance provisions and floating the exchange rate in June 2016, had a key role in the

growth of the Egyptian banking sector and improving its efficiency during recent years.

614. The Central Bank of Egypt signed a partnership agreement with the European Central Bank in 2008 to apply Basel II Accords and corporate governance rules to the Egyptian banking sector.
615. Non-Banking Financial Institutions regulation: The Financial Regulatory Authority was established in accordance with Law 10 (2009).
616. Capital Market Regulation: The capital market serves market infrastructure institutions with its three arms: stock exchanges, clearing and settlement companies for securities transactions, and the Guarantee Fund to protect clients from non-commercial risks arising from securities exchange activities.
617. The Egyptian capital market ranked first in the Arab stock exchanges and maintained its position as the best performer in the world since June 2013 according to the MSCI Price Index for Emerging Markets
618. Insurance Market Development: The CSAR notes that there are 36 companies operating in this sector.
619. During the period from 2014-2017, the Egyptian insurance market witnessed remarkable activity, with an average growth rate of 17% per annum.
620. Mortgage Finance Regulation: The mortgage finance sector contributes to the provision of medium and long-term financing for the acquisition of real estate, both for economic purposes and for housing finance and maintenance.
621. Financial Leasing Sector Development and regulation: The value of contracts in the financial leasing sector grew almost five times its size in the last four years, and it is expected that the sector will continue to grow at significant rates, especially in light of the establishment of the electronic movable collateral

registry, which will facilitate and encourage financing operations, especially for small and medium sized enterprises, as well as the provision of the microfinance leasing formula in accordance with the new draft law for financial leasing and factoring.

## **Findings of the CRM**

### **The importance of SME's in the Egyptian economy**

622. A recent study based on a survey covering 1600 owners and managers, four industrial zones with 5241 factory unit, gives us an insight on SMEs in Egypt<sup>52</sup>:

- SMEs represent 95% to 98% of the total industrial enterprises, distributed in 2.5 Million enterprises and employ 75% of the total work force where, 95% of these enterprises are in non-agricultural projects. Small and medium firms represent 13% and 46% industrial enterprises respectively.
- 58% of SME businesses are aged 1-4 years and 26% are more than 6 years respectively.
- Thirty-four per cent of SME employers have two owners as members of the same family or as relatives, 29% have one owner, with 6% having between three and five, and 6% with more than four owners.

### **A rapid enhancement in Business climate and competitiveness**

623. After a long period of stagnation and an economic and political challenge, Egypt has resumed the path of growth and in-depth reforms that have a very positive impact on the business environment and the competitiveness of Egyptian companies.

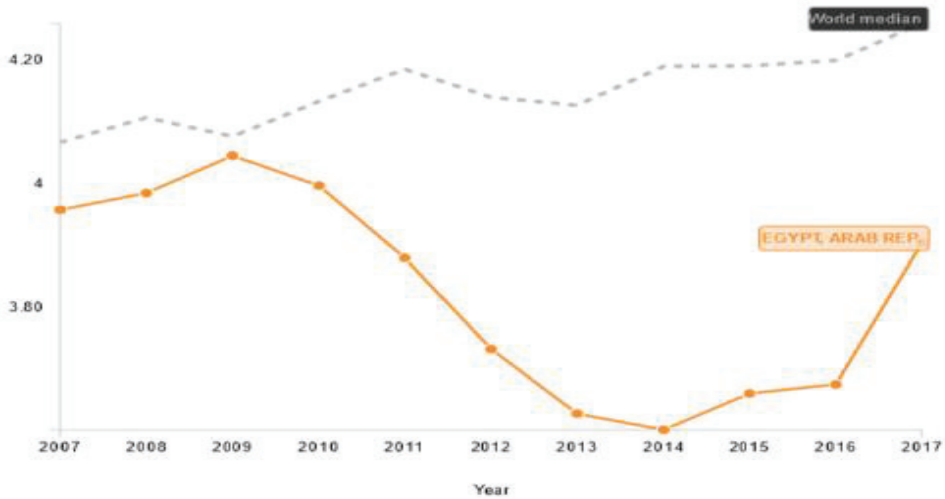
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<sup>52</sup> Amr a.bary, amr, (2019), SMEs Sector: A Key Driver to the Egyptian Economic Development, Online at <https://mpa.ub.uni-muenchen.de/93034/MPRA Paper No. 93034>,



624. Multiple reforms have made it possible, in a relatively short period of time, to change the business climate and boost the country's overall competitiveness. As Figure 5.1 shows, Egypt's competitiveness declined between 2009 and 2014. It started improving from its lowest point ever in 2014 and continued on this trajectory to 2017.

**Figure 5.1: Evolution of the Egyptian Global Competitiveness index (2007-2017)**



*Source: World competitiveness report*

625. Among the most recent and important reforms, the CRM retained in particular: Investment Incentives (Law 72 of 2017). This law simplifies the investment process. Its main objectives are to create more jobs, encourage and facilitate domestic and foreign investment, limit dependence on certain imports, boost exports and improve the economic balance between the country's various regions.

626. Incentives include a 50% tax discount on investments in underdeveloped areas, government support for the cost of connecting utilities to new projects, and refunds on money paid for land if production begins within two years.

627. This law also attempts to limit administrative and bureaucratic procedures and relaunch free zones for the private sector. According to AmCham (2018), the amendments also allow to:

- Incentivize existing projects to expand by capping fees for increasing a company's capital at LE 10,000.
- Encourage more investments in the Egyptian market.
- Better organize foreign representation offices and the management of free and investment zones.

#### **Amendments to the Companies Law (Law 4 of 2018)**

628. These amendments have simplified the processes for making a limited liability company public and applying for a capital increase. They allow investors to register a company and access services online via General Authority for Investment (GAFI). Also known as the Corporation law, it includes single shareholder limited liability companies.

629. Together with several other reforms, these actions and decisions have improved Egypt's various international rankings related to corporate governance, as shown in Table 5.7 below.

**Table 5.7: Progress on the business environment in the Arab Republic of Egypt**

Results	2016	2017	2018	2019
<b>Competitiveness Index</b> (World Economic Forum)	3,66/100	53,17/100	53,59/100	54,54/100
<b>Competitiveness Rank</b> (World Economic Forum)	116	94	94	93/140
<b>Corruption Index</b> (Transparency International)	34/100	32/100	35/100	
<b>Corruption Rank</b> (Transparency International)	108	117	105/180	
<b>Ease of doing business</b> (World Bank ranked)	122	128	120	114/190
<b>Economic freedom rating</b> (Frazer Institute)	5,28	5,05		
<b>Economic freedom ranking</b> (Frazer Institute)	155	155		

630. Despite these improvements, the private sector landscape needs more dynamism as “the entry and exit rates are low relative to peers, with only three limited liability companies created annually on average for every 10,000 working-age persons, compared to an average of 20 in developing countries. Enterprise dynamics are weak with a comparatively low probability of growing and generating new jobs over time and private sector firms are uncompetitive, with only 5 per cent of Egyptian firms engaged in export activities”<sup>53</sup>.

631. The main global business environment survey is represented by "Doing Business". The CRM observes that there is a positive evolution in the different dimensions of Doing Business as the evidence in Table 5.8 shows.

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<sup>53</sup>Morsy, H. (2017), Private Sector Diagnostic: Egypt, EBRD

**Table 5.8: Evolution of Egypt’s doing business scores (2016-2020)**

Year	2020	2019	2018	2017	2016
Ease of doing business score	60.1	58.5	55.8	55.5	54.7
Starting a business	87.8	83.8	80.7	80.7	80.6
Dealing with construction permits	71.2	70.8	71.4	71.2	70.9
Getting electricity	77.9	71.5	71.4	71.5	62
Registering property	55	55	55	54.3	54.2
Getting credit	65	65	50	50	50
Protecting minority investors	64	62	58	54	48
Paying taxes	55.1	52.6	50.5	51.4	50.8
Trading across borders	42.2	42.2	42.2	42.2	51
Enforcing contracts	40	40	40	40	40
Resolving insolvency	42.2	42.3	38.9	39.5	39.5

*Source: Doing Business (2019/2020)*

632. During the last four years, the main reforms concerning « Doing Business » in Egypt were as follows<sup>54</sup>:

- Concerning starting a business: In 2020, Egypt will abolish the requirement to obtain a certificate of non-confusion. In 2019, Egypt removed the requirement to obtain a bank certificate and established a one-stop shop. In 2017, Egypt has merged procedures by introducing a follow-up unit in charge of liaising with the tax and labor authority on behalf of the company.
- Concerning getting electricity: In 2020, Egypt will witness an improvement on the reliability of electricity supply by implementing automated systems to monitor and report power outages.
- Concerning getting credit: In 2019, Egypt strengthened access to credit by introducing the possibility of granting a non-possessory security right in a single category of movable assets without requiring a specific description of the collateral. Concerning Secured creditors are now given

<sup>54</sup> <https://www.doingbusiness.org/en/reforms/overview/economy/egypt>

absolute priority over other claims, such as labor and tax, both outside and within bankruptcy proceedings.

- Concerning protecting minority investors: In 2020, Egypt will strengthen minority investor's protections by requiring shareholder approval when listed companies issue new shares. In 2019, Egypt also strengthened minority investors' protections by increasing corporate transparency. In 2018 and 2017, it increased shareholder rights and role in major corporate decisions and clarified ownership and control structures. Finally, in 2016, minority investor protections have also been strengthened by barring subsidiaries from acquiring shares issued by their parent company.
- Concerning paying taxes: In 2020, Egypt will make paying taxes easier by introducing an online system for filing and payment of corporate income tax and value added tax. In 2019, it extended value added tax cash refunds to manufacturers in case of a capital investment.
- Concerning resolving insolvency: In 2019, Egypt made resolving insolvency easier by introducing the reorganization procedure, allowing debtors to initiate the reorganization procedure and granting creditors greater participation in the proceedings.

633. The CRM notes that while investor protection has been the area where there has been the most reforms over the past four years, two other areas have seen adverse changes in business facilitation. These are Registering Property in 2018 and Trading across Borders in 2017 (see Table 5.8).

634. The CRM is also pleased to note that overall, the Doing Business ranking of Egypt in recent years has progressed from 127 in 2012 to 114 in 2020. But if we compare Egypt to other countries in the region (Table 5.9), we can conclude that there are still wide margins and room for progress. Egypt is still particularly lagging behind in enforcing contracts, paying taxes and registering property:

**Table 5.9.: Doing business (2020), rankings of Egypt and other MENA countries**

Economy	Algeria	Djibouti	Egypt	Libya	Morocco	Tunisia
Ease of doing business	157	112	<b>114</b>	186	53	78
Starting a business	152	123	<b>90</b>	164	43	19
Dealing with construction permits	121	87	<b>74</b>	186	16	32
Getting electricity	102	121	<b>77</b>	142	34	63
Registering property	165	117	<b>130</b>	187	81	94
Getting credit	181	132	<b>67</b>	186	119	104
Protecting minority investors	179	103	<b>57</b>	183	37	61
Paying taxes	158	133	<b>156</b>	130	24	108
Trading across borders	172	147	<b>171</b>	129	58	90
Enforcing contracts	113	144	<b>166</b>	145	60	88
Resolving insolvency	81	44	<b>104</b>	168	73	69

*Source: Doing Business (2019/20)*

635. The CRM found that Egypt's best progress has been made in the areas of protection of minority shareholders, access to credit and access to electricity. The overall score for ease of doing business has improved, but further progress is needed, particularly to support the major public investment effort. Indeed, this effort by the State should be supported by a greater commitment from the private sector and an improvement in the business environment with greater freedom to express one's full potential without major constraints or obstacles, in compliance with the law and in a responsible manner. The stagnation in the registration of the property is being overcome by digitization of the procedures. However, paradoxically, trade across borders has become even more difficult than before. One possible explanation for this situation is that the security issue related to the neighborhood may have influenced the need for control procedures. In addition, Egypt has also opted for a form of protectionism aimed at defending its industry and in particular its SMEs.

636. The CRM also consulted the letter of intent for the Egyptian government to the IMF that asserts that to support SMEs and entrepreneurship and encourage the formalization of the private sector, the government is “working on modernizing the tax regime for SMEs, where small taxpayers would pay a reduced flat tax rate on annual recorded turnover levels. The new law was approved by the Cabinet and sent to the parliament for approval”<sup>55</sup>.

### Competitiveness Pillars in Egypt

637. The CRM considers that even if it is often criticized, the work of the World Economic Forum has the great merit of allowing comparison in time and space and of having a relatively global and more open approach than that of Doing Business. The analysis of Egypt's results in terms of global competitiveness factors shows that there has been progress on certain dimensions, and that the opportunities for progress remain significant.

**Table 5.11: Global Competitiveness pillars for Egypt**

Global Ranking	2019		2018		2017
	93/141		94/140		94/135
	Score	Rank	Score	Rank	Rank
<b>1st pillar: Institutions</b>	51.3	82	48,1	102	64
Security	67.8	102			
Social capital	40.7	137			
Checks and balances	49,2	68			
Public sector performance	47,6	88			
Transparency	35	91			
Property rights	48,8	84			
Corporate governance	61,5	63			
Future orientation of government	60	43			
<b>2nd pillar: Infrastructure</b>	73,1	52	70,5	56	71
Transport infrastructure	59,1	44			

<sup>55</sup> IMF, (2019), Fifth Review Under the Extended Arrangement Under the Extended Fund Facility—Press Release; Staff Report; And Statement by the Executive Director for the Arab Republic of Egypt, IMF Country Report No. 19/311

Utility infrastructure	87	64			
<b>3rd pillar: ICT adoption</b>	40,6	106	40,6	100	132
<b>4th pillar: Macroeconomic stability</b>	44,7	135	51,0	135	87
<b>5th pillar: Health</b>	65	104	68,9	99	100
<b>6th pillar: Skills</b>	54,22	99	52,8	99	90
Current workforce	48,5	99			
Skills of current workforce	46,3	99			
Future workforce	59,9	98			
Skills of future workforce	47,1	99			
<b>7th pillar: Product market</b>	50,7	100	48,2	121	134
Domestic competition	60	33			
Trade openness	41,5	137			
<b>8th pillar: Labor Market</b>	49,5	126	46,4	130	77
Flexibility	53,9	98			
Meritocracy and incentivization	45,1	129			
<b>9th pillar: Financial system</b>	56,1	92	52,3	99	94
Depth	29,1	100			
Stability	89,9	55			
<b>10th pillar: Market size</b>	73,6	23	72,8	24	25
<b>11th pillar: Business dynamism</b>	56,1	95	54,1	97	84
Administrative requirements	63,3	92			
Entrepreneurial culture	48,8	84			
<b>12th pillar: Innovation capability</b>	39,6	61	37,7	64	109
Interaction and diversity	46	43			
Research and development	29,8	60			
Commercialization	46,5	99			

*Source: Global competitiveness Report, World Economic Forum, (2019-2018-2017)*

638. The CRM notes that Egypt has improved its global competitiveness ranking. Given the fact that the number of countries taken into account has increased; this is considered a good result.



639. The size of the Egyptian market and the quality of its infrastructure are the main pillars of the competitiveness of its economy. They are followed by the quality of the infrastructure and the capacity for innovation. However, the lowest score is on the depth of the financial system and research and development. A more encompassing financial inclusion, and a better networking and use of Egyptian researchers based around the world can be avenues for increasing the competitiveness of Egyptian companies.
640. Egypt is evolving quite rapidly on issues of infrastructure and institutional reforms. The results in terms of changes in human resources, innovation or markets need to progress accordingly.

### **Business support structures**

641. Egypt has set up several structures and programmes to assist and support enterprises. The CRM quote in particular:
- The Federation of Egyptian Industries (FEI): It is one of the country's largest employers' associations, with 19 active industrial chambers as members, representing over 60,000 industrial enterprises out of which more than 90% belong to the private sector, accounting for more than 7 million workers and 18% of the national economy. The CRM was informed that a law was passed in May 2019, establishing the Federation of Egyptian Industries and Chambers of Industry as an independent agency and allowing self-governance. This Law also encourages private sector industrial companies to join the federation.
  - The Federation of Egyptian Chambers of Commerce is an organization of businesses and companies aiming to develop and further the interests of local companies and businesses in Egypt. Members of a Chamber of Commerce are usually international and local operating companies, such as lawyers, property developers, tourism companies, airlines, manufacturing companies, import and export businesses, banks, finance companies, legal advisors, IT and electronics

- manufacturers etc. Chambers of Commerce main activities are, among others, safeguarding business interests and sharing business experiences and business interests, contact with governments, civil society, local media and the press and organizing trade shows and events<sup>56</sup>.
- The Egyptian Junior Business Association (EJBA) is a non-governmental organization with over 650 senior and highly successful businessmen and women from different sectors. EJBA's main objectives are on business development, community development, networking and creating business match making between members<sup>57</sup>. EJBA is governed by its General Assembly of more than 600 members representing over 270,000 employees and labor workers.
  - Alexandria Business Association (ABA) is a non-governmental and non-for-profit organization based in Alexandria, aiming at Economic Development and improving the Business climate through research, advocacy and raising the efficiency of Human Resources. ABA is also an active contributor to community development and manages one of the most successful micro-finance projects<sup>58</sup>.

642. The CRM was able to meet with the Chamber of Commerce and Federation of Egyptian Industries and Chambers of Industry. It was also informed of the existence of several other structures that assist entrepreneurs and defend their interests and speak on behalf of companies.

643. The heads of the structures met by the CRM assured it that they are fully involved in the reflection and decisions concerning private companies in Egypt. One of the heads of these structures estimated that 80% of the proposals in his structure have been incorporated into the government's draft laws.

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56<https://www.chamber-commerce.net/dir/1723/Federation-of-Egyptian-Chambers-of-Commerce-in-Cairo> accessed 20/12/2019

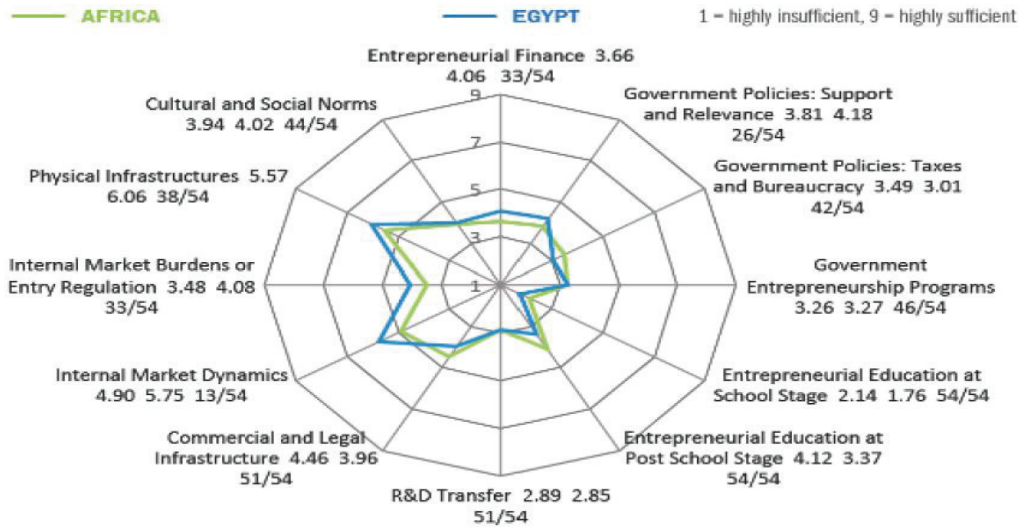
57<https://arab.org/directory/egyptian-junior-business-association/> , accessed 20/12/2019

58<https://aba.org.eg/who-we-are/association/> , accessed 20/12/2019

## **Entrepreneurship in Egypt**

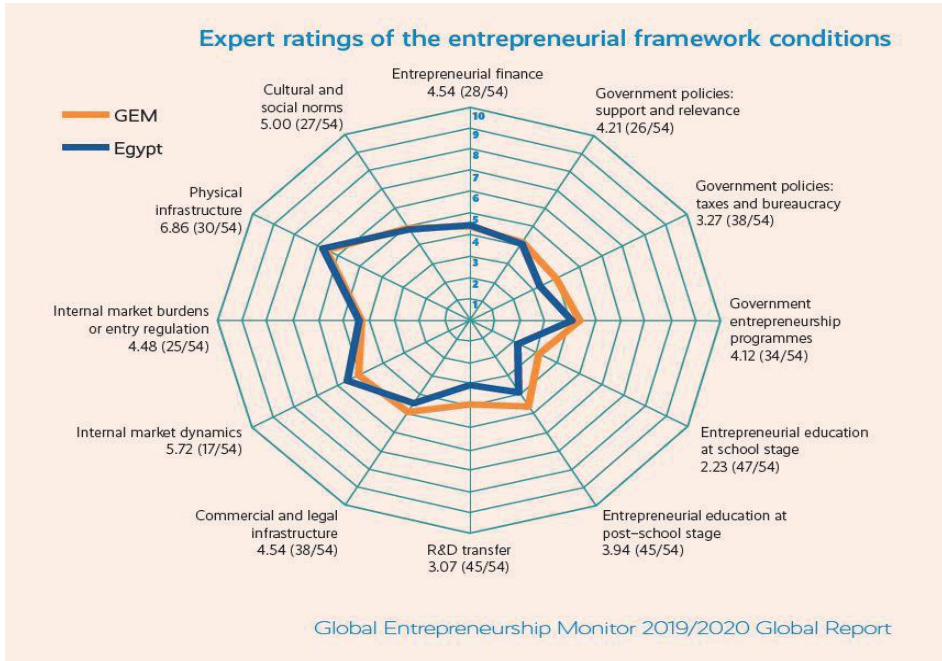
644. The CRM was informed that with the decision to limit recruitment to the civil service, Egyptian youth, who are increasingly holding higher degrees, are being encouraged to launch projects and to become job creators for other young people themselves. CRM considers that the issue of entrepreneurship is of great importance both economically in terms of wealth creation and the provision of services for large national companies, as well as socially, to absorb the young people who are entering the labor market and who are increasingly demanding decent living conditions.
645. The Global Entrepreneurship monitor report (2017) shows that the dimensions where Egypt performs better than the world average are those of internal market dynamics (ranking 13/54) and government policies (ranking 26/54). Compared to other African countries, Egypt benefits from better physical infrastructure, better internal market dynamics, better financing and better government policies in terms of support and assistance. In the Global Entrepreneurship monitor report (2019/2020), Egypt showed improvement in its ranking in several dimensions than of 2017, for example: Egypt's rank improved in "Culture and Social Norms" from 44 (2017) to 27 (2019/2020); in "Entrepreneurial Finance" from 33 (2017) to 28 (2019/2020); in "Taxes and Bureaucracy" from 42 (2017) to 38 (2019/2020); in "Government Entrepreneurship Programs" from 46 (2017) to 34 (2019/2020); in "Entrepreneurial Education at school stage" from 54 (2017) to 47 (2019/2020); in "Entrepreneurial Education at Post school stage" from 54 (2017) to 45 (2019/2020); in "R&D Transfer" from 51 (2017) to 45 (2019/2020); in "Commercial and Legal Infrastructure" from 51 (2017) to 38 (2019/2020); in "Internal Market Burdens or Entry Regulation" from 33 (2017) to 25 (2019/2020); in "Physical Infrastructure" from 38 (2017) to 30 (2019/2020).

**Figure 5.2A: Experts' Ratings of the Entrepreneurial Ecosystem in Egypt vs. Africa (2017)**



*Source: GEM Global Report, 2017/18*

**Figure 5.2B: Expert Ratings of the Entrepreneurial Framework Conditions - Egypt (2019/2020)**



646. When comparing Egypt to other neighboring countries, we found that young Egyptians are the ones who believe most in entrepreneurship as a good career choice and that they are also the ones who are most likely to give a high status to successful entrepreneurs.
647. Clearly, between these values and attitudes of young Egyptians, and the characteristics of the entrepreneurial eco-system, there is a contradiction with regards to the entrepreneurial potential of young Egyptians.

**Table 5.12: Societal values about entrepreneurship in Arab countries**

	<b>Entrepreneurship as a good career choice (% of adult population)</b>	<b>High status to successful entrepreneurs (% of adult population)</b>	<b>Media attention for entrepreneurship (% of adult population)</b>
<b>Egypt</b>	83.4*	87.1	62.1
<b>Iran</b>	52.4	80.5	57.9
<b>Jordan</b>	73.5	82.3	74.7
<b>Morocco</b>	79.3	58.7	60.7
<b>Qatar</b>	71.2	80.4	66.7
<b>Saudi Arabia</b>	81.3	78.7	75.9
<b>Tunisia (2015)</b>	71.1	72.1	48.3
<b>UAE</b>	75.1	82.3	83.8
<b>Average (MENA)</b>	<b>73.4</b>	<b>77.8</b>	<b>66.3</b>

Source: ITU (2019)

### **Business incubators and accelerators in Egypt**

648. The CRM was able to consult a recent study which identified 47 institutions intervening as business incubator or accelerator. These organizations have been classified into five types<sup>59</sup>:
- Government hosted/managed: these institutions usually provide business trainings, space, maker labs, internet and

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<sup>59</sup> CEDARE, (2017), REPORT Sustainable Incubators and Accelerators in Egypt for E-Waste Recycling

networking and in some cases seed funds. Fully funded by the government, they provide free services and can enter into partnerships under the umbrella and approval of line Ministries.

- University hosted/initiated: With the exception of one of them, they exclusively target their students and provide physical space and training. Usually, even if there is an external funder to support their activities, each model differs from one university to another.
- Private sector/ for profit: These institutions provide co-working space, equipment, internet access, customized trainings and seed money in case they have a venture capital arm. At least these institutions cover operational cost via moderate fees for the services they offer to donors/ sponsors.
- NGO hosted/ managed: Funded by a donor or the NGO itself, or a consortium of partners. These structures have similar models to the private sector- and government-hosted incubators and provide training, pre-incubation programs and networking services.
- Other: This category includes incubation programs based on annual competition or round. It deals with initiatives and international branches of incubators and/or ones that operate in Egypt but are headquartered in another country.

649. The CRM subscribe to the conclusion of an important study on the innovation ecosystem in Arab countries, which shows that for Egypt, where there has been an important boost in the number of startups and startup incubators in the last decade with increased female participation, the digital shift is still yet to come. One obstacle for digital innovation is that “penetration of the internet is not very high, although growing particularly in rural areas. Furthermore, the country’s Internet and mobile infrastructure require major quality improvements. More entrepreneurship programs and activities to nurture an entrepreneurial spirit and provide potential entrepreneurs with the right tools and methodologies to take their ideas to the next level and launch their startups are needed. Lifelong-learning

courses related to soft-skills like openness, critical thinking, innovation, inclusiveness, being responsible, forward thinking and moving from the traditional and the predictive mindset into the unconventional, exploratory, discovery and the uncertain creative out-of-the-box approach are also recommended”<sup>60</sup>.

### **Women and business: entrepreneurship and glass ceiling**

650. The CRM was able to meet with several stakeholders who presented the national programs for Egyptian women and affirmed to it the political will to develop their status. The CRM also noted the important place given to Egyptian women in the government and in the highest levels of administration. Yet, the presence of women in the private sector remains below global averages. A situation all the more paradoxical as, according to several stakeholders interviewed, Egyptian women are often more educated and more competent than men in several fields. For that reason, The Women on Board’s Observatory a specialized observatory under the Egyptian Women’s Observatory (ENOW) was established. It collects data about women on boards of financial companies, exchange stock, banking sector & public enterprises & serves as an incentive tool for private sector and financial & banking sector companies to increase the number of women on boards of their organizations.

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60 ITU, (2019), Entrepreneurship and Innovation Ecosystem in 22 Arab countries: the Status Quo, Impediments and the Ways Forward



**Table 5.14: Entrepreneurship and Women's employment**

Economy	All	Sub-Saharan Africa	MENA	Egypt. (2013)	Egypt. (2016)
Percent of firms with female participation in ownership	35.7	29.6	24.8	16.1	17.8
Percent of firms with majority female ownership	14.3	12.3	3.5	3.9	2.4
Percent of firms with a female top manager	18.1	15.4	5.9	7.1	4.9
Proportion of permanent full-time workers that are female (%)	32.9	28.2	19.6	11.8	13.4
Proportion of permanent full-time production workers that are female (%)*	25.8	19	14.7	10	9.5
Proportion of permanent full-time non-production workers that are female (%)*	35.8	29.4	19.7	11.2	9.5

*Source: Enterprise Survey, (World Bank)*

651. The above table shows that Egyptian women are less likely to have access to positions of ownership in the private sector than their counterparts in Africa or the MENA region. The CRM believes that the government and the private sector should continue to implement the strategy to promote women in business skills, and their contribution in the country's development.

### **The State military industrial institutions (SMIIs) economic role**

652. The stakeholders met by the CRM explained to it the current role of the State military industrial institutions (SMIIs) through the need for a rapid and effective recovery of the economy. Indeed, the near collapse of the Egyptian State under the Islamist government, the flight of national and international investors and the bureaucratic and legal burdens associated with laws that date back, some of them from King Farouk, have led the State to resort to a "fast-track procedure" to carry out major projects that aim to transform Egypt's development and infrastructure.

653. According to the private sector representative met by the CRM, the SMIs play the role of project manager and supervise some projects that are entrusted to private or public companies. Even if it benefits from very low production costs, it only very rarely intervenes in the execution of these projects. Access to these projects would be in compliance with the law and the principle of competition and efficiency.
654. For the time being, and on a strictly economic level, it is worth pointing out that Egypt is performing quite well economically thanks to a sound cooperation between the private, the public and the military sectors
655. The SMIs are a national locomotive capable of driving the economy and serving the whole nation, be it the private, or the public sector, as well as all economic actors without discrimination or distinction, also surrounded by rules of transparency and good governance that allow for the proper separation of powers and the pursuit of the public interest.

### **The Informal sector**

656. The African Development Bank assesses the importance of the Egyptian informal sector at 37 % to 68 % of the economy<sup>61</sup>. This sector competes and has a crowding out effect on the formal sector as illustrated in the following table:

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61Jacob Kolster, 'Addressing informality in Egypt,' Working Paper: North Africa Policy Series, Africa Development Bank (2016). [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Working\\_paper\\_-\\_Addressing\\_informality\\_in\\_Egypt.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Working_paper_-_Addressing_informality_in_Egypt.pdf)

**Table 5.15: Informal sector competition**

<b>Economy</b>	<b>All</b>	<b>MENA</b>	<b>Sub-Saharan Africa</b>	<b>Egypt. 2013</b>	<b>Egypt. 2016</b>
Percent of firms competing against unregistered or informal firms	53.3	39.6	66.7	47.9	43
Percent of firms formally registered when they started operations in the country	88.4	87.6	83.7	91.6	91.4
Number of years firm operated without formal registration	0.7	1	0.7	0.3	0.4
Percent of firms identifying practices of competitors in the informal sector as a major constraint	28.5	26.2	39.1	32.6	22.7

*Source: Enterprise Survey, (World Bank)*

657. The CRM considers that the informal sector allows the livelihoods of many workers who cannot integrate into the formal economy. It is therefore a short-term solution to labor absorption and for a gradual adaptation to the procedures by the State to be able to exercise trade. But the informal sector can also be a field of action for illegal activities and a source of unfair competition for SMEs that fulfil their duties towards the State and the community. The CRM considers that implementing five courses of actions will gradually formalize such "non-regular" activities:

- The simplification of administrative procedures and making the costs of taxation and registration more affordable;
- Informing economic actors about the advantages of a transition from informal to formal;
- Promoting the State information and targeting system for beneficiaries of State aid;

- Attempts to minimize liquid monetary transactions;
- Programs to combat illiteracy (especially among women).

### **Big companies and training effects.**

658. Egypt has several large companies that are truly national champions of a regional or international stature. These companies should have a knock-on effect on the whole economy and in particular on local SMEs.

### **State-Owned Enterprises**

659. The economic history of modern Egypt is punctuated by that of its public enterprises. Considered the instrument of independence and development, and of the enhancement of natural wealth, public enterprises were an extension of the state. This first phase in the economic and political history of the Egyptian public enterprise was marked by the Law no. 61 for 1963 on the regulation of public entities.

660. Criticized during the liberal turn and on the occasion of structural adjustment policies, the Egyptian public enterprise was considered, from the 1980s, as being one of the main obstacles to economic development, the embodiment of bureaucracy, waste and losses and bad governance. Accompanied and prepared by the Law of Public Sector Company's No. 203 of 1991, the wind of privatizations, at that time, was the subject to resistance due to lack of transparency and consistency.

661. The main law governing State-owned enterprises in Egypt is the Law of Public Sector Company's No. 203 of 1991 which is aimed at "the liberation of the public business sector from any restrictions that may hinder its ability to compete with the private sector". This law "set forth a regime that is close to that of private sector corporations for their day-to-day operations, including the establishment of a board of directors, as well as control and reporting mechanisms".

662. In 2011, the number of public enterprises was estimated by the World Bank at 300 (52 economic entities, 102 service entities, and 146 State-owned enterprises that are affiliated with nine holding companies) and the average number of employees per enterprise at 2833.

**Table 5.16: SOEs in Egypt**

Egypt has about 260 public enterprises operating under different regulatory regimes. They fall under four broad categories:

- Economic entities (52) and service entities (102). Economic entities are 100% owned by the Government, operate on a commercial basis, and have their own budget and law. Economic entities cannot adjust their prices without Government permission. Service entities depend on recapitalization or operate on a subsidized business model.
- Public business sector companies under specific Ministries. These companies, which include the Egypt Electricity Holding Company (EEHC) and the Egyptian Company for Water and Wastewater, are 100 percent controlled by the State and operate under the supervision of line Ministries. These are mainly companies considered “strategic” in sectors such as electricity, telecom, aviation, banking, housing, and petroleum.
- Public business sector companies under the Ministry of Investment. This category includes most agricultural, textile, chemical industry, mining industry, transport, construction, tourism, pharmaceutical, and food processing holdings as well as the Egyptian Natural Gas Holding Company (EGAS). These holdings fall under Law 203 of 1991 on corporations. A relatively large series of what were formerly “Government units” have been corporatized under that new law as part of the privatization effort. This law puts forth a regime that is close to the private sector corporations in their day-to-day operations, including the establishment of a board of directors as well as control and reporting mechanisms.
- Private business corporations with State participation. Both the Ministry of Investment and line Ministries may hold stakes in the

capital of private sector corporations, for example, in the form of joint ventures.

For some Ministries, holding companies have established groups of 10–25 State -owned enterprises (SOEs) or public companies.

The Prime Minister appoints the board of directors of the holding companies and their general assemblies, and the Minister of investment, heads the General Assembly.

The shareholders' meetings of holding companies are chaired by the Minister and attended by the board of directors. In affiliating SOEs, the shareholders' meeting is headed by the chair of the holding company board and attended by board members of the holding company. Up to four board members are selected by the holding company shareholders at their meeting. Shareholders' meetings approve board reports, distribution of profits, and continuation or dismissal of the chair and directors. As a result of privatization, a certain number of Law 203 SOEs have private sector shareholders.

SOEs that are 25% or more owned by the public sector are required by this Law to be externally audited by Government agencies. Companies are not required to hire private external auditors, and are required to submit quarterly performance reports and an annual report to the holding company.

Most holding companies have developed a range of other internal monitoring mechanisms.

The CRM has been informed that the Egyptian Ministry in charge of public enterprises has developed a strategy based on the distinction between three groups of SOE's:

- The first group is made up of the companies with the largest losses. These are 121 companies (with a total number of employees of 214,000 workers). The first phase of the reform will focus on 26 companies with the largest losses (90% of the sector's total losses). The restructuring will take place through one of five options: a

complete modernization of the factories; a complete modernization with the entry of a technical partner; significant refinancing for businesses that still have an economic interest or a partial or total closure for businesses whose studies demonstrate the economic futility of investing more.

- The second group is made up of companies that make profits and are characterized by their reasonable profitability and their ability to go public. These IPOs would, on the one hand, activate the stock market and provide the necessary liquidity to finance development, and on the other hand, increase the participation of the private sector in property and boards of directors and thus benefit from its expertise in the development of these companies. The affiliates of the Ministry, which will be offered on the stock market during the current year, have already been identified.
  - The third group is made up of companies that make profits that are lower than their potential and capacity and that could be better exploited. These companies are concentrated in three sectors: (1) insurance. (2) Tourism and hospitality, (3) building and construction. It will involve implementing sectoral strategies, merging certain companies (notably in the building sector) and developing strategic development plans.
663. The financial reform plan for businesses is based on the payment of debts thanks to the many untapped assets that have been identified.
664. The government announced a five-year program to open-up SOE's capital to private investors. This is intended to "redeploying Egypt's public assets to their most productive use by widening the ownership base, enhancing transparency and corporate governance, improving financial management, diversifying investment sources, and attracting new investments that can enhance market capitalization". In 2019/2020, this program is to begin with four to six companies intended to be divested. For the next three years, the government planned to divest stakes in at least 23 SOEs.

665. The CRM was informed that as part of the program aiming to reform and restructure public enterprises with a view to offering some of them for investment by the private sector, Egypt's cabinet set up a fund to finance their development. The new fund will “contribute to settling the public business sector’s debts to the banking system, provide the necessary financing for the administrative and technical reform of these companies and contribute to the removal of financial bottlenecks”. The fund will be managed by a committee headed by the public enterprises Minister and include members from the State Council, Finance Ministry, the National Investment Bank and the chairman of any holding company that the fund develops.

666. The CRM believes that with the new Constitution, reforms, and new ambitions for Egypt, an overhaul of the legislative framework that governs these companies in order to get closer to international standards in terms of governance is to accompany the financial effort of the State to restructure these companies.

**Strengths and weaknesses in the production process of Egyptian companies.**

**Table 5.17: Some enterprises’ performance indicators**

Economy	All	Middle East & North Africa	Sub-Saharan Africa	Egypt, (2013)	Egypt (2016)
Capacity utilization (%)*	72.4	67.8	70.4	72.3	66.3
Real annual sales growth (%)	1.8	-5.3	2.6	-12.2	5.7
Annual employment growth (%)	4.7	2.4	6.7	-1.3	-0.6
Real annual labor productivity growth (%)	-2.3	-6.8	-3	-11	5.1
Percent of firms buying fixed assets	41.8	36.7	40.9	14.2	14.8

*Source: Enterprise Survey, (World Bank)*



667. Table 5.17 above shows that the use of production capacity by Egyptian companies is lower than the world average and that of countries in neighboring regions (MENA and Sub Saharan Africa). This is offset by a relatively strong recovery and growth in sales as well as by an equally significant growth in labor productivity.
668. The CRM considers that Egypt's work on a better exploitation of existing production capacities and that the low percentage of companies buying fixed assets could be a sign of flexibility, but could also affect the sustainability of current satisfactory results of the Egyptian economy.

### **Competition regulation and Markets' functioning**

669. Having been constitutionalized, Egypt's transition to a market economy poses challenges in terms of regulating competition, defending the interests of small businesses and protecting consumers.
670. The Egyptian Competition Authority (ECA) was created by virtue of Law No. 3 of 2005 regarding the Protection of Competition and Prohibition of Monopolistic Practices (the Egyptian Competition Law ('ECL')) as an independent body affiliated with the Prime Minister. The ECA is mandated to act as the administrative body responsible for safeguarding a climate in which competitors have equal opportunities to compete in all economic sectors. The ECL was amended several times by Law No.190/2008, Law No. 193/2008, and Law No. 56/2014 granting the ECA additional powers to investigate anti-competitive practices. According to its report (2016-2017), the ECA has changed 60% of its legislation over the past two years.
671. In 2018 and 2019, four new regulations consolidated consumer rights and better organized competition in Egypt:
- Law No. 15 of 2019 was issued, amending certain provisions of Egyptian competition law. The amendments seek to enable

the Council of Ministers to fix the prices of "essential products" for a specific period of time

- Consumer Protection Law (181 of 2018) gives consumers the right to exchange a product within 14 days without giving a reason and the right to exchange or return a product within 30 days of its purchase if the product is flawed. Suppliers are obligated to label their products and prices in Arabic. Violations may result in fines, restitution, compensation or jail time.
- Amendments to the Antitrust Law (passed in April 2019): Grants the Egyptian Competition Authority jurisdiction to investigate potentially anti-competitive practices.
- A new merger notification form and guidelines were introduced by the Egyptian Competition Authority. This new notification form is more detailed and wider in scope than its predecessor. It also introduces the requirement of notification in circumstances of a change in control.

672. The CRM was informed that the government has prepared a new ECA law which would strengthen the independence of this Authority, enforce its decisions and enhance its accountability through greater transparency<sup>62</sup>.

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62 In the letter of intent to the IMF, signed in July 10, 2019 by the Minister of Finance and the Governor of Central Bank, it is stated that the new law will (a) ensure that the ECA reports directly to the Prime Minister and is independent from any Minister to avoid conflict of interest; (b) provide the ECA with administrative fining powers eliminate the representation of the government and increase the representation of the judiciary and the technical experts in the ECA's board of directors; (c) issue implementing regulations to Article 15 (3) giving the ECA independence in hiring; (d) establish clear criteria for assessing the performance of the ECA and its chairperson; (e) strengthen the transparency of ECA's operations by requiring it to (i) publish motivated decisions together with a non-confidential versions of the case files (including the investigation report and the parties submissions) and market studies, (ii) introduce a referencing system for all board decisions, and (iii) update its web site to include non-confidential versions of all previous and future cases and

673. The CRM considers that while the ECA is smoothing the Egyptian transition to a market economy in compliance with the sound rules of fair competition, the aim is to combat anti-competitive behavior; to avoid monopolistic situations and to facilitate mobility within and between markets. The role of the ECA is that of balancing the interests of small enterprises, those of large enterprises, those of the State (particularly in terms of tax collection) and those of consumers.
674. Market inquiries in Egypt are usually focused on strategic markets such as cement, steel and sugar. The ECA has expressed concerns regarding the pharmaceutical sector in Egypt, as it seems that the ECA has noted several potential antitrust violations. More recently, the ECA has also announced a study in the IT sector and clearly expressed that the sector will be under special focus in the coming period. Recent evidence relied on by the ECA led to the prosecution of 70 companies allegedly involved in anti-competitive conduct in the cement market. The ECA and the COMESA Competition Commission regularly engage with each other in matters of mutual interest<sup>63</sup>.
675. A Mergers and Acquisitions control is to be reinforced and debate is still ongoing regarding further proposed amendments to the Law. Egypt does not currently have a law that allows or empowers the Egyptian Competition Authority to review, approve or disapprove mergers whether prior to or following their completion.

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decisions with supporting analyses; the regulation clarifying procedures and conditions to receive exemptions from the prohibitions of the competition law; the guidelines to calculate fines and settlements; the guidelines to grant leniency on cartel cases; and the methodology to identify and remove barriers to competition in legislation, policies, or decrees which negatively affect competition.

63 Baker McKenzie, (2019), *An Overview of Competition and Antitrust Regulations in Africa*, Johannesburg

676. The ECA screens the whole supply chain “for inspecting any market” and is mandated to “safeguard a climate in which competitors have equal opportunities to compete in all economic sectors.”<sup>64</sup>
677. The CRM has been informed that many associations are also involved in consumer protection, including the Egyptian Consumer Protection Agency.
678. Finally, the CRM was informed of the difficulties faced by companies in controlling their image and communication on social networks. Rumours and attacks from hidden or unknown sources destroy the image of some companies and confidence in the markets. The State has developed a strategy to counter rumours, and the CRM believes that this requires coordinated action by all the countries of the world and that the private sector must organize itself to avoid attacks that are detrimental to the economy.

### **Logistical issues and transaction costs**

679. At the crossroads of the Arab world and Africa, in the heart of the Mediterranean and at the gateway to the Middle East, the Arab Republic of Egypt enjoys a very important geostrategic position. The CRM considers that this position cannot be fully exploited without efficient logistics.
680. The logistics performance index shows that Egypt has made great progress in this area. In about ten years, it has moved up 30 places in the world ranking. This performance is all the more important when the country's geographical specificities are taken into account.

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64 Khaled Attia and Nada Abouelseoud, (2019) The Egyptian Competition Authority: A New Approach in Light of a New Economic Strategy, Al Tamimi & Company, <https://www.lexology.com/library/detail.aspx?g=63944fcb-3930-4d6d-a452-6ab61580b3b0> accessed 18/12/2019

**Table 5.18: Egypt's logistics performance (LPI)**

Year	2018	2016	2014	2012	2010	2007
<b>LPI Rank</b>	67	49	62	57	92	97
<b>LPI Score/7</b>	2.82	3.18	2.97	2.98	2.61	2.37
<b>Customs Rank</b>	77	65	57	69	122	122
<b>Customs Score/7</b>	2.60	2.75	2.85	2.60	2.11	2.08
<b>Infrastructure Rank</b>	58	50	60	45	106	121
<b>Infrastructure Score/7</b>	2.82	3.07	2.86	3.07	2.22	2.00
<b>International shipments Rank</b>	73	45	77	51	110	111
<b>International shipments Score/7</b>	2.79	3.27	2.87	3.00	2.56	2.33
<b>Logistics competence Rank</b>	63	43	58	50	54	95
<b>Logistics competence Score/7</b>	2.82	3.20	2.99	2.95	2.87	2.38
<b>Tracking &amp; tracing Rank</b>	89	54	43	66	101	72
<b>Tracking &amp; tracing Score/7</b>	2.72	3.15	3.23	2.86	2.56	2.62
<b>Timeliness Rank</b>	74	48	99	64	81	96
<b>Timeliness Score/7</b>	3.19	3.63	2.99	3.39	3.31	2.85

*Source: Logistics Performance Index (The World Bank)*

681. Egypt is better than the average of the countries of the two reference regions (MENA and sub-Saharan Africa), although it comes behind the top-ranked country in the region. It is in terms of the dimensions Tracking & tracing, Timeliness and Customs that the country will have to make the most effort.

**Table 5.19: Logistic performance comparison between Egypt, best performer in the region and other regions in the Word (2018)**

Country	United Arab Emirates	Region: MENA	Region: Sub-Saharan Africa	Egypt, Arab Rep.
<b>LPI Rank</b>	11			67
<b>LPI Score/7</b>	3.96	2.78	2.45	2.82
<b>Customs Rank</b>	15			77
<b>Customs Score/7</b>	3.63	2.54	2.27	2.60
<b>Infrastructure Rank</b>	10			58

<b>Infrastructure Score/7</b>	4.02	2.76	2.20	2.82
<b>International shipments Rank</b>	5			73
<b>International shipments Score/7</b>	3.85	2.73	2.52	2.79
<b>Logistics competence Rank</b>	13			63
<b>Logistics competence Score/7</b>	3.92	2.68	2.39	2.82
<b>Tracking &amp; tracing Rank</b>	13			89
<b>Tracking&amp; tracing Score/7</b>	3.96	2.79	2.50	2.72
<b>Timeliness Rank</b>	4			74
<b>Timeliness Score/7</b>	4.38	3.19	2.77	3.19

*Source: Logistics Performance Index (The World Bank)*

682. CRM thinks also that if we compare these results with the progress made in the quality of road and rail infrastructure, we realize that Egypt will, in the coming years, do much better.

**Table 5.20: Quality of roads and railroad infrastructure 1(low) - 7(high)**

	Quality of Roads		Quality of railroad infrastructure	
	Ranking	Scores	Ranking	Score
<b>2019</b>	29	5,1	45	3,8
<b>2018</b>	43	4,5	58	3,6
<b>2017</b>	76	3,9	51	3,3
<b>2016</b>	108	3	73	2,6
<b>2015</b>	110	3,04	70	2,61
<b>2014</b>	118	2,87	77	2,36
<b>2013</b>	122	2,74	63	2,73

*Source: World Economic Forum*

## **E-commerce and E-Payment law in Egypt**

683. Egypt has undertaken reforms to promote e-administration, to develop and to integrate databases and Government to Government (G to G) exchanges. The CRM notes that according to the UNCTAD figures in 2018, Egypt was behind compared to some African countries. Nevertheless, the development of this type of trade seems, in the current State of Egypt's technology and capacities, is quite possible and it should have the particular advantage of limiting monetary circulation and better controlling informal or parallel channels.
684. The UNCTAD world e-commerce index in 2018 has ranked Egypt 113 in the World and 18 in Africa. This score was weak on postal reliability and share of individuals with an account. Egypt should continue to enhance both financial and electronic inclusion.

**Table 5.21: E-commerce in Egypt.**

	Economy	Share of individuals using the Internet (2017 or latest)	Share of individuals with an account (15+, 2017 or latest)	Secure Internet servers (normalized ) (2017)	UPU postal reliability score (2017 or latest)	Index value (2017 data)	Index value change (2016-17 data)	World Rank
1	Mauritius	55	90	56	66	66.9	-7.2	55
2	Nigeria	42	40	52	85	54.7	5.5	75
3	South Africa	59	69	83	0	52.9	-1.9	77
4	Tunisia	56	37	51	63	51.7	2.1	79
5	Morocco	62	29	54	59	50.9	NA	81
6	Ghana	39	58	45	53	48.8	7.6	85
7	Kenya	39	82	37	27	46.2	3.7	89
8	Uganda	17	59	31	58	41.5	-3.2	99
9	Botswana	47	51	41	26	41.4	0.1	100
10	Cameroon	23	35	25	78	40.3	3.6	101
11	Namibia	31	81	46	0	39.5	-4.9	103
12	Gabon	62	59	34	0	38.9	5.1	104
13	Libya	20	66	64	0	37.6	NA	107
14	Senegal	46	42	24	34	36.8	4.5	108
15	Zimbabwe	31	55	34	26	36.7	1.2	109
16	United Republic of Tanzania	25	47	32	42	36.5	8.0	110
17	Algeria	43	43	41	18	36.3	0.5	111
18	Egypt	45	33	36	23	34.4	2.3	113
19	Rwanda	20	50	31	30	32.7	-5.1	116
20	Djibouti	13	12	32	20	30.2	13.5	119
21	Togo	12	45	19	41	29.6	-2.3	121

*Source: UNCTAD, 2018<sup>65</sup>*

685. In this regard, the CRM notes with satisfaction the passing of a new Law (18 of 2019), making it mandatory for government and private sector entities to pay subsidiaries, suppliers and contractors electronically. This law also requires electronic payment for taxes and customs payments, as well as subscriptions to IPOs, investment funds and share purchases. The enforcement of this law should come from a penalty (equivalent to 2-10% of the total payment, up to LE 1 million) that violators will pay in case of abuse and for the implementation in May 2019 a new electronic billing and tax payment platform was implemented through which companies pay taxes.

65 UN, (2018); UNCTAD B2C E-Commerce Index 2018 Focus on Africa



## Public procurement

686. In a recent study comparing the quality of national public procurement laws and the quality of local procurement practice in the entire EBRD region and SEMED countries, Egypt has been ranked 28 out of 33<sup>66</sup>. This study notes that the Egyptian Public Procurement Law (PPL) is based on the principles of fair competition and non-discrimination. However, “it does allow for domestic preferences, with a price preference of up to 15 per cent for Egyptian tenders or tenders offering domestic goods and services permitted”.
687. The CRM was informed that a new Public Procurement Law was approved by Parliament in July 2018 and signed into law by the President on 3 October 2018. This law aims to:
- Align procurement procedures with international best practices, based on the fundamental principles of transparency, fairness and open competition, and sound management of procedures.
  - Standardize rules, procedures and documentation requirements for public procurement to encourage broad private sector participation,
  - Establish a clear and robust framework for the resolution of complaints.
  - Standardize the regulatory framework that will apply to all tenders by government entities (including local authorities and public enterprises).
688. The CRM was informed that Egypt has also launched a single e-procurement portal, which will gradually replace the paper-based procurement system to manage all procurement (tender announcements, bids, contract awards, performance reporting)

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66 EBRD, (2013), Public Procurement Sector Assessment Review of laws and practice in the SEMED region

online. The portal will, inter alia, provide access to all relevant documents.

### **Micro, Small and Medium Enterprises (MSME) Finance**

689. The CRM was informed of the efforts of the State and the Central Bank of Egypt to improve access to bank financing for SMEs. Thus:

- In January 2016, the CBE mandated that by 2020, at least 20% of commercial bank loan portfolios be directed towards SME lending as part of an LE 200 billion SME fund. In February 2017 updates, the CBE set below-market interest rates for SME loans at 5% until January 2020.
- In May 2019, the CBE set the relative risk of banks' investments in these equity funds at 0%, provided the investments meet certain requirements.
- In June 2019, the CBE licensed Egypt's first SME finance institution, which will offer USD 200 million in funding to banks.

690. The CRM considers these efforts to be a step in the right direction. Nevertheless, and as shown in the following table, the role of banks in corporate finance has remained small compared to what is being done in countries in the region and compared to the global average.

691. As an example, in 2016, the percentage of firms whose loan application was rejected is 20.9 (compared to 10.9 as a world average for the same year). In 2016 also, the proportion of working Egyptian capital financed by banks was 0.9% compared to 11.9 as world average, and the percent of firms with a bank loan/line credit was 6.6 % (compared to 33.7% as world average).

692. The issue of financial inclusion is confirmed by Egypt results on the Global Findex Database of the World Bank. For 2017 and compared to 2014 and 2011 Egyptian results, this database shows a rapid improvement in terms of having an account, borrowing money (from family or friends), credit card

ownership and having financial institution accounts, but a relative stagnation in terms of borrowing from a financial institution.

693. The issue of micro finance and financial inclusion led the CBE to launch (in May 2017) a LE 30 billion microfinance initiative targeting 10 million beneficiaries over four years, allowing microfinance loans to count toward banks' 20% quota for MSME funding. Also, in May 2019, the FRA announced it would introduce amendments to the Microfinance Law 141 of 2014 to include SME financing. This would mean all stipulations aimed at regulating microfinance activity—including articles pertaining to lenders' technical and risk management capabilities—would apply to SME lenders.
694. The CRM considers that several courses of action could improve the access of SMEs to bank financing:
- Improving literacy in general and financial literacy in particular;
  - Better communication on banking services;
  - Increasing the number of bank branches and motivating them to deal with SMEs;
  - Continue the policy of lowering rates;
  - Further develop Islamic finance;
  - Continue the policy of de-cashing.
  - Continue to develop the strategy for accompanying microenterprises.
  - Continue to promote the social and solidarity economy sector.

## **Regulating Financial Leasing and Factoring Activities**

695. The CRM was informed that Egypt passed a law (176 of 2018) to regulate the financial leasing and factoring activities. This law provides new instruments to finance projects and should improve access to financing options for companies, especially MSMEs. A period of six months had been given to existing financial leasing and factoring companies to adapt to the law's provisions.

## **Financial markets mobilization and regulation**

696. After reaching new peaks, the Egyptian stock market witnessed a stagnation period. This was explained by the fact that the State had announced the listing of 23 of its companies on the stock exchange, before introducing only one company. In addition, the expectations of regional investors also link to the announcement of the introduction of firm ARAMCO on the Saudi market and have triggered investor expectations and a lack of liquidity in the markets.

697. An amendment to the capital market law has been passed in 2018 (Law 17 of 2018) aiming to give more opportunities for the capital market actors and to foster competitiveness and financial inclusion.

698. This amendment allows for (Amcham, 2018)<sup>67</sup>:

- A framework for companies and the government to issue sukuk (Islamic bonds).
- Trading of futures contracts and the opening of an exchange for futures.
- The establishment of a commodities exchange as well as privately owned stock exchanges.

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<sup>67</sup> Egypt Business Digest (2018), <https://www.amcham.org.eg/publications/egypt-business-climate>

- Reduced listing fees to 0.002% of the value of the financial instrument or stock to encourage smaller companies to list.
- A federation of non-banking financial companies similar to the Federation of Egyptian Banks.

## **Recommendations**

699. The APR Panel recommends the following:

- GOE continue to ensure that all companies with public participation hire private external auditors and that the functioning of the board and general assembly of these companies follow corporate governance principles as defined in the Egyptian code (Government).
- Update and adapt Law No. 203 of 1991 on public entities to make it more compatible with the new Constitution and the principles of good governance as described in the Egyptian Corporate Governance Code. (Government)
- Accelerate the strategy for de-cashing (CBE, Government).
- Continue to enhance the strategy for the promotion and supervision of the social and solidarity economy (Government, private sector).
- Continue to promote “Doing Business” criteria to facilitate investment and enterprises development notably by facilitating trading across borders and simplifying the process of obtaining and processing documents as well as the efforts to streamline the business environment, reduce administrative burden for investing, trading and developing business (Government, private sector).
- Promote education to entrepreneurship in line with positioning Egypt as a regional hub for entrepreneurship and innovation<sup>68</sup> (Government, private sector, civil society).

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<sup>68</sup> This recommendation has been presented by the GEM Egypt National Report 2017/18. The CRM endorse this proposition.

- Launch a program to promote women's access to decision-making positions in private companies and reinforce the efforts to improve the availability of public nurseries and other facilities to enhance the ability of women to actively seek jobs.
- Consider joining the WTO Agreement on Government Procurement as an instrument for the efficient public procurement tool in infrastructure projects (Government).
- Enhance the structure and mechanism to help family businesses (private sector, Government).

**Objective 2: Ensure effective leadership and accountability of organizations**

**CSAR Summary**

700. The constitutional right of access to Information: The CSAR states that articles (27) and (68) of the Constitution stipulates that the economic system shall adhere to transparency and good governance standards.
701. Corporate Governance and Accountability in Law: In Egypt, the laws and mechanisms regulating the work of the organizations' boards of directors vary in different sectors whether private, governmental or non-profit.
702. The Egyptian law stipulates that all companies operating in Egypt must comply with the following:
- Transparency and disclosure in financial and non-financial issues so as to strengthen communication and cooperation between the owners and the management.
  - Accountability in the relationship between the executive management and the board of directors, between the boards and the shareholders, between the board and other relevant parties

- Equality and integrity in dealing with shareholders and other stakeholders
  - Explicit separation of responsibilities and the delegation of authority
703. Produced by the Egyptian Financial Supervisory Authority (EFSA), the accountability mechanisms in the Egyptian Corporate Governance Guidelines define a selection of information and tools through which companies disclose their data.
704. The accountability mechanisms of companies are both internal and external. Internal accountability takes place through the General Assembly and shareholders and is represented in the power to hold the board of directors accountable for the outcomes of its actions, according to the Companies Law No. 159/1981. External accountability is represented in the application of penalties set forth under the Companies Law in case of violations. Such penalties range from fine to imprisonment as the case maybe.
705. Corporate Governance: a mandatory and voluntary approach: The CSAR states that the Egyptian government has adopted a framework that combines mandatory and voluntary mechanisms in implementing corporate governance.
706. As for voluntary mechanisms, more than one manual have been issued to introduce companies to the standards of governance that are best applied. The key guidelines are the corporate governance guide (2006) issued by The Financial Regulatory Authority; The Corporate Governance Rules and Standards Guide (2011) issued by the Ministry of Investment; The Egyptian Guide to Corporate Governance (Third Edition 2016) issued by the Financial Regulatory Authority, which adopted several references, including: OECD principles issued in 1999 and its amendments issued in 2004 and 2015.

707. As for mandatory mechanisms, the Investment Law has defined eight basic principles governing investment, including: following the principles of governance, transparency, good management and conflict of interest avoidance. Several decisions were also issued by the concerned authorities to oblige companies and banks to implement governance, including:

- Regarding the banking sector, the Board of Directors of the Central Bank issued the decision to approve the rules on the governance of banks on the 5th of July 2011, so that banks are obliged to establish or develop governance systems, given that each bank should apply the instructions appropriately with its size, policies and risk tolerance.
- As for the non-banking financial sector, The Financial Regulatory Authority issued several decisions on the application of corporate governance in the non-banking sector, including
  1. Decree 101 (2015) regarding the governance of private insurance funds, which obliges these funds to follow the governance guidelines,
  2. Decree 84 (2016) regarding the issuance of the Egyptian Guide to Corporate Governance, which is considered as the general outline for governance and related topics
  3. Decree 107 (2016) regarding the governance of securities exchange companies and obliging companies subject to the provisions of the Capital Market Law 95 (1992) and the Central Securities Depository and Registration Law issued by Law 93 (2000) to the rules of governance as one of the requirements for continuing business.

708. Composition and functioning of the board of directors in Private Companies: Under Law No. 4/2018, the composition and functioning of the board of directors must respect some rules:



- The board of directors shall assume the responsibility for managing the corporation's matters upon authorization from the general assembly.
- The corporation's board of directors shall be nominated for the purpose of representing the shareholders, taking into account that the formation of the board shall represent the capital distribution.
- The board of directors shall comprise a majority of the non-executive members in the corporation who shall have technical or analytical expertise or skills that would benefit both the board and the corporation. The board shall appoint the chairperson and managing director, and the two positions are preferred not to be held by the same person.
- The board shall lay down the mechanisms and systems ensuring the corporation's respect for the Laws and Regulations in force and its compliance with the disclosure of the information to the shareholders, creditors and other stakeholders.
- The board of directors shall be generally responsible for risk management in the corporation in accordance with its business nature, its size and the market where it operates.
- The authorization given by the board of directors, whether to a member thereof or to others, must be specific in terms of its purpose and validity period and must include the date of presenting the results thereof to the board members.
- The board shall convene no less than once every three months and shall continuously review the corporation's internal systems and procedures to ensure their suitability and efficiency.
- The amounts received by any executive board member shall be disclosed including: salary, allowances, benefits in kind, incentive stock options and any other elements of a financial nature. A term of contract of an executive board member shall not exceed three years unless for clear and specific reasons to be disclosed in the corporation's general assembly.
- The non-executive board members may meet with the corporation's managers to consult on any of the corporation

affairs, whether with or without the executive board members present, provided that dates shall be determined in coordination with the executive board members who shall also be informed on the issues to be discussed.

- The board may form committees, comprising board members and others, to perform specific tasks.
- The board members may, upon the approval of the majority thereof, seek an external advisory opinion on any of the corporation matters at its own expense, provided that the provisions averting conflict of interests shall be observed. The corporate's board of directors shall have a secretary, to be appointed upon the approval of the board, to manage all the board's records, minutes and books. The board of directors shall prepare an annual report to be presented to the shareholders. In addition to what is required by laws.

709. Mechanisms for Organizing and Managing Non-profit Organizations: The CSAR indicates that the Law specifies the agencies responsible for managing the non-governmental organizations (the General Assembly, board of directors) and the competences thereof as follows:

- The association shall be established by a notification to be submitted to the competent administrative body in accordance with the procedure outlined by the same body fulfilling all the required documentation. The association founding member, board member or board of trustees must be enjoying the civil and political rights conferred thereon.
- Associations shall be managed through the general assembly and the board of directors. This board shall compose of an odd number of at least seven and at most fifteen members pursuant to the articles of association. Resolutions of the board of directors shall be passed by an absolute majority of the attendants, unless the articles of association provide for a larger majority.
- It is prohibited to combine the directorship of an association with employment in the administrative body or in any other

public body that supervise, direct, control or fund the association.

- The articles of association shall regulate the procedures of holding the board meetings, the legal quorum required for valid meetings, the board agenda and the way of voting on resolutions.

710. Governance Training Centers for Board Directors and Managers: There are numerous centers providing governance training for building the capacities of board directors and managers in different (private, public and non-governmental) organizations. At Private and Non-profit Sector Level, it is difficult to count all the private and non-governmental governance training centers.

711. The CSAR contends that the government has established the Egyptian Institute of Directors in 2003, as the first institute focusing on Corporate Governance in the Arab Region, and has also established the National Institute for Governance and Sustainable Development, affiliated to the Ministry of Planning, Monitoring and Administrative Reform.

## **Findings of the CRM**

### **Transparency and Information disclosure**

712. The CRM found that some of the main information on obligations for companies are as follows:

- All companies are required to publish a summary of their semi-annual and annual reports in the newspapers.
- Non-listed companies in Egypt can opt to publish their annual reports or send them directly to their shareholders.
- Listed companies are required to disclose details about their board members and senior managers; the minutes of their boards and general shareholders' meetings and include in their annual reports a corporate governance statement aiming at

disclosing their compliance with the Corporate Governance Code. However, these listed companies are not required to disclose their compliance with the Code on a “comply or explain” basis.

- Disclosure of executive remuneration is not required, even at an aggregate level.
713. Financial statements are prepared and audited in accordance with the Egyptian Accounting and auditing Standards, which are largely in conformity with IFRS and with the IASs. Auditors’ names of the ten largest listed companies are publicly available. All these auditors declared to be independent.
714. Nonfinancial information: Based on the 2017 EBRD Report, most of non-financial information available in the annual reports does not provide a comprehensive understanding of the company’s structure. This information is too often incomplete, lacks quality and is difficult to find, including disclosure on board and committee activities and board members’ dealings with the companies’ shares.

### **Boards composition and roles**

715. Combining the roles of chair of the board and CEO is a common practice in Egypt. The law does not assign the board all its key functions. In particular, the law assigns shareholders the competence to approve the company’s budget and seems to allow them to decide on other management issues, which may affect the board’s strategic role.
716. Until 2016, there was no legal requirement for boards to have independent members, but the listing rules of the Egyptian Stock Exchange now require that all listed companies have at least two independent directors on their boards.
717. The Corporate Governance Code recommends that boards should be comprised of a majority of independent non-executive

members. The Code also presents a definition of independence, but it is focused on negative “non-affiliation” criteria, without guidance on what it is expected from independent directors in practice.

718. The framework underpinning fiduciary duties seems to be undeveloped. Conflicts of interest situations appear to be regulated by law, but there is no clear evidence that boards are effectively monitoring them (EBRD, 2017).

### **Board committees**

719. The audit committees: The Egyptian Corporate Governance Code recommends audit committees to be composed of independent directors, and further suggest that one of them should be a financial or accounting expert. However, the Code’s recommendations are not mandatory.

720. The law does not require audit committees to be comprised of a majority of independent board members, nor do they require committees to be chaired by them. The legislation only requires committees to be comprised of a majority of non-executive directors.

721. In 2016, listing rules of the Egyptian Stock Exchange introduced a requirement that audit committees be comprised of at least three non-executive board directors, two of whom should be independent.

722. Listed companies and banks are required to set up an audit committee and to have their financial statements audited by an independent external auditor (two auditors in case of banks). Banks are also required to establish an internal audit function. It is not clear if this is also required for listed companies, however it is recommended by the Corporate Governance Code.

723. The Boards of the largest companies are supported by audit committees, but these committees seem to lack the necessary independence to make them effective.
724. Other committees are not common in Egypt. There is no practice of performing board evaluations or appointing corporate secretaries. It is not possible to determine how boards work in practice, since disclosures on the number of board meetings and board activities is very limited.

### **Audit practice**

725. External auditors: Egyptian companies are required to have external auditors appointed by the general shareholders' meeting and to disclose its name, and companies comply with these requirements, while banks are required to have two auditors.
726. The listing rules assign to the audit committee the authority for the nomination, remuneration, dismissal, resignation and all matters related to the external auditors.
727. External auditors are allowed to provide non-auditing services and are not subject to rotation obligations. The provision of non-auditing services by the external auditor seems to be common practice in Egypt. The Egyptian government should carefully monitor such activity as it might affect the independence of the external auditor.
728. Companies are required to include the auditor's opinion in their annual reports along with the financial statements, and listed companies must file their annual reports with the capital markets regulator.
729. Internal audit: The Egyptian Corporate Governance Code recommends that the head of the internal audit department should, on a quarterly basis, present a report to the board and audit committees on matters regarding compliance with relevant laws and corporate governance principles.

## **Monitoring compliance**

730. The stock exchange has been more actively monitoring companies' disclosure and compliance with the reporting obligations, having suspended trading of securities of those companies that fail to disclose timely information.
731. This monitoring effort needs to continue to ensure a better quality of disclosure of non-financial information.

## **Survey results**

732. The survey conducted by EBRD (2017), on largest listed Egyptian companies, led to the main following results:
- Board composition: Companies in Egypt are organized under a one-tier board system. Boards appear to be relatively large, with an average of nine members. Most of the ten largest listed companies disclosed to comply with the requirements of establishing an audit committee, to have financial statements audited by an independent external auditor and to have an internal audit function. All the ten largest listed firms disclose their board composition and six of them disclose directors' qualifications in their annual report or on their corporate websites. Four companies disclose information on the composition of their committees, but without detailing the members' qualifications. The boards of the ten largest listed companies possess an appropriate mix of skills. Gender diversity. Only four of the ten largest listed companies explicitly stated that they have independent board members. Finally, the Corporate Governance Code recommends companies to provide adequate information on the number of board and committee meetings and their performance. It should also be noted that disclosure on the composition of committees is limited, as only two of the ten largest listed companies provided information on its board activities and on the number of the audit committee meetings.

- Annual reports disclosure: Nine out of the ten largest listed companies disclose their annual reports on their website, despite an apparent lack of obligation to do so. Only two of the ten largest listed companies include a “comply or explain” statement in their annual report. These statements provide limited information. Only four of the ten largest listed companies appear to prepare their financial statements in accordance with IFRS, as websites of some companies do not contain most recent annual reports. Finally, annual reports are generally available on companies’ websites and most of the ten largest listed companies also disclose the minutes of the general shareholders’ meeting and information on their major shareholders and information on related-party transactions, share capital and their shareholders, although not going into details on the ultimate beneficiary
- Conflict of interest: None of the ten largest listed companies publish their articles of association on their websites. Also, none of the ten largest listed companies disclose directors’ dealings involving company’s shares. Finally, the auditors of nine of the ten largest listed companies declared to be independent.
- Disclosure on the website: The websites of the ten largest listed companies are reasonably informative. Despite the absence of a clear obligation, nearly all companies publish their annual reports on their website, including their financial statements.

## **Recommendations**

733. The CRM recommends that Egypt should consider:

- Improve the Corporate Governance Codes so that:
  - The “comply or explain” approach becomes compulsory and make the statements linked to “explanation” more informative



- The definition of “independence” is more elaborated and give guidance on what it is expected from independent directors in practice.
  - Generalize the practice of performing board evaluations.
- Develop and extend the framework underpinning fiduciary duties.
  - Improve Nonfinancial information production and dissemination and particularly disclosure on board and committee activities and board members’ dealings with the companies’ shares
  - Better organize the cumulative voting.
  - Promulgate a law on whistleblowing protection.
  - Foster the independence of the external auditors by regulating their provision of non-auditing services and by putting in place the rotation obligation.

### **Objective 3: Ensuring ethical conduct within organizations**

#### **Summary of the CSAR**

734. The CSAR states that articles 27 and 68 of the Constitution stipulate that the economic system shall adhere to transparency and good governance standards. Moreover, the Citizen Budget Report is applied, by the Ministry of Finance, to maintain permanent social communication with citizens, promoting transparency and credibility in the State’s financial policies. This comes across as a great initiative on transparency and public disclosure.

735. The Code of Conduct and Ethics for the private sector was issued in 2018 by the Egyptian Junior Business Association. This Code aims at standardizing the concept of promoting the values and ethics that the private sector employees must perform. The Code includes an acknowledgement to be signed by the employees in

order to ensure their adherence with the application of the relevant policies and procedures, ensuring the fundamentals that everyone should comply with, such as preserving environment, knowledge and technology.

736. The Law regulating all types of companies including Joint Stock Companies, Companies Limited by Shares and Limited Liability Companies stipulates the necessity that the board members, the general assemblies of the founders of such companies shall comply with the ethical standards and values in managing such companies.
737. Moreover, the Federation of Egyptian Chambers of Commerce issued the Traders' Charter of Honor which defines obligations imposed on the traders towards citizens. Any violation to the provisions of the Charter or violation of any applicable rules or norms or committing any act that may prejudice the integrity of the trade association is deemed a professional violation, necessitating accountability before the Prudent Traders Committee. This is very commendable and potentially promotes good behavior and conduct by business organisations including the informal sector.
738. Similarly, the Egyptian Microfinance Federation issued a draft "Charter of Honor" for the microfinance institutions which was proposed in April 2018 to form an ethical framework for all the institutions operating in the microfinance, their boards and staff, with the aim of asserting the priority of protecting the interests of clients, the quality of services, promoting the principles of sustainable development, the values of equality, integrity and fair competition.
739. The CSAR notes that the Anti-Money Laundering Law No. 80 of 2002, amended by the Decree No. 36 of 2014, came to cope with the fast developments in the field of funding terrorist operations.

740. From the CSAR several bodies or institutions that promote the adoption of codes of good business ethics in Egypt are identified.

## **Findings of the CRM**

### **Codes of ethics for companies**

741. Even though the Egyptian Corporate Governance Code recommends that companies should adopt their own code of ethics, the majority of companies do not have codes of ethics. According to a study (EBRD (2017)), only a minority of the ten largest Egyptian listed companies surveyed disclosed that they had one.

### **Fighting Corruption**

742. At country level, the CRM notes that Egypt is committed to combatting corruption. Egypt signed the ‘United Nations Convention against Corruption’ on the 9<sup>th</sup> December 2003 and ratified it on the 25<sup>th</sup> February 2005.

743. The CRM notes that Egypt recognises that strengthening business integrity and fighting corruption is essential for establishing investors’ confidence and levelling the playing field for doing business. Consequently, the country has made the fight against corruption a priority by passing laws and adopting strategies to combat corruption. For example, in 2014 Egypt launched the first phase of the national anti-corruption strategy that had been developed by the National Coordinating Committee for Combating Corruption. The implementation of this strategy is coordinated by a technical committee headed by the Administrative Control Authority (ACA). The national strategy aims to fight corruption through setting specific objectives, policies, programs and mechanisms to combat corruption and create a culture opposed to corruption.

744. Specifically, in the space of corporate governance, the CRM finds that Egypt is a member of the MENA-OECD Business

Integrity Network (MOBIN), a regional platform working to promote business integrity in the Middle East and North Africa (MENA) region. MOBIN brings together regional businesses and public anti-corruption officials to build awareness about the need to fight corruption and achieve a culture of integrity.

745. The CRM observes that efforts to improve the business environment through combating corruption have also come from business associations. Specifically, the Egyptian Junior Business Association works as a channel for Small and Medium Enterprises (SMEs) with the Government to improve the Egyptian business environment to be more conducive for SMEs, through tackling the major obstacles that hinder the economy including bribery solicitation.
746. Corruption represents a significant challenge to growth and expansion for the private sector irrespective of the type of business organisation. Findings from a report that was an output of the Egyptian Corporate Responsibility Centre (ECRC) Project, and executed by the Industrial Modernization Centre that is affiliated to the Ministry of Trade and Industry of Egypt, in cooperation with the United Nations Development Programme (UNDP), indicated that a combination of crime and corruption cost the country billions in the period between 2000 and 2008<sup>69</sup>.
747. Egypt's combating corruption score increased from 32 in 2013 to 37 in 2014 and leading to an ascent in rank from 114<sup>th</sup> to 94<sup>th</sup>. In fact, Egypt's Corruption Perception Index (CPI) score for 2018 is 35 and it is ranked 105 out of 180 countries and is among the two-thirds of world nations with a CPI lower than 50<sup>70</sup>. The

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<sup>69</sup>UNDP (2016) Expanding Horizons in Development: the Rising Role of Egypt's Private Sector

<sup>70</sup>The CPI generally defines corruption as "the misuse of public power for private benefit", (CPI 2010: Long methodological brief, p. 2)

The CPI currently ranks 176 countries on a scale from 100 (very clean) to 0 (highly corrupt).

government, public sector and civil society organizations continue to work collaboratively to combat corruption.

748. It is encouraging that the government is fully aware of this and has consequently put in place mechanisms and processes to combat corruption. The CRM met with the Administrative Control Authority whose vision, strategies and measures to combat corruption are commendable.

### **Anti-Money Laundering**

749. The CRM finds that the Money Laundering Combating Unit (MLCU) is responsible for anti-money laundering. MLCU, which was established by the Anti-Money Laundering Law of 2002, is a financial intelligence and independent unit functioning within the Central Bank of Egypt (CBE). The unit receives all reports concerning money laundering activities and offences and reports to the public prosecution body. It maintains a database gathering all received reports and information concerning money laundering and terrorism financing activities. The MLCU exchanges information related to its activities with other organizations, such as supervisory and competent authorities within the country but also abroad.
750. Banks, under the supervision of the CBE, develop plans and programs on continuous basis (annually at least) to train their staff to enhance compliance with the anti-money laundering (AML) and combating financing of terrorist (CFT) rules and systems.
751. Banks also ensure that they are updated on the latest money laundering and terrorist financing techniques and trends and counter measures; as well as the latest relevant developments on the domestic, regional and international levels.
752. Training programs are conducted with the assistance of the Egyptian Banking Institute or any other entity whose objectives

include inter alia, training on combating money laundering and terrorist financing. Such assistance is consistent with the general policy of qualification and training set by the EMLCU.

## **Recommendations**

753. The APR Panel recommends that:

- Mechanisms to be put in place to ensure that companies adopt appropriate codes of ethics, with a clearly identified strategy of implementation and evaluation (GOE).
- In addition to the formal, legal and institutional frameworks in Egypt, the media, civil society and private sector to play an important role as watchdogs and assets in fighting corruption (Media and CSOs).

<b>Objective 4: Ensuring that organizations treat stakeholders fairly and equitably</b>
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### **Summary of the CSAR**

754. The treatment of stakeholders by business organizations is central to business success. For business organizations, stakeholders include shareholders, employees, customers and the government. The CSAR discusses the issue of the treatment of stakeholders. The CSAR refers to the Egyptian Law that render professional syndicates as an administrative body that acts on behalf of the State in the payment and performance of many financial and social obligations towards professionals including providing retirement pension and treatment. Such syndicates depend on the State for their funding.

755. The CSAR mentions the issue of the minimum wage for the public sector and states that the Egyptian government has set a minimum wage, which has been in effect since July 2011, which is 700 pounds for government workers and economic authorities, and has been raised to 1200 pounds as of January 2014.

Accordingly, the wages of about 4.1 million employees have been increased by various percentages. The annual burden of these increases is about LE18 billion. In March 2019, the government increased the minimum wage for workers in the State's administrative apparatus to be 2,000 pounds as of July 2019.

756. The CSAR provides a detailed account of professional syndicates that are nearly 27, including the distinction between professional and workers syndicates that was introduced for the first time in the Egyptian Constitution of 2014.
757. The CSAR notes the attention now given to potential disputes between investors. This is important as minority shareholders as a stakeholder group could be potentially exploited by majority shareholders. The CSAR states that regarding dispute settlement mechanisms, the Ministry of Investment established, in 2009, an investor dispute settlement centre in the General Authority for Investment and Free Zones to settle disputes that might arise between investors through mediation.
758. The CSAR quotes figures on the protection of minority investors from Doing Business Indicators for Egypt for the years 2016 and 2017<sup>71</sup>. The CSAR notes an improvement on the ranking of Egypt on protecting minority investors from 122 to 114 in 2016 and 2017 respectively.
759. The CSAR states that the Ministry of Justice developed a strategy and an action plan for eliminating the worst forms of child labor in Egypt by 2022. Moreover, and more broadly, in 2018, the same Ministry also engaged in developing the National Strategy for the Prevention and Treatment of All Forms of Violence against Children. Several other Ministries including the

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<sup>71</sup>The World Bank, *Doing Business 2016: Measuring Regulatory Quality & Efficiency*, Washington DC: The World Bank, 2016, p. 199.

The World Bank, *Doing Business 2017: Equal Opportunity for All*, Washington DC: The World Bank, 2017, p. 204.

Ministry of Health and the Ministry of Social Solidarity are involved in efforts that aim at eliminating child labor.

760. The CSAR states that the Consumer Protection Agency, which is affiliated to the Ministry of Supply and Internal Trade, was formed in accordance with article 67 (2006) with the aim of creating schemes to protect consumer rights. Such rights include the health and safety of consumers with the normal consumption of products, receiving the correct information and data on the products they buy or consume, the availability of free choice of standardized products, having the knowledge related to protecting their legitimate rights and interests, participation in institutions, councils and committees related to consumer protection, filing lawsuits against anything that might prejudice, harm or restrict their rights as well as receiving appropriate compensation for damages incurred by them or to their property as a result of buying or consuming products.

### **Findings of the CRM**

761. According to a report by the European Bank of Reconstruction and Development (EBRD), listed companies in Egypt appear to pay little attention to queries from stakeholders<sup>72</sup>. A number of observations and findings were made by the CRM on fair and equitable treatment of diverse stakeholders.

### **Protection of shareholders**

762. The ranking of Egypt on minority shareholder protection has improved from 122 to 114 for the years 2016 and 2017 respectively (see Table 5.26). This reflects the country's endeavours to ensure shareholder protection. Several initiatives have also been put in place to ensure that Egypt provides easily accessible services and fair treatment for not only minority

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<sup>72</sup>EBRD (2017) Corporate Governance in Transition Economies: Egypt Country Report



shareholders but all forms of shareholding including foreign investors.

**Table 5.26: Protection of Minority Investors in Egypt**

Protecting Minority Investors	2016	2017	2018	2019	2020
Extent of disclosure index	8	8	8	8	8
Extent of managerial and director liability	3	3	3	3	3
Ease of shareholder suits	3	3	3	3	3
Extent of shareholder rights	3	3	5	5	6
Extent of ownership and control	6	7	7	7	6
Corporate transparency index	5	5	7	9	6

*Source: Doing Business, World Bank*

763. While the economic outlook for the country is positive, Egypt’s corporate governance, with respect to practices on minority investor protection, is to be fully established. There is room for improvement with regards to managerial and directors’ liabilities and shareholder suits. There has been an improvement on shareholder rights and on ownership and control indices. The encouraging element of the components of minority investor protection has been the disclosure index, posting a consistent score of 8 out of a possible 10 as shown in the Doing Business Reports for the years 2016-2020.

*Box 5.1: Good Practice - New Investment Law 27/2017 for Egypt– Investors in Mind*

In 2017 Egypt passed a new investment law to improve the business environment in the country. At the core of the new legislation is the strong intention to reduce barriers to how international companies invest and operate in Egypt, providing incentives and guarantees of fair treatment for foreign capital. Effectively implemented, this landmark initiative should lead to an expansion of local production, exports, foreign investment and economic growth, consequently boosting employment opportunities and increasing Egypt’s competitive edge across the region. The law is also ensuring equality of opportunity, empower youth, protect the environment and public health, and enhance good governance and transparency.

### ***Protection of international investors***

Several guarantees for protection of international investors are in the new law including:

- Foreign investors to receive the same treatment under law as Egyptian nationals.
- Foreign investors to be granted preferential treatment, with approval from the Council of Ministers.
- Investments will not be governed by arbitrary procedures or discriminatory decisions.
- Investment projects will not be nationalized.
- No administrative authority can revoke or suspend investment project licenses without proper warning, due process, and time to correct any issues.
- Foreign investors are guaranteed residence in Egypt during the term of a project.
- Investors have the right to transfer their profits abroad.
- Investors' projects may include up to 10% foreign employees, and up to 20% for investment companies.
- Foreign employees of investment companies have the right to transfer their compensation abroad.

### ***What experts have been saying***

*“Investors can expect reduced bureaucracy and red tape, a clear investment policy and easier access to investment opportunities...[The law offers] greater transparency and accountability and compelling incentives....”* – Minister for Investment and International Cooperation Dr. Sahar Nasr, quoted in The Financial Times

▶ *“Successful implementation of these reforms should give greater confidence to foreign investors leading to increased FDI.”* –U.S. Department of State, Investment Climate Statements for 2017

▶ *“An industrial licensing law and a new investment law have been passed, and are critical pieces of legislation necessary to strengthen the business climate, attract investments, and promote growth.”* –David Lipton, First Deputy Managing Director and Acting Chair, Executive Board, International Monetary Fund

764. The CRM was informed that the New Investment Law aims to modernize and reduce barriers to how international companies invest and operate in Egypt.
765. For example, in terms of registration services, investors are able to obtain all licenses from a one-stop shop, that is from General Authority for Investment (GAFI), and does not need to interact with any other authority. GAFI thus provides incorporation and post-incorporation services, collects all fees from applicants, and decides on completed incorporation applications within one business day of their submission. GAFI also established electronic means by which incorporation activities may be conducted.
766. The CRM finds that the General Authority for Investment (GAFI) issued Booklet No. 3 of 2018, aimed at providing effective means through which the rights of minority shareholders are protected as stipulated in the Constitution, the New Investment Law 27/2017) and the Company Law 159/1981.
767. GAFI provisions guarantee that shareholding of 10% shares should be allocated one seat on a company's board of directors. Effectively, this gives a chance for minority shareholders to be represented fairly on the board. This initiative goes beyond the issue of social justice and fairness, encouraging members of society to participate in business and trade, as well as in the capital market.
768. The CRM also finds that if shareholders with no less than 5% shares consider that certain corporate decisions are potentially disadvantageous to them or to other stakeholders, they can ask GAFI to step in and stop the company's General Assembly. Moreover, the directives give shareholders the right to appeal against an increase in capital if they perceive that action to unfairly disadvantage them or other stakeholders.

## **The social and tripartite dialogue**

769. The CRM considers that social dialogue and the tripartism are important tools for social peace and economic development. There have been initiatives to enhance social dialogue in Egypt. In 2017, the ILO worked on developing the social dialogue policies and strategies by identifying the current situation in Egypt from the tripartite perspective, and addressing the necessary coordination among social partners. Those dialogues, policies and strategies, pave the way for drafting national policy for institutionalizing the social dialogue and ensuring its vitality and sustainability.
770. The CRM finds that one of the main goals of the ILO in Egypt is enhancing sound industrial relations among the tripartite. In 2017, this goal was achieved through building the capacities of the social partners, by developing capacity-building programs and forming social dialogue committees at two of the main industrial zones in addition to developing guiding manuals.

## **Workers' rights, Wages and working conditions**

771. Egypt's 2014 Constitution states in article 13 that the government “shall protect workers' rights and strive to build balanced work relationships between both parties to the production process. It shall ensure means for collective negotiations.”
772. Article 76 guarantees the right to form independent syndicates and unions.
773. The CRM gathers that in the immediate aftermath of the 2011 revolution, the minimum wage was increased by between 50 to 60 percent and the majority of the corporate sector committed to a plan that prioritized employee retention over profitability. Employers continued to operate in order to keep their workers employed, despite extremely restricted liquidity and a very low rate of returns on investment. This helped maintain Egypt's unemployment rate at relatively lower level than would have

been expected during such turbulent times and this could also be seen through the lens of corporate social responsibility.

774. The CRM considers that the provisions made in the 2014 Constitution improves the relationship between management and workers given that in the immediate aftermath of the 2011 revolution, labor intensive companies experienced cases of sporadic labor strikes. This was made worse by the rapidly deteriorating economic conditions making it impossible for employers to meet demands by workers for better pay, employee services, and bonus schemes.
775. Nevertheless, and under all circumstances, communication and a sense of belonging, on the part of the employees, can represent a key driver to improve worker conditions and their morale, ultimately leading to motivating the workforce for higher levels of productivity and innovation.
776. While CRM has been able to appreciate the very significant efforts of the State to improve the general level of its civil servants, Egyptian companies are far behind in terms of training their human capital. As shown in Table 5.27, in 2013, 2016 Egypt lags behind MENA and Sub-Saharan countries on the percentage of firms offering formal training and on the proportion of workers offered formal training.

**Table 5.27: Human capital development in the private sector**

Economy	All	MENA	Sub-Saharan Africa	Egypt (2013)	Egypt (2016)
Percent of firms offering formal training	33.3	21	28.7	5.2	10
Proportion of workers offered formal training (%)*	52	40.8	45.5	44.5	29.5
Years of the top manager's experience working in the firm's sector	17.7	21.9	15.1	18.4	20.5
Number of workers	35.5	33	31.2	36.1	48
Proportion of permanent workers (out of all workers)	94.9	95.8	93	97	98.5
Proportion of temporary workers (out of all workers)	5.1	4.2	7	3	1.5
Proportion of production workers (out of all permanent workers)*	72.4	71	74.7	76.7	72.9
Proportion of skilled workers (out of all production workers) (%)*	75	70.2	75.3	70.7	87.1
Percent of firms identifying labor regulations as a major constraint	11.2	10.6	11.5	13.3	19.8
Percent of firms identifying an inadequately educated workforce as a major constraint	22.5	21.4	21.1	11.7	19

*Source: Enterprise survey (2017)*

777. The form of labor syndication should, therefore, allow channels of communication that are acceptable by both business and labor. It is, therefore, essential that both sides are consulted in the creation of a new form of syndication that is acceptable to both.

**Table 5.28: Comparing work legislative frameworks**

Economy	Egypt	Algeria	Kenya	Nigeria	South Africa	Tunisia
Maximum length of a single fixed-term contract (months)	No	No	No	No	No	48
Maximum length of fixed-term contracts (months)	No	No	No	No	No	48
Ratio of minimum wage to value added per worker	0.0	0.3	1.2	0.2	0.4	0.6
Maximum length of probationary period (months)	3	6	12	n.a.	n.a.	6
Standard workday	8.0	8.0	8.6	8.0	9.0	8.0
Maximum working days per week	6.0	6.0	6.0	6.0	6.0	6.0

Premium for night work (% of hourly pay)	0.0	0.0	0.0	0.0	0.0	0.0
Premium for work on weekly rest day (% of hourly pay)	0.0	0.0	0.0	0.0	100.0	100.0
Premium for overtime work (% of hourly pay)	35.0	50.0	50.0	0.0	50.0	25.0
Restrictions on night work?	No	Yes	No	No	Yes	No
Restrictions on weekly holiday work?	No	No	No	No	No	No
Restrictions on overtime work?	No	No	No	No	No	No
Paid annual leave for a worker with 1 year of tenure (in working days)	21.0	22.0	21.0	6.0	15.0	18.0
Paid annual leave for a worker with 5 years of tenure (in working days)	21.0	22.0	21.0	6.0	20.0	19.0
Paid annual leave for a worker with 10 years of tenure (in working days)	30.0	22.0	21.0	6.0	20.0	20.0
Paid annual leave (working days)?	24.0	22.0	21.0	6.0	18.3	19.0
Dismissal due to redundancy allowed by law?	Yes	Yes	Yes	Yes	Yes	Yes
Third-party notification if one worker is dismissed?	Yes	Yes	Yes	No	Yes	Yes
Third-party approval if one worker is dismissed?	Yes	No	No	No	No	Yes
Third-party notification if nine workers are dismissed?	Yes	Yes	Yes	Yes	Yes	Yes
Third-party approval if nine workers are dismissed?	Yes	No	No	No	No	Yes
Retraining or reassignment?	No	Yes	No	No	Yes	Yes
Priority rules for redundancies?	Yes	Yes	Yes	Yes	No	Yes
Priority rules for reemployment?	No	No	No	No	No	Yes
Notice period for redundancy dismissal (for a worker with 1 year of tenure, in salary weeks)	8.7	4.3	4.3	1.0	4.0	4.3
Notice period for redundancy dismissal (for a worker with 5 years of tenure, in salary weeks)	8.7	4.3	4.3	4.3	4.0	4.3
Notice period for redundancy dismissal (for a worker with 10 years of tenure, in salary weeks)	13.0	4.3	4.3	4.3	4.0	4.3
Notice period for redundancy dismissal (weeks of salary)	10.1	4.3	4.3	3.2	4.0	4.3

Severance pay for redundancy dismissal (for a worker with 1 year of tenure, in salary weeks)	4.3	13.0	2.1	0.0	1.0	4.3
Severance pay for redundancy dismissal (for a worker with 5 years of tenure, in salary weeks)	21.7	13.0	10.7	0.0	5.0	21.4
Severance pay for redundancy dismissal (for a worker with 10 years of tenure, in salary weeks)	54.2	13.0	21.4	0.0	10.0	26.0
Severance pay for redundancy dismissal (weeks of salary)	26.7	13.0	11.4	0.0	5.3	17.2

*Source: Doing Business (2020)*

778. The CRM determines that Egypt’s work legislative frameworks are comparable to other countries in the region, and in some cases, they come across as better. For example, Egypt paid annual leave for workers, at 24 working days, is better than any of the countries compared in Table above. Similarly, severance pay for redundancy dismissal for a worker with 5 years of tenure stands at 21.7 salary weeks in Egypt while it is lower in the rest of the countries in the table. Egypt also does well by providing the chance to seek third-party approval if nine workers or more are dismissed. This practice is not common in the other countries used here for comparison.

### **Consumers protection**

779. The CRM established that the Consumer Protection Agency’s mandate includes the provision of full protection to the consumer, addressing any commercial corruption exposed to consumers, ensuring that consumers receive good quality of products, enhancing the benefits of competition and contributing to the growth of the economy. Moreover, part of the CPA mission is about raising awareness of and protecting the consumer from harmful practices and products that may affect the health and economic situation of consumers.

780. There is evidence that the level of awareness, among the consumers, of the purpose of the Consumer Protection Agency



is on the rise. For example, in 2011 a total of 13,000 complaints were raised with the agency and the number rose to 38,000 by the end of 2017, representing an increase of 192%<sup>73</sup>.

781. The CRM finds that a new Consumer Protection Law was ratified in September 2018. The New Consumer Law 181/2018, which replaces the previous one (No 67/2006) provides clearer definitions of the terms: consumers, persons and products. Unlike the previous law, provisions of the new legislation are more protective of consumers. This law seeks to shield buyers from unfair trade practices, counterfeit advertising and avoid rip-offs.
782. The CRM observes that, in principle, the provisions of the new legislation are comprehensive and have the potential to effectively protect consumer rights. Specifically, the new legislation places emphasis on providing consumers with more information, specifically obligating businesses to clearly inform the consumer of all information relevant to the product, including its source and main features. Failure to comply with this provision has consequences for the business, facing a fine between 10,000 LE and 50,000 LE. In addition, the seller should avail further information including their address, contract information, and trademark. All messages aimed at the consumer, including advertisements, data, information, bills and receipts must be written either in Arabic or in Arabic and another language. Moreover, a fine no lower than 50,000 LE but no higher than 1m LE is imposed for creating misleading advertisements.

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<sup>73</sup>Andersen Tax & Legal Egypt (2018), New Consumer Law 181/2018 in Egypt, <https://www.lexology.com/library/detail.aspx?g=0dea9950-f50e-4666-952b-d490ab77432f>, accessed 13/12/2019

## Contract execution

783. The CRM observes from the latest data on contract execution that Egypt is ranked 166, in Table 5.29. The score for enforcing contracts is low and the country has the highest number of days one can take on average to have a contract executed.

**Table 5.29: Enforcing contracts**

Economy	Egypt	Algeria	Nigeria	South Africa	Tunisia	Middle East & North Africa	Sub-Saharan Africa
Enforcing Contracts rank	166	113	73	102	88	102	126
Enforcing Contracts score	40.0	54.8	61.5	56.9	58.4	56.0	49.6
Time (days)	1010	630	399	600	565	622.0	654.9
Cost (% of claim value)	26.2	21.8	38.9	33.2	21.8	24.7	41.6
Quality of judicial processes index (0-18)	4.0	5.5	9.2	8.5	6.5	6.6	6.9

*Source: Doing Business (2020)*

## Recommendations

784. The APR Panel recommends that;

- The relationship between labor and management be improved through effective communication and fair representation of employees' interests in corporate decisions.
- Female participation on corporate board and management be promoted either through incentives or quotas.
- Mechanisms to improve the protection of minority interests particularly on shareholder suits and rights be explored and improved.
- Mechanisms of enhancing the ease of executing contracts to be considered.
- Develop and implement a strategy to promote training in the private sector.

## **Objective 5: Ensuring that organizations act as good corporate citizens**

### **Summary of the CSAR**

785. Corporate citizenship is a recognition that a business, corporation or business-like organisation, has social, cultural and environmental responsibilities to the community in which it seeks a licence to operate, as well as economic and financial responsibility to its shareholders or immediate stakeholders.
786. The CSAR states that in 2010, Egypt joined a series of initiatives aimed at mapping social responsibility activities, including the Global Reporting Initiative Guidelines (GRI) and the UN Global Compact (UNGC), which aims to push private companies to align their operations with ten universal principles relating to human rights, the environment, and fighting corruption.
787. The CSAR further states that practical approaches to promote corporate social responsibilities have been taken by several organisations. Specifically, the CSAR states that within the framework of raising awareness of the importance of social responsibility, an environment, governance and corporate social responsibility index was launched in 2008, a collective initiative carried out by the Egyptian Institute of Directors (EIoD), Standard and Poor and ECRC.
788. In similar vein, the CSAR states that the Ministry of Social Solidarity is promoting the corporate social responsibility of the private sector, as one of the key partners in the development process, by establishing the Corporate Social Responsibility Unit which comprises experts concerned with cooperation with the private sector to assist the Ministry in its initiatives and programs. This cooperation includes financial, scientific and training cooperation.

789. The CSAR states that Egypt acceded to ILO Convention No 182 on the Worst Forms of Child Labor in May 2002 and to the Arab Convention No. 18 on Minors Employment.
790. Other related issues covered in the CSAR include the harassment at workplaces, employment of persons with disabilities, employment of women, application of flexitime and work-from-home systems.
791. The CSAR indicates that article 95 authorizes the General Authority for Investment to allow investors to allocate a percentage of their annual profits to community service in the fields of protecting and improving the environment, health, social or cultural care, supporting technical education etc.
792. The CSAR report identifies the environment as one of the key pillars of sustainable development, pointing out that Egypt endeavours to promote environmental management through efficient and sustainable management of the natural resources, reducing pollution, waste management, maintaining the balance of ecological systems and biological diversity, complying with international environmental conventions and treaties as well as addressing climate change and global warming issues.

## **Findings of the CRM**

### **Citizenship by paying taxes and creating jobs**

793. The CRM observes that the creation and mandate of new policies, regulations and legislation in Egypt, is a reflection of a strong commitment to empowerment of disadvantaged stakeholders, including ensuring that private sector growth has a trickle-down effect. These policies include the area of corporate taxation and mechanisms of tax collection. In Egypt, companies are liable for corporate tax at a flat rate of 22.5%, although there are different rates for the Suez Canal Authority, the Egyptian

Petroleum Authority, the Central Bank of Egypt, and oil and gas exploratory and production companies.

794. Corporate tax is imposed on companies that are resident in Egypt on all profits realized from Egypt and abroad and on companies that are non-resident in Egypt with regard to profits realised through a permanent establishment (“PE”) in Egypt.
795. The income of a company may include any, or all, of the following:
- Profits from a commercial or industrial activity
  - Income from the use and disposal of buildings or assets
  - Amounts received on shares of associations of capital
  - Yield paid by the government, local government units, public juridical persons
  - Rental amounts, license fees, royalties received
  - Income from any other activity performed in Egypt
796. The General Anti Avoidance Rules (GAAR) was introduced in 2014. GAAR applies to arrangements entered into on or after 1st of July 2014 and its primary objective is to deter taxpayers from entering into arrangements for the purpose of obtaining an “abusive” tax advantage. The GAAR gives the tax authority the right to challenge any cases where it suspects that the main objective of the transaction is to defer, reduce or avoid paying tax and would accordingly have the right to reassess the taxes due that were relevant to the transaction.
797. The CRM observes that the government continues to make efforts to encourage businesses, both large and small, to invest in the economy and generate jobs after the economic slowdown that followed the 2011 uprising. Part of this encouragement entails creating a climate propitious for investors by providing them with various forms of guarantees and protecting private property rights. For example, on the eve of an investment conference in March 2015, the government amended the 1997

investment law. The new legislation offered both Egyptian and foreign investors a variety of incentives, tax breaks, and exemptions. A common concern among smaller-sized companies is that they are subject to the same tax law that applies to their larger counterparts.<sup>74</sup>

## **Child labor**

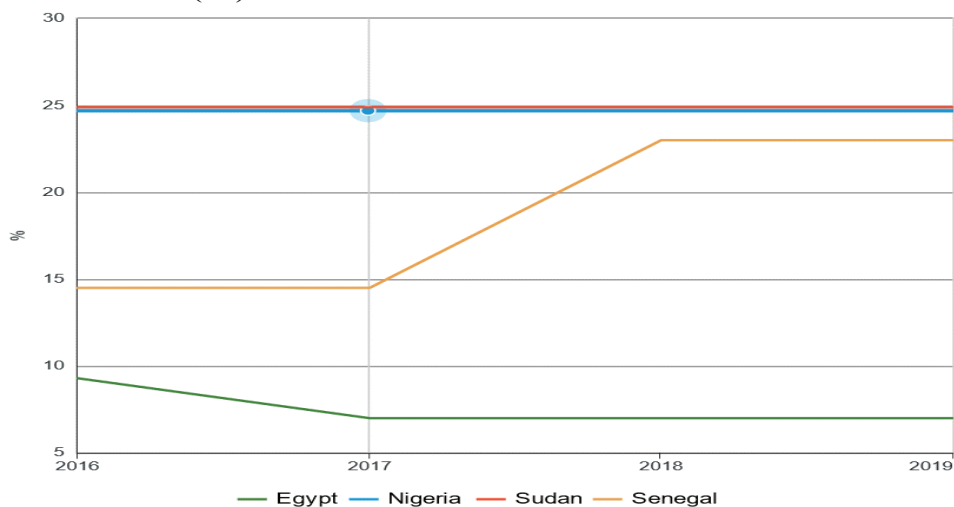
798. The CRM learnt that the issue of child labor continues to attract great public and governmental attention. As such several public campaigns and the introduction of regulatory reforms have increased public awareness of the issue of child labor. For example, the introduction of a specific measure that made children's education a prerequisite to receiving government social support was one of several measures undertaken to ensure the control of the phenomenon in Egypt. It became harder to witness any form of child labor in registered businesses, with the exception of the agricultural sector.
799. These measures have made a positive impact as Figure 1, below, shows that the percentage of child labor for 5–14 years old in Egypt fell gradually from 9.3 % in 2016 to 7 % in 2018. Compared to other countries, the percentage of child labor is lower in Egypt and continues to decline. However, like in many other countries on the African continent, child labor remains in the informal sector, and children in informal employment continue to have limited access to rights or protection programmes.
800. In Egypt, the government through its Ministries, including the Ministry of Social Solidarity, continues to make efforts to achieve further reduction in child labor. Indeed, Egypt has made good progress in reducing child labor, however, the hidden form

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<sup>74</sup> UNDP (2016) Expanding Horizons in Development: the Rising Role of Egypt's Private Sector

of child labor may still reside in the informal sector where children may work as part of the family's informal business.

**Figure 5. 4: Egypt - Value - Children 5–14 years old involved in child labor (%)**



*Source: Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G. (2019): Sustainable Development Report 2019. New York: Bertelsmann Stiftung and Sustainable Development Solutions Network (SDSN).*

## **Corporate Social Responsibility**

801. The CRM finds that the Egyptian Corporate Responsibility Index measures the volume of information companies make available concerning their corporate governance, environment and social responsibility. It also ensures a selection of securities which are representatives of the Egyptian equity markets based on size and liquidity. In order to reach for the index composition, two screening processes take place, one focusing on environment and social indicators and the other one focusing on corporate governance indicators. Evaluation is made on two stages.

802. The first stage involves evaluating the company's disclosure practices based on the information it provides to the public through its annual report, website, press releases or disclosure made to the Egyptian Stock Exchange. Information is gathered on a number of areas including ownership structure and shareholder rights, financial and operational data, board management structure and processes, corporate governance and corruption, the environment, community, employees, customers and business ethics and corporate responsibility. The second stage involves evaluating the company's practices through checking the news available in the media, newspapers, specialized magazines and CSR reports. Information is also collected by contacting the regulatory agencies, Ministries and NGOs to know if there is any adverse information or violation made by the company.
803. This process, that inevitably provides legitimacy and enhances reputation, involves evaluation of all of the EGX 100 listed companies on an annual basis, in order to select the top 30 that can be listed on the ESG index. Table 5.30 shows the companies that were selected to be in the top 30 ESG index.



**Table 5.30: Egypt ESG Index Company Ranking**

Company Name (Year 2010)	Rank	Company Name (Year 2010)	Rank
Egyptian Company for Mobile Services (Mobinil)	1	Housing & Development Bank	16
Orascom Construction Industries (OCI)	2	Egyptian Kuwaiti Holding	17
Egyptian Transport (EGYTRANS)	3	Egyptians Abroad for Investment & Development	18
Telecom Egypt	4	B-Tech	19
Commercial International Bank (Egypt)	5	Misr Chemical Industries	20
Lecico Egypt	6	El Ahli Investment and Development	21
T M G Holding	7	South Cairo & Giza Mills & Bakeries	22
Orascom Telecom Holding (OT)	8	El Ahram Co. for Printing and Packing	23
El Ezz Steel Rebars	9	Six of October Development & Investment (S)	24
Raya Holding For Technology And Communications	10	Gharbia Islamic Housing Development	25
Egyptian Financial Group-Hermes Holding Company	11	Delta Construction & Rebuilding	26
GB AUTO	12	Palm Hills Development Company	27
Heliopolis Housing	13	Medinet Nasr Housing	28
ELSevedy Cables	14	Naeem Holding 29	29
Sidi Kerir Petrochemicals	15	Egyptian Iron & Steel 30	30

Source: *Egypt Institute of Directors website: [http://www.eiod.org/uploads/documents/Ranking\\_Eng.pdf](http://www.eiod.org/uploads/documents/Ranking_Eng.pdf), accessed on the 15<sup>th</sup> December 2019.*

804. In the early stages of adopting the ESG Index, companies' corporate social responsibilities were, in the main, around charitable donations to communities. To measure the impact of the adoption of the ESG Index on company's practices, a study compared the community engagement portfolio of the index's top 15 companies between 2008, and five years later in 2013<sup>75</sup>. Specifically, the purpose of the comparison was to try and better understand whether there had been an actual evolution in their community engagement performance away from the traditional charitable approach, and towards a strategic social investment approach. Table 5.31 below shows a sample of companies' disclosed statements on corporate social responsibility from the Top 15 companies in 2013 compared to what they reported in 2008.

<sup>75</sup>UNDP (2016) Expanding Horizons in Development: the Rising Role of Egypt's Private Sector

**Table 5.31: Community Engagement by Egyptian Firms**

Company	2013 Rank	2013 Community Engagement	2008 Rank	2008 Community Engagement
Commercial International Bank, Egypt	1	A community foundation that is dedicated to advancing Egypt's public health sector. The foundation makes substantial annual donations to several health providers, and runs annual blood donation campaigns. <sup>76</sup>	19	Donations and fundraising efforts to support charitable organizations in healthcare, education, and social development. <sup>77</sup>
Amer Group Holding	3	Shareholders donated 33 percent of current shares to a charitable trust that supports the community in the name of Amer Group. Donations were used to purchase a train, and sustain a tuition-free American International School. <sup>78</sup>	-	N/A (was not ranked in the Top 30 in 2008)
Citadel Capital (Qalaa Holdings)	6	The Scholarship Foundation continues to operate and has granted 122 academic scholarships since its establishment in 2008; subsidiary companies engage in various activities including a LE 2 million donation to the World Food Program in an effort to alleviate hunger.	-	The firm established and endowed the Citadel Capital Scholarship Foundation with LE 50 million. The Foundation sent 20 university graduates to study for master's degrees and PhDs at some of the world's most prestigious universities. <sup>79</sup>

<sup>76</sup><http://www.cibeg.com/English/InvestorRelations/FinancialInformation/Annual%20Reports/CIB%20Annual%20Report%202013.pdf>

<sup>77</sup>[http://www.cibeg.com/English/InvestorRelations/FinancialInformation/Annual%20Reports/Annual%20Report\\_2007\[1\].pdf](http://www.cibeg.com/English/InvestorRelations/FinancialInformation/Annual%20Reports/Annual%20Report_2007[1].pdf)

<sup>78</sup><http://s3.amazonaws.com/inktankir2/amerir/Amer%20IRP%20FY13%20-%20Long%20%20FINAL%208.pdf>

<sup>79</sup><http://s3.amazonaws.com/inktankir2/qh/9187881a6f4a79b00b55ded74d591a83.pdf>

Raya Holdings for Technology and Communications	11	Supporting the “Triple Effect” project by hosting blood drives in the company; supporting Sharek.org to engage Raya’s employees in civil society volunteerism; celebrating International Women’s Day; Launching the Ramadan Tamween packages project to distribute around 1,000 food bags across Egypt; launching a Feast clothes campaign where employees donated their unused clothes through Resala; buying clothes for orphans; donating LE 2.5 million to the Egypt Support Fund. <sup>80</sup>	16	Hundreds of Raya employees donated blood to the National Cancer Institute; collaborating with the Development Services Center on a study regarding the health status of citizens in Kom Wally village in Minya; organizing check-ups in several areas, distributing free prescribed medications, 200 eyeglasses, funding of 30 eye surgeries, and giving food and supplies to over 200 families; sponsoring and organizing the Ramadan Tamween packages project. <sup>81</sup>
Sixth of October Development and Investment (SODIC)	15	Purchasing a 1,000m2 plot of land in Ezbet Kheirallah to build a new school for children; helping Tawasol raise LE 7 million to build and operate the school; taking part in the development process of slums; starting a project to develop Ezbet El Assaal which included renovation of buildings and making sewage connections to all houses; sponsoring the 1st cycle of AUC’s Venture Lab. <sup>82</sup>	13	Information not found

<sup>80</sup><http://www.rayacorp.com/InvestorRelations/EarningsandPresentations/AnnualReports.aspx>

<sup>81</sup>Ibid

<sup>82</sup>[https://s3.amazonaws.com/inktankir2/sodic/Annual%20Report%202013\\_Low.pdf](https://s3.amazonaws.com/inktankir2/sodic/Annual%20Report%202013_Low.pdf)

805. According to the UNDP (2016) study, and as can be discerned from small sample of companies in Table 5.31 above, most of the listed companies tend to increase the size of their community engagement portfolio. However, the nature of their portfolio has mostly remained the same.
806. Moreover, most of these companies' community engagement portfolios do not necessarily contribute to social development areas that are tied to the company's core business, nor do they capitalize on the company's core strengths. For example, the Commercial International Bank's focus (see Table 5.31 above) is on public health. The UNDP (2016) study States that while these companies have expanded their understanding of traditional CSR to include labor, human rights, and environmental performance among other aspects, it seems that the nature of their community engagement portfolio has not changed. In other words, while larger local companies have moved beyond the traditional CSR approach that is solely focused on social development, they still have not moved away from the charitable or philanthropic community engagement approach.
807. The fact that most companies concentrate on charitable and philanthropic community engagements is probably because Egypt still has greater need in areas that are characterised with this primary level of corporate social responsibility, as opposed to a win-win approach where corporations tend to directly gain financially from their engagements.
808. The CRM observes that as the economy continues to grow inclusively, companies both large and small could start to engage with corporate social responsibility that draws on their areas of business and core competencies, allowing community engagement to benefit society as much as it benefits the company. Such a win-win scenario is important for value creation, innovation and sustainable growth. For example, in the

current economic and social changes taking place in Egypt, the corporate sector could innovate by producing goods and services that are targeted towards previously neglected and underprivileged consumers. Indeed, market dynamics in Egypt entail that the next business breakthrough be made on the base of the pyramid (BOP) markets rather than the already stretched and saturated middle-class market. While suppliers already exist at the BOP market level, however, ensuring product quality at highly affordable packages that target daily wage-earners will be a sustainable approach.

809. The CRM learnt, for example, that the Ministry of Social Solidarity works closely with the private sector that provides training for and hires persons with disabilities. Beyond training and hiring of disabled people, the private sector, including domestic and foreign companies, assists the Ministry of Social Solidarity with the automation of the rehabilitation centres, providing tablets and laptops. Such companies, as a result of employing persons with disabilities, get tax exemptions.

## **Environment and pollution**

810. The CRM finds that, in principle, Egypt has put a growing emphasis on the protection of the environment in general, and particularly increased efforts in tackling environmental issues in the industrial and agricultural fields. There is growing awareness not only in the business sector but also among the general public of the real and potential environmental drawbacks and impacts of productive enterprises. Many of the environmental issues resulting from operations in the industrial and agricultural fields have an immediate impact on communities and individuals. According to a report by UNDP<sup>83</sup>, some Egyptians have been facing the consequences of chemical contamination, including

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<sup>83</sup> UNDP (2016) Expanding Horizons in Development: the Rising Role of Egypt's Private Sector

that resulting from agricultural pesticide use and industrial emissions, air, water and soil pollution, land degradation, decreased biodiversity.

811. Alongside increasing public awareness of real and present environmental dangers, the Egyptian government has created several environmental laws and standards and applies a very strict monitoring system.
812. Moreover, the CRM notes that between 2007 and 2013, the Ministry of the Environment in Egypt, in partnership with various institutions, spent over USD 213 million in the form of grants, loans, and cost share to support more than 100 companies to comply on various areas related to cleaner production.
813. The collective of government measures to safeguard the environment has made a positive impact. For example, by October 2015, only 9 factories out of 102 remained were pollutants of the river Nile and have been dealt with, according to Ministry of the Environment<sup>84</sup>. Moreover, the CSAR specifically mentions that a garbage recycling school was established in the Mokattam area (collecting and sorting the garbage area) by Procter and Gamble P&G, resulting in recycling one million empty bottles of the company's products, reducing poverty, teaching 150 children. Other important applications for promoting environmental and sustainability are supported by telecommunication carriers and the private and public banks.
814. Data derived about the community engagement portfolios of the S&P-EGX ESP Index only relates to larger local companies. Little quantitative information is available about smaller counterparts. Yet, such small and unlisted companies have an impact on the local economy and on their extended universe of stakeholders.

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<sup>84</sup> Ministry of Environment, Annual Report 2013, Egypt

## **Recommendations**

The APR panel recommends that:

- Inter-Ministerial efforts to continue to totally eradicate child labor that may still be lingering in the informal sector (GOE).
- Companies, large and small, to consider employing corporate social responsibility activities that are sustainable, benefiting society as much as they benefit businesses themselves (Enterprises).
- Ensure that all listed and unlisted firms' practices on CSR and sustainability activities are disclosed (GOE).
- Integrate climate and sustainable development education into the curricula of different educational stages (GOE).
- Promulgate an explicit law on social responsibility in order to avoid the reluctance of some companies (GOE and Enterprises).

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## CHAPTER SIX

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### SOCIO-ECONOMIC DEVELOPMENT

#### 6.1 OVERVIEW

815. The goal of promoting socio-economic development is premised on self-reliance in development as a process of establishing ownership and leadership, and on broad and deep participation by all sectors of society. This is envisioned as means for anchoring the development of a country on its resources and the resourcefulness of its people. Broadly speaking, ownership and leadership of the development process include developing priorities and identifying the origins of mobilized resources for the implementation of development programmes.
816. In this regard, Egypt has adopted a series of approaches ever since the 1980s for developing priorities to mobilize resources for the implementation of its socio-economic development programmes. Like many other African countries at the time, it resorted to development plans, after an open-door policy (*El-Infitah*) period of 1974-1981. In the first five-year plan, covering the era 1982-1987, high priority was accorded to: oil exploitation, tourism, the Suez Canal and remittances from Egyptian citizens working abroad. These were regarded as the four most effective triggers of economic growth at the time. This orientation led to the recording of an annual growth of GDP rate of about 7 percent. But the high growth rate did not prevent the rise of disequilibria in the economy partly due to increasing external debt burden, rising external balance of payments deficit and chronic budget deficits.



817. All these were challenges to socio-economic development that even the better economic fortunes of the following periods of 2005 - 2007, when the economy grew by 7 percent per annum, and 2008 - 2010, with a 5 percent growth rate, could not overcome. Political instability and structural deficiencies in the economy seriously affected growth and socio-economic development in the next era of 2011 - 2014. Egypt was unable to start any transformation of the economy and mount serious programmes for socio-economic development until 2014. In that year, a series of reforms, such as tax reforms to extend the tax base and ensure better collection of taxes, and the reform of the business environment were implemented for the effective mobilization of resources for socio-economic development.
818. After taking office in 2014, President EL-Sisi embarked on an ambitious and transformative plan to achieve and advance the country's economic potential through the construction of a modern, responsive and equitable economy<sup>85</sup>. Currently, socio-economic development in Egypt is going through a period of transformation and restructuring after two recent social upheavals in 2011 and 2013. The Government has designed and implemented a series of plans and strategies to guide the socio-economic development of the country.
819. In 2016, Egypt adopted the 'Sustainable Development Strategy: Egypt Vision 2030' as the primary anchor for its socioeconomic development. This document, premised on the United Nations Sustainable Development Goals and the African Agenda 2063, expresses the general orientation towards the socio-economic development of Egypt to the year 2030.
820. The strategy includes ambitious programmes for a comprehensive reform that will restructure the socio-economic

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<sup>85</sup> Embassy of Egypt, "Egypt A New Economy for the 21<sup>st</sup> Century", Washington D.C.,  
[http://www.egyptembassy.net/media/Egypt\\_New\\_Economy\\_1114165b15d.pdf](http://www.egyptembassy.net/media/Egypt_New_Economy_1114165b15d.pdf)

paradigm. The objective of this paradigm is to boost competitiveness, ensure inclusive growth, and attain and maintain sustainable economic growth rate to help propel the country’s economy into the top 30 economies in the world and reach the 30th rank in the Global Competitiveness Index<sup>86</sup>.

## 6.2 STANDARDS AND CODES

### Summary of the CSAR

821. The CRM received limited information on the Standards and Codes that Egypt has signed, ratified or presently complying with under socio-economic development as well as reservations notes on the ones that the country has not signed and ratified. Table 6.1 presents the standards and codes that Egypt has acceded to in this thematic area.

**Table 6.1: Standards and Codes Acceded to in Socioeconomic Development**

Standards and Codes	Adopted/ Signed	Ratified	Date Deposited	Reservations Notes
United Nations Organization (UN), Declaration on the Rights of Disabled Persons (1975, New York, USA)	4/4/2007	14/4/2008		
United Nations Organization (UN), Convention on the Elimination of all forms of Discrimination against Women (CEDAW) (1979, New York, USA)	16/7/1980	18/9/1981		
Right to development in the African Charter on Human and Peoples’ Rights (1981) including	16/11/1981	20/3/1984		

<sup>86</sup> CSAR

the protocol on the Right of Women in Africa				
United Nations Organization (UN), Convention on the Rights of the Child (1989, New York, USA)	05/02/1990	06/07/1990		
OAU, African Charter on the Rights and Welfare of the Child (1990, Addis Ababa, Ethiopia)	30/06/1999	09/05/2001	22/05/2001	
Kyoto Protocol to the UN Framework Convention on Climate Change (1997, Kyoto – Japan)	15/03/ 1999	12/012005		
Constitutive Act of the African Union (2000, Lomé, Togo)	22/01/2001	05/07/2001	30/07/2001	
Organization of African Unity (OAU), New Partnership for Africa’s Development (NEPAD), (2001, Abuja, Nigeria)	2001			
African Union (AU), Protocol to the African Charter on Human and Peoples’ Rights on the Rights of Women in Africa (2005, Maputo, Mozambique)	-	-	-	

<b>Standards and Codes</b>	<b>Adopted/ Signed</b>	<b>Ratified</b>	<b>Date Deposited</b>	<b>Reservations Notes</b>
African Convention on the Conservation of Nature and Natural Resources (2003, Maputo, Mozambique)	15/09/1968	06/03/1972	12/04/1972	
African Youth Charter (2006, Banjul, Gambia)	10/10/2008	9/3/2015		

Convention on the Rights of Persons with Disabilities (2006, New York, USA)	30/03/2007	25/09/2008		
Charter for the Cultural Renaissance of Africa (2006 Khartoum, Sudan)		26/06/1978	21/07/1978	
African Union (AU), African Charter on Democracy, Elections and Governance (2007, Addis Ababa, Ethiopia)	--	--	--	

## Recommendations

The APR Panel recommends the following:

- Egypt through - the Ministry of Foreign Affairs - to embark on a comprehensive analysis of the standards and codes that the country has signed, ratified or presently complying with under socio-economic development as well as note the reservations on the ones that the country has not signed and ratified (Ministry of Foreign Affairs).

## 6.3 ASSESSMENT OF THE PERFORMANCE ACCORDING TO APRM OBJECTIVES

### Objective 1: Promote and accelerate broad-based sustainable socio-economic development

#### Summary of the CSAR

822. The CSAR notes that Egypt had been formulating policies and strategies for promoting and accelerating broad-based sustainable socio-economic development over the years. It states that the current socio-economic development framework, launched in 2016, is guided by the Sustainable Development Strategy: "Egypt's Vision 2030". The main objective of the Strategy is to; boost competitiveness, ensure inclusive growth and attain and maintain high economic growth rate. The CSAR identifies the public sector, which employs 57.1 percent, attracts 56.1 percent of total investments and accounts for 31.9 percent of the GDP, as one of the key sectors to drive this growth.
823. Towards the achievement of the objectives of the Strategic Vision 2030, the CSAR also highlights that Government reformed the electricity and energy sector to redress some pressing challenges. These challenges include; fuel shortages, the lack of power-generation plants and transportation networks, high energy subsidies, lack of funding and the absence of legislations that support the creation of an investment-attracting environment. The redressing of these challenges, according to the CSAR, ensured adequate supply of electricity to meet rising consumption being created by the implementation of the Vision 2030. The CSAR maintains that an Integrated Sustainable Energy Strategy was implemented to maximize the renewable energy share in total electricity generation that enables the government to realise its goals of establishing regional and international electricity linkages, especially between Egypt and Sudan, Egypt and Saudi Arabia, and Egypt and Greece through Cyprus.

824. Envisioning agriculture as playing a traditional vital role in the economy towards the success of the Sustainable Development Strategy, the CSAR points out that a medium-term plan for sustainable development covering period 2019 - 2022 was implemented to ensure the generation of significant amount of investments that would promote the performance of agriculture and maximize its participation in economic growth.
825. Regarding health services, the CSAR underscores positive return that the health sector has on economic development and social justice. The 2014 Egyptian Constitution has mandated that, *‘every citizen should be accorded the right to quality health and integrated health care’*. The CSAR also maintains that the government is to provide universal health insurance to all citizens, ensure the effectiveness of all public health services and guarantee fair geographical spread of health services.
826. In the area of education, the CSAR reveals that emphasis is placed on skills development starting from pre-university education by building cognitive skills, enhancing the capacity and efficacy of teachers and improving the performance of students through comprehensive assessments at various educational levels.
827. In discussing environmental management and protection for sustainable development, the CSAR notes that Egypt’s environmental and sustainable development issues are guided by the Vision 2030, especially the Vision’s emphasis that *‘the environmental dimension should be a central focus in all development and economic sectors*. The CSAR then explains that this principle is aimed at achieving the security of natural resources, their equitable use, optimal exploitation, and investments that guarantee the rights of future generations.

## **Findings of the CRM**

828. The CRM observed that by taking a multi-faceted approach, the Arab Republic of Egypt is making remarkable progress in its efforts to promote and accelerate broad-based sustainable socio-economic development. This approach involves policies and plans in education, health, agriculture and energy.

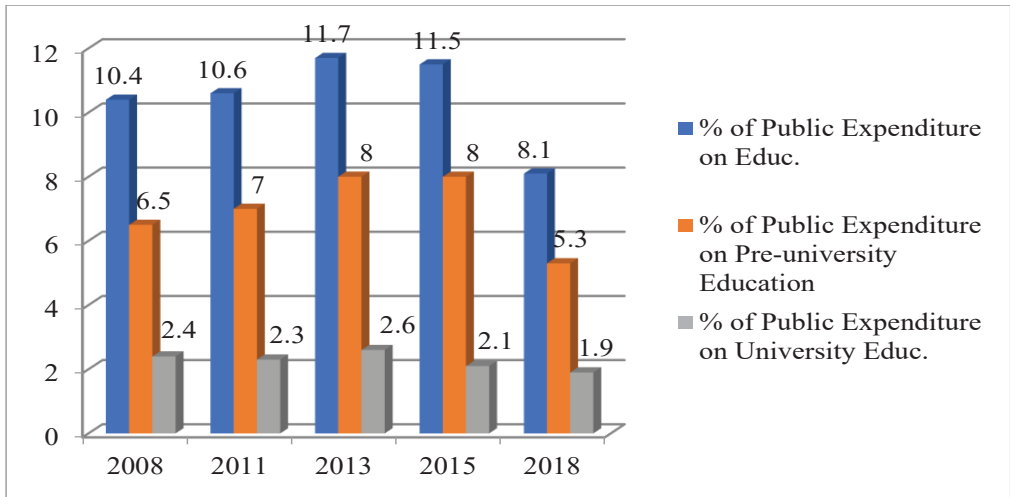
### **Education**

829. In the field of education, evidence suggests that the GoE is committed to prioritizing education as a key tool for development. The 2014 Constitution accords the right to education to every child. Specifically, emphasis is placed on pre-university education which is mandated by the Constitution to receive funding up to 4 percent of the GDP and gradually being scaled up until the funding conforms to international rates. Through its Strategic Plan for Pre-University Education 2014 – 2030, the Ministry of Education and Technical Education is implementing this Constitutional mandate by demanding equal opportunities for all school-age population, with specific attention on children from poor areas. Both educational expenditure and educational infrastructure have been rising to meet this requirement. As Figure 6.1 below indicates, the proportion of public expenditure on education rose between 2008 and 2013 from 10.4 percent to 11.7, an increase of 12.5 percent. While this figure decreased in 2018 by about 22 percent from the 2008 level -- possibly due to the squeeze on general spending instituted by the restructuring programmes -- interactions with some officials suggest that educational expenditure is on the rise again. These policies and expenditures have enabled Egypt to put in place comprehensive strategies to prepare the ground for meeting the current processes of transformation and restructuring taking place in the country.

830. Egypt's compulsory primary education policy in conjunction with previous policies has enhanced numeracy and literacy rates;

the latter rising from 66.4 percent of the population in 2006 to 80.8 percent in 2018, according to UNESCO data. Egypt has almost attained parity in male and female primary school enrolments which was 1: 0.94 in 2017/18, marginally better than<sup>87</sup> the 1: 0.93 ratio in 2012/13.

**Figure 6.1: Proportion of Public Expenditure on Education**



*Source: Central Agency for Public Mobilization Statistics*

831. However, the educational system faces a number of challenges. Drop-out rates still persist. More than one in ten children registered in school in 2018 dropped-out from school in some of the Governorates. For example, Matrouh registered a 12.56 percent<sup>88</sup> rate of drop-out, South Sinai 10.8 percent, Aswan and Qena 9.51 percent and 8 percent, respectively. While the reasons for this challenge may be varied, they include prevailing cultural and religious values, and the distribution of different activities within families in the countryside in which case more girls than boys are affected.

<sup>87</sup> Calculated using data from Central Agency for Public Mobilization Statistics

<sup>88</sup> Central Agency for Public Mobilization Statistics



832. Like any other country, it has been Egypt's long conviction that -- being the lifeblood of a good society, a source of prosperous economy and the crucible for providing relevant skills for socio-economic development -- its efforts in education should be directed by the provision of the best education at the highest level.
833. Documentary evidence and discussion with stakeholders suggest that education at the highest level has raised the phenomenon of highly educated male graduates getting jobs less easily than lowly educated male graduates. Conversely, highly educated women are getting jobs more easily than lowly educated women. Data from CAPMAS indicates that 529 900 male graduates from the "university education and above" category were unemployed in 2018 while only 61 300 male graduates from the lower category of "above intermediate and less than university education" were unemployed which appears to attest to this phenomenon.
834. Finally, documental evidence indicates that the public-school system, the traditional pride of Egypt, now plays second fiddle to private schooling. The CRM is aware that the Ministry of Education and Technical Education's *Strategic Plan for Pre-University Education 2014 – 2030* has the capacity to cater for this challenge. The Strategy expects to address the challenge by expanding Technical and Vocational Education and Training (TVET) and distance education, developing curricula more aligned with labour market needs, improving student-to-teacher ratios, quality assurance and accreditation mechanisms, as well as teacher training.

## Health

835. From documental evidence and some stakeholder interactions, the CRM notes that Egypt has placed the health issues of citizens high on its development agenda. The Constitution guarantees every citizen the right to health and integrated health care of standard quality, the maintenance of public health services and facilities and the enhancement of their efficiency and fair geographical coverage. In addition, the Constitution obliges the government to extend universal health insurance to all citizens, and to spend 3 percent of GNP on health. This level of expenditure is to be increased gradually until it catches up with international rates.
836. Through these obligations, there has been an expansion in the health sector to ensure the existence of a healthy citizenry that can contribute to the enhancement of the capacity of the country in its attempts to promote accelerated broad-based socio-economic development. Public expenditure in the health sector has been increased. It rose from LE 4 billion<sup>89</sup> in 2014/15 to LE 11.2 billion in 2018/19, registering an increase of 180 percent. This development appears to be having the intended positive results. As per Table 6.2, the number of physicians increased by 44 percent<sup>90</sup> from 71 221 in 2014 to 102 773 in 2017. Other categories of registered medical personnel also appreciated between 2014 and 2017, thus increasing their respective ratios per 10 000 people.

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<sup>89</sup> The data are from Country Self-Assessment Report, p. 253.

<sup>90</sup> Data from Central Agency for Public Mobilization and Statistics, p. 455.

**Table 6.2: Rates and Numbers of Medical Professionals per 10 000 People (2014-2017)**

Professional	2014		2015		2016		2017	
	Rate/ 10000 People	Number	Rate/ 10000 People	Number	Rate/ 10000 People	Number	Rate/ 10000 People	Number
Physicians	8.0	71221	8.1	71900	8.5	77579	13.5	102773
Dentists	1.7	14623	1.8	15 779	1.9	17552	2.5	22098
Pharmacists	1.3	28317	3.9	34 609	4.2	38156	5.3	49134
Nurses	14.4	125353	14.5	128894	14.5	132382	22.3	191351

*Source: Central Agency for Public Mobilization and Statistics, p. 455.*

837. The increases in the numbers of medical personnel have had a positive impact on childhood mortality rates across the board. These rates show a declining trend as illustrated by Table 6.3 below. For example, the under-five mortality rate which of 39 per 1 000 in the previous survey period of 10 to 14 years ago declined to 27 per 1000.

**Table 6.3: Early Childhood Mortality Rates**

Years Preceding the Survey	Neonatal Mortality	Post- neonatal Mortality	Infant Mortality	Child Mortality	Under-five Mortality
0-4	14	8	22	5	27
5-9	19	11	30	3	33
10-14	19	13	33	7	39

*Source: Egypt Demographic and Health Survey 2014, p. 101.*

838. A world-class practice deriving from Egypt’s health sector is the fight against the spread of Hepatitis C. Adopting an integrated programme for the detection, treatment and elimination of the virus, Egyptian doctors have managed to reduce the duration of patients’ need for treatment, which is an excellent result not only for Egyptians but for all humankind.
839. Also, almost all Egyptians, 98 percent<sup>91</sup> of the households, have access to drinking water from an improved source and about 91 percent have access to an improved, not shared toilet facilities, while 94 percent live in dwellings with ceramic tile or cement floors. In 2019, Egypt’s human development score of 0.7 ranked 116 out of 189 countries which puts Egypt among the countries of high human development. According to Table 6.4, Egypt compares very favourably on this scale with South Africa, Algeria and Nigeria which together with Egypt are the four largest economies of Africa.

**Table 6.4: Human Development Index of Africa’s Four Largest Economies**

Year	Countries			
	South Africa	Algeria	Nigeria	Egypt
2008	0.633	0.709	0.485	0.658
2009	0.642	0.719	0.490	0.660
2010	0.649	0.729	0.494	0.665
2011	0.657	0.736	0.512	0.668
2012	0.664	0.740	0.519	0.675
2013	0.675	0.745	0.524	0.680
2014	0.685	0.747	0.527	0.683
2015	0.692	0.749	0.530	0.691
2016	0.696	0.753	0.532	0.694
2017	0.699	0.754	0.532	0.696

Source: UNDP Statistics, <https://countryeconomy.com/hdi>

<sup>91</sup> Egypt Demographic and Health Survey 2014, p. 13.

## **Agriculture**

840. The CRM has noted the important role of agriculture in the socio-economic development of Egypt. Agriculture and its related activities account for about 11.7 percent of the country's GDP, employ 25 percent<sup>92</sup> of the labour force and is responsible for close to 20 percent of total exports. Nearly 40 percent of the rural inhabitants rely directly or indirectly on agriculture. The sector also ensures food security, supplies the necessary inputs of industrial activity and promotes the growth of the transport, storage and trade sectors.
841. The important role suggests that any growth in agriculture and the resulting growth in the non-farm rural economy have significant bearings on poverty reduction and on income equalization between urban and rural areas and between rural Upper Egypt and the rest of the country.
842. This role notwithstanding, the agricultural sector faces some significant challenges, limiting the sector's ability to realize its full potential. The sector, among other things, is subjected to harsh weather conditions, scarcity of water and population pressure. Of the one million square kilometres of Egypt's total land mass, only 10 percent of Egypt is fertile for agriculture. Much of the population, almost 100 million people, is concentrated on this strip of land along the Nile, generating large population pressure which is decreasing the fertility of the land for cultivation.
843. It is commendable that the authorities are acting on these challenges. Through the Land Reclamation programmes, an increasing amount of desert land is being transformed into arable land in certain parts of the country. The government also is building 14 new cities to entice citizens to resettle and free the fertile land for cultivation. The Ministry of Agriculture and Land Reclamation has developed a comprehensive strategy to last until 2030 for the sector. The general policy of the agriculture

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<sup>92</sup> Country Self-Assessment Report, p.240.

and irrigation sector includes; expanding national and infrastructure projects, internal reclamation to meet the objectives of land reclamation projects, implementing land fertility improvement programs, developing on-farm irrigation systems and restricting water-intensive crops.

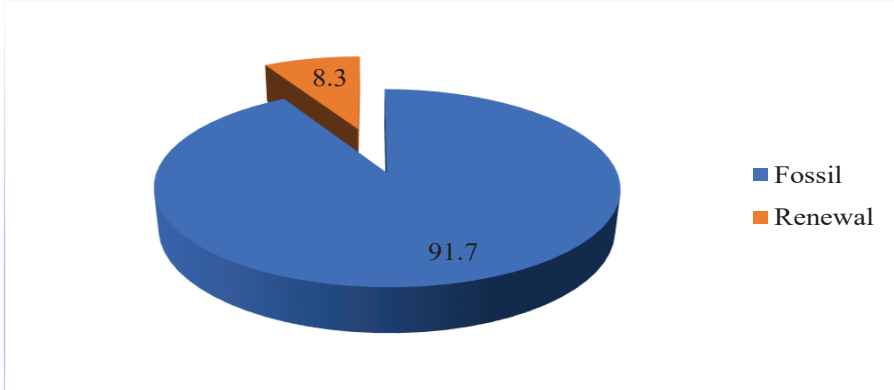
844. While nature has not been fair to Egypt regarding the size and conditions of land for agriculture, through ingenuity, the country has made strenuous efforts to contain this huddle, such as, the treatment of drainage water for reuse in irrigation, the greater use of underground water and the improvement of irrigation facilities to reduce average water use. These approaches indicate that the enhancement of the water and irrigation system is very necessary for developing the agricultural sector.

### **Environment**

845. The CRM observed that environmental sustainability has always been the concern of Egypt since the larger portion of the country's total land area is pure desert or at best semi-desert and not amenable to productive use, making environmental sustainability and natural resource management very difficult.
846. Over the years, Egypt has been adopting policies and mechanisms to enhance the conditions of the environment. The most recent of these policies is the Sustainable Development Strategy Vision 2030 which has incorporated the environment as one of its key pillars of sustainable socio-economic development. Also, the Government's Medium-Term Sustainable Development Plan (2018/19-2021/22) has adopted a set of executive mechanisms for achieving environmental sustainability goals. This Plan includes strategies and programmes for enhancing air and water quality, recycling waste, as well as developing wildlife sanctuaries. Besides, through the establishment of the Ministry of Environment and the Environmental Affairs Agency, Egypt has underscored the importance of a good and healthy environment for sustainable development.

847. The necessary funding for these programmes is being mobilized through government financing, Environmental Protection Fund (EPF), the Micro, Small and Medium Enterprises Development Authority (MSMEDA) as well as civil society and private sector mobilized funds.
848. The structures and operations of these programmes are being enhanced through legislative instruments on the better management of the environment to confront issues of climate change and global warming. Rising temperatures and sea levels can deplete the country's already scarce arable land and water resources. The Government's amendment of the articles of the Executive Regulation of the Environmental Law in 2017 was in this direction. It enhances compliance with legally established environmental standards, the treatment of all types of waste and garbage, the protection of watercourses and the application of rigorous controls and standards on various types of emissions and regulating the process of detecting emissions from diverse sources.
849. Despite the aforementioned attempts to enhance and ensure good environmental management practices, Egypt still faces two environmental challenges. A specialized entity for new and renewable energy has been establishment since 1986. While enjoying competitive advantage in several sources of new and renewable energy -- such as, wind energy, solar energy and the energy of effluent or solid agricultural, industrial and municipal residues, the country still depends heavily on fossil energy, a source of environmental hazards. As illustrated in Figure 6.2, Egypt's energy mix is skewed heavily towards fossil energy which accounted for 91.7 percent of electricity production in 2015. It is in this light that the Egyptian authorities must be commended for their efforts to diversify the energy mix through the use of renewable energy sources such as solar and wind energy to generate electricity.

**Figure 6.2: Egypt’s energy mix for electricity production in 2015**



*Source: World Bank World Development Indicators*

850. The second challenge concerns the indiscriminate smoking of cigarettes in the Egyptian society even in public places. Smoking cigarettes can have many adverse effects on the body, including life-threatening complications. According to the Centers for Disease Control and Prevention (CDC), cigarettes smoking is the leading preventable cause of death in the world and smoking harms nearly every organ of the body, causes many diseases and reduces the health of smokers in general. Smokers are also at greater risk for cardiovascular disease (diseases that affect the heart and blood vessels)<sup>93</sup>.

851. The future negative impact of this practice is hard to imagine when the current population bulge of the young people is in its mid-to-old age. If scientific studies are anything to go by, while diseases caused by the smoking of cigarettes can strike at any time, they tend to be prominent in this age bracket. This can have the capacity to strain public expenditures on health and on the emotional balance of citizens as the nation and families contend with caring for the sick thus reducing productivity and economic growth.

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<sup>93</sup> U.S. Department of Health and Human Services. *The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General*. Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014.



## Energy

852. The CRM has noted that while other African peers may be experiencing energy shortages and electricity browning, Egypt has moved from an energy deficit to an energy surplus nation through a judicious approach in the area of electricity and energy. In 2017, 99.7 percent<sup>94</sup> of all Egyptians had access to electricity, indicating that virtually all Egyptian households have electricity.
853. With a natural gas output of 6.6 billion cubic feet per day in 2018 compared to 6 billion cubic feet per day in 2017, the country achieved natural gas self-sufficiency in September 2018. Systematic reforms, -- including investments in the energy sector -- contributed to this achievement.
854. The discovery of the “Zohr” natural gas field, the largest in the Mediterranean Sea, is compensating for the natural decrease in productivity of old gas fields and boosting total gas output by over one billion cubic feet per day which is covering the gap between production and consumption. In this context, Egypt is about to become a regional center for energy through liquefying and re-exporting natural gas.
855. As part of the Restructuring and the Economic Reform Programme, the government’s plans and programmes specially prioritize the electricity and energy sector as a key driver of economic development. A comprehensive plan to reform the sector includes implementing a number of projects to generate power from solar energy in partnership with the private sector. Also, a broad-based restructuring programme to rationalize energy subsidization introduced to minimize the challenges of fuel shortages has been implemented.

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<sup>94</sup>Central Agency for Public Mobilization and Statistics.

856. Through a number of legislative reforms private participation and investment in the sector, particularly in the electricity sector, has enhanced the energy sector development. The reforms enabled investors to construct, own, operate power plants from renewable energy sources and sell the electricity generated from these power plants to the Egyptian Company for Electricity Transmission<sup>95</sup>. This has helped in meeting growing demands for electricity. It has also permitted the State to regulate, control and monitor the performance of the public facilities instead of managing them directly.
857. The public financial management system has been rationalized to promote efficiency of spending public funds in a transparent and accountable manner that leads to the efficient and effective use of financial resources.
858. The government also took to building new power-generation plants to meeting increasing demand. In collaboration with a Germany Company, Siemens, three power-generation plants have been built with a total energy output of 14,400 Megawatt in the New Administrative Capital, Beni Suef and Borrollos.
859. To ensure energy sufficiency as well as diversify its energy mix in producing electricity, Egypt has constructed a solar park in Aswan in Upper Egypt consisting 32 solar power plants capable of producing 1.6 to 2.0 Gigawatts of solar energy and currently considered as the largest solar park in the world, and this project was awarded the best project in the world by the World Bank in 2019. These plans underscore that Egypt is exercising its comparative advantage in the use of a free natural resource -- the sun -- in an unprecedented manner. Locating the plants in Upper Egypt, which is one of the depressed areas of the country, helps

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<sup>95</sup> Country Self-Assessment Report.

in creating employment in the area, promoting rural development and addressing regional disparities.

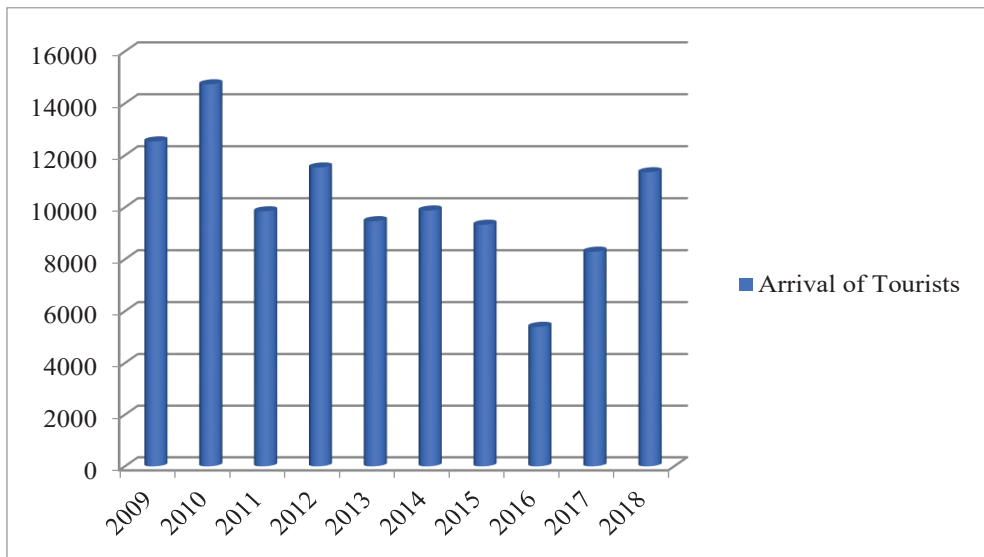
860. The country is in the process of expanding power networks, in terms of transmission and distribution. Through this, Egypt is playing a positive influence regionally and internationally. It is considering establishing power linkages with Sudan, Saudi Arabia and Greece through Cyprus. Providing energy training programmes to Burundi, the Democratic Republic of Congo, Djibouti, Kenya, South Sudan, Tanzania and Somalia, indicate that Egypt is using the energy sector to help promote African Unity. In any case, the steps it has taken to reform the energy sector are admirable and worthy of emulation.

### **Tourism**

861. Egypt has been associated with tourism from time immemorial and for very good reasons. It is the home of the Pharaohs, the pyramids, a cradle of civilization and the centre of knowledge of which the old Alexandria Library easily comes to mind. The CRM observed that this association has been carried over the years to the present, making tourism one of the major contributory factors to Egypt's economic growth and socio-economic development. The country has put in place elaborate infrastructure to cater for tourists' needs.
862. In 2018, the travel and tourism sector accounted for 12 percent of GDP, 9.5 percent of total employment, representing 2.48 million jobs which are expected to rise to 3.22 million in a decade. Direct spending of tourists in that year was about LE 218.1 billion or USD12.2 billion.

863. In spite of this important role of tourism in the socio-economic development of the country, Egypt as well as countries in the region, face the major challenge of terrorism. Together with its negative effects on social stability, terrorism has a detrimental impact on tourism. As Figure 6.3 illustrates, Egypt was attracting more than 14 million tourists a year before the 2011 and 2013 social upheavals. Since then the numbers of tourists arriving in the country have been much smaller than pre-2011 numbers. The CRM is aware that terrorism is now a world-wide phenomenon and no one country can be blamed or assigned the batch of honour for vesting terrorism on itself. The CRM is equally aware that the Government of the Arab Republic of Egypt attaches serious attention to the security of the tourists visiting the country, as any government would. This seriousness was open and visible during the Review Mission as members had to go through security processes before entering major buildings.

**Figure 6.3: Arrival of Tourist in Egypt 2009-2018**



*Source: Central Agency for Public Mobilization and Statistics*

## Recommendations

The APR Panel recommends that Egypt addresses the following:

- i. Continue to adopt and implement programmes on pro-quality education emphasizing skills training rather than pro-quantity education (Ministry of Education and Technical Education).
- ii. Address the drop-out rates especially in the rural areas as a means of propelling the poor out of poverty. (Ministry of Social Solidarity, Ministry of Education and Technical Education).
- iii. The GoE to continue to adhere to the *Plan for Pre-University Education 2014 – 2030* tenaciously for graduates to become entrepreneurs and create jobs for other citizens (Ministry of Education and Technical Education).
- iv. The country to continue to prioritize water and irrigation system (Ministry of Water Resources and Irrigation).
- v. Continue to implement more land reclamation programmes to provide more land for agricultural cultivation (Ministry of Agriculture and Land Reclamation).

## **Objective 2: Encourage broad-based participation in development**

### **Summary of the CSAR**

864. The CSAR identifies key efforts made by the Arab Republic of Egypt towards broad-based participation in its development processes. The initiatives cited include access to information, transparency mechanisms and legislation on decentralization.
865. The CSAR further highlights the substantial work that the government has undertaken to promote and publicize information on development programmes and the associated monitoring and evaluation modalities. Progress with the enactment of legislation on decentralization is also outlined in the report. The significant role of legislation is stressed as it relates to the creation of an enabling environment for the full adoption of participatory planning, implementation, monitoring and reporting based on the needs of citizens at the local level.

### **Findings of the CRM**

866. The CRM observed that the Arab Republic of Egypt has adopted a three-prong approach focusing on decentralization, access to information and stakeholder engagement for broad-based participation. There have been numerous laws developed over the last 10 years to facilitate the process of decentralization. A number of laws are yet to be passed in order to implement these reforms. This includes a new decentralization law that was set to be tabled in the House of Representatives in December 2019.

### **Decentralization**

867. The Arab Republic of Egypt has made considerable efforts to institutionalize decentralization as an integral approach in key development processes. The CRM notes that Egypt's 2014 Constitution, particularly articles 175 and 183, have granted local councils more authority and functions in determining

development needs of their constituencies<sup>96</sup>. This has facilitated the introduction and scaling up of the national decentralization process as a priority in support of socio-economic development.

868. Notable efforts made towards decentralization include, the training of popular leaders from all governorates and building the capacity of staff of the Ministry of Local Development. This is intended to enhance the effectiveness of participatory development by lending quality to the process of determining and addressing the needs of different constituencies.
869. The CRM further observed that through legislation, the Government has been able to institute reforms towards securing inclusive development. During the period, 2017 to 2018, two Bills were tabled in the House of Representatives, with the aim to enhance decentralization processes<sup>97</sup>. One of the Bills focused on the elaboration of requisite local administration systems for decentralised governance. The Bill was designed to incrementally provide governors and the governorates with increasing authority in the delivery of social services. The purpose of the second Bill was to empower local governments with the right to prepare development plans. It sought to grant local governments the freedom and flexibility to implement plans, as well as, the right to mobilize more financial resources for development projects and initiatives<sup>98</sup>.
870. It is worth noting that these Bills are yet to be passed into law for enactment. There have also been other several value-adding interventions by the State targeting the local level. Notably, the Egyptian Government launched a US\$500 million Local Development Programme in Upper Egypt<sup>99</sup>.

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<sup>96</sup> CSAR

<sup>97</sup> CSAR

<sup>98</sup> Democratization in Egypt: The Potential Role of Decentralization; Urban Institute Centre on International Development and Governance 2011

<sup>99</sup> CSAR

871. Furthermore, Governorates are encouraged to map and formulate strategies for their respective districts. This initiative has improved the general investment allocations among governorates, enabling them to target specific development needs of localities. In addition, the approach also introduces flexibility for the governorates to adjust programmes and projects within the framework of general development plans.
872. Overall, the ongoing reforms are designed to further support the decentralization structures for citizen-driven development. Further reforms will be introduced to promote complete the decentralization process. The CRM is cognisant of the steps taken or are being taken by some Ministries and Agencies to promote this process. For example, the Ministry of Finance began in 2011, to take steps towards institutionalizing fiscal decentralization strategies. The General Authority for Education was also instructed to take requisite action towards the decentralization of its nationally managed budget.

### **Access to Information**

873. The initiative to enhance access to information was also designed to support the decentralization objective. To this effect the government has put in place legal and administrative provisions to allow the public the freedom to access information and statistics on development matters. A Presidential Decree (Decree No. 627 of 1981) has led to the formation of information and documentation centers within the key administrative bodies. This includes the Cabinet Media Center, located at the Information and Decision Support Center<sup>100</sup>. The purpose of this Center is to periodically publish information on government successes and activities for better communication and public information.

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<sup>100</sup> CSAR



874. The Ministry of Planning has also developed an application called “Sharek 2030” that allows civil society to monitor and assess the level of implementation of government programmes in the different governorates<sup>101</sup>. In this regard, the application enhances communication and community participation in all development efforts. It disseminates indicators and targets for non-state actors and the public to monitor and track progress on government projects for transparency and accountability.

### **Stakeholder Contributions to Broad-based Socio-Economic Development Processes**

875. The Egyptian government has developed several programmes aimed at supporting Micro, Small and Medium Enterprises (MSMEs) and entrepreneurs. The government in partnership with the Central Bank of Egypt are committed to support these enterprises through financing windows that specifically target MSMEs.

876. As highlighted by an OECD survey, a limited number of the Private Sector Engagement (PSE) projects supported by international development partners explicitly targeted women<sup>102</sup>. These findings suggest that PSE portfolios of development partners do not sufficiently target the most marginalised as only 13.4 percent explicitly target rural or remote locations.

877. Government efforts are underway to encourage greater investment in remote areas through the establishment of economic zones, investment law incentives and entrepreneurship campaigns. A significant proportion of recent strategies between the government and development partners target increased participation of women and youth enterprises. There is also

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<sup>101</sup> Egypt launches "Sharek 2030" mobile app allowing Egyptians to follow projects <http://english.ahram.org.eg/NewsContent/1/64/357134/Egypt/Politics-/Egypt-launches-Sharek--mobile-app-allowing-Egyptia.aspx>.

<sup>102</sup> Global Partnership for Effective Development Co-operation Private Sector Engagement through development co-operation in Egypt 2018.

limited private sector engagement in social sectors (11 percent of projects) as compared to the economic sector<sup>103</sup>.

878. Only 10 percent of projects provide information on progress achieved as part of their reports, while 43 percent provide expected results<sup>104</sup>. The limited availability of information on the private sector does not enable an informative assessment of its specific contributions to the economy and development efforts.

The GoE developed the GRASP Egypt programme, working with the European Union and in collaboration with the Arab Network for Environment and Development (RAED). The programme brought together civil society and local authorities to help improve the social, economic and living conditions of resource-poor communities<sup>105</sup>. A key part of the initiative focused on training to build the capacities of grassroots associations. Another example of multi-stakeholder partnership is the collaboration that is currently underway involving the Ministry of Social Solidarity, NGOs and the private sector. The partnership seeks to put in place manufacturing workshops for artificial limbs and prosthesis.

### **Legislative Reforms**

879. A number of legislative reforms have been introduced to encourage private investment particularly in the electricity sector. This includes the issuance of the Renewable Energy Law No. 203/2014. This and other related interventions are part of the government's programmes to improve the quality of the national energy sector. These initiatives have been part of the comprehensive reform plan for the energy sector which includes petroleum, gas and electricity.

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<sup>103</sup> Global Partnership for Effective Development Co-operation Private Sector engagement through development co-operation in Egypt 2018.

<sup>104</sup> Global Partnership for Effective Development Co-operation Private Sector engagement through development co-operation in Egypt 2018.

<sup>105</sup> Accion Contra el Hambre GRASP Egypt: Grassroots Socio-economic Programme for Local Communities Development Clusters, <https://www.accioncontraelhambre.org/en/grasp-egypt-grassroots-socio-economic-programme-local-communities-development-clusters>

## **Stakeholders Participation Mechanisms**

880. As highlighted in the CSAR the National Council for Women played a crucial role in the formulation of policies and strategies to help address the political, economic and social empowerment of women. In addition, the Council also played an important capacity building function to support the skills of many women cadres who assumed leadership positions in Egyptian bodies. Such efforts have demonstrated the necessary role of civil society and local councils in contributing to the advancement of women in rural and urban areas<sup>106</sup>.

881. The National Council established an Observatory as a mechanism to monitor the status of women's participation in decision-making. The Observatory is meant to monitor the implementation of the National Strategy for the Empowerment of Women based on the Sustainable Development Goals (SDGs) and Egypt's Vision 2030. It serves as a mechanism to enable a structured and consistent tracking, monitoring and reporting of the achievement challenges with respect to targets on the status of women during the period 2017-2030 through a set of periodic reports<sup>107</sup>.

## **Recommendations**

### **The APR Panel recommends the consideration of the following:**

- i. GoE to continue to restructure and strengthen the national-local planning system for an effective multi-level planning framework that can ably support broad-based development (Ministry of Planning, Monitoring and Administrative Reform).

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<sup>106</sup> CSAR

<sup>107</sup> CSAR

- ii. Enhance Institutional development that fosters coherence amongst Ministries to accelerate the decentralization process (Ministry of Planning, Ministry of Local Development).
- iii. Increase national and local budget allocations for decentralisation and the supporting reforms (Ministry of Finance).
- iv. A dedicated budget be set aside to process laws that were proposed over the years but are yet to be enacted (Minister of Justice, Ministry of Finance).

### **Objective 3: Poverty, unemployment and inequality**

#### **Poverty**

882. The CRM notes that Egypt, like all developing countries, is facing the challenges of poverty, unemployment and inequality. During the 5-year period before the 2011 revolution, the economy of Egypt grew at a healthy rate of 5 to 7 percent. However, poverty is a challenge to Egypt's inclusive and sustained social economic development and transformation today. Economic growth has not been sufficiently inclusive as the middle class has not significantly benefited from the economic growth. The proportion of Egyptians living on less than \$5 per day remains the same as before the economic growth. As illustrated by Table 6.5 below, about 33 percent of the population or around 33 million people lived below the national poverty line in 2017. Showing an upward trend between 1999 and 2017, the poverty percentage, measured according to the national poverty line, rose from 16.74 percent in 1999 to 27.8 in 2014 and then to 32.5 in 2017 (Table 6.5) however, it declined for the first time in 20 years, reaching 29.7% in 2019.

883. Taking extreme poverty approach as the measure, 6.2 percent of Egyptians were within the poverty bracket in that year, higher than it was in 2014. While it could be argued that Egypt’s current 33 percent poverty rate is comparable to those of many developing countries.

**Table 6.5: Estimates of Poverty Line and Poverty Rates (1999 - 2017)**

Description	1999	2004	2008	2010	2012	2014	2017
National Poverty Line (LE Per Capita Per Year)	998	1,423	2,224	3,076	3,920	5,787	8,827
Poverty Rate According to The National Poverty Line (%)	16.74	19.56	21.56	25.2	26.3	27.8	32.5
Extreme Poverty Line (LE Per Capita Per Year)	2.87	3.4	6.05	4.8	4.4	5.4	6.2
Share of Poorest Quintile in National Consumption	9.0	8.9	9.3	9.5	9.5	9.87	9.3

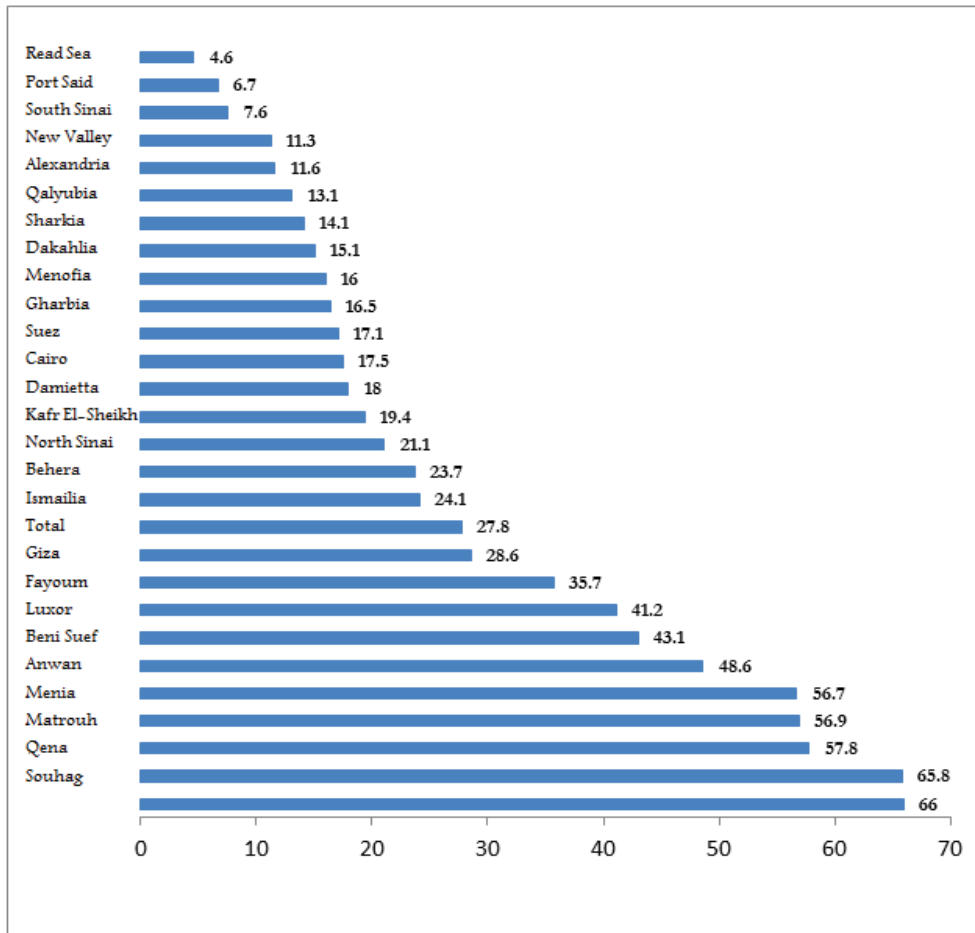
*Source: Central Agency for Public Administration and Statistics Contained in the CSAR*

884. The poverty rates in the Governorates vary from 4.8 in the Red Sea to 66 percent in Souhag (Figure 6.4), indicating that poverty levels are deeper and more diverse in the Governorates. For example, the poverty levels in 5 Governorates are higher than 50 percent, those of 11 other Governorates are over 20 percent and the rates in 9 Governorates exceed 20 percent.

The Mission observed and this was confirmed during discussions with officials that the Government has initiated a plethora of policies and programmes to alleviate poverty, as the Egyptian State is actively seeking to direct investments towards improving the quality of life of citizens through the implementation of several development initiatives, most importantly, the presidential initiative, “Hayah Karima” - “Decent Life” for the development of the Egyptian countryside. The first phase of the

initiative was launched in January 2019, targeting 375 villages, and contributing to the reduction of poverty rates in some villages by 11 percentage points, as well as improving the availability of basic services by about 50 percentage points in some villages. The Government efforts include also the setting of minimum wages in 2011, which were adjusted in 2018, and providing subsidies for bread, rationed food and fuel products. The government adopted a cash transfer programme known as "Takaful and Karama" or "Solidarity and dignity", to protect the persons in most vulnerable situations in society, benefiting around 3.6 million households. Construction of new housing units was also undertaken to ease the high demand for housing. So far, about 250,000 housing units have been built and 14 completely new cities are being built all over Egypt.

**Figure 6.4: Distribution of Poverty Rates across Different Governorates for 2014/2015 (%)**



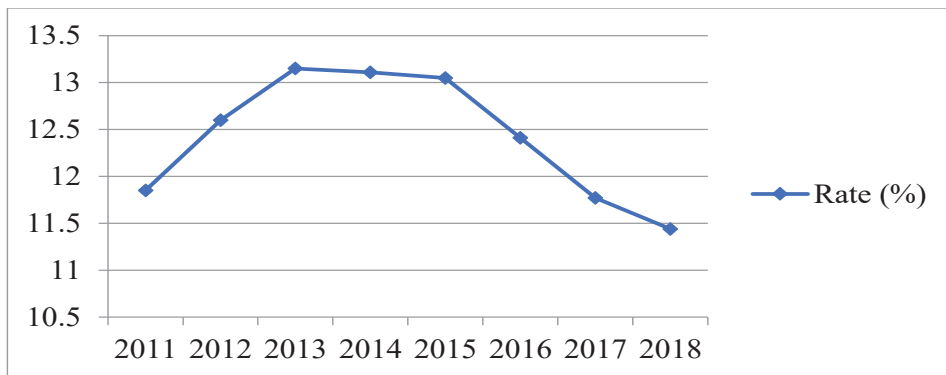
Source: CSAR, p. 414

## Unemployment

885. Unemployment in Egypt has been a challenge for many years. The unemployment rate has fallen to 8.1 percent in 2019 according to the official statistics by CAPMAS. As illustrated by Figure 6.5, even in recent times the rate has been as high as 13.11 percent. Nevertheless, the Figure suggests that the rate assumed a downward trend, especially between 2014 and 2018 culminating in the current rate of 8.1 percent as Egypt embark on megaprojects.

886. These projects, which include the construction of 14 new cities, thousands of kilometres of roads, electricity plants and bridges, are attracting many workers. The reclaiming<sup>108</sup> of large tracks of land to use in agriculture has also provided several employment opportunities. As well, mega fish farms in the Nile Delta are contributing to the decrease in the unemployment rate.

**Figure 6.5: Historical Trends of Unemployment rate in Egypt (2011-2018)**



*Source: World Bank Data*

<sup>108</sup> The Arab Weekly, Sunday 26/05/2019, “The Egyptian unemployment rate dropped to 8.1 percent in the first quarter of 2019, the lowest in 20 years”. <https://the arabweekly.com/unemployment-down-egypt-maintaining-trend-challenge>



887. Unemployment is highest among the youth between the ages of 15 and 29. Within this bracket, unemployment among the youth is especially a challenge among university graduates. An International Labour Organization (ILO) conducted survey in 2012 indicated that the unemployment rate in Egypt bears a positive correlation with higher levels of educational attainment as partially illustrated by Table 6.5. A good example mentioned earlier is the statistics that, only 61 300 male graduates of the lower category of “above Intermediate and less” were unemployed while as many as 529 900 male graduate of the “university education and above” category were unemployed.

**Table 6.5: Unemployed Persons by Educational Status in 2018**

Educational Status	Unit: 00		
	Total	Female	Male
Illiterate	173	343	929
Read & Write	825	327	498
Less Than Intermediate	2729	392	2337
Intermediate	200	80	120
Technical Intermediate	16520	7783	8737
Above Intermediate & Less Than University	1460	847	613
University and Above	11778	6479	5299
<b>TOTAL</b>	<b>34684</b>	<b>16151</b>	<b>18533</b>

*Source: Central Agency for Public Mobilization and Statistics*

888. This situation is a paradox because the normal expectation is that higher education should lead to getting a job easily. This paradox, together with a large unemployment gender gap, is among the fundamental causes of unemployment in Egypt. Because of decreasing employment in the public sector, cultural and practical barriers to entry for females in the private sector, lack of job opportunities for women in the private sector except the usual women's job opportunities in education and healthcare, the unemployment gender gap is highest for women with no formal education. Women unemployment rate is 21.4% in 2018. The Percentage of women working in government agencies is 44.5%.
889. During a meeting at the Ministry of Planning, the CRM was reliably informed that the high unemployment rate is also attributable to a growing large youth population bulge and an education-occupation mismatch. A large youth population is exerting demographic pressures on the labour market which is unable to absorb the large numbers of new entrants. In addition, university graduates are said to be not well-equipped with the skills and knowledge to prepare them for a career within their field of study. Usually, the job environment needs dynamic skills but the educational institutions are slow in responding to the demanded skills, creating a mismatch between skills needed in the job market and the skills provided by the educational system. While some of these mismatched skills holders rely on family support and await a job opportunity in their field of study to arrive, such graduates are still accounted for in the unemployment statistics.
890. The GoE has taken steps towards addressing these challenges. It has designed a US\$2 billion comprehensive plan for the development of pre-university education aimed at building a new system based on life and cognitive skills, as part of the country's Vision 2030 for the development of education. The plan consists of four main pillars that are fully covered by Ministry of

Education and Technical Education resources and confirms inclusive policies that provide equal opportunities in education for all public schools: -1- Early Childhood Education: aims to expand access to quality early childhood education (ECE) in Egypt; -2- Effective Teachers and Education Leaders: aims to improve the pre-tertiary education effectiveness of teachers, education leaders, and supervisors; -3- Comprehensive Assessment Reform for Improved Student Learning: aims to develop a new student assessment and examination system that is fair, valid, and reliable -4- Enhancing Education Service Delivery through Connected Systems: aims to support the government's commitment to invest in new education technology infrastructure and services to ensure a focus on learning at the classroom level. The plan also includes the development of the kindergarten and first grade primary education system, the modification of the secondary school system, opening Japanese schools and the introduction of applied technology schools for technical education.

891. The CRM was pleased to note that the GoE is giving the unemployment issue the attention it deserves. Unemployment, especially unemployment among the youth, no matter in which country, could be source of social instability.

### **Inequality**

892. In case of Egypt, while the Gini coefficient, the most commonly used summary measure for inequality, for recent years compares favourably with those of many developing countries, there is evidence to suggest the existence of inequality in: consumption, wealth distribution, economic, education and health opportunities, rural and urban disparities and lack of diversification of jobs for women.

893. According to data from the World Bank, the Gini coefficient has varied between 32.8 and 29.80. It stood at 32 in 1990 but dropped to 30.10 in 1995 before rising sharply to 32.80 in 1999. It then

remained around 31 between 1999 and 2010 before decreasing to 29.8 in 2012. It rose again to 31.8 in 2015. In that year, the poorest quintile (20 percent) of the population accounted for only 9.1 of the total consumption while the highest quintile's share was 41.5 percent which is almost 4.56 times or 456 percent of that of the poorest 20 percent.

894. In 2000, the ratio was 1:4.73, compared to 1:4.6 in 2004, and it stood at 1:4.27 in 2010. Obviously these ratios have assumed a descending trend. The indicators are generating an impact on some members of the Egyptian society. Standards of education are pushing some parents to pay for extra tuition. Proportionally, this has a greater impact on a poor person than a rich person.
895. Discussions with officials indicated that the Government is well aware of these causes and is implementing policies and programmes for reducing poverty and inequality.

## **Recommendations**

The APR Panel recommends the following:

- GOE to continue to ensure that education and training programmes emphasize skills training (Ministry of Higher Education and Scientific Research, Ministry of Education and Technical Education).
- The GoE to continue to conduct capacity assessment needs to identify the skills demanded by employers in comparison to what is offered in training institutions (CAPMAS, Ministry of Education and Technical Education).
- To continue to allocate adequate resources for TVET, with emphasize on skills training (Ministry of Finance, Ministry of Planning, Ministry of Education and Technical Education).
- Re-package TVET through comprehensive programmes supported by public campaigns to enhance its public image (Ministry of Education and Technical Education).

- The State and Governorates to continue to facilitate improving the delivery of public services that are critical for increased production, especially in agriculture production (Ministry of State for Local Development and Governorates).
- The GoE to intensify the current rural development programme to empower citizens in rural areas to become self-sufficient (Ministry of State for Local Development).

**Objective 4: Progress towards gender equality, particularly equal access to education for girls at all levels**

**Summary of the CSAR**

896. The CSAR stresses Egypt's commitment to promoting gender equality in socioeconomic development and refers to the legal and institutional framework, whose cornerstone is the Sustainable Development Strategy "Egypt's Vision 2030".

897. Adopted in 2016, "Egypt's Vision 2030" is the governing framework to reform structural imbalances, boost the economy and achieve inclusive development. It also engages all stakeholders from all sectors in trying to achieve this objective. The CSAR underlines that the government's policy calls for a strategic partnership between the State, the private sector, the media, political parties and civil society organisations. It makes provisions for consolidating the allocated resources to promote gender equality as a pre-requisite for development.

898. The CSAR sheds light on a wide range of measures and initiatives the government has put in place to accelerate progress towards gender equality and facilitate women's participation in key areas of economic and social life.

899. To enhance and widen the scope of its social protection programme and facilitate financial inclusion, the government has implemented a cash transfer scheme, "Takaful wa Karama" (Solidarity and Dignity). Its goal is to protect vulnerable groups, using the programme's database comprised of 13.5 million people. Registered households receive cash assistance, provided they send their children (6-18 years) to school. The programme also includes health care services for mothers and children under six.
900. According to the CSAR, 1 700 000 households benefited from this programme in 2017, compared to only 53 000 in 2015 and percentage of women beneficiaries reached 89 percent across 5630 villages.
901. The CSAR indicates that social security nets have been reinforced to include women in remote rural areas, orphans, the elderly and persons with disabilities. Additionally, the government has increased its social solidarity pensions, earmarked more government investments for the Frontier and Upper Egypt governorates with higher poverty rates and launched assistance programmes targeting farmers in the most vulnerable areas.
902. Another programme, "Kefaya 2" (meaning "Two is Enough") is being implemented by the Ministry of Social Solidarity to encourage family planning. With a LE 100 million budget, it targets one million women among the beneficiaries of the "Takaful and Karama" programme.

903. The CSAR refers to the persevering and tireless efforts that civil society organisations are deploying to help strengthen gender equality and alleviate poverty. These organisations are providing collective and individual loans for women, training for employment, supporting women’s self-empowerment, offering legal aid for battered, abandoned or divorced women, as well as various other illiteracy and health awareness services through associations such as “Misr Al Keir”, “Education First” and “Takaful”.
904. Regarding women’s access to employment, the CSAR indicates that Egypt has witnessed a spectacular increase in *women’s labour force* participation. The highest female employment rate ever achieved was in 2016 and reached 24.2 percent for females, against 75.8 percent for males. Women’s employment rate has also gone up by nearly 16.9 percent in 2017 against 61.3percent for men, as did the rate of women holding senior positions. The country report adds also that unemployment rate among women has decreased from 24percent in 2014 to 21.4 in 2018 and 19.6 in the first quarter of 2019.
905. According to the CSAR, Egypt is pursuing its efforts to achieve the economic empowerment of women through building their capacity, availing them of equal opportunities in all sectors, including the private sector and entrepreneurship. Other measures include developing gender-sensitive investment policies, diversifying economic sectors in various governorates for job creation, developing policies and creating incentives to encourage the private sector into increasing women’s representation on their board of directors.

906. Expanding business development services targeting women, establishing gender responsive one-stop shops, and gender responsive budget, and developing gender-sensitive public purchasing and procurement policies to ensure a larger share for products from female-owned small enterprises and cooperatives, are also areas in which progress has been achieved according to the CSAR.
907. As an illustration of the various measures taken to increase women's access to credit, the CSAR notes the banking and non-banking financial services including loans to small and medium-sized enterprises. The Agricultural Bank of Egypt for example signed a contract worth LE 50 million to finance the projects of female breadwinners under the name of "Bint Misr" with the Small and Medium Development Authority. This move aims to empower rural women economically, as 60 percent of the funding will be channelled to beneficiaries below the poverty line.
908. Women with disabilities are also included in these various schemes to access to credit, according to the CSAR. With Nasser Social Bank, the government provided 3 000 loans, and coordination with partners is currently underway to provide training and job opportunities (7 000 job opportunities) for persons with disabilities.
909. Regarding girls' access to education at all levels; the CSAR underlines the marked progress achieved in recent years. According to 2017 census, the percentage of female education enrolment and completion reached 44 percent of the aggregate population (4 years and older). Female dropouts reached 53.4 percent against 46.6 percent for males, while the percentage of females not enrolled in schools reached 56 percent against 44 percent for males. The percentage of girls passing the Secondary School Completion Exam reached 54 percent in 2016; and the



female percentage of total university graduates reached 56.3 percent in 2015.

910. As for university enrolment indicators, females accounted for 44 percent of university students during the academic year 2011/12, then rose to 50 percent during 2013/14 and 52.6 percent in 2015/16. Moreover, female enrolment rates in scientific high colleges and universities providing STEM specializations has scaled up over the past years (45.9 percent in 2011/12 and 48.1 percent in 2015/16).
911. In addition, the government provides female students with a variety of other educational services and trainings to better access and use ICTS and modern technology. It also provides *Skills Enhancement Programmes* and support to gifted young women and female athletes.
912. The CSAR refers to the issue of women's inheritance rights and mentions the existing set of laws to enforce the notification of heirs immediately after death and follow up on inheritance shares allocation by the specialized courts. Advocacy and sensitization campaigns are also organised regularly to educate women on their inheritance rights and change the mentality of society towards women's rights as a whole.

913. The CSAR raises the health component in Egypt and notes that the 2014 Constitution guarantees every citizen the right to health care. Article 18 stipulates that 3 percent of the GNP goes to the health sector and shall increase gradually to conform to international norms. The President of Egypt has launched an initiative of “100 million healthy lives” initiative to screen for HCV, diabetes, high blood pressure and BMI & another presidential initiative to support specifically *Egyptian women’s health*. Around *10 million women* benefited from *health care support & around 8 million women* benefited from *family and reproductive health services*
914. Public spending on investment in the health sector increased from LE 4 billion in 2014/15 to LE 11.2 billion in 2018/19. Following the issuance of the Universal Health Insurance Law 2 of 2018 to achieve universal health coverage by 2030, the government allocated LE 5.6 billion for treatment at State expense and LE 7 billion for the provision of medicines and medical supplies. As indicated in the CSAR, the provisions of the law shall be applied gradually and the first phase includes the governorates of the Canal and South Sinai. If applied to all governorates, universal health coverage will exceed LE 150 billion annually.
915. The CSAR indicates also the eagerness of the government to increase and extend family planning and birth control services thanks to a wide range of reproductive and sexual health programmes in rural areas and slums. It recognizes however that, unlike health indicators, less progress has been made in the prevalence of contraceptives and the use of family planning methods for the past two decades (48 percent according to the 1991 Health Survey, compared to 59 percent only according to 2014 Survey).

916. Maternity mortality rate is about 43.6 deaths per 100 000 live births in Egypt in 2017. It has decreased according to the CSAR, especially during the 1992-2013 period owing to progress achieved in health awareness and the improved quality and dissemination of reproductive health services (39 percent decline was between 1992 and 2003).
917. As to HIV/AIDS, the CSAR confirms that infection rate is still less than 0.01 percent of the total population, despite the growing number of the annually detected cases (about 825 cases in 2014). Services include providing confidential access to rapid antibody screening tests, integrating women living with HIV/AIDS in the reproductive health units in three governorates and providing free antiviral drugs for those living with the virus.

### **Findings of the CRM**

918. Egypt is progressing steadily and resolutely on the way of strengthening women's empowerment and narrowing the gender gap as a major and unavoidable component of broad-based socioeconomic development. The government's efforts to promote women and empower them as a requisite for attaining gender equality are commendable. These efforts cover *a wide array of fields* including; (i) the institutional and legal framework, (ii) social security and social protection, (iii) access to employment and training, (iv) access to micro-credit and capital, (v) access to business, (vi) access to education, and (vii) promoting women's health.

### **The Institutional and Legal Framework**

919. The CRM notes with satisfaction that the government has taken numerous measures to strengthen the institutional and legal framework, promote the rights of women and achieve gender equality. The ones most relevant to APRM objective 4 under review include:

- Inheritance Law No. 77 of 1943, amended by Law No. 219 of 2017.
- Law No. 154 of 2004 amending the Nationality Law No. 26 of 1975 in order to enable Egyptian mothers to grant their Egyptian nationality to their children.
- Law No. 10 of 2004 on the establishment of family courts.
- Law No. 11 of 2004 on Family Insurance Fund which mission is to ensure the implementation of rulings issued to impose alimony for the spouse, the divorcee, the children or relatives.
- Law No. 23 of 2012 on health insurance for women heads of households.
- Tax Law No. 91 of 2005, amended by Law No. 11 of 2013, acknowledging that a woman can be the supporter of her family.
- Law No. 45 of 2014 on the promulgation of the law on political participation.
- Law No. 46 of 2014 on the promulgation of the law on the House of Representatives.
- Presidential Decree of 2015 on protecting imprisoned mothers and their right to keep their children with them until they are four.
- Law No. 78 of 2016 amending some provisions of the Penal Code regarding FGM.
- Civil Services Law No. 81 of 2016 (grants benefits to working mothers such as a four-month fully paid maternity leave instead of three months).
- Law No. 219 of 2017 to amend some provisions of Law of Inheritance No. 77 of 1948 on the enforcement of the provisions related to inheritance for males and females.
- Law No. 82 of 2016 on Combating Illegal Migration and Smuggling of Migrants.
- Investment Law No.72 of 2017 on equal opportunities for men and women.
- Law no. 10 of 2018 on persons with disabilities, which includes a number of articles related specifically to women.

- Law No. 2 of 2018 on Comprehensive Health Insurance, which guarantees that all Egyptians, including women, are entitled to free of charge treatment for the poor.
920. As to the Egyptian 2014 Constitution, it boasts more than 20 articles that address women issues directly, including ensuring equal opportunities for women, prevention of discrimination against them and ensuring empowerment for women and girls.
921. Major Constitutional articles dealing specifically with gender equality include;
- Article 6 grants the right to Egyptian women to transfer nationality to their children.
  - Article 11 on rights of women and gender-based violence. The State commits to achieving equality between women and men in all civil, political, economic, social, and cultural rights.
  - Article 180 allocates a quarter of the seats of Local Councils to women.
  - Article 93 stipulates that the agreements, covenants, and international conventions Egypt has ratified - including those on gender equality and women's rights - have the force of law.
922. Articles to promote social, economic and political rights for all citizens include; i) Article 17 ensuring social security services, ii) Article 19 that sets the age of compulsory education at the end of the secondary phase, which is an unprecedented move in confronting early marriage, iii) Article 53 addressing prohibited forms of discrimination (including gender-based discrimination) and adding an executive mechanism to confront discrimination by establishing an Independent Commission for this purpose.
923. In addition to this legal framework, Egypt has formulated over the past five years four major strategies to implement the aforementioned laws. These are The National Strategy for the Empowerment of Women 2030; The National Strategy to Combat Violence against Women; The National Strategy to

Combat Female Genital Mutilation; and The National Strategy to Combat Child Marriage.

924. In addition, positive legislative reforms supporting women's economic empowerment have taken place i.e. New Investment Law, New Bankruptcy Law, Sexual Harassment Law, and a New Inheritance Law. Furthermore, the amended Companies Law 159/1981, allows sole proprietors, who represent almost 60 percent of total businesses to register as sole person companies, affording them limited liability and other protections. This amended law will permit modest investors to establish their own small businesses and to raise capital for growth.
925. The CRM observes that, while not gender specific, the amendments will benefit women-owned enterprises, which are mostly small and will encourage them to formalize and grow.
926. Additional legislative reforms that contribute to promoting a more enabling environment for women's economic participation include the Civil Servants Law 81/2016, approved by Parliament in October of 2016, granting female employees a paid maternity leave of four months for a maximum of three times, covering three pregnancies. The previous law allowed for only three months. The CRM welcomes this move, which means that Egypt has exceeded the 14 weeks recommended by the ILO convention.
927. Furthermore, the Inheritance Law 77/1943 was recently amended to tackle gender discrimination and protect women and family inheritance rights. Article 49 of the new law stipulates that, *“anyone who deliberately denies the heir, be it a male or a female, their legal share of the inheritance or confiscates a document confirming this share shall be imprisoned for at least six months and be subject to a fine ranging from LE 20.000 to*

*LE 100.000. The sentence shall be prolonged to no less than one year in prison upon the second offence”.*

928. The CRM hails this amendment and underlines that it is consistent with Egypt’s Constitution. It stresses that the enforcement and effectiveness of these laws and legal dispositions are to be further leveraged and strengthened.

### **Social Security and Protection**

929. The right to social protection is a basic human right. In this context, the Egyptian Strategy for Sustainable Development 2030: Protecting Priority Care Groups is addressing the basic needs of families living in extreme poverty, providing care for the priority care groups and providing decent work for the poor and low-income groups.
930. A number of social protection programmes have been designed as a means for achieving financial inclusion for millions of Egyptian women suffering from poverty or belonging to low-income groups, including widows, divorcees and women with disabilities. In addition to ambitious and wide-ranging Cash Transfer Programme “Takaful and Karama”, a new programme called “Forsa” (Opportunity) is also being implemented to complement it. It includes other components in addition to the cash or in-kind assistance to vulnerable groups, notably safety nets, education, financial literacy and savings, seeds capital, access to capital and its end goal is to help these groups lift themselves out of the situation of need.
931. With regard to the efficacy of the “Takaful and Karama”, the GoE, through putting more emphasis on education and health, the conditionality of the programme will ensure that the transfers are directed to those who are truly in need and will help them move from ‘protection’ to ‘production’ and generate their own sustainable livelihoods.

*Box 6.1: Best Practice - Takaful and Karama – Solidarity and Dignity*

The programme Takaful and Karama (TKP) is pro-women and pro-children. Around 89 percent of the cash payments are made to the mothers within the households. It has achieved positive social impacts on women, especially women from the poorest areas as it targets primarily the poorest and persons in vulnerable situations. The impact on women is immense, from the income support and provision of higher incentive for schooling at higher levels where girls' drop-out rate is the highest in poor and rural families. In some cases, cash transfers lead to female-headed households making greater investments in economic assets and increased productive investment. TKP empowered women to take leadership roles and participate in economic activities in the community. Of all the households enrolled in the Takaful and Karama program, 1 998 280 are headed by women (88 percent of all households), while 270 521 are headed by men (12 percent).

The key feature of TKP is that it is not just a cash transfer programme targeted to extreme poor households, but it can be a core for the country social protection system. In 2017, TKP facilitated the integration of a number of existing social protection interventions/mechanisms services for the persons in vulnerable situations by allowing these mechanisms to use TKP database as a tool to identify the vulnerable population. An example of this is that TKP has contributed to a National Health Insurance Scheme, providing free health insurance to priority groups including children, pregnant women, the elderly, the disabled, and families in extreme poverty.

To support systems for the long-term reform, the Government has launched a Unified National Registry (UNR) initiative, led by the Ministry of Planning, Monitoring and Administrative Reform. The objective of the UNR is to establish a national database platform to support consolidation of the social security programmes and facilitate coordinated targeting and delivery mechanisms. The UNR initiative has already made some progress toward linking the Family Smart Card (food subsidy) and social security databases through the national ID.



### **Access to Employment and Training**

932. The CRM notes that Egypt has witnessed progress over the last few decades. According to Egypt's CAPMAS, the female labour force in Egypt represented approximately 7 million in 2016, of which 3.1 million were living in urban areas and 3.9 million were living in rural areas. The female labour force is divided into 5.4 million employed and 1.6 million unemployed, corresponding to a 23 percent unemployment rate. In 2014, female labour force participation stood at 24 percent, one of the lowest rates globally, and work in the informal sector remains a challenge with two-thirds of Egyptian women working in the private sector being in informal jobs.
933. The female participation in highly skilled positions is significantly improving. For example, in 2019, female percentage of university professors exceeded 48%. At the same time, the female percentage of Masters and Ph.D. holders reached 46%. (National Council for Women, 2019).
934. Inequalities between the condition of men and women in Egypt can be understood through the responses of households to the functioning and structure of markets and institutions, both formal and informal. Analysing endowments, considering gender gaps in education and knowledge, and in nutrition, morbidity and mortality, shows that the country is achieving tangible results. This is obvious with most education indicators showing that females are performing better than males.
935. Despite great gains in female education in the past few decades, there is a clear and persistent gender divide between women and men in terms of economic opportunities, due to the underlying inequality in assets ownership, accessibility to inheritance, labour force participation, access to finance and other causes.
936. The increased level of fertility observed during the last decade is an additional challenge to women's empowerment. In 2015, the

National Strategy for Reproductive Health was adopted. In 2018, more than 8 million women benefited from family and reproductive health services and the Government continues its efforts to deploy reproductive health convoys including mobile clinics in remote, random and deprived areas. However, family planning and reproductive health programmes should be advocating more for smaller families, and more focus should be put on reducing unmet needs for family planning and reproductive health services.

937. The CRM acknowledge the importance of megaprojects that the government and the private sector have launched in providing opportunities for women, as well as the expansion of new attractive areas for investment (like the Sinai Development Plan and the Suez Canal area, the Golden Triangle Mineral Resources Project, the El Alamein-Matrouh-Salloum triangle). The government and the private sector should be able to initiate a gender-smart policy to create more stable job opportunities for women.
938. A 2012 report by the consulting firm Booz & Company estimated that raising the workforce participation rate of women to equal that of men could raise Egypt's GDP per capita by an incredible 34 percent.
939. The CRM notes in this regard that the 2017 Presidential Initiative for Youth Employment (leading to the launch of 14 industrial complexes with a total of 4436 production units and the creation of more than 42 thousand direct jobs) is yet another good example that could be emulated, to reduce the gender gap in employment and unleash the potential of Egyptian women.

### **Access to Microcredit and Capital**

940. The Egyptian microfinance landscape shows there is still widespread financial illiteracy as only 32 percent of the Egyptian working age population own an account at a formal financial

institution (2018). A decomposition of this figure shows that 27 percent of people owning financial accounts are women, 28 percent of people owning accounts are not part of the labour force, 29.3 percent are living in rural areas and 20.3 percent of these belong to the poorest 40 percent of the population. Moreover, women represent the majority of microfinance beneficiaries.

941. As per 2017 figures, women constitute around 66 percent of the total borrowers in Egypt and amount to 1.3 million in number. This percentage is indicative of the role that microfinance institutions play in women's empowerment, though the average size of loans they receive is less than the average received by men.
942. The CRM notes the growth of the microfinance sector in Egypt in recent years, which is attributed to increasing institutional support. The introduction of the first microfinance law in 2014 helped in bringing new commercial microfinance institutions to the market.
943. Female heads of household are targeted by micro-credit, as well as women small farmers, with a budget of LE 100 to a maximum of LE 25.000. Among these micro-funding instruments, the CRM notes the significant impact of; i) the female heads of rural household programme (including also literacy, health, sensitization to the protection of the environment), ii) collective loans to circumvent the conditionality framework to access micro-credit, and iii) loans for the preservation of traditional knowledge and skills.
944. The CRM notes that more often than not, rural women do not use banking services intensively and access to rural finance within specific projects dedicated to them. The government continues to conduct training to rural women leaders on financial

inclusion topics. Indeed, the percentage of beneficiaries from funding by small and medium credits is only 32 percent for women against 68 percent for men in 2017. For micro credits, female's share accounted for almost 70% of the total in 2018 (Egypt's Financial Control Authority, 2017 and 2018). Additionally, most existing micro-finance programmes and services use the Integrating Women in Development (IWD) approach, rather than a gender sensitive approach. This means they consider women separately and on ad-hoc basis, by adding "women specific programmes", rather than establishing programmes based on a gender sensitive analysis that takes into account the needs of women on the same basis as men, and studies their impact on them.

945. This aspect, as well as the impact on the condition and effective empowerment of women having benefited from micro-finance, should be the focus of further studies and analysis using various sources, through surveys and interviews with the relevant stakeholders (managers, experts, service providers, beneficiaries).
946. More empirical research is also needed on the specific effects and consequences of microfinance lending on women in Egypt, in order to better develop this growing sector and assess its role in strengthening progress towards gender equality.

### **Access to Business**

947. In Egypt, substantial reforms have been made to improve the ecosystem for business and similarly, mainstream gender issues through a gender-aware legislation and reforms, addressing the many hurdles that prevent women from participating in the economy.
948. In 2018, 16% of company owners were women, and 51% of women benefited from the microfinance loans and less than 1%

the rate of women defaulting on loans, while 69% of women benefited from small enterprise loans (2018).

949. The CRM noted that although the law gives women ownership rights, they often have less productive assets and lack independence in managing them. In Egypt, negative social norms still limit women's access to land ownership as Egyptian women represent only a small proportion of landowners (2.7 percent in Lower Egypt, 9.3 percent in Upper Egypt, and 6.4 percent in the border provinces). A media campaign dedicated to financial inclusion and raising financial knowledge and culture was launched to address negative social norms. The Inheritance Law was amended (Law No. 219 for 2017) to impose stricter sanctions on those who withhold the inheritance from whoever has the right to such inheritance, which will have a great positive impact on women.
950. A relatively recent assessment undertaken in 2017 by ILO Women's Entrepreneurship Development (WED) indicates that women in Egypt find it harder than men to access credit, and that when they do, they tend to access smaller loans from Microfinance, rather than larger lines of credit from established banks.
951. The WED assessment reveals that women entrepreneurs represent less than 5 percent of the members in major business associations and as a result, are under-represented in the policy dialogue. As to the many women's business associations, they are often financially and structurally weak, and can neither play a significant role in providing services to women entrepreneurs nor in advocating on their behalf. However, the percentage of women investors in the stock exchange is 30%. In 2018, the Central bank of Egypt has signed an unprecedented MOU with the National Council for Women. The first ever Central Bank globally to sign an MOU with a national women Machinery.

952. Another constraint to women's business growth the CRM has noted is the limited focus on specifically integrating ICT into women-owned enterprises or improving the ICT skills of women entrepreneurs, although Egypt has built a digital society over the last decade.
953. Financial and non-financial training help women acquire better financial and technical management skills and enables commercial banks specially to interact more personally with their women clients and consider them more creditworthy. It is worth noting that financial and banking products as well as MSME's Awareness to Egyptian women in all Governorates of Egypt reached out to 119,170 women up to 2019 as well as training rural women leaders on financial inclusion topics in all governorates of Egypt.
954. The CRM suggests that further gender-specific business laws, reforms and measures are important, coupled with regular evaluation of the real impact on women's effective contribution to business development and the creation of growth.

### *Box 6.2: Good Practice - Women in Business Unit*

The Federation of Egyptian Industries (FEI) established in 2014 a Women in Business (WIB) Unit to give a gender lens to its work and help unleash effectively the potential of women entrepreneurs in Egypt. And widen their scope of intervention. This is a strategic move given the economic and political weight and leverage of the FEI, which is one of the largest employers' organizations in Egypt and represents 20 industrial chambers and 60 000 industrial enterprises. The FEI accounts for more than seven million workers and 20 percent of the national economy.

The WIB Unit aims to:

- Build and strengthen partnerships and networks to develop an economic eco-system that supports the work of women in Egypt.
- Develop and promote a supportive environment for policies, laws and legislation supporting women in the field of business in industrial sectors.
- Improve the economic performance of women in business in Egypt.
- Improve the role and inclusion of women in business associations.
- Guide Corporate Social Responsibility (CSR) efforts towards supporting women in industrial business.

The WIB Unit is currently leading a multi-stakeholder consultation to engage relevant FEI partners and leading business actors and institutions in sharing their planned strategies to promote women's entrepreneurship in Egypt.

Six topics for discussion and progress

- Gender-sensitive legal and regulatory system to advance women's economic empowerment.
- Effective leadership and coordination in promoting Women's Entrepreneurship Development.
- Access to Finance.
- Access to Gender Sensitive Business Development Support Services.
- Access to Markets and Technology.
- Representation and participation of women entrepreneurs in policy dialogue.

## Access to Education

955. The CRM noted with great satisfaction that the government of Egypt has shown great interest in the education system in the past few years and has endeavoured to improve the system, especially for women and girls. Significantly, more government funding has been used to increase the accessibility of girls' education.

956. Over the past 20 years, girls' enrolment in school has risen markedly as shown in Table 6.6. According to Egypt Demographic and Health Surveys of 2014, 92 percent of girls living in urban areas were attending primary school and 71percent of girls were attending secondary school. These rates are very similar to the percentage of boys enrolled in the same age groups as indicated in Table 6.6.

**Table 6.6: Trends of Key Primary Education Indicators**

Year	Enrolment	No. Students (Male)	No. Students (Female)	Number of schools	Number of Classes	Average Number of students/Class
12/13	9832516	5087613	4744903	17399	227153	43
13/14	9906249	5111434	4794815	17619	231196	43
14/15	10255297	5288234	4967063	17847	231789	44
15/16	10638860	5485333	5153527	18085	234441	45
16/17	11074835	5706572	5368263	18263	239029	46
17/18	11578412	5963827	5614585	18515	243717	48

*Source: CAPMAS, 2019*

**Table 6.7: Gross and Net Enrolment Rates by Educational Level and Gender 2016/17**

Educational level	Rate	Male	Female
Pre school	Gross	31.6	31.6
	Net	27.6	27.8
Primary school	Gross	97.2	98.4
	Net	93.2	95.4



Preparatory school	Gross	93.4	95.8
	Net	79.9	85.3
Secondary school	Gross	30.1	37.3
	Net	27.0	34.0

*Source: Ministry of Education and Technical Education*

957. Egypt has therefore achieved notable success in closing the educational gap and most education statistics tend to favour women. The gap, which is in favour of females start among students enrolled in primary education and continues through to the higher education levels to reach 7 percent among secondary level students. Female students, even in rural areas, perform better in terms of completing their secondary education and graduating.

958. As underlined by the National Council for Women (NCW) and The World Bank 2018 Women Economic Empowerment Study, despite the high poverty rates and the prevalence of conservative values in rural Upper Egypt, more female students are completing their high school degrees. Besides, the percentage of females holding the secondary school degree is higher than that of male students by 6 to 11 percent in the rural areas of eight Upper Egypt governorates.

959. In higher education, the number of female students in universities (both public and private) exceeded the number of male students, with females making up 51 percent of the university population in 2014/15 (see Table 6.8). If Al-Azhar University, which is male-dominated (only 34 percent female students), is to be excluded, females would make up 54 percent of university students in Egypt.

960. The CRM notes that gender disaggregated data on graduate students point to remarkable accomplishments by women. In 2015, there were approximately 262 000 graduates of public universities, 56 percent of whom were females.

961. The CRM observes that despite the high percentage of women STEM graduates, their representation in STEM jobs remains weak because of social norms.

**Table 6.8: Total Degrees (upper university) obtained by Egyptians from the Egyptian and Foreign Universities and Academies by degree and sex (2017)**

No	University	Total	Males	% Male	Female	% Female
1	Cairo University	6490	2345	36.1	4145	63.9
2	Alexandria University	8541	4116	44.4	4425	55.6
3	Ain Shams University	7424	3795	51.1	3629	48.9
4	Asyout University	9787	5587	57.1	4200	42.9
5	Tanta University	8083	2851	35.3	5232	64.7
6	Mansoura University	6646	2628	39.5	4018	60.5
7	Zagazig University	2889	1732	60	1157	40
8	Helwan University	3945	1542	39.1	2403	60.9
9	Minia University	1323	622	47.0	701	53
10	Menoufia University	7891	2960	37.5	4931	62.5
11	Suez Canal University	711	0285	40.1	0426	59.9
12	Ganoub El Wadi University	4971	1758	35.4	3213	64.6
13	Banha University	3835	1707	44.5	2128	55.5
14	Fayoum University	3416	808	23.7	2608	76.3
15	Beni Suef University	2991	1963	65.6	1028	34.4
16	Kafr El Sheikh University	6228	2831	45.5	3397	54.5
17	Sohag University	4839	1478	30.5	3361	69.5
18	Al-Azhar University	2257	1452	64.3	805	35.7
19	American University in Cairo	131	60	45.8	71	54.2
20	Academy of Arts	185	114	61.6	71	38.4
21	Police Academy	185	114	61.6	71	38.4
22	Port Said University	1593	973	61.1	620	38.9
23	Damanhur University	343	79	23.0	264	77
24	Damietta University	2279	869	38.1	1410	61.9
25	Aswan University	3998	1869	46.7	2129	53.3
26	Suez University	1971	1274	64.6	697	35.4
27	From Foreign University	203	151	74.4	52	25.6
28	Sadat University	4852	2145	42.2	2707	55.8

*Source: CAPMAS, 2019*

962. The CRM draws attention to another caveat that, despite this remarkable and sustained progress Egypt has achieved in closing the education gender gap, female illiteracy remains high. According to the 2017 census, 30.8 percent of Egyptian females over ten years of age (10.6 million females) are illiterate, compared to 18.5 percent of men. This percentage is higher in rural areas (38.8 percent), and in Upper Egypt (45 percent in Minia and 44 percent in Beni Suef).
963. However, female illiteracy declines according to age group, even though it is still high among the younger generation in rural areas, where one in every five females aged between 15 and 29 is illiterate.
964. The CRM calls upon the government, civil society organisations and development partners to continue to increase their sensitisation and literacy programmes for increased social acceptance of female education, especially in rural areas and Upper Egypt, where the illiteracy discrepancy between men and women is even higher, coupled with conservative cultural attitudes that oppose the education of young women.

*Box 6.3: Good Practice - Going Digital, Going Global*

- Ministry of ICT has a dedicated ICT portal for women. It provides regular data about women usages of technology platforms.  
([http://www.ictforwoman.gov.eg/overview\\_obj.aspx](http://www.ictforwoman.gov.eg/overview_obj.aspx))
- The gap in digital literacy is non-existent among youth below 25 years of age and more investment in supporting women entrepreneurship in ICT is promising, given the fact that among employees in the private sector, the percentage of females using computers and the internet is higher than among males.
- Reducing the digital divide is occurring for both sexes in urban and rural areas. Digital literacy is higher among males in urban and rural areas. However, bridging the gap is faster in urban areas.
- The gender gap in using computers in urban areas represented 11 points in 2011/12 (34 percent among females compared to 45 percent among males) and has decreased to 6 points in 2015/16.
- The pace is slower in rural areas, moving from 9 percent in 2011/12 (23 percent among females compared to 32 percent among males) to 8 percent in 2015/16 (37 percent among females compared to 45 percent among males).

### **Promoting Women's Health**

965. The CRM noted with satisfaction the Egyptian government's efforts to enhance women's access to health on an equal basis as men. In this context, it commends the programme initiated by President EL-Sisi to promote women's health. It takes cognizance of the recent launch by the government of the programme's second phase, which includes providing free tests for the early detection of breast tumours, measuring blood

pressure, blood sugar and body mass in hospitals and health units. It is scheduled to cover the governorates of North Sinai, the Red Sea, Ismailia, Suez, Kafr El-Sheikh, Menoufiya, Beni Suef, Sohag, Luxor and Aswan.

966. The first phase was launched back in July 2019 and included nine governorates: South Sinai, Damietta, Port Said, Alexandria, Marsa Matrouh, Beheira, Fayoum, Assiut, and Qalioubiya.
967. The programme, which is an extension of the “100 Million Healthy Lives” campaign, started in July as a short-term initiative, and the government decided to turn it into a permanent initiative. It has benefited a record number of 2 million women as of late September 2019 and is planned to serve 28 million women annually.
968. The CRM noted that, notwithstanding these commendable efforts, rural women’s access to healthcare services is limited especially in Upper Egypt, due to lack of sufficient transportation means to reach healthcare centers and units, reluctance to using medication and health services, and a preference for female healthcare personnel.
969. The CRM is satisfied to notice that life expectancy among Egyptian females has improved during the last decade. It was estimated at 73.6 years in 2015, which is 4.4 years higher than the life expectancy of males.
970. The CRM observes that Female Genital Mutilation custom is still persistent, although it is prohibited according to the Child Law 126/2008. However, adherence to the practice is declining among younger women and the rate is also decreasing according to wealth quintile.

## **Recommendations**

The APR Panel recommends the following:

- Sustain the momentum of promoting and protecting women's rights and strengthening gender equality institutionally; as well as the proactive policy of the President ensuring effective and inclusive implementation of Egypt's National Women's Strategy 2030 (Ministry of Social Solidarity, National Council for Women and Ministry of Planning);
- Direct all relevant public institutions to mainstream gender in their national planning, budgeting and accounting systems (Ministry of Social Solidarity, Ministry of Finance); and continue to build national capacities and knowledge in gender analysis and gender-responsive budgeting, and develop more gender-specific targeting in poverty alleviation policies and programmes (Ministry of Social Solidarity, Ministry of Planning);
- Build national capacities to collect sex-disaggregated data, using relevant methodologies, to enhance implementation of the existing laws, strategies and programmes on gender equality (CAPMAS);
- Continue to promote gender-specific policies and programmes, particularly in the areas of employment, access to credit, access to micro-finance, inheritance, land ownership and other productive assets (Ministry of Social Solidarity);
- Consolidate the effective implementation of the National Strategy to Combat Violence against Women 2015-2020 and assess its impact; and enforce the different laws that have been enacted to deter perpetrators and achieve justice for victims (Ministry of Social Solidarity).

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# CHAPTER SEVEN

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## CROSSCUTTING AND OVERARCHING ISSUES

### 7.1 OVERVIEW

971. The previous four chapters appraised Egypt's performance within the framework of the APRM objectives under its thematic areas, namely; democracy and political governance, economic governance and management; corporate governance and socioeconomic development, which constitute the core of the African Union's governance agenda.
972. The appraisal of Egypt's governance performance is informed by the CSAR prepared by Egypt, the background papers prepared by the APRM Secretariat, the issues papers prepared by the independent consultants and information gathered by the CRM during the country consultations. This multidimensional appraisal has helped to identify key strength and challenges in different areas of governance in Egypt. It has further compiled a significant number of good and best practices that should be shared with other countries on the continent and are worth emulating.
973. This chapter discusses overarching issues that are considered crucial due to their wider impact on governance and which thus require holistic approach. These salient issues are as follows:
- Terrorism and extremism.
  - Promotion of Human Rights
  - Agricultural Sector
  - The State Military Industrial Institutions'(SMII) Role in Economic Governance

- Inclusive development
- Demographic pressures
- Gender gap
- Corruption.

## 7.2 TERRORISM AND EXTREMISM

974. Terrorism is a multifaceted phenomenon and a global threat. There is a long history of Egyptian groups that promote extremist ideologies. Indeed, as the CSAR indicates, Egypt addresses this challenge through a comprehensive approach. The CSAR notes that the Muslim Brotherhood terrorist organization is the main preparator of terrorist attacks that Egypt faced over the past decades. Ansar Bait al-Maqdis terrorist group in North Sinai is one of the local terrorist groups that are derived from the Muslim Brotherhood same Takfiri ideology.

975. Egypt's Constitution recognizes the threat of terrorism and requires that measures be taken to combat terrorism and states in article 237 that: "The State shall fight all types and forms of terrorism, and track its funding sources as a threat to the nation and its citizens, within a specific timeframe while guaranteeing basic rights and freedoms."

976. Egypt's counter-terrorism approach is built on two pillars: a security pillar and a developmental pillar. The security approach has involved law enforcement measures to disrupt and prevent terrorist activities. To this end, Egypt has enacted relevant legislation to give effect to this and to facilitate its counterterrorism measures, key of which is the Anti-Terror Law No. 94 of 2015 which also reflects the principles of various UN-Security Council Resolutions on combating terrorism as well as the relevant UN conventions. Other relevant pieces of legislation are the Terrorist Entities Law No. 8 of 2015; Anti-Cybercrime Law No. 175 of 2018; the Anti-Money Laundering Law No. 80 of 2002, amended by the Decree No. 36 of 2014.



977. As part of measures to limit finances to terrorist groups, Egypt has also established a robust institutional infrastructure to prevent and counter illicit flows of finances. This infrastructure includes: Anti-Money Laundering and Combating Terrorist Financing Unit at the Central Bank of Egypt; The National Coordination Committee for Anti-Money laundering and Combating Terrorist Financing; The National Coordinating Committee for Combating Corruption; The Sub-National Coordinating Committee for Preventing and Combating Corruption; and the National Council of Payments which aims at promoting electronic payments instead of cash.
978. In addressing the development contexts that increase the vulnerability of communities to extremism, the CSAR notes that Egypt has launched comprehensive development projects for improving the living conditions of communities including in Sinai. Various projects have been undertaken that include construction of housing units, and the establishment of hospitals and health care units. The government has also provided assistance to victims of terrorism in the form of employment opportunities in the government bodies, exemption from the study fees for students and State subsidized dwelling units.
979. In addition to security and developmental measures, Egypt has commendably sought to address the ideology that breeds and foments extremism. In 2014, the President launched an initiative calling for renewal and correction of the religious discourse. Religious institutions such as Al Azhar have taken up leadership in challenging extremist ideologies and generating counter narratives.
980. The Al Azhar has established "Al-Azhar Global Observatory for Electronic Fatwa and Translation" for combating extremist ideas, tracking and countering the erroneous religious content issued by terrorist organizations.

981. In 2014, Dar Al-Ifta (House of Fatwa) has established Egypt's Observatory for Monitoring Takfiri Fatwas for refuting extremist thoughts. The Observatory has launched important projects that include: "Understanding the Extremist Mindset" and "Monitoring Fatwas Promoted by Terrorist Groups ". Dar Al-Ifta is also preparing messages to be posted on Twitter and Facebook to counter extremist thought and also trains Imams and preachers in Egypt and Islamic countries to combat the extremist religious ideas. The National Council for Women is also conducting outreach to girls and women to raise awareness on the perils of extremist ideas.
982. The CSAR points out that Egypt has ratified the various relevant regional and international conventions regarding terrorism. The country has committed to the principles of the 2006 United Nations Global Counter-Terrorism Strategy. At the UN level, Egypt has provided leadership on various resolutions and measures to counter terrorism including on combating terrorism and extremist ideas on the internet; on eliminating the supply of weapons to terrorists; and on preventing and combating financing of terrorism.
983. The CSAR also notes that Egypt plays a leading role globally, in the Arab and African regions in efforts to counter terrorism. These include: membership in the Egmont Group (International forum for financial intelligence units (FIUs)); the MENA FATF for combating money laundering and terrorist financing that Egypt was key in establishment; the International Coalition against Daesh/ISIS; and the Global Counter-Terrorism Forum among others. Egypt has also hosted conferences on efforts and measures to counter extremism and in December 2019 the President launched the inaugural Aswan Forum for Peace and Sustainable Development with a special focus on terrorism. In addition to the role of the African Union Post-Conflict

Reconstruction and Development Center and the Sahel-Saharaa Counterterrorism Center, both are hosted in Egypt.

984. The CRM noted that Egypt has taken comprehensive measures to combat the threat of terrorism, as the country faces a genuine and significant threat from the Muslim Brotherhood terrorist organization. The CRM was informed that Egypt has continued to strengthen its counterterrorism measure to ensure national and regional security. The CRM noted that the launch of the Aswan Forum for Peace and Sustainable Development presented an important forum for strengthening regional and international cooperation in combatting the threat of terrorism and extremism.
985. The Government continues to undertake measures to strengthen the country's counterterrorism policies, while ensuring its accord with Egypt's national legislation, relevant UN Security Council resolutions and regional and international commitments including with respect to human rights.

### **7.3 PROMOTION OF HUMAN RIGHTS**

986. Egypt has reiterated its position with regard to the respect of comprehensive human rights, which includes civil, political, economic, social, and cultural rights. It is worth noting that the 2014 Constitution has taken an advanced direction in ensuring the fulfilment of Egypt's international human rights obligations; for example, article 93 explicitly provides that "The State shall be bound by the international human rights agreements, covenants and conventions ratified, and which shall have the force of law after publication in the official gazette, in accordance with the prescribed conditions." This gives the rights and stipulations contained in these treaties protection by the Constitution.
987. Spreading human rights culture and getting rid of harmful traditional practices represent a challenge that the Government is determined to overcome. Comprehensive media campaigns,

trainings, capacity-building and awareness raising efforts are underway to ensure full respect of human rights, coupled with vigorous legislations to combat impunity. The integration of international and regional human rights obligations into national laws is taking place, and is to speed up with the operationalization of the Supreme Standing Committee for Human Rights (SSCHR).

988. Torture is prohibited, and freedom of belief, assembly, association and expression are all guaranteed. A broad list of economic and social rights including education are also guaranteed.

#### **7.4 AGRICULTURAL SECTOR**

989. Historically Egypt has always seen itself as farming nation and agriculture development is considered a duty of the State, as recently reaffirmed in the 2014 Constitution. The Agriculture Sector provides livelihoods for 55 percent of the population and directly employs about 30 percent of the labour force. The sector accounts for about 20 percent of total exports and foreign exchange earnings. However, Egypt imports about 40 percent of its food requirements and incurs a total food import bill of USD2.5 billion per year.
990. Underdevelopment of the agriculture sector has limited the sector's contribution to spatial and rural development and job creation. The sector faces challenges of soil quality, use of traditional farming techniques, access to finance, scarce water resources, less developed irrigation infrastructure and encroachment on agricultural lands.
991. In 2018, the African Union launched the Africa Agriculture Transformation Scorecard (AATS) and presented the Inaugural Biennial Review Report on the implementation of the June 2014 Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved

Livelihoods. The AATS, the first of its kind in Africa, captures the continent’s agricultural progress based on a pan-African data collection exercise led by the African Union Commission’s Department of Rural Economy and Agriculture (DREA), NEPAD Agency and Regional Economic Communities in collaboration with technical and development partners. Countries were assessed on the seven commitments in the Malabo declaration, across 43 indicators.

**Figure 2.3: The African Agricultural Transformation Scorecard 2018**



Source: African Union

992. The Report indicates that Egypt with a score of 3.37 is yet on track to achieving Malabo commitments by 2025.
993. The authorities are acting on these challenges; through the Land Reclamation programmes, an increasing amount of desert land is being transformed into arable land in certain parts of the country. The government also is building 14 new cities to entice citizens to resettle and free the fertile land for cultivation.

The Ministry of Agriculture and Land Reclamation has developed a comprehensive strategy to last until 2030 for the sector. The general policy of the agriculture and irrigation sector includes; expanding national infrastructure projects, to meet the objectives of land reclamation projects, implementing land fertility improvement programs, developing on-farm irrigation systems and restricting water-intensive crops.

## **7.5 THE STATE MILITARY INDUSTRIAL INSTITUTIONS'(SMII) ROLE IN ECONOMIC GOVERNANCE**

994. The Armed Forces occupies a special place in the political history and economic governance of Egypt. The role of the Armed Forces is conspicuous in the country's history, reflecting the geopolitical and security particularities that the Egypt has encountered. The Armed Forces, as a national institution, is hugely revered in the Society. It has supported the people by protecting their various revolutions and political transitions safeguarding the Constitution.
995. Constitutionally, the Minister of Defense is the General Commander of the Armed Forces (article 201). The constitutional role of the armed forces in guaranteeing Egypt's democracy has been explicitly laid out in the April 2019 amendment to the Constitution that requires the armed forces duty to "preserve its security and the integrity of its territories and maintain the Constitution, democracy, the basic of civil State, as well as the people's gains, rights and freedoms." (article 200 as amended).
996. In the economic sphere, the State military industrial institutions (SMIIs) have played an important role, along with other stakeholders, in the Egyptian society. The Egyptian SMIIs have been instrumental in complementing the private sector through

the provision of essential goods and services at affordable prices, thereby filling the market gap in certain areas of the economy.

997. Under the current Egyptian economic model, the SMIIIs are an effective contributor to indigenous industrialization and economic modernization. In an ideal State-led developmental economy, the public sector is central to economic growth, and Egypt's SMIIIs are contributing to the engine of industry and supplying of public services at times of need, commendably also in the area of infrastructure development, including new highways (6000 km), bridges, and tunnels in addition to building 14 new cities in different governorates.
998. During the Mission, the CRM was informed that the SMIIIs are involved in the supervision of the development of key infrastructure projects due to their efficiency. These include the construction of the New Administrative Capital in addition to the recently concluded expansion of the Suez Canal.
999. As indicated earlier, the efficiency of the SMIIIs in the supervision of the implementation of national mega infrastructural projects is well noted by the CRM as also affirmed by the President Abdel Fattah El-Sisi.
1000. Given their essential role, SMIIIs should continue to engage and work closely with the private sector, which is vital for the nation's growth and sustainable socio-economic development.

## 7.6 INCLUSIVE DEVELOPMENT

1001. Egypt has been undergoing deep seated reforms since 2014 aiming at enhancing growth rates, restoring foreign investors' confidence, curbing budget deficit and tackling the escalating debt levels. An overarching goal of the reforms is to unleash the private sector as a driver of growth and jobs. This has included efforts to integrate Egypt into the global economy. As a result of the bold reform program, the economy has stabilized, and growth has recovered.
1002. Nevertheless, some reforms have also caused hardships for the most poor and vulnerable segment of Egypt's population. Simulations using household data from 2015 by the World Bank suggest that the energy subsidy reduction, floatation of the exchange rate, and the consequent pass through to higher domestic prices could negatively affect households' welfare (and therefore raise poverty rates) in the short term, when households have limited ability to adjust their consumption or income.
1003. As we commend the Government for the measures it has put in place to mitigate the effects of Egypt's economic reforms on the poor and vulnerable segments of the Society, including through the initiatives of the Ministry of Social Solidarity, it is important to accelerate economic inclusion, by absorbing a growing labor force through strengthening the country's social safety net system, and the development of programs that help persons in vulnerable situations build their own livelihoods and graduate from cash transfers.



## **7.7 DEMOGRAPHIC PRESSURE**

1004. Egypt's population is growing at a high rate. While the Government continues its efforts aiming at controlling population growth through family planning policies, this has not resulted in significantly curbing population growth. Data from the UN World Population Prospects estimates that Egypt's current population is approximately 100.3 million people, 40 % of whom are under the age of 18. By 2050, the UN projects that Egypt's population might reach 150 million, and by 2100, 200 million.

1005. This ongoing population growth is a challenge, given that much of the country is a desert. Although Egypt's land mass is approximately a million square kilometers, the population is concentrated in only 5-8 % of that area, mainly along the Nile Basin and Delta. Egypt's population density — if divided by the total land mass — ranks it at 115 globally, but if divided by inhabitable area the ranking jumps to 14th globally, making Egypt's cities among the most populated in the world. As the population grows, Egyptian urban centers will need to provide more services such as housing, sanitation, health care and education. The Government has undertaken significant projects for the creation of additional 14 new cities, including the New Administrative Capital, and is implementing huge projects to increase the agricultural production, although arable land remains under significant pressure due to water shortages and the effect of climate change.

## **7.8 GENDER GAP**

1006. Despite efforts made by the successive governments, the gender gap in Egypt remains to be narrowed. The 2019 Global Gender Gap report ranks Egypt 134 (out of 153 countries) with a score of 0.629 one point ahead of 135 out of 149 countries in 2018. Indeed, Egypt ranked 8th out of 19 in the MENA Region and the country ranks on the lowest quartile for 3 out of the 4 dimensions of gender equality: economic participation and opportunity (140th), education attainment (102th) and political empowerment (103th), on women's health it ranks 51st.

1007. Since President El-Sisi came to office, he has accorded special attention to the issue of empowerment of women and integrating persons with disabilities in society and continues to adamantly highlight these objectives in many occasions and throughout government policies. The Government is already working to close gender gap, with the support of the National Council for Women, and other civil society organizations.

1008. In this context, the Government has created a comprehensive legal framework to promote the empowerment of women, and increased their political participation in the government, including appointment of ministers and deputy ministers, governors, mayors and deputy governors, encouraging their elections as Members of the Parliament and other national and local institutions.

1009. It is worth mentioning that the rate of women voting in elections and referenda has drastically increased in recent years, and the number of girls in education has also witnessed a major increase. Tougher penalties have been put in place to combat violence against women in all its forms.

1010. In 2019, Egypt became the first country in the Middle East and Africa to launch a Closing the Gender Gap Accelerator. Closing the Gender Gap Accelerator aims to create global and national public-private collaboration platforms to address gender gaps and achieve gender parity.

## **7.9 CORRUPTION**

1011. Like in many countries, corruption is a challenge. President Abdel Fattah El-Sisi has accorded the fight against corruption top priority since he assumed office. In 2014, the government launched a national anti-corruption strategy in fulfilment of “transparency and accountability” as a “main pillar” of the economic reform program begun in fall 2016. And, most notably, several officials were brought to trial for corruption since 2014, which has earned Egypt international praise.

1012. In December 2018, President El-Sisi launched the second phase of the National Strategy for Fighting Corruption 2019-2022 at Africa 2018 forum in Sharm El Sheikh. The Strategy's goals focus on developing anti-graft bodies and activating mechanisms of transparency and integrity at government departments, along with encouraging legislative reform to accelerate verdicts' issuance and increase public awareness about the need to combat corruption.
1013. The fight against corruption is encouraged to continue, spearheaded by the Administrative Control Authority (ACA). The ACA's main role is to gather information and investigate all administrative and financial violations in the State apparatus and refer cases to the office of public prosecutor when a wrongdoing is suspected. It is noteworthy that significant amounts of funds have been retrieved back to the State in recent years through this powerful mechanism.

## 7.10 EGYPT NATIONAL PROGRAMME OF ACTION

1014. The National Programme of Action (NPOA) is central to the APRM. It is a major output of the review process, which, in itself, brings out the value-added elements of the APRM process.

1015. As indicated in the Guidelines for Countries to Prepare for and to Participate in the African Peer Review Mechanism (APRM):

“The primary purpose of the National Programme of Action is to guide and mobilise the country’s efforts in implementing the necessary changes to improve its State of governance and socio-economic development. In addition, the National Programme of Action is the key input delivered by the country into the peer review, and it, therefore, serves to present and clarify the country’s priorities; the activities undertaken to prepare and participate in the APRM; the nature of the national consultations; as well as to explicitly explain the responsibilities of various stakeholders in government, civil society and the private sector in implementing the Programme”.

*(NEPAD/APRM/Panel3/guidelines/11-2003/Doc8 P10.)*

1016. Egypt presented a NPOA based on the findings of the APRM Self-Assessment Report. It is also based on, and is in line with, the government's Program, the Sustainable Development Strategy: Egypt' Vision 2030, and the African Agenda 2063.

1017. Egypt NPOA which is appended to this CRR is based on the following national priorities:

- Promoting social justice and protecting human rights.
- Promoting economic growth.
- Administrative reform.
- Corruption Prevention and Combating.
- Empowering local administration.
- Improving and protecting the environment.
- Political empowerment and combating terrorism.

## **APPENDIX 1: EGYPT NATIONAL PROGRAMME OF ACTION**

1018. The Heads of State and Government of member States of the African Union, in furtherance of the shared commitment to place the countries of the continent on a path of sustainable growth and development, adopted at the 2002 Inaugural Assembly "The Declaration on Democracy, Political, Economic and Corporate Governance", which establishes the African Peer Review Mechanism (APRM) to enhance the compliance with the provisions of the Declaration through developing an assessment tool to measure the performance and programs of the acceded African countries.
1019. This assessment is based on four basic pillars: Democracy and Good Political Governance, Economic Governance and Management, Corporate Governance, and Socio-economic Development. Egypt acceded to the Mechanism in 2004, and started in 2017 to develop the country's Self-Assessment Report under the Mechanism in accordance with its four pillars. According to the provisions of the APRM Memorandum of Understanding, the report presents the National Program of Action (NPOA) with a view to address the challenges in the different fields of governance. This NPOA represents one of the main requirements of the review process with special focus on the executive aspects of the Program.
1020. The Self-Assessment Report, prepared by four specialized research institutes, revealed a set of challenges to Egypt's efforts for promoting the economic, social and political development. The report also highlighted that the State addresses these challenges through the recently adopted plans, programs, projects and initiatives over the past years. However, there are some challenges such as funding, building human and

institutional capacities that the State is currently addressing in order to realize the development with its various dimensions.

1021. This document represents Egypt's NPOA in accordance with the findings of the APRM Self-Assessment Report. It is also based on, and is in line with, the government's Program, the Sustainable Development Strategy: Egypt' Vision 2030, and the African Agenda 2063.

### **The National Program of Action**

1022. Egypt considers the APRM Self-Assessment process as one of the inputs to the roadmap that the Sate adopts to encounter the challenges facing the promotion of the basic principles of governance, and the realization of sustainable economic and social development. Consequently, Egypt is seeking, through the NPOA, to build on the existing programs and practices and to adopt new practices and initiatives that would contribute to the realization of the development goals. Additionally, the State believes in the importance of the Self-Assessment process and is committed to the timeline set for this process. The NPOA is expected to be implemented in two years.

1023. In addition to the Self-Assessment Report, the Government Program and the Sustainable Development Strategy: Egypt's Vision 2030, the NPOA is developed following a series of multi-stakeholder broad-based consultations, focus groups and discussion sessions conducted during the preparation of the Self-Assessment Report. These focus groups and discussion sessions addressed different topics concerning the partnership between the government and the civil society: the concepts, mechanisms, challenges and ways to overcome such challenges, in addition to the practices of decentralization and good governance.

1024. Moreover, the focus groups tackled many other issues, including the criteria for setting the investment priorities, assessing the

implications of Egypt's Vision 2030 and the Sustainable Development Goals (SDGs) on supporting and empowering women and the persons in vulnerable situations, and evaluating Egypt's experience in participatory planning and the development of 2030 Vision, as well as protecting the rights of the women. The focus groups and discussion sessions were conducted in the presence of a myriad of experts in the relevant issues. This is in addition to holding in-depth interviews with public officials in Ministries and government authorities, as well as interviewing experts specialized in the relevant issues from the public and private sectors, representing the Egyptian economy, and the social sectors.

1025. The State intends to focus on seven basic priorities under the NPOA, which are deemed of special significance to achieving sustainable and inclusive socio-economic development and promoting governance. These priorities are: promoting social justice and the protection of human rights, strengthening economic growth, promoting the administrative reform and improving public services, combating and preventing corruption, empowering local administration, protecting the environment and political empowerment.

1026. **Promoting social justice and protecting human rights**, in its broader sense, seeking to reduce disparities and address inequalities through targeted interventions directing care and welfare to the neediest and persons in vulnerable situations. Hence, this is achieved by focusing on guaranteeing the public accessibility to educational services to ensure universal coverage to quality education; as educational reform is topping the priorities of the government's agenda. Additionally, enhancing social protection will be achieved through improving social protection systems that provide assistance and subsidy to the persons in vulnerable situations to strengthen their capacities to face any economic and social pressures in a way that contributes to poverty reduction.

1027. The health care initiatives in particular targeting the financially unable persons through establishing the Comprehensive Health Insurance System to emphasize the ongoing orientations of social justice. Hence, this priority asserts the robust desire of the State to protect the human rights not only the basic political and decent living rights, but also the economic and social rights, through providing an advanced system for health insurance and launching the comprehensive health care initiatives free of charge for all groups of society without discrimination. The State is also keen to improve the free educational services provided to all stages including the university and higher education.
1028. **Promoting the economic growth** aims at improving the living standards, creating new job opportunities, integrating the informal economy into the formal economy and enhancing partnership with the private sector, whether through joint projects with the public sector or through Corporate Social Responsibility (CSR) projects. It also aims at improving the efficiency of tax collection and the public financial management, restructuring the public business sector companies, developing the communication systems and the information infrastructure, promoting digitization, digital transformation and financial inclusion, and improving the investment and business environment. Moreover, the State is aiming to continue boosting the governance of banks and stock exchange sector while providing more offerings in State-owned companies.
1029. **The administrative reform** is one of the basic pillars of the development process, as it includes modernizing the institutional and information infrastructure of the State administrative bodies, supporting the institutional coordination, and promoting various regulatory frameworks and procedures. The administrative reform also includes applying governance on employment, promotion and training, and evaluating performance through utilizing an updated system that ensures providing fair and equal



opportunities across all Ministries and government entities. Also, it contains building and promoting the capacities of the State bodies' staff, in addition to developing the public services, adopting an ambitious program for E-government so as to enhance transparency and accountability, and raising the level of the citizens' satisfaction from the provided public services.

1030. **Combating and preventing corruption** are among the main elements for realizing development. Hence, the State is endeavouring to continue the implementation of the National Anti-Corruption Strategy 2019-2022, which guarantees – in addition to administrative reform – promoting the mechanisms of transparency, integrity and accountability across the government units, continue developing the anti-corruption supportive legislative structure, updating the judicial procedures to achieve prompt justice, supporting law enforcement bodies for corruption prevention and combating, raising the social awareness on the importance of preventing and combating corruption, boosting the international and regional cooperation in this regard, as well as encouraging the engagement of the Civil Society Organizations (CSOs) and the private sector in preventing corruption.

1031. The local administration plays an essential role in identifying the citizens' needs and requirements due to its proximity to people. Therefore, **empowering local communities** and elected local councils tops the State's priorities for promoting economic and social development. The State seeks to broaden the powers of the local administration in terms of decision making with a special focus on the relative advantage of each governorate so as to enhance the efficiency and effectiveness of the local bodies, while ensuring the existence of monitoring and accountability mechanisms. Egypt is working on empowering the local administration through developing a gradation-based strategy while promoting the legal and institutional frameworks

necessary for such empowerment, in addition to building and enhancing the human capacities at the local level.

1032. With regard to **improving and protecting the environment**, the State is working on improving the quality of water and air, solid waste treatment, controlling industrial pollution through conducting rigorous studies on the environmental impact, raising the efficiency of the environment improvement centers, developing the institutional structures of the environment agencies and linking the scientific research to environment improvement projects. Therefore, paying attention to this pillar and prioritizing it on the government agenda aim at providing the sound environment necessary for protecting the human right to live safely and enjoy clean air and water.

1033. As for **political empowerment**, major strides have been accomplished towards developing the legislative framework that was necessary for regulating elections and paving the way for partisan pluralism. The National Elections Commission was formed to act as an independent authority. Also, the age for candidacy to the public election was reduced, a revised voters' database was created to be linked to the system of instant registration of births and deaths where addition and deletion takes place automatically and instantly. Moreover, the website of the National Election Commission was created to raise the awareness on the importance of political participation in all and every elections and referenda and explains how to participate. An electronic application was developed to help citizens to locate their respective polling stations. The State is also currently active in **combating extremism and terrorism** and is sacrificing for protecting the Egyptian citizens, and humanity as a whole, and is endeavouring to realize the human security. Furthermore, Egypt is taking part in the international peace and security keeping operations in various conflict areas worldwide.

1034. It is noteworthy that realizing the abovementioned goals requires numerous resources; whether financial or human. Therefore, the State is working on adopting alternative finance sources through increasing the financial allocations in the State budget and entering into partnership with the private sector, aligning the CSR plans, in addition to partnerships with international organizations and development partners. The State is also working on exerting further efforts for increasing funding sources without incurring any burdens on citizens such as through the tourism promotion, oil discoveries, renewable energy projects, etc.
1035. Due to the importance of the monitoring and evaluation process for achieving the above goals, the National Commission in the framework of Egypt's membership in the APRM, undertakes to follow-up on the implementation of the NPOA in its capacity as an independent national Commission working in the framework of the APRM. The National Secretariat of the commission will continue its work in coordinating with various competent government entities to ensure the implementation of the NPOA and for reporting to the Commission.
1036. Also, the National Secretariat will seek the assistance of the different technical expertise, especially from the research institutes that took part in the development of the Self-Assessment Report and other entities, for the follow-up, analysis and evaluation processes. This is in addition to coordinating with the Ministry of Planning, Monitoring and Administrative Reform as being the competent Ministry responsible for the monitoring process at the national and local levels of the achievement of the SDGs under Egypt's Vision 2030. Additionally, the National Secretariat will coordinate with the Administrative Control Authority, as it plays an essential role in evaluating the performance of the government bodies.

## The APRM Egypt's National Program of Action

National Priorities	Expected Activities	Ongoing Activities	Expected outputs and their targets	Implementers	M&E Entities
<p><b>Promoting social justice and protecting human rights</b></p>	<ul style="list-style-type: none"> <li>● Linking the governmental databases to enhance efficiency and effectiveness of targeting the poor</li> <li>● Increasing the number of beneficiaries – eligible groups - from the subsidy programs and enhancing the services provided to them to guarantee their right to a decent living.</li> <li>● Increasing the number of beneficiaries – eligible persons - from social protection programs and social solidarity</li> </ul>	<ul style="list-style-type: none"> <li>● Establishing and updating databases of target groups under food subsidy programs to ensure that subsidies are delivered to the eligible groups</li> <li>● Creating, updating and linking databases of target groups of social protection and social solidarity programs to ensure that they enjoy decent lives</li> <li>● Developing a governance system for food subsidy programs</li> <li>● Developing governance system for social protection programs</li> </ul>	<ul style="list-style-type: none"> <li>● Fully linked and updated databases by 2022</li> <li>● The persons eligible to food subsidy, social protection and social solidarity programs are enumerated</li> <li>● All eligible persons into databases as beneficiaries from subsidy programs are integrated</li> <li>● Completed governance system of subsidy and social protection systems</li> <li>● The number of beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>● Cabinet of Ministers</li> <li>● Ministry of Social Solidarity</li> <li>● Ministry of Education</li> <li>● Ministry of Health</li> <li>● Ministry of Planning, Monitoring and Administrative Reform</li> <li>● Ministry of Finance</li> </ul>	<ul style="list-style-type: none"> <li>● Administrative Control Authority</li> <li>● Ministry of Planning, Monitoring and Administrative Reform</li> <li>● National Commission</li> </ul>

<ul style="list-style-type: none"> <li>Expanding social protection programs in quality and quantity</li> <li>Improving the efficiency of providing public services in general, and social services in particular, especially health, education and social solidarity</li> <li>Strengthening the availability and quality of services for persons with disabilities</li> <li>Strengthening the role of NGOs in providing social services and accountability</li> <li>Encouraging the private sector to play its role within the framework of CSR</li> </ul>	<ul style="list-style-type: none"> <li>Increasing public recurrent and investment spending on health, education and social solidarity services</li> <li>Increasing the number of beneficiaries from food subsidy programs and "Takaful and Karama" and "Decent Life" programs</li> <li>Preparing the executive regulation of the new Civil Society Organizations Law</li> <li>Enforcing the legal frameworks regarding the tax exemption in support to the role of the private sector in providing social and community services</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the recurrent public spending on health and education services by at least 3% annually</li> <li>Increasing the public investment spending on health and education services by at least 3% annually</li> <li>The executive regulation of the new Civil Society Organizations Law is completed by the end of 2020</li> </ul>	<ul style="list-style-type: none"> <li>from "Takaful and Karama" program is increased by 10% annually</li> <li>Increasing the recurrent public spending on health and education services by at least 3% annually</li> <li>Increasing the public investment spending on health and education services by at least 3% annually</li> <li>The executive regulation of the new Civil Society Organizations Law is completed by the end of 2020</li> </ul>
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<p><b>Promoting economic growth</b></p>	<ul style="list-style-type: none"> <li>● Increasing the volume of local and foreign private investments</li> <li>● Supporting industry and agriculture sectors</li> <li>● Increasing export rates across all sectors</li> <li>● Improving the efficiency of tax management system</li> <li>● Integrating the informal economy into the formal economy</li> <li>● Reinstating untapped State's assets</li> <li>● Increasing facilities and exemptions provided to small and medium enterprises</li> <li>● Developing the role of the public sector (State-owned companies) in the economy</li> <li>● Completing the effective transformation to the</li> </ul>	<ul style="list-style-type: none"> <li>● Enhancing the facilities and services provided to investors and developing investment opportunities maps</li> <li>● Taking actions aiming at increasing the competitiveness of the national economy</li> <li>● Establishing the Sovereign Wealth Fund</li> <li>● Supporting micro, small and medium enterprises and developing the related management system</li> <li>● Regulatory development of revenue-raising institutions</li> <li>● Various private companies to carry out projects within the framework of CSR</li> </ul>	<ul style="list-style-type: none"> <li>● The investment rates are increased to reach 20% until 2022</li> <li>● The economic growth rate is increased by 0.3 % annually until 2022</li> <li>● The revenue/GDP is increased by 0.3 % annually until 2024</li> <li>● The net exports are increased by 2% annually until 2022</li> <li>● Egypt's ranking under the Global Financial Inclusion (Global Findex) is upgraded by 10% until 2024</li> <li>● The Program and Performance-Based Budgeting</li> </ul>	<ul style="list-style-type: none"> <li>● Ministry of Planning, Monitoring and Administrative Reform</li> <li>● Ministry of Finance</li> <li>● Ministry of Investment and International Cooperation</li> <li>● Ministry of Trade and Industry</li> <li>● Ministry of Agriculture</li> <li>● Ministry of Tourism</li> <li>● Ministry of Public Business Sector</li> </ul>	<ul style="list-style-type: none"> <li>● Administrative Control Authority</li> <li>● Ministry of Planning, Monitoring and Administrative Reform</li> <li>● National Commission</li> </ul>
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	<p>Program and Performance-Based Budgeting</p> <ul style="list-style-type: none"> <li>• Completing the development of postal services and financial inclusion services</li> <li>• Cooperating with the private sector under the CSR</li> </ul>	<ul style="list-style-type: none"> <li>• Commencing the transformation to the Program and Performance-Based Budgeting</li> <li>• Constructing free and industrial zones and providing the necessary utilities</li> <li>• Modernizing the postal services and expanding the public accessibility to financial services</li> <li>• Expanding land reclamation and encouraging exports in the agriculture sector</li> <li>• Developing the tourism sector</li> </ul>	<p>is fully applied across all Ministries by 2022</p> <ul style="list-style-type: none"> <li>• The tourism revenues are increased</li> <li>• Egypt's international position in the production and exportation of certain crops is enhanced (Dates, citrus and fruits)</li> </ul>		
<p><b>Administrative reform</b></p>	<ul style="list-style-type: none"> <li>• Completing the restructuring the State's administrative bodies</li> <li>• Building the capacities of the staff of the administrative bodies</li> </ul>	<ul style="list-style-type: none"> <li>• Restructuring a number of the State's administrative bodies</li> <li>• Implementing the plan for Building the capacities of the employees of the</li> </ul>	<ul style="list-style-type: none"> <li>• Designing a new structure to the State's administrative bodies to support efficiency and effectiveness by 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Planning, Monitoring and Administrative Reform</li> <li>• Central Agency for Organization</li> </ul>	<ul style="list-style-type: none"> <li>• Administrative Control Authority</li> <li>• Ministry of Planning, Monitoring and Administrative Reform</li> </ul>

	<ul style="list-style-type: none"> <li>● Completing the automation of the government services</li> <li>● Activating and mainstreaming the automated public employment competitions</li> <li>● Developing the government bodies infrastructure</li> <li>● Enhancing governance and entrenched the principles of transparency and accountability across the State's administrative bodies</li> <li>● Completing the databases and linking them to the digital transformation</li> </ul>	<p>administrative bodies</p> <ul style="list-style-type: none"> <li>● Automating some government services, especially the most publicly demanded</li> <li>● Establishing capacities assessment and competitions centre to realize integrity and transparency in recruitment for public positions and to achieve justice and equal opportunities</li> <li>● Constructing the new administrative capital</li> <li>● Establishing untraditional administrative units within the government bodies to support the government management system and to enhance governance</li> </ul>	<ul style="list-style-type: none"> <li>● Increasing public spending on training the employees of the government bodies by 2% annually</li> <li>● Increasing the number of the online government services by 10% annually until 2028</li> <li>● Holding employment competitions at the Capacities Assessment and Competition Centre</li> <li>● Completing the construction of all Egyptian government new administrative offices in the New Administrative Capital by 2024</li> </ul>	<p>and Administrative Control Authority</p> <ul style="list-style-type: none"> <li>● Administrative Control Authority</li> </ul>	<ul style="list-style-type: none"> <li>● National Commission</li> </ul>
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<p><b>Corruption Prevention and Combating</b></p>	<ul style="list-style-type: none"> <li>● Mainstreaming the governing controls across government processes, procedures and work systems and entrenching the governance and corruption prevention system</li> <li>● Combating corruption across the government bodies and working on eliminating its causes and ensuring its non-recurrence</li> <li>● Activating the internal audit and governance units across various government bodies</li> <li>● Enacting laws on the freedom of sharing information and protecting reporters, witnesses and victims</li> </ul>	<ul style="list-style-type: none"> <li>● Carrying out awareness-raising and advocacy campaigns to reach transparency in processes, procedures and work systems and to prevent corruption</li> <li>● Detecting many corruption cases and avoiding their causes</li> <li>● Issuing the legislation necessary for establishing internal audit and governance units within the State's administrative bodies</li> <li>● Activating the public procurement and payments systems while promoting the electronic procurement system and e-payment</li> </ul>	<ul style="list-style-type: none"> <li>● Creating efficient human resources e-system</li> <li>● The establishment of the internal audit and governance units across government bodies is completed by 2024</li> <li>● Updating anti-corruption legal framework is completed by 2022</li> <li>● The automated judicial services are increased by 5% annually</li> <li>● The ascending trend of Egypt's performance in the World Governance Index (WGI) and the improvement in Egypt's rank in the international</li> </ul>	<ul style="list-style-type: none"> <li>● Administrative Control Authority</li> <li>● Ministry of Planning, Monitoring and Administrative Reform</li> <li>● Central Agency for Organization and Administration</li> <li>● Ministry of Justice</li> <li>● All government Ministries and entities</li> </ul>	<ul style="list-style-type: none"> <li>● Administrative Control Authority</li> <li>● National Commission</li> </ul>
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	<ul style="list-style-type: none"> <li>Developing the Corruption Perceptions Index (CPI)</li> <li>Activating private sector and civil society codes of conduct</li> </ul>	<ul style="list-style-type: none"> <li>Automating the judicial services</li> <li>Organizing awareness campaigns on the importance of combating corruption</li> </ul>	<p>indices and reports related to combating corruption are maintained</p> <ul style="list-style-type: none"> <li>The application of codes of conduct across government bodies, private sector and civil society entities is completed by the end of 2022</li> </ul>		
<p><b>Empowering local administration</b></p>	<ul style="list-style-type: none"> <li>Developing a local administration empowerment strategy</li> <li>Enacting a new local administration law supporting decentralization</li> <li>Mobilizing local resources</li> <li>Supporting institutional and administrative structure of the local bodies</li> </ul>	<ul style="list-style-type: none"> <li>Prepare and discuss the local development strategy under the Sustainable Development Strategy</li> <li>Preparing the draft local administration law to be presented to the Parliament for discussion and holding relevant hearing sessions</li> <li>Preparing a funding formula for distributing public</li> </ul>	<ul style="list-style-type: none"> <li>A comprehensive strategy to empower local administration is developed to be adopted by the government by the end of 2022</li> <li>The laws for the local administration and the State Planning supporting decentralization are issued by the end of 2022</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Local Development</li> <li>Ministry of Planning, Monitoring and Administrative Reform</li> <li>Ministry of Finance</li> </ul>	<ul style="list-style-type: none"> <li>Administrative Control Authority</li> <li>Ministry of Local Development</li> <li>National Commission</li> </ul>

	<ul style="list-style-type: none"> <li>● Building the capacities of employees of local bodies</li> </ul>	<p>investments across governorates</p> <ul style="list-style-type: none"> <li>● Cooperation between the Ministry of Planning and the Ministry of Local Development to support decentralization</li> <li>● Preparing a draft State Planning Law to support local units</li> </ul>	<ul style="list-style-type: none"> <li>● Elected and active local councils the end of 2022</li> <li>● A funding formula for distributing public investments is developed and applied at the onset of the fiscal year 2020/2021</li> <li>● The local revenues ratio against the national revenues is increased up to 3% by the end of 2023</li> </ul>		
<p><b>Improving and protecting the environment</b></p>	<ul style="list-style-type: none"> <li>● Activating the solid wastes system</li> <li>● Increasing the number of the sites of the national Ambient Air Monitoring Network</li> <li>● Increasing the number of instantaneous</li> </ul>	<ul style="list-style-type: none"> <li>● Developing a new solid wastes system</li> <li>● Expanding the clean and renewable energy projects</li> <li>● Enforcing the legal provisions regarding pollution and emissions</li> </ul>	<ul style="list-style-type: none"> <li>● The upgrading of the solid waste management system is completed by the end of 2024</li> <li>● Egypt's ascending performance regarding the rates of air and</li> </ul>	<ul style="list-style-type: none"> <li>● Ministry of Environment</li> <li>● Ministry of Trade and Industry</li> <li>● Ministry of Agriculture</li> <li>● Ministry of Irrigation</li> </ul>	<ul style="list-style-type: none"> <li>● Administrative Control Authority</li> <li>● Ministry of Environment</li> <li>● National Commission</li> </ul>

<p><b>Political empowerment and combating terrorism</b></p>	<ul style="list-style-type: none"> <li>● monitoring sites of the National Network for Monitoring Industrial Emissions</li> <li>● Increasing the number of the Nile water quality monitoring sites</li> <li>● Raising the efficiency of the regional branches of environment and improvement of the offices and environment enhancement centres</li> </ul>	<ul style="list-style-type: none"> <li>● Preserving and developing natural sanctuaries</li> </ul>	<p>water quality is maintained</p> <ul style="list-style-type: none"> <li>● Upgrading the environmental monitoring sites and environment enhancement centres is completed by the end of 2024</li> </ul>	<ul style="list-style-type: none"> <li>● Ministry of Electricity and Energy</li> <li>● Ministry of Petroleum</li> <li>● Ministry of Interior</li> <li>● Ministry of Local Development</li> </ul>	<ul style="list-style-type: none"> <li>● Promoting political participation</li> <li>● Promoting and encouraging partisan life and pluralism</li> <li>● Women political empowerment</li> <li>● Youth political empowerment</li> <li>● Promoting anti-terrorism efforts</li> </ul> <ul style="list-style-type: none"> <li>● Establishing revised databases for voters</li> <li>● Strengthening the National Elections Commission.</li> <li>● Developing the election observation system.</li> <li>● Taking the necessary measures to ensure participation in the elections through the Commission's</li> </ul> <ul style="list-style-type: none"> <li>● The turnout rate in the upcoming parliamentary and local elections is increased compared to past elections</li> <li>● The proportion of women and youth members of the next Parliament is increased</li> </ul> <ul style="list-style-type: none"> <li>● Cabinet of Ministers</li> <li>● Ministry of Defence</li> <li>● Ministry of Interior</li> <li>● Ministry of Local Development</li> <li>● Ministry of Youth and Sports</li> </ul> <ul style="list-style-type: none"> <li>● Administrative Control Authority and other relevant Authorities</li> <li>● National Commission</li> </ul>
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<p>website, SMSs and any other media to publish the elections dates, the locations of polling stations, the results and the announcement of the winners, etc.</p> <ul style="list-style-type: none"> <li>● Unrestricting the freedom of creating political parties; as the officially registered parties reached 92 parties</li> <li>● Carrying out awareness-raising campaigns and organizing continuous training programs on the political participation and its importance</li> <li>● Allocating seats for women, youth, persons with disabilities and other groups to encourage to be a candidate for parliamentary and local councils' elections</li> </ul>	<p>compared to the current parliament</p> <ul style="list-style-type: none"> <li>● The participation of women and youth in voting is increased in the upcoming parliamentary and local elections compared to the past elections</li> <li>● The proportions of youth and women in senior positions are increased by 10% by the end of 2022 compared to the current situation</li> </ul>	<ul style="list-style-type: none"> <li>● Ministry of Education</li> <li>● Ministry of Higher Education</li> <li>● National Council for Women</li> <li>● National Elections Commission</li> </ul>
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