

EGYPT

No strategy for implementing the SDGs but continuous privatization following IFI policies

Egyptian Center for Economic and Social Rights

Egypt was among the 22 countries that reported during the 2016 High-Level Political Forum for the Voluntary National Review. In its report Egypt noted that its Sustainable Development Strategy: Egypt's Vision 2030 was “guided by the 2030 Agenda” and that it “set welfare and prosperity as the main objectives, achieved through sustainable development, social justice, and balanced geographical and social growth”. Nevertheless, a civil society perspective on Vision 2030 highlights the fact that it lacks a detailed roadmap to achieve the goals it sets out, particularly on reducing poverty and unemployment, and thus would have limited impact in terms of addressing structural development challenges in the country.

As Egypt's report indicates, structures for the follow up of implementation at national level were established, including an inter-ministerial National Committee, for which the Ministry of International Cooperation is the rapporteur. Yet, different Sustainable Development units at ministries or similar administrative structures remain as a key challenge and will depend heavily on the authority of each to carry out policy and revise policies in line with the 2030 Agenda and most importantly on genuine political will.

However, coordination of efforts and enhancing multi-stakeholder dialogue remains problematic despite the HLPF report references to monitoring structures engaging civil society. Particularly with the recently approved law on NGOs, civil society is critically restricted. The law signed into effect by Egyptian President Abdel Fattah El-Sisi on Tuesday, 24 May 2017 triggers fears of an unprecedented crackdown on civil society. The bill was originally approved by the Egyptian

parliament in November 2016 and was criticized by Egypt's civil society groups, as well as by regional and international organizations. Maina Kiai, then United Nations special rapporteur on the rights to freedom of peaceful assembly and association, said the law would “devastate the country's civil society for generations to come and turn it into a government puppet”.

The new law violates Article 75 of the Egyptian constitution which stipulates: “Citizens have the right to form non-governmental organizations and institutions on a democratic basis, which shall acquire legal personality upon notification. They shall be allowed to engage in activities freely. Administrative agencies shall not interfere in the affairs of such organizations, dissolve them, their board of directors, or their board of trustees except by a judicial ruling. The establishment or continuation of non-governmental organizations and institutions whose structure and activities are operated and conducted in secret, or which possess a military or quasi-military character are forbidden, as regulated by law.” Among the ways in which the NGO law violates this constitutional provision regards civil society activities, which are required to be in line with the “state's plan, development needs and priorities”; by contrast, the text of the constitution emphasizes that organizations shall be allowed to “engage in activities freely”.¹ In addition, organizations are prohibited from “any work of a

¹ Read more at

<http://www.annd.org/english/itemId.php?itemId=461#sthash.1zvnR4cs.dpbs>

political nature”; they are barred from conducting opinion polls and publicizing their results. Additionally, foreign funding remains a key issue of the new law. All field research and reports must be reviewed by the newly established National Agency to Regulate the Work of Foreign Non-Governmental Organizations and approved prior to their publication.

In this regard, civil society efforts on monitoring and advocacy become more crucial and much needed. ANND together with its Egyptian members and partners organized a National Dialogue on SDGs in Cairo, on 28 and 29 March 2017. The groups continue to develop monitoring reports as well highlight key development challenges in Egypt.

The Role of the Private Sector

As in many other countries of the region, the private sector plays a key role in Egypt’s economy. The sector’s share of GDP is around 60 percent and its employment share is 74 percent in different sectors, including manufacturing, agriculture and retail trade and construction.² However, the analysis of financial institutions on private sector development in Egypt points out key challenges, such as ineffective business regulations and thus the need to enhance the enabling environment for business and foreign investments as well as public-private partnerships, which are still relatively few.³ There is actually a problem in considering the private sector as a partner for development, especially in a country such as Egypt.

2 <https://www.google.com.tr/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=0ahUKewjrlZmH9KHVAhWEuBoKHUub2CDUQFghHMAQ&url=http%3A%2F%2Fwww.ebrd.com%2Fdocuments%2Fstrategy-and-policy-coordination%2Fprivate-sector-diagnostic-egypt.pdf&usg=AFQjCNGMT4BtJW6gJ8A5491i8TGmtVHQ8g&cad=rja>

3 <https://www.google.com.tr/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&ved=0ahUKewjrlZmH9KHVAhWEuBoKHUub2CDUQFghHMAQ&url=http%3A%2F%2Fwww.ebrd.com%2Fdocuments%2Fstrategy-and-policy-coordination%2Fprivate-sector-diagnostic-egypt.pdf&usg=AFQjCNGMT4BtJW6gJ8A5491i8TGmtVHQ8g&cad=rja>

In the past decades the government has proven its inability to make the private sector accountable or to manage it and oblige it to respect national or local laws and regulations, even to protect the most basic rights of citizens.

Indeed, private-sector led growth has long been promoted in Egypt by all international financial institutions (IFIs), including the IMF with which agreement was made, in November 2016, for a three year US\$12 billion loan. The new agreement supports long-term “structural adjustment” and includes a series of monetary and fiscal reforms that first seek to reduce public spending by reducing the public sector’s role in the provision of subsidized social services. Reforms through reducing public spending, removing subsidies and regressive VAT negatively impact social and economic rights of people and thus hamper progress on sustainable development in the country. As detailed in an analysis by the Center for Economic and Social Rights (CESR), the deal comes with a huge price tag on human rights and plays against the stated commitments the government set for itself as it attempted to champion the developing nations’ implementation of the sustainable development goals during the 2016 High Level Political Forum voluntary review.⁴

With regard to the promotion of PPPs, although the Egyptian experience with PPPs is still in its early stages, it imposes several inquiries, where the structure of the companies responsible for project implementation in the sewerage sector raise concerns about the existence of monopolies in this sector. Another problem is the geographical distribution of these projects that did not take into account the social needs in this area. Moving specifically to the health sector, the international experiences, as well as the Egyptian government’s attitudes towards public health facilities, show that the health service in Egypt may become less accessible and more luxurious.

4 <http://www.brettonwoodsproject.org/2017/02/egypts-new-imf-deal-comes-huge-price-tag-human-rights/>

Brief assessment: The role of private sector in health sector

Calls for private sector involvement in health emerged in 1992, based on the assumption that privatization of the health sector leads to an enhancement and diffusion of service, and that improvement of the public sector is often in the interest of rich people rather than the poor. International institutions also promoted the role of the private sector in health; for instance, a World Bank report mentioned the need to improve the health sector as soon as possible, including among its recommendations the involvement of the private sector in order to improve health services and to spread health coverage. According to World Bank estimates, out-of-pocket spending in the health sector is 72 percent, despite the existence of “theoretical” free treatment.⁵ The World Bank report points out that the change which happened at the beginning of the last century such as achieving lower mortality rates and higher life expectancy level will not continue to improve if the private sector is not involved because of the government’s failure to devote more resources to the sector and a lower possibility of changing the daily habits of poor people that increase the mortality rates among them.

The Egyptian government has already begun privatizing some existing hospitals and involving private sector in the construction of new hospitals, but the main concern is whether the private sector is able to fill the gap created by the mismanagement and distribution, especially when we observe the general trend of the current Egyptian government in providing public services and particularly services related to the health sector. The government has announced two projects in the field of public health through the Public Private Partnership central unit under the authority of the Ministry of Higher Education, namely the Smouha Maternity University Hospital and Blood Bank and Al Mowasat Hospital projects.

The PPP central unit does not refer to the details of the projects, as it does not mention the nature of the project and the investor’s responsibilities accurately, nor does it mention the main investors in the projects or any improvement that other PPPs have achieved. The two hospital projects will be implemented and partially managed by the cooperation of Bareeq Capial, DETAC Construction & Trading company, Siemens Healthineers, and G4S Company. These projects are supervised by the IFC as the financial advisor, “Mott Macdonald” as the technical advisor, and “Trowers & Hamllins” as the legal advisor. Although the contract was signed in 2012 with an announced duration of three years, the projects have not yet been completed. One reason behind that could be the fact that the bank loan which needs to be proposed to the corporate alliance has been reduced from 1.2 billion Egyptian pounds to US\$600 million; that is, half of the budget which was agreed upon earlier.

Moreover, the government has offered some of the existing hospitals and health utilities a partnership with private investors. In late 2016, the government announced plans to sell 544 integrated hospitals that exist in rural areas which were providing health care to citizens who are living far from the main medical centres of the villages. The health utilities have always been neglected, reaching the point of only 377 hospitals remaining, but the Ministry of Health considered them as unproductive and useless, and thus suggested turning over a number of these hospitals (75 hospitals) to investors. It is doubtful that the services offered are for free because if a single utility will cost almost 30 billion Egyptian pounds to be transformed to an effective health center (as a PPP project), then they will become profit-seeking utilities that will have to cover the cost of developing them and then achieve profits (for the investor).

⁵ <http://www.worldbank.org/en/news/video/2015/03/10/egypt-72-percent-of-healthcare-costs-are-out-of-pocket>

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According to case studies of previous PPPs in Egypt (primarily in education), detailed in a report by the Egyptian Center for Economic and Social Rights (ECESR),⁶ the failure of the partnership in most cases is due to financial difficulties, either related to the ability of the service recipients to pay back the fees or to the government's ability to cover the costs of the project, both of which may be the expected result in case of involving a profit-seeking sector in the health sector. If the private sector becomes involved, the role of the government will be transformed into one of protection of service recipients (especially the poor). The role of the government is also to ensure a good quality of services, and offer an accountability mechanism that provides the citizen with the right to complain and report cases whenever there is any medical neglect.

In the Egyptian case, the declaration of officials alongside privatizations and the calls for investment resulting from the lack of insurance, health coverage, and low wages given to doctors, illustrate an approach that doesn't take into account justice and social protection. And in any case, the philosophy behind the PPP derives mainly from a long-standing view of the health facility that it is a commodity and not a guaranteed right; thus achieving justice through this system is very challenging. Health experts around the world warn that privatization of the health sector will create disparities in the delivery of health care and will ultimately harm the poor; moreover it will lead to the violation of the "right to health care" that eventually leads to death.

This report provides an update to the 2016 Egypt National Report and focuses mainly on the role of the private sector in implementing the SDGs in Egypt.

⁶ ECESR, "Public Private Partnership or the Privatization of Public Services", forthcoming from the Arab NGO Network for Development.