

• AIDA SEIF EL-DAWLA

«During the last six months we have sold public sector assets for LE3.6 billions, 25% of that sum went to compensate discharged workers, 50% to repay the banks and 25% to the Central Bank. Now, everybody is happy; the workers are happy, the banks are happy and we can proceed with reform.»

Atef Ebeid  
Minister of the Public Business Sector<sup>1</sup>

The past few years have witnessed an increase in the prevalence of poverty and an increasing number of citizens moving to below the poverty line. This was paralleled by an increase in internal inequalities between the capital city (17% of population) and the rest of the country, urban (47% of the population in 1990) and rural communities, and communities depending on their access to means of livelihood, possession of land, work opportunities etc.

The increasing prevalence of poverty goes without a monitoring system except for an almost single attempt that is being carried out by an Egyptian NGO which in March this year will launch its first poverty report based on the readings into official figures against a background of information drawn from field studies using samples drawn from industrial urban centers.

Data on income and livelihood are derived mainly from UN reports and the Egyptian Human Development Report in addition to the national census which is released every 10 years. The next being due in July this year. Since Beijing there has been only one attempt to break down the figures by gender, an initiative that was undertaken by UNICEF although the report has not yet been circulated. From those reports we draw the following indicators of poverty.

The absolute poverty line in Egypt has been estimated at LE3,993 and LE3,399 (LE3.39 = one US dollar) for urban and rural areas respectively. Applying the absolute poverty line shows that poverty incidence at the national level has increased from 29%

## THE PREVALENCE OF POVERTY

of the total population in 1981/82 to 35% in 1990/91. On the urban/rural level, poverty incidence increased from 30 and 28% to 36 and 34% respectively (*Egypt, Human Development Report, 1995*). The largest concentration of poor households is in Upper Egypt in both urban and rural areas. The urban poor in Upper Egypt represent 31% of the total urban poor and 60% of the total rural poor. The classification of the poor by economic activity and occupation shows that the marginalized represent the majority of the poor in both urban (47%) and rural areas (39%).

TABLE 1.

Shares of the poor and the rich of income and expenditure (%) Human Development Report (1995)				
Population	1991 income	1991 expend.	1993 income	1993 expend.
poorest 20%	7.4	7.7	5.9	8.3
poorest 40%	19.5	20.4	17.0	20.5
richest 20%	42.3	40.5	45.1	43.4

Inequalities in urban governorates are more significant since the ratio between expenditure of the richest 20% and that of the poorest 20% is 5.5. In Lower Egypt it is 4.5 and in Upper Egypt it is 10.5.

Adverse social implications of the structural adjustment programs were given much less attention than necessary. The social insurance systems available in Egypt target beneficiaries who are under some kind of institutional umbrella. Outside those umbrellas, citizens have no social security resources.

Poverty and deprivation have been accentuated by the withdrawal of government support and subsidy for basic services and goods. Within those, health and education continue to suffer the most despite continued statements about directing more attention to both fields.

1 Press conference with IMF staff upon the approval of the 24 month stand by credit for Egypt, October 1996.

TABLE 2.

Government Expenditure on Health and Education Human Development Report, 1995			
GDP	1989/90	1990/91	1992/93
% spending on health	1	1	1
% spending on education	3.6	3.4	3.2

## EDUCATION

During the compilation of the third five year plan (1993–1997) the education sector requested investments worth LE14 billion, a sum that was finally trimmed down to LE7 billion (55% for primary education and the most important externalities for secondary education). The difference between the wish list of the education sector and the final allocation in line with available resources implies that such a shortage will be reflected in both the quantity and quality of educational services.

Expenditure on education as a percentage of total public expenditure rose in the 50s and 60s from 12.2% in 52/53 to 16% in 60/61, peaking in 77/78 to account for 25% of the State services budget. In 1981 it declined to 17.8%, then to 9.8% in 85/86, down again to 9.2% in 90/91 and rises again to reach 10.8% of total public expenditure in 93/94. However, this rise is largely illusory if we take into account the decline in public expenditure as a percentage of GDP: 64% of GDP in the beginning of the 80s, public expenditure declined to 46% of GDP in 86/87, and to less than 30% of GDP in the 90s. Moreover, since the 1991 agreement with the IMF, the annual rate of growth of public expenditure declined from 36% in 90/91 to 15% in 93/94.

Along those changes we find the dissolution of the free educational system. Villagers in Upper Egypt estimated the annual cost for sending a child to school at LE1000 per year, the calculation taking into account the child's needs in terms of appropriate clothing, nutrition, books etc. In the light of prevailing unemployment and the rising costs of living, the most probable choice is to withdraw the children from school, or if the resources suffice only some of the children, priorities given to the boys in the family considering that the girls will eventually marry into other families, so the investment is not cost effective. The call for increasing expenditure on education and stressing the need of resources for basic education is therefore a determinant factor in the empowerment of women.

The increasing cost of education has paradoxically affected the poor more than the well off as shown in the following table (*Poverty Watch Report, CTUWS, 1997*), exploding the myth that the cost of economic reform will be paid for by the well off to the advantage of the deprived.

TABLE 3.

The price of Education				
	Urban Egypt		Rural Egypt	
	82/83 vs. 74/75	90/91 vs. 81/82	82/83 vs. 74/75	90/91 vs. 81/82
% increase in prices	55.0	347.7	57.7	339.6
% increase of school costs for poor sectors	275.0	580.0	248.5	1,025.0
% increase of school costs for middle & upper sectors	132.2	267.8	110.0	536.3

Expenditure on education is also biased towards higher and university education – whose beneficiaries belong to better off social classes – at the expense of basic education facilities. Expenditure on primary education (which accounts for 81% of students in all levels of education) accounts for less than one third of total expenditure (capital investments and wages) on education. The preparatory level accounts for 12%, while secondary and university education account for over 50% of total expenditure. Moreover, the average share of the university student of expenditure on education is 50 times higher than that of students in all other levels of education, including secondary school education (*Poverty Watch Report, CTUWS, 1997*).

The one class school initiative launched by the ministry of education with the co-operation of development and non-governmental organizations although promising and attractive to the beneficiary population, is directed towards school drop outs and serves a limited number of 7 pupils per class which is a miniature intervention considering the size of the population. Literacy rates are set at around 50%. However, this figure exaggerates the level of literacy, for it is based on the assumption that four years of primary education are sufficient to attain «functional literacy».

Official figures of 97.5% enrollment are contrasted by the differential figures in the different parts of the country, 84.4% in Lower Egypt and 67.1% in Upper Egypt (*Human Development Report, Egypt, 1994*). UNICEF has highlighted the problem of female enrollment, which while reaching 95% in Cairo, drops to 65% in urban Upper Egypt and then further to 57% in rural Upper Egypt. In the latter case, male enrollment reaches 90% indicating a gender bias in education.

Fergani (1996)<sup>2</sup> notes that the rate of growth of enrollment in primary school has declined from a peak in 1992/93 and took a sharp down turn in 1995/6, to a level lower than the rate of population growth for the first time since 1991/92. He proceeds to explain that the one likely explanation for these trends is that increase in supply is meeting demand constraints reflecting increasing poverty and rising cost of education. This supply demand configuration seems to be most operative in poor urban areas, particularly in the case of girls from poor households.

2 Fergani N (1996): Baseline Information to plan for universal access to primary education in Egypt. Al Mishkat.

Dropping out from school is on the increase, driven by the limited economic resources of the family. One third of school drop outs do so out of a need to look for a job to increase family income (*Poverty Watch report, CTUWS, 1997*), which feeds into another expanding problem of child labour. While not represented in official Egyptian figures, the ILO (1988) estimated about one and a half million Egyptian children under age 14 are working i. e. 8.2% of the total number of children in that age group, constituting about 7.4% of the total Egyptian labour force. Children younger than 10 years of age constitute about 20% of the children working under 15 years of age which is a large percentage.

As is the case with health, private sector contributions to education tend to establish private schools, the fees of which reach astronomical figures of thousands of dollars per year. Contribution of non-governmental organizations to education are limited by the limited resources of those organizations, although a worthy initiative in that regard is that of the Upper Egyptian Association for Education and Development, an Egyptian NGO working in the most deprived areas.

## HEALTH

The story of Egypt's health sector is little different from that of the educational system in terms of the ability of government to strike an appropriate balance between desired outcomes and available resources. Government is gradually withdrawing from the subsidy of health services, several of which are converted into the cost recovery scheme, inaccessible to the most deprived.

In addition the Egyptian health care system is highly curative and physician oriented, despite the fact that the majority of the health problems in the country require a primary care community oriented approach. Hospitals absorb about 2/3rd of the Ministry of Health budget while primary health care centers receive 25% and preventive services absorb only 12% of the budget. The shortage of funding for primary health care centers has led to inadequate maintenance, shortage of supplies and insufficient provision of essential equipment. The financial distribution of the Ministry of Health budget is also urban oriented; rural hospitals receive only three percent of the total budget, as opposed to 58% allocated to urban hospitals. (*Human Development Report, Egypt, 1995*).

The contribution of the private sector to the health system both in insurance schemes and in the ownership and operation of health care units is not only inadequate in terms of quality and orientation but also exorbitantly expensive, in what has come to be called the «Hoteliary» or «five star» health service.

For those who can afford it the health services provided by the private sector is an alternative. But for the poor the shrinking, low quality public facilities are the only resort. Over the 1981/2 – 1990/1 period the increase in costs of health services for the poorest 30% in urban areas has been (at 710%) higher than the percentage increase in the cost of health services for the better off categories over the same period of time (666.7% increase for the middle income category and 233.8% increase for the top 20%) (*Egypt*

*Human Development Report, 1995*).

Infant mortality rate is still at 67/1000 live births, under five mortality rate at 59/100,000 live births and 10% of newborn babies and 10% of under five children are underweight. These figures also show differentials throughout the country, where the prevalence of neonatal mortality is five times higher in rural than in urban areas and a further five times higher in rural Upper Egypt. 75% of pregnant women have anaemia, maternal mortality rate is at 200/100,000 live births and only 41% of total births are attended by a trained health personnel. (*Human Development Report, 1995*). These figures are directly related to the poverty level which reaches the extent of deprivation. Infant and under five mortality rates in households with low or no parental education were 97.8 and 132.8 respectively while the corresponding figures in households with completed secondary education were 35.8 and 41.8.

With the increasing prices of health services household expenditures on health will be negatively affected in low income groups, which usually means that women's health priorities will have to move backward or be discarded for the sake of more important priorities: nutrition, children's health care, children's education, etc.

For women, especially those responsible for maintaining households, the provision of health care will be a difficult responsibility given the meager budget she has to manage with. Women headed households are no longer an occasional phenomenon in Egypt. According to the 1988 Labour Sample survey, 18% of all families in Egypt are headed by women, and their income is lower by 37% of that of male headed households. In poor urban Cairo the percentage of women headed households is estimated at 30% (Ministry of Social Affairs, productive Families Department).

Furthermore, since the ICPD in Cairo in 1994 reproductive rights and health terminology have been prevalent in several officials statements. One positive achievement in that field was the prohibition by a Minister of Health decree of the practice of female genital mutilation, following a two-year campaign by non-governmental organizations. The Minister's decision repealed a decree issued by his predecessor who for the first time in the history of Egypt allowed FGM to be practiced in government hospitals. Although the step taken by the Minister is a positive one, it is inadequate in preventing the practice of FGM. Progress in this will occur only if sufficient space is allowed for non-governmental organizations to mobilize public opinion against FGM and to address the target population of women regarding the nature of FGM as a form of violence against women. While some steps have been made into this direction, the restrictions on civil activity imposed by the emergency laws and law 32 governing associations, limit the ability of NGOs to conduct campaigning and advocacy activities.

Also, while family planning should be one component of the wider concept of reproductive health, the latter is frequently used as a euphemism for family planning and that again for fertility reduction. Even the women's health centers that have been established by the Ministry of Health in the different villages of Egypt, while understaffed and underused emphasize the distribution of

contraceptive measures as their main priority dictated by the state's population policy and the donor's agendas.

## EMPLOYMENT, INCOME, ACCESS TO RESOURCES AND ECONOMIC OPPORTUNITIES

Despite the rapid increase in the size of the private sector in Egypt, its contribution to the provision of employment opportunities has been very limited (*Human Development Report, Egypt, 1994*). The report continues to state that the economic growth did not succeed in producing a parallel increase in work opportunities. This has resulted in an aggravation of unemployment. In the mid eighties the number of unemployed reached 1.4 million people which is equal to 10.7% of the total labor force, showing a 75% increase in unemployment since 1976. According to the 1986 census 81% of unemployment is affecting new entries in the labour force, where 96% of those are university or secondary school graduates.. These rates are expected to increase because of the reduced capacity of the public sector in providing new work opportunities. The structural adjustment policies also lead to the dismissal of so-called excess labor from privatized, or about to be privatized, public sector companies. Laid off workers are expected to seek jobs in the private sector or to establish microenterprises of their own.

The primary findings of the 1986 census estimated unemployment at 2 million people, comprising 13.7% of the total labour force estimated at 13.7 million. However the final results of the census published in 1987 (the next census is due in July 1997) set the figure for unemployment at 1,6 million or the equivalent of 12% of the total labour force estimated at 13.4 million. Fergani (*El Ahrām, 26/3/1994*) estimates that unemployment has actually reached the level of 17% while World Bank estimates for 1992 set unemployment at 15%.

In general according to Egypt's Central Agency for Public Mobilization and Statistics (CAPMAS) various labor force sample surveys have indicated that the participation and activity rates have fallen for males and females in both urban and rural areas since the late 1980s. In fact, activity rates for males fell from 47% in 1988 to 44% in 1990 and rose slightly to 45% in 1993. For women, activity rates fell dramatically from 26.6% in 1988 to 17.5% in 1990 and further to 13.7% in 1993 (Egypt Human Development Report, 1995). The report continues to explain that *«the slow down of employment was general to all major sectors: in addition to the regressionary trend of employment by the government the private sector is only slowly creating new employment opportunities.»*

Unemployment is expected to be most prevalent among the new entrances into the labour market which comprise 76.4% of the total number of unemployed over 15 years old. They accounted for 9% of the labour force in 1986. Among them, secondary school graduates account for 65.4% and university graduates constitute 9.2%. Unemployment rates among women reached 24.5 i.e. almost double the national rate, and women comprise 97% of

the unemployed who are mostly new entrances in the labour force, which relates to the difficulty in obtaining a job in the public sector for women especially in rural Egypt where secondary school graduates comprise 50% of the unemployed, followed by university graduates which comprise 43%. (*Poverty Watch Report, CTU-WS, 1997*).

The constitution guarantees women an equal wage for equal work. However, this «equality» is subverted in the public sector by the unequal access of women to job opportunities. And once outside the public sector, women working in the private and informal sectors are deprived of the most basic rights. Acting as a reserve army of unemployed and driven by intense economic need they work at the worst conditions, without any forms of security, insurance and at times even with no contracts.

In a recent visit to several Upper Egyptian villages (the most deprived areas of the country) the prime concern of the younger generations, women and men was the lack of job opportunities. Available income generation projects, all based on credit schemes, were far beyond the capacity of the majority of the population, assuming the possession of a sum of capital that they did not have. Projects were targeted more towards relatively well to do middle class citizens and were not available to the most deprived. For women, work opportunities were the prime concern, taking priority over other issues of discrimination or violence against women. Women felt that work and securing an independent regular income was the prime asset to be able to manoeuvre their life conditions. In the absence of this economic contribution to their own livelihood and that of their families they feared a seclusion from all public life once they are married.

In facing this problem the Egyptian government has not provided any unemployment security measure. There is no unemployment compensation. The Social fund for Development is the only step undertaken in this direction, providing credit for microenterprises. However, the conditions that are set by the Social fund for providing credit are far beyond the reach of the majority of the disadvantaged, since it assumes that applicants enjoy a certain level of welfare and capital which is available only for the middle class. The Human Development Report for 1994 recommends the provision of a Fund that extends to involve the socially deprived sectors which are expected to suffer the most from the negative effects of the structural adjustment programs.

In the face of these challenges, the deprived sectors of the society continue to be denied by law of the ability to organize in order to defend their rights. Egyptian law permits no pluralism in professional or trade unions. Trade unions exist in all public sector enterprises, but are structured in such a way as to guarantee their control by the government. Moreover, no trade union pluralism is allowed. A single, government-controlled trade union structure exists, whose organizational rules are set by law. In the private sector, where trade unions exist, they belong to the same government-controlled trade union structure. Much of private sector labor is not unionized, however, especially in the new private sector industries. The government controlled trade union structure shows little interest in reaching out to them, while the law prevents them from establishing trade unions on their own initiative.

The new labor law, postponed for two parliamentary sessions

and due to be passed in the current session of parliament, further “liberalizes” the labor market, removing many labor guarantees while continuing to deprive workers of their right to organize. Under the new law, the right to strike is effectively banned, since the law stipulates that no strike can be called while negotiations were in process, or without the consent of the general trade union organization, which is controlled by the government.

## CITIZEN PARTICIPATION

Despite conventional wisdom, economic liberalization in Egypt has not been associated with political liberalization. The theoretical model of a civil society participating in debating and formulating economic reform policies has proven a fallacy in Egypt as in other Third World countries. «Participation» has been limited to an extremely small sector of economically powerful stakeholders, especially represented by the new and increasingly influential associations of businessmen and industrialists.

Economic reform programs are introduced as the agenda for rescuing the country from economic crisis. People are not informed of the consequences of this reform which they have to endure. Privatization of health services and education, rise in prices and reduction of real wages are silent issues which people are confronted with on a daily basis without prior notice if not with a declared commitment to the opposite. Poverty is towering above the majority of the people in the country with no known plan for poverty eradication or alleviation. Commitments at international conferences remain words on paper with no civil structures to monitor their implementation. Attempts at mainstreaming gender in the next five years plan is frequently talked about with no involvement of women’s organizations in the formulation of that plan.

Facing those changes which will push millions of Egyptians into unemployment and destitution, people are deprived of their legitimate right to organize in their independent structures. Egyptian civil society still suffers from a heavy artillery of restrictive legislation that prevent the majority of civil structures from participation in public decision making. These restrictions are however selective, biased towards the economically powerful who are

organized in several businessmen organizations and whose members run parliamentary elections with a business oriented agenda rather than a vision for development.

Several attempts for the revision of the legislation governing the formation of associations have been aborted either by denying the right of legal existence for such initiatives or depriving them of any substance. Trade unionists are still fighting their battle to include the right to establish independent trade unions. The last trade union elections were the bloodiest ever and while some independent trade union activists managed to win seats in the factory level trade union committees, their access to the general (industry-wide) trade unions, in whose hands all the powers of the trade union structure lies remains severely restricted.

Yet within these circumstances, initiatives are being undertaken to help make people better able to face up to the coming challenges. Two such initiatives were undertaken by the Center for Trade Union and Workers Services who are organizing a series of training workshops on collective bargaining for workers in different industries in anticipation of the new labour law. Several cases have been taken to court stressing trade union rights violations. Another initiative is the above quoted Poverty Watch Report which is to be launched in February 1997, monitoring the socioeconomic changes over the last three years and their impact on the most deprived, based on a field study among working class families.

Along with the launching of the poverty watch report, another initiative will be attempted to expand the Egyptian Social Watch project into an Arab regional one, inviting similar initiatives from other Arab countries. The objective is not only to co-ordinate the watch system across the region but also to derive strength and support from the network. The initiative will be another test for the government’s commitment to ICPD, Social summit and Beijing recommendations of partnership with NGOs and creation of space for civil society.

- NEW WOMAN RESEARCH CENTRE