Rights, Regression and Repression

Eight years after the 2011 popular uprising in Egypt, the demands for economic and social justice at the heart of the unrest remain unfulfilled. In assessing the human rights situation in Egypt in 2013, the UN Committee on Economic, Social and Cultural Rights raised concerns that Egypt was not adequately investing in economic, social and cultural rights, and that low budgetary allocations coupled with wide disparities in the provision of essential public services had resulted in retrogression in the effective enjoyment of these rights, especially for disadvantaged groups. During Egypt’s previous appearance before the UPR in 2014, it also received numerous recommendations to intensify its efforts to realize economic and social rights (ESR), which it accepted at the time and proceeded to report against in its Mid-term Report.

In the time since those reviews, the 2014 Constitution—which provides greater guarantees for economic, social and cultural rights and ostensibly promotes the values of social justice and sustainable development—was put into place. The government has also positioned itself on the global stage as a champion of the Sustainable Development Goals (SDGs). In spite of these gestures, however, the country still suffers from staggering levels of socioeconomic inequality, a stagnant labor market, widespread poverty, and endemic corruption. In 2016, Egypt entered into an agreement with the International Monetary Fund (IMF) in which, in return for a $12 billion loan, it would engage in a domestic economic “reform” program aimed at cutting public spending, reshaping the labor market, and regressively restructuring tax policies in order to create supposed incentives for private investment. However, these austerity measures have come with a huge cost in terms of ESR, without any sign of the promised economic benefits. Indeed, recently official data revealed that the poverty rate has increased by over six percent since 2013.

These drastic economic measures are taking place alongside a severe crackdown on civil and political rights. Egypt’s civic space has been decisively evaluated as “closed” by international monitoring initiatives, and the government has recently ratified an NGO law that UN human rights experts have indicated could “devastate civil society.” The government’s attacks on human rights defenders have extended all the way to the UN human rights system, for example, through impugning the neutrality and independence of UN Special Procedure mandate holders (Egypt State Information Service, 2018). The deterioration of civic space and rights has had severe implications for members of civil society, putting their liberty and freedom of speech under threat, and restricting communities’ ability to voice concerns regarding the government’s development and socioeconomic policy choices—and the actual impact these measures are having on their lives. Continued on page 2

In the time since Egypt’s last UPR appearance, poverty has worsened. The official 2019 poverty rate stands at 32.5% (CAPMAS, 2019a), a staggering increase of over six percent from 2013 (CAPMAS, 2016). Poverty in Egypt also continues to be even more stark in certain areas, for example in Upper Egypt, where 57% of rural residents are poor. However, the economic restructuring program backed by the IMF pushes mis-placed revenue-raising approaches and spending priorities, fails to tackle the inefficiency and corruption of public institutions, and further reduces the availability of resources for rights realization. For example, despite 2014 UPR recommendations to the contrary, Egypt’s recent tax reforms restrict the government’s ability to raise more resources for economic and social rights, laying the burden of cost-cutting on the poorest.
Egypt remains one of the most economically unequal countries in the world. In 2017, Egypt’s wealth inequality—as measured by the Gini coefficient—was a staggering 91.7% out of a possible 100% (Credit Suisse Research Unit, 2012-2017), reflecting a significant increase from previous years and making Egypt the third most unequal country in the world by this measure. Income inequality also continues to be a major concern. Recent estimates found that in 2015, the share of pre-tax national income was 19.1% for the richest 1% of the population and 48.5% for the richest 10% (Alvaredo and Piketty, 2014). This is the case without even taking into account the fact that its precise level is possibly underestimated by a very large margin (World Bank, 2016).

While poverty and the cost of basic goods continues to increase, social security programs are failing to meet the needs of the population. In 2017, research estimated that Egypt’s targeted cash transfer programs in fact only covered 49% of the poor (ESPI, 2018a). While the government is expected to increase spending on these programs, there remain two major concerns around their effectiveness. First, they are estimated to leave out nearly 60% of rightful recipients because of targeting and implementation errors (World Bank, 2015a). Second, considering currency depreciation, high inflation, and the depreciation in wages, these programs do not sufficiently protect middle- and lower-income households from falling further into poverty (EIPR, 2018).
Wages and work conditions for women have worsened and child labor continues to violate children’s rights. Legislative reforms implemented through Law 18 (2015) as part of the austerity package aim to significantly decrease the number of public sector employees, which puts a huge number of people at risk of mass layoffs. As the public sector is a major source of employment for women in Egypt, and the gender wage gap there is less glaring than in the private sector, layoffs and wage cuts will either force women out of work altogether, or into more hostile, unequal, less regulated work environments—where they may make 35-40% less than their male counterparts (World Bank, 2014). Women’s labor force participation has seen no improvement in the past few years, as research shows impediments to women’s participation in the labor force (such as lack of support for unpaid care work) remain unaddressed (World Bank, 2019c). Additionally, child labor also remains a persistent threat to child rights in Egypt; despite 2014 UPR recommendations to bring child labor laws in conformity with ILO conventions, laws remain unchanged.

High unemployment rates reflect people’s struggle to enjoy their right to work, affecting women and youth in particular. In 2018, the overall unemployment rate stood at 11.45% (World Bank, 2019a), while women’s unemployment was estimated at 23% (World Bank 2019b) and youth unemployment at 32.5% (World Bank 2019c). Youth unemployment in Egypt is among the highest for lower-middle income countries (LMICs) (World Bank, 2019d) and has not improved since the country’s last UPR cycle. While Egypt’s Sustainable Development Strategy acknowledges high youth unemployment (Egypt Ministry of Planning and Administrative Reform, 2016a), the strategy does not contain a clear, time-bound target, nor a comprehensive plan to reduce youth unemployment (ESPI 2018b).

Public spending on health in Egypt is extremely low and decreasing, deepening health-related inequalities. Despite 2014 UPR recommendations and a constitutional obligation to allocate at least 3% of GNP to health (Egyptian Government Portal, 2014), public expenditure on health declined between 2015 and 2018 to 1.34% of GNP (Ministry of Finance, 2015-2018). Egypt currently falls in the bottom quarter of LMICs in spending on health (World Bank, 2018f and ESPI, 2018c). Much of the burden of health spending is therefore shifted to individual households. Out-of-pocket health expenditure constitutes 62% of total health expenditure in Egypt (ESPI, 2018d). These factors, coupled with low health insurance coverage rates, threaten the right to health of the most marginalized Egyptians, many of whom simply cannot afford these costs (DHS, 2014, and ESPI, 2018e). This will be made worse by the fact that rural governorates will not be included in the new healthcare system until 2030.
Despite GDP growth, public expenditure on education continues to decline, affecting key components of the right to education. Spending on education is below the national constitutional requirement of ensuring at least 4% of GNP dedicated to pre-university education (Egyptian Government Portal, 2014). Although a recommendation made to Egypt during its 2014 UPR review indicated the need to “make further efforts to eradicate illiteracy for all, including through, inter alia, sufficient budget allocation,” between 2017 and 2019, spending on education fell from 1.7%, to 1.4% of GNP (Ministry of Finance 2018-2019b, and ESPI 2018h). This lack of resources has resulted in diminished educational quality. For example, the number of schools that now operate on a full school day system in Egypt is less than 50% (Ministry of Education, 2018). Despite some achievements in increasing literacy rates, the number of children dropping out of primary school has doubled from 644,717 in 2010 to 1.2 million in 2017 (CAPMAS, 2018).

Unaffordability of housing continues to undermine the right to adequate housing. Estimates suggest that households in Egypt spend on average 39% of their monthly income on rent, threatening the ability to finance other essential needs such as health or education (BEO, 2018). The government’s desire to financialize the housing sector to support its economic reforms further exacerbates the problem of unaffordability of housing (Shawkwat and Shukrallah, 2017 and Tadamun, 2016). Although the government is investing in social housing projects (in partnership with the World Bank), eligibility criteria for this housing prevent many who need housing from accessing it and often eligible participants cannot meet costs (ESPI, 2018i).

Embedded inequalities and gender-based violence continue to undermine the right to health of poorer women and girls. Although Egypt met its target to reduce maternal mortality and made strides in reducing child mortality, financial barriers continue to limit poorer women’s access to quality prenatal care and basic healthcare for their children. For example, although 98% of the richest quintile of women gave birth in a health facility, only 75% of the poorest women did (DHS, 2014). Along with this, the probability of a child under five dying is more than twice as great if that child is from the poorest quintile versus the richest (DHS, 2014, and ESPI, 2018f). Further highlighting the seriousness of gender inequality in Egypt is the fact that it has the fourth highest prevalence rate of female genital mutilation (FGM) in the world (ESPI, 2018g).
Many poorer Egyptians are at risk of displacement due to weak security of tenure protections. Given that 49% of the population is living in informal and “unplanned” settlements (UN Officer of High Commissioner for Human Rights, 2018), lack of security of tenure puts millions of people at risk of displacement. In its attempt to decrease the number of people living in unplanned areas and make cities more attractive for urban developers, the government has displaced people without adequate and appropriate process, resulting in numerous violations of the right to adequate housing (ESPI, 2018). In many such cases, neither prior consent nor proper compensation was afforded to communities subject to relocation (ESPI, 2018k).

Access to food has deteriorated for the most marginalized households, with particular impacts on children. Nearly 16% of the population was reported to have poor access to food in 2011 (WFP, 2013) and in the time since food prices have more than doubled. At the same time, serious concerns regarding the effectiveness of the food programs that replaced Egypt’s universal food subsidies system (International Food Policy Institute 2018; World Bank 2015) have been raised. At this rate, Egypt will not meet its Vision 2030 targets on improving child nutrition (Arab Development Portal, 2016). 21.5% of children under five currently suffer from stunting, in comparison to the MENA average of 15% (World Bank, 2019g). Given the above, it is unclear how Egypt can reduce this number to 10% by 2030 (Arab Development Portal, 2016).

The severe crackdown on civil, political and labor rights is also a major threat to realization of economic and social rights. International rights monitors have consistently ranked Egypt amongst the worst performing countries on various civil and political rights measures (Freedom House, 2019). The rights to organize and strike have been severely restricted and at times criminalized. Egypt is the fifth lowest-ranked country in the world in terms of legal protection of workers’ rights (ITUC, 2018). ESPI’s findings with respect to protection of the right to organize in law indicate that the ability to form trade unions has been systematically obstructed through regulations such as Law 213 (2017). Between September 2017-2018, there were numerous cases of reprisals against workers and trade unionists—including violence, arrest, and interrogation—as a consequence of exercising labor rights (ESPI, 2018). And the Egyptian parliament recently passed an NGO bill that will have devastating effects on independent civil society. These practices fly in the face of the commitment all governments have made through the 2030 Agenda to pursue sustainable development in a manner aligned with human rights law and principles.
An alternative set of fiscal and economic policies could be used to increase available resources and improve rights enjoyment. Egypt’s tax revenue is only 13% of GDP—the lowest rate among LMICs (ESPI, 2018m) —and this has regressed from 15% in 2009 (Egypt Ministry of Finance (MoF). Most notably, the government has failed to increase its capacity to collect tax revenue from the wealthiest people and corporations. Due in part to generous tax breaks and incentives, the effective corporate tax rate in 2017 was estimated to be about 15% as compared to the statutory rate of 22.5% (ESPI, 2018n). A fairer and more progressive tax system for individuals and private companies would raise more money to resource economic and social rights, as well as directly help to tackle extremely high levels of economic inequality. More domestic efforts to combat tax evasion and to increase the efficiency of collection are also needed, including strengthening relevant enforcement mechanisms and tackling corruption. Domestic efforts should be complemented with serious international cooperation to combat tax evasion and avoidance, by renegotiating problematic double tax treaties and adopting measures to address base erosion and profit shifting (ESPI, 2018n).

**RECOMMENDATIONS**

1. **Review fiscal policy with a view to increasing revenue through more progressive means and achieving a more equitable distribution of resources, including by:**
   - Increasing domestic resource mobilization by fighting corruption, tax avoidance and evasion, as well as increasing the institutional capacity of the tax collection authorities to ensure full compliance with the existing tax code, particularly for wealthy individuals and corporations.
   - Making income tax more progressive by increasing the gradation in income brackets, raising the limit of exempt income for lower brackets, and increasing marginal rates for the upper brackets.
   - Implementing a capital gains tax to capture revenue from currently untaxed stock market profits; and introducing a modernized effective property tax system.
   - Reducing the reliance on indirect taxation and expanding the number of basic goods and services that are exempt from VAT.

2. **Strengthen rights-centered efforts to eradicate poverty and realize the right to an adequate standard of living, including by:**
   - Conducting human rights impact assessments of major development projects and economic reforms, including the IMF-backed program, in accordance with the UN Guiding Principles for Human Rights Impact Assessments for Economic Reform Policies, in advance.
   - Introducing universal rather than targeted social protection programs, so as to effectively protect people’s rights to an adequate standard of living, social security, and food.
   - Protecting security of tenure, requiring that residents’ due process rights, such as prior consent, proximity of reallocation, and proper compensation, are considered from the outset.
   - Increasing affordability of social housing projects by reducing up-front payments to mortgage programs and restructuring eligibility criteria for subsidized units to match need.
   - Introducing rent regulation policies to ensure affordability of rental housing for the poorest communities.
   - Expanding VAT exemptions of foodstuffs, introducing subsidies to food production costs, and expanding food subsidies programs beyond the Takaful and Karama programs.

3. **Take measures to ensure realization of the right to work and ensure just and favorable working conditions including by:**
   - Conducting a human rights impact assessment of Law 18 (2015), in order to put in place policies to protect the rights of workers laid off from the public sector.
   - Amending Law 18 (2015) in order to ensure that wages keep up with inflation.
   - Requiring the National Council for Minimum Wage to convene on a regular basis to assess and increase the minimum wage, as needed.
   - Ensuring that the same minimum wage rates apply for public and private sector and removing exemptions on minimum wages for specific industries or competitive economic zones.
   - Improving protections for women against discrimination in the workplace.
   - Improving maternity leave and childcare provisions, especially in the private sector, through legal reform and corresponding enforcement programs.
   - Amending all relevant legislation to prohibit child labor in agriculture, in accordance with Egypt’s obligations under International Labor Organization (ILO) Convention 129.
4. Protect labor rights and abstain from interference in workers' freedom of association including by:

- Revoking all legislation that criminalizes the exercise of labor rights.
- Implementing the ILO’s recommendations to remove barriers on the registration of trade union institutions and protect trade union pluralism.
- Establishing an independent body to monitor, document and impose penalties on employers who retaliate or discriminate against workers following the exercise of their labor rights.

5. Take budgetary and other measures to improve the accessibility, availability, and quality of public health and education services, including by:

- Increasing expenditure in transparent, equitable, and accountable ways to meet the constitutionally mandated minimum budget allocations to health and education.
- Combating gender and wealth-based inequalities in health and education through increased resource allocation aimed at benefiting the most disadvantaged.
- Taking active steps to reduce high out-of-pocket expenditure on health, such as eliminating or reducing payments at point of use, and increasing health insurance coverage.
- Strengthening efforts to eradicate FGM, including by increasing the level of sanction for medical institutions and professionals supporting its “medicalization.”

6. Ensure that independent civil society organizations and other stakeholders can participate freely and without fear of harassment or reprisal in economic and social policymaking, including by:

- Removing arbitrary restrictions and penalties imposed by the newly proposed NGO and civil society bill, such as the requirements related to NGO registration, government pre-approval of activities, and engagement with the UN human rights system.

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ABOUT THIS FACTSHEET SERIES:

This series is intended to contribute to the ongoing work of UN and other intergovernmental human rights mechanisms to monitor governments’ compliance with their economic, social and cultural rights obligations. It is also intended to contribute to strengthening the monitoring and advocacy capabilities of national and international civil society organizations. Drawing on the latest available socioeconomic data, the country factsheets display, analyze and interpret selected quantitative indicators in light of key dimensions of governments’ economic and social rights obligations. The factsheets are not meant to give a comprehensive picture, nor provide conclusive evidence, of a country’s compliance with these obligations. Rather, they flag some possible concerns which arise when statistics are analyzed and visualized graphically in light of international human rights standards.

ABOUT THE ORGANIZATIONS

The Center for Economic and Social Rights (CESR) is an international nongovernmental organization that fights poverty and inequality by advancing human rights as guiding principles of social, economic and development policy. We work for the recognition and enforcement of economic and social rights—among them the rights to education, health, food, water, housing and work—as a powerful tool for promoting social justice and human dignity.

The Egyptian Initiative for Personal Rights (EIPR) has been working since 2002 to strengthen and protect basic rights and freedoms in Egypt, through research, advocacy and litigation in the fields of civil liberties, economic and social rights, and criminal justice.

CONTACT

Center for Economic and Social Rights
86 Chambers St, Suite 704, New York, NY 10007 USA
Tel: +1 718-237-9145
Fax: +1 718-237-9147
www.cesr.org
info@cesr.org
Twitter: @social_rights
Facebook: @CenterEconomicSocialRights

Egyptian Initiative for Personal Rights
Tel.: +(202) 27960158
www.eipr.org
eipr@eipr.org
Twitter: @EIPR
Facebook: @EIPR.org