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Why were the Egypt Social Progress Indicators developed and what do they show?

Egypt has set out an ambitious development agenda—articulated in the government’s “Vision 2030”—and championed the Sustainable Development Goals (SDGs) in the Global South. Nevertheless, Egypt’s current economic climate poses various challenges to sustainable, equitable development. Many macroeconomic reforms introduced in recent years—with the support of the International Monetary Fund and with the aim to stabilize the economy—have severely strained living conditions for average Egyptians, with millions experiencing deprivations of the economic and social rights needed for a dignified life.

However, the experience of those being left behind is not being captured by the narrow set of economic indicators used by international financial institutions and other economic actors to measure progress in Egypt. It is becoming increasingly apparent that without a complete picture, the potentially damaging side effects of economic and other policies risk being overlooked, which, ultimately, undermines sustainable development.

The Egypt Social Progress Indicators (ESPI) were developed to counter this risk and provide a more nuanced picture. They measure progress on six topics to offer a multidimensional view of socioeconomic wellbeing in Egypt. These topics include health; education; labor; urbanization; food, water and agricultural land; and economic policy as a determinant of social progress. By measuring social progress holistically, ESPI helps to reflect the socioeconomic experience of everyday Egyptians and to inform socioeconomic policymaking towards improved wellbeing in Egypt. ESPI also incorporates gender analysis into the selection and scoring of indicators across these six topics, to highlight the gender gaps that impede women’s socioeconomic wellbeing.

ESPI stems from a vision of Egypt where legislative, political, economic, and social policies and processes are designed to create fair and equitable distribution of resources and opportunities, so that every person can lead their life with dignity. This vision is grounded in various sources, including, most importantly, the Egyptian Constitution and Vision 2030, both of which express a firm commitment to achieving sustainable development, by securing citizens’ economic and social rights and by strengthening governance, equality, and social justice. By the end of 2018, 38 diverse indicators had been published on the beta ESPI website (progressegypt.org), on topics including economic policy, health, urbanization and labor. Combined, they give an overall snapshot of progress on the commitments to advancing wellbeing in Egypt’s Constitution and Vision 2030, and they provide the empirical foundation to guide action towards this vision.

Overall, the available indicators paint a concerning picture of the socioeconomic situation in Egypt, as experienced by the average citizen. The majority of the ESPI indicators show weak or no progress, and even where there are notable areas of progress (for example, reducing maternal mortality rates), a closer analysis shows glaring inequalities in the enjoyment
of these improvements across wealth quintiles, gender and geography. Despite the official narrative of macroeconomic success, encouraged by the International Monetary Fund and presented for example at the 2018 UN High-Level Political Forum on Sustainable Development, Egypt is not on track to achieve equitable, sustainable development by 2030. Ordinary people are experiencing significant barriers to decent work, quality accessible healthcare, adequate housing, economic empowerment and secure livelihoods. This report gives more detail to this picture by summarizing the findings of the indicators, and presenting an overview of the types of changes and reform (including legislative, policy and legal changes) that will be necessary to create a fairer, more equitable and more thriving Egypt.

ESPI gives both a better understanding of progress in Egypt overall, as well as more in-depth, focused knowledge of particular socioeconomic issues. In this way, it provides an essential tool for advancing a rights-based development agenda, one that avoids narrow debates and false dichotomies between securing macroeconomic stability and addressing socioeconomic exclusion.

By complementing traditional economic indicators, ESPI offers a practical tool for evidence-based policymaking. Specifically, by benchmarking progress, it helps to identify and build momentum on those areas where improvement is most needed.

ESPI proudly prioritizes innovation in its approach to measurement, particularly in the sense that it is:

- Multidimensional—it covers a breadth of topics, in order to offer a holistic picture of social progress.
- Action-oriented—it measures outcomes of socioeconomic wellbeing, as well as determinative legal, policy, financial, human resource, and institutional inputs.
- Rigorous—it reveals new insights by combining existing data from official national and international agencies with objective, credible, and well-sourced analysis conducted by independent researchers.
- In-depth—its indicators are all accompanied by comprehensive commentary that contextualizes and explains the data.

How was ESPI developed?

The idea for the Social Progress Indicators was born in 2015, when a number of academic researchers, independent field experts, and civil society groups started to explore the possibility of creating an innovative, objective, and evidence-based “homegrown” metric that:

- translates recommendations from UN mechanisms into clear, measurable, and actionable indicators;
- tracks national implementation of SDG targets; and
- takes into account Egypt’s position as a Lower Middle Income Country.

ESPI was conceptualized and designed through a collaborative process, which included: skill-sharing methodological approaches to using indicators and data; sharing specialized expertise on the six topics covered by ESPI; overseeing data analysis and ensuring quality control; and website development. Numerous academic researchers, independent field experts, and civil society groups led the effort to develop the list of indicators for each of ESPI’s topics; gathered and analyzed data on each indicator; and assigned scores. A broader range of experts and stakeholders contributed to ESPI’s success by advising on its strategic approach; reviewing indicators and analysis to ensure impartiality and rigor; or by providing technical support.

ESPI’s development was spearheaded by the Center for Economic and Social Rights (CESR), the Egyptian Center for Economic and Social Rights (ECESR), the Egyptian Initiative for Personal Rights (EIPR), the Social Justice Platform, Aspiration Tech, and Backspace, among other organizations and individuals. ESPI contributors share a common belief in the importance of multidisciplinary research and analysis and are committed to the use of innovative data-driven metrics to address knowledge gaps and reveal new insights about how to achieve socioeconomic wellbeing in Egypt.
ESPI’s unique methodology was designed through a collaborative, multi-year, bilingual process. It examines six thematic topics critical to social progress in Egypt: health; education; labor; urbanization; food, water, and agriculture; and economic policy. These areas were decided on after examining Egypt’s development priorities, as well as recommendations made to Egypt by international bodies across a range of issues over several years. Each indicator is assigned a color score that represents the degree of progress on the issue being measured.

Selection of Indicators

ESPI aims to be action-oriented. For that reason, it measures both:

- outcomes of socioeconomic wellbeing; and
- the drivers of those outcomes, which include legal, policy, financial, human resource, and institutional inputs and outputs.

A guiding principle of ESPI is that adopting a rights-based approach to sustainable development is important for achieving social progress. Accordingly, potential indicators on outcomes and drivers were identified from a number of national and international sources. These include the Egyptian Constitution; international treaties ratified by Egypt; Egypt’s national development agenda, Vision 2030; and the targets and indicators in the Sustainable Development Goals. The methodology used to develop the indicators aimed to balance international norms, guidelines, and best practices, with national and local development priorities. Relevance to the community is also considered to be an important criterion for indicator selection.

To achieve a balance in the indicators selected, ESPI is also guided by the OPERA framework developed by the Center for Economic and Social Rights, which centers on four levels of analysis: Outcomes, Policy Efforts, Resources, and Assessment. Understanding social progress through these four dimensions is helpful because it ensures that the indicators cover a mix of inputs and outputs that impact on wellbeing, so that those areas where improvement is most needed can be identified. Within this framework, a mix of quantitative and qualitative, as well as fact-based and perception-based, indicators ensure that ESPI provides a holistic picture of social progress.

Potential indicators were selected by weighing them against the following criteria:

- Accuracy: How closely does the indicator relate to the human right being measured?
- Authority: Does the indicator relate to a specific recommendation from an international or national authority?
- Added Value: Does the indicator tell us something new about how policy efforts are impacting on the right?
• Community Relevance: What would ordinary people, particularly those most affected by the issues being assessed, think of the indicator?

These criteria were developed to determine the validity of any proposed indicator. Researchers weighed all potential indicators against these four criteria in deciding whether to use a given indicator.

After initial selection, the preliminary lists of indicators were subject to extensive internal review and external consultation with experts and stakeholders, through numerous rounds of peer feedback over a twelve-month period. This feedback aimed to ensure that the indicators selected were truly representative of the most critical issues in Egypt on each thematic topic. The indicator lists (and scales) were then revised taking into account this feedback.

Data collection and scoring

Criteria were also developed to help determine what data would be needed to assign a score for each indicator and to judge how practical the indicator is in terms of how adequately it could be measured. These include:

• Disaggregation: Can data be broken down for particular populations?

• Validity: How valid is the methodology used to collect the data?

• Continuity: Can the data be compared over time?

• Viability: How easily can the data be accessed or collected?

Data was gathered largely from two sources: for quantitative indicators, socioeconomic and administrative data produced by the Egyptian government and relevant international bodies; and for qualitative indicators, objective, credible, and well-sourced expert analysis conducted by independent researchers. The combination of these sources ensures that ESPI is rigorous and reveals new insights about social progress.

For qualitative indicators, expert analysis is based on the predetermined criteria for each color, to allow for independent assessment of progress on each indicator. To substantiate the analysis and assigned score, the expert must cite at least three references, which must be verified and fact-checked and must come from at least two different sources. Accepted sources include:

• Existing analysis and data in publications: scholarly articles; NGO reports; publications from unions or social movements.

• Advice from external experts in the field or specialists on the topic, documented through: interviews; questionnaires; focus groups.

• Analysis or case studies from trusted news sources; blogs; other online platforms.

To ensure objectivity, the analysis is then subject to blind peer review process, in which a peer reviewer (a similarly qualified expert) carefully scrutinizes and amends, supplements, and enhances the analysis. Where relevant, peer review comments are published alongside the original analysis, offering readers an alternative perspective on the indicator.

All indicators—both quantitative and qualitative—are accompanied by comprehensive commentary that contextualizes and explains the data, making ESPI one of the most in-depth metrics of its kind.
ESPI uses a four-color scale to measure Egypt's progress on a specific indicator:

No Progress  Weak Progress  Partial Progress  Good Progress

The methodology for constructing the scales varies, necessarily, between quantitative and qualitative indicators.

For quantitative indicators, benchmarks were identified to establish the cutoff point between “Partial Progress” and “Good Progress.” Conversely, a lower limit, called a threshold, demarcated the boundary between “Weak Progress” and “No Progress.” There are few authoritative benchmarks explicitly articulated in national and international treaties and other authoritative documents. As a result, there was a need to develop more sophisticated guidance for researchers on how to benchmark “good” progress and construct a scale for each indicator. This process required balancing a potential benchmark’s normative strength with practical considerations related its feasibility, reasonableness and acceptability by a range of stakeholders.

Sources of benchmarks included Egypt's own development targets, including those articulated in Vision 2030; international commitments, such as the SDGs; and recommendations and guidelines from international bodies. Where there was internationally comparable data on an indicator, but no other benchmark sources, benchmarks were established by comparing Egypt to other countries in its income group: Lower Middle Income. Specifically, “Good Progress” was benchmarked against the top five performers in the group on a particular indicator. “No Progress” was equivalent to the bottom 25%.

The qualitative scales are designed around clear, precise, and objective criteria for each color. Where possible, recommendations and guidance from international bodies was used to define the scales. For example, the scales for indicators on legislation are based on recognized elements of effective legislation for the right concerned; legislation is judged according to how many of these elements are present.

Alongside the indicators, the scales were also subject to internal and external review processes.

In addition to the scale shown above, there is also a potential finding of “Insufficient Data.” This is applied in cases where the rationale for the indicator was strong, but adequate data was simply not available to make a robust judgement. The hope is that the necessary data will become available in order to shift this finding in future iterations of the ESPI score; but if not, the ESPI research team will seek to fill the gaps either with primary research, or by tweaking the indicator itself.
During 2018, scores and commentaries for 38 diverse indicators were published on the ESPI website. These indicators measure four topics: health; labor; urbanization; and economic policy, while incorporating a cross-cutting gender analysis for each. Combined, they give an overall snapshot of progress on the commitments to advancing wellbeing in Egypt’s Constitution and Vision 2030.

Of these 38 indicators, the majority (19) were scored as “Weak Progress.” 12 were scored as “No Progress,” six were awarded a score of “Partial Progress” while there were no “Good Progress” scores. Insufficient data were found to definitively score one final indicator.

For each topic, indicators were carefully selected and comprehensively researched and scored. This section presents each topic, and provides a summary of background information, method of scaling and key findings for each indicator. Policy recommendations drawn from each indicator are detailed in the Conclusion and Recommendations section. More detailed information for each indicator is available on the ESPI website at progressegypt.org.

The indicators for education, and food, water and agricultural land topics are still in the process of being scored. These remaining indicators will be scored and fully rolled out in the first quarter of 2019.
OVERALL PROGRESS ON 2018 INDICATORS
Just economic policies provide the foundation for achieving social progress. Growing inequalities in income and wealth have increasingly directed attention to how the distribution of resources impacts on people’s socioeconomic wellbeing. Allocating sufficient funding for public services that are essential for fundamental rights—such as to health, education, housing, access to justice, and an adequate standard of living—depends on the government’s capacity to generate revenue. The way revenue is raised also has critical effects on the distribution of financial burdens.

Article 27 of the Egyptian Constitution sets out the aims of the country’s economic system, to include achieving sustainable development and social justice. Article 38 similarly identifies social justice as an objective of the country’s tax system. The Egyptian Government has also made several commitments to alleviating poverty, unemployment, and reducing income inequality in Vision 2030.

Nevertheless, since the 2008 financial crisis, economic policies in Egypt have left the middle class and working poor increasingly vulnerable. In recent years, a range of austerity-based monetary and fiscal reforms have been introduced in connection with a loan from the International Monetary Fund (IMF). With the goal of achieving macroeconomic stability, these reforms have sought to reduce public spending, by controlling the public wage bill and by reducing subsidized social services. The second aim of these reforms is to increase state revenue, including by introducing a value-added tax (VAT) and by liberalizing the exchange rate, and reforming the investment framework to be more “business friendly.” These reforms have led to higher living costs, burdening the poor most heavily.

The Economic Policy indicators measure the economic dimensions of wellbeing of the population, including income inequality, poverty, and inflation, as well as legislation and policies that impact economic wellbeing, such as taxation, sectoral investments, and financial transparency.

The findings show that the Egyptian economy has significant room for improvement when it comes to directing economic policy priorities towards improving socioeconomic wellbeing. Specifically, raising revenue in a more fair and equitable manner could lead to a better distribution of financial burdens on different groups of society, contributing towards improved socioeconomic wellbeing for all. Poverty and inequality remain a serious challenge for Egypt.

**Effective Corporate Tax Rate**

- **Partial Progress**
- **Effective corporate tax rate is more than 20%**
- **Effective corporate tax rate is 15% - 20%**
- **Effective corporate tax rate is 10% - 15%**
- **Effective corporate tax rate is less than 10%**

This indicator measures the effective tax rate on corporate profits, meaning the average rate paid. The effective rate depends on the amount of taxable profits a company has, as well as on tax incentives and tax holidays. Corporate taxes are considered a progressive way to raise significant sums of money for public services, and when companies end up paying significantly lower rates of tax, they are not contributing their fair share. The scale was constructed by comparing the effective corporate tax rate to the marginal rate, meaning the rate prescribed in law. In Egypt, the marginal rate is 22.5%. “Good Progress” means that the effective rate is close to the marginal rate. “No Progress” means it is less than half.

The effective rate of corporate tax paid by the top 30 companies on the Egyptian Stock Exchange at the end of the 2016/17 fiscal year is calculated at 15.39%. The statutory rate is 22.5%,
which is very close to the global average estimated by KPMG Global. However, companies in Egypt enjoy a variety of tax exemptions and incentives, including the free zone system and long exemption periods, which allow them to lower their taxable profits. Corporate income tax revenue collected from private companies was EGP 45 billion at the end of FY 2016/17. This is equivalent to 10% of total tax revenue. Low corporate tax revenue affects tax revenues overall, almost half of which came from consumer pockets in the form of Value-Added Tax.

Egypt's Open Budget survey score

Partial Progress

This indicator measures Egypt's score on the Open Budget Index (OBI), a metric developed by the International Budget Partnership. The OBI is an independent global survey that assesses transparency, timeliness, oversight and public participation in the budget process. Each country is given a score between 0 and 100, with lower scores indicating opacity and lack of oversight, and higher scores reflecting transparency and well-regulated oversight practices. The OBI is useful in understanding the government's commitment to ensuring transparency and public participation in the vital process of budgeting.

Egypt’s overall score in the 2017 Open Budget Index was 41, meaning the government provides the public with “limited” information. Egypt received this score because documents which are necessary for transparency purposes, such as the Mid-Year Review, Year-End Review, and the Audit Report, are either not produced by the government or are routinely published later than constitutionally required dates and those set by international best practices. Further, the form in which budget documents in Egypt are published are very difficult for non-experts to understand or interact with.

Egypt's OBI score has fluctuated over time. Starting with a 19 in 2006, it soared to a high of 49 in 2010, only to plummet to a low of only 13 in 2012, increasingly slightly to 16 in 2015. The fluctuating pattern in Egypt's score illustrates the need to strengthen budget making processes, and to institutionalize improvements.

Natural resource dependence

Partial Progress

The purpose of this indicator is to measure the extent to which Egypt's economy relies on extractive natural resources (oil, gas and minerals). While extractive industries can make substantial contributions to a country’s development, heavy reliance on extractive natural resources can have negative effects on economic, social and cultural rights, for a number of reasons, including vulnerability to corruption and limited employment generation. Tracking the degree of dependence on natural resource revenues is therefore helpful in illustrating the effectiveness of policies aimed at diversifying the economy to create jobs and achieve sustainable development, in line with the Economic Pillar of Vision 2030. The scale for this indicator was developed using criteria developed by the IMF and by McKinsey Global Institute.

According to the most recent data available, Egypt meets one of the three criteria for natural resource dependence. First, oil, gas, and mineral exports made up 31.1% of total exports in FY 2016/2017. Second, in FY 2016/2017 revenues from taxes on

petroleum activities made up 32 billion EGP and revenues from VAT on petroleum products made up 12 billion, equivalent 6.6% of total government revenue of 659.1 billion EGP. Third, natural resource rents made up 4% of GDP in 2016, according to World Bank Data. This is a significant decline from 15.7% in 2008 and 12.1% in 2011, which could be attributed to decreasing petroleum production, late payment of dues to foreign petroleum companies, and declining international crude prices, rather than to economic diversification efforts.

As a percentage of total investment, rent-oriented investments (which includes natural resources, the Suez Canal, and land and real estate) decreased from 39% in FY 2015/16 to 33% in FY 2016/17. However, the extraction of petroleum and natural gas alone remains a sizable focus of investment, at 17.5% in FY 2016/17, while investment in industrial sectors that are not petroleum-based (e.g. manufacturing) is limited to 9.3% of total investments.

This indicator analyzes the sources of tax revenue collected by the government. Specifically, it measures the percentage of tax revenue that comes from direct taxes, meaning taxes collected directly from the taxpayer on their economic activity (including income, profits, and property). The composition of tax revenue—and the balance between different sources—is a good indicator of the distributional burden in the tax system and can also reveal biases and capacity gaps in the government’s tax policy. Higher direct tax contributions are considered more beneficial to both financing public services and enabling redistribution. The color scale was developed by comparing Egypt with other Lower Middle Income Countries.

The most recent data available, from FY 2016/17, indicates that revenue from direct taxes—calculated as income, profits, employment, property taxes—amounted to EGP 203.4 billion; this is approximately 44% of 462 billion of total tax revenue collected. Of this EGP 203.4 billion of direct taxes, EGP 50.6 billion was from taxes on personal income, and EGP 115.88 billion was from taxes on corporate profits, which amounts to 57% of direct tax revenue and 25% of total tax revenue. More that 59% (68.6 billion EGP) of these taxes on corporate profit comes from three sources: the Suez Canal Authority, the Central Bank of Egypt, and the Egyptian General Petroleum Corporation (EGPC) and its partners. This means that private corporations in Egypt paid only 47.28 billion EGP in taxes for FY 2016/17; approximately 23% of direct tax revenue and only 10% of total tax revenue.

As for indirect taxes borne by consumers, over 208.6 billion EGP was collected from taxes on goods and services (not including taxes on international trade or customs) in FY
2016/17—more than the amount collected from all sources of direct tax. This heavy reliance on indirect taxation means that taxes are no longer fulfilling their redistributive purpose, as the burden they impose on the taxpayer is generally heavier on poorer citizens.

The Corruption Perception Index (CPI) is produced by Transparency International and evaluates countries on a scale from 0-100; the higher the score, the less perceived corruption there is. The CPI is based on surveys of business people and country experts about their perceptions of the level of corruption in the public sector. Corruption is generally defined as an illegal act involving the abuse of power by a person in a public position for personal benefit. This is an important indicator because corruption negatively impacts sustainable development, affecting all rights—civil, political, economic, social and cultural.

The color scale was developed based on the Egyptian Government’s Vision 2030 target of improving its anti-corruption score in the CPI to rank in the top 20 countries. “Good Progress” reflects this target, while “No Progress” is equivalent to the bottom quarter of Lower Middle Income Countries.

Egypt received a score of 32 in the 2017 CPI, ranking it 117 out of the 180 countries covered. Worryingly, Egypt’s score in 2017 was worse than it was in 2016, at 34, and in 2015, at 36. Egypt also performed poorly on other corruption measures. The Worldwide Governance Indicators ranked Egypt in the bottom third of countries for its ability to control corruption in 2016, for example. Although there is no public or official data on the scale of corruption in Egypt, in 2015 the former head of Egypt’s Central Auditing Agency estimated that the cost of corruption in Egypt exceeds EGP 600 billion, according to the Agency’s monitoring reports.

Despite visible efforts by the Administrative Court system to combat administrative corruption, there are a number of factors that undermine transparency and accountability in the public sector. These include weak independent oversight, lack of transparency mechanisms in government appointments, limited access to information, and complex bureaucratic transactions without judicial oversight.

This indicator measures the percentage of the population living below the national poverty line in Egypt. The national poverty line is defined as the minimum income deemed necessary to afford the cost of basic goods and services (including food, shelter, clothing, education and health) for individuals and families. In Egypt, it is currently set at 482.3 EGP per month (approximately USD 27) per individual.

In line with the Sustainable Development Goal target 1.2 of reducing the proportion of men, women and children living in poverty at least by half, “Good Progress” is set at less than 15%, which is half of Egypt’s national poverty rate in 2015. “No Progress” is set at more than 40%, equivalent to the bottom quarter of Lower Middle Income Countries.

According to the most recent national data, the national poverty rate was 27.8% in 2015, an increase from 26.3% in 2012-2013. Poverty was concentrated in Upper Egypt; 57% of rural residents and 27.4% of urban residents in Upper Egypt are poor, compared to 19.7% and 9.7% in Lower Egypt. The highest rates of poverty were in Assuit and Souhag Governorates, where it reached 66%. This poverty disproportionately impacts women, due to the gendered division of labor and responsibilities for caregiving, and other overlapping economic, demographic and socio-cultural factors. The poverty rate is likely to have increased even further over 2016-2017, in light of soaring inflation rates. In November 2016, the government liberalized the exchange rate. As a result, inflation surged to over 30% at the beginning of 2017, hitting food prices the worst.

Extreme poverty also continues to be a persistent problem in Egypt. The population living in extreme poverty reached 5.3% in 2015, which CAPMAS attributes to a spike in prices of essential foodstuffs. Egypt’s social security system has so far been unable to reverse the trend of rising poverty. In
particular, the transition from universal subsides to targeted cash transfers, has been implemented without sufficiently inclusive measures to protect disadvantaged groups from falling into poverty.31

This indicator compares the estimated population that benefits from various targeted cash transfer programs to the population living below the national poverty line. It helps to illustrate the degree to which these programs are protecting households against poverty. Three specific programs are included in this indicator: the Social Solidarity Pension, and the two cash transfer programs introduced in 2015: Takaful wa Karama (Solidarity and Dignity). These social safety net programs have been heralded as a cornerstone of the structural adjustment reforms supported by the IMF and World Bank.32 The scale was developed by quantifying Indicator 17 under Vision 2030's Social Justice Pillar of achieving “sufficient” coverage of the social protection and welfare system.33

Data from Ministry of Social Solidarity (MoSS) indicates that in 2016 approximately 1.7 million families were receiving the Social Solidarity Pension; 1.1 million families benefited from Takaful; and approximately 82,000 individuals benefited from Karama.34 Data from the most recent Household Income, Expenditure and Consumption Survey in 2015 estimates that the average family size in Egypt is 4.3.35 On the basis of that figure, the estimated number of total beneficiaries under all three programs is about 13 million. An estimated 27.8% of the population lived below the national poverty line in 2015. Using this figure, an estimated 26.5 million people were living in poverty in 2016, out of 95.6 million.36 This means that these three programs, in total, covered approximately 49% of the total population considered poor.

A key challenge to the effectiveness of cash transfer programs is inadequate systems to identify beneficiaries, which often exclude those most in need. The methodology for identifying eligible households has been criticized for not reaching those most in need.37 Beyond the issue of coverage rates, the benefits these programs provide are limited in value, which raises questions about their efficacy, especially in context of high inflation rates that have affected living costs.38 While the social solidarity budget (which covers Takaful and Karama and the MoSS allowance) grew from 6.7 billion EGP in FY 2014/15, to an expected 17.4 billion EGP in FY 2017/18,39 additional resources are clearly needed to achieve the schemes’ intended goal.

Tax revenue is the amount of money the government generates annually through taxation to fund the government’s budget. This indicator measures tax revenue as a percentage of GDP to help to show whether sufficient revenue is being generated for the provision of essential public services. Taxation is the most important, and most sustainable, source of government revenue. Failure to generate sufficient tax revenue results in dependence on foreign aid, and failure to collect taxes in a fair and equitable way, can result in uneven financial burdens on different segments of the population, particularly women, increasing inequality. The color scale was developed by comparing Egypt to other Lower Middle Income Countries.

Tax revenue was 13% of GDP at the end of the most recent FY 2016/17.40 Egypt’s tax-to-GDP ratio has remained consistently low, having fallen from 15% in 2009.41 Although tax revenues are expected to increase in FY 2017/18, this increase depends on
the implementation of a regressive Value Added Tax (VAT) on consumption.\textsuperscript{42} Egypt's dependence on consumption taxes for revenue mobilization is problematic, as it reflects an inability to tax corporate income, and shifts the burden instead to its citizens' shoulders.\textsuperscript{43} Egypt's revenue from corporate income taxes has decreased over the last decade, from an already low rate of 1.9\% of GDP in 2006/07\textsuperscript{44} to 1.3\% of GDP in 2016/17.\textsuperscript{45} This is mainly due to tax avoidance, weak tax administration and the extensive tax incentives under the free zones system.\textsuperscript{46}

One result of low tax revenues (as well as increased spending on debt installments and interest) is low expenditure on health and education. In the current FY 2017/18, the government allocated 1.34\% of GDP to spend on health, which is lower than the constitutional rate of 3\%.\textsuperscript{47} Education was allocated 2.6\% of GDP, while the constitutional rate is 6\%.\textsuperscript{48} Insufficient public spending adversely and disproportionately affects women through direct losses in income; restricted access to services; and increased unpaid work and time poverty.

Egypt's wealth gap is shown using the Gini coefficient, a statistical measure that is used as a gauge of economic inequality. This indicator measures the distribution of wealth, an important indicator of social progress. The coefficient ranges from 0\% to 100\%, with 0\% representing perfect equality and 100\% representing perfect inequality. High degrees of wealth inequality can have damaging effects on standards of living, health outcomes, degree of trust in political institutions, and social cohesion, negatively affecting economic, social and cultural rights. The color scale was developed by comparing Egypt with other Lower Middle Income Countries.

Debt servicing is defined as the annual budget the government allocates to paying interest and installments on the principal of its debts. It is measured here as a percentage of total government expenditure (all government spending on investments, wages, purchasing goods and services, subsidies and debt service). When exercised properly, debt issuance can contribute to sustainable and inclusive economic growth, and its burden can be effectively managed across different years. However, debt must remain affordable, otherwise debt servicing cuts into the budget for public services.

The Global Wealth Report, published by Credit Suisse Research Institute, reports that Egypt's wealth Gini coefficient was a staggering 91.7\% in 2017, the third most unequal country in the world by this measurement.\textsuperscript{49} Worryingly, this reflects an increase from previous years; Egypt's wealth Gini ranged from 80-81\% between 2012 and 2016.\textsuperscript{50}
According to the most recent data, from FY 2015/16, total debt servicing stood at almost 244 billion EGP, which represents almost 30% of the total government expenditure for the year.\textsuperscript{54} Egypt’s budget deficit (expenditures exceeding revenue) grew from 8% of GDP in FY 2009/10 to 12.3% in FY 2015/16. From FY 2014/15 onwards, the government has been increasingly depending on issuing debt in response, primarily from the United Arab Emirates, Saudi Arabia, and Kuwait, as well as from international financial institutions like the IMF and World Bank. In the past four years, the debt-to-GDP ratio has increased from 85.1% at the end of FY 2013/14 to almost 105.9% at the end of FY 2016/17.\textsuperscript{55}

In the past two fiscal years—2016/17 and 2017/18—it has been clear that the debt burden has limited the resources available for financing essential public services. In FY 2017/18, it is projected that 3.5 EGP out of every 10 EGP the government spends will go to debt servicing.\textsuperscript{56} The projected expenditure on health and education has fallen below the minimum constitutional level. As the projected share of total government investments, expenditure on health and education decreased from 15% of GDP in FY 2016/17 to 11.5% in FY 2017/18,\textsuperscript{57} which puts many Egyptians at risk, especially the most economically marginalized groups.
Ensuring full and productive employment and decent work for all is key to eliminating poverty, addressing rising economic inequality, and achieving sustainable development. The Egyptian Constitution guarantees the right to work and contains a number of labor rights protections, including the right to safe working conditions, to establish trade unions and federations, and to strike peacefully. The Constitution also guarantees equality between men and women in all spheres, including in the workplace. The objectives of Vision 2030 include “providing decent and productive jobs.”

Nevertheless, labor conditions in Egypt remain problematic. Unemployment and under-employment, especially among young people, is widespread. Egypt has historically had a large public workforce; managing the effects of its contraction in recent years has been a challenge. Action is needed to address lack of regulation in Egypt’s growing private sector and large informal sector, where workers often experience poor working conditions, low wages, inflexible hours, unfair dismissals, and lack of insurance and social security. A continuing challenge to improving working conditions are the obstacles to forming trade unions and restrictions on engaging in peaceful strikes as a means of highlighting and negotiating solutions to inequalities in work.

The indicators measure overall labor trends, working conditions in practice, as well as the legal and constitutional protections that affect those conditions. They also highlight gender challenges in the labor market. The indicators combine official government data and analysis of legislation, in order to highlight and propose solutions to labor market challenges.

The findings of ESPI’s labor indicators reflect the need for broad policy change to improve socioeconomic wellbeing, labor conditions and employment outcomes in Egypt. Directing and regulating the private sector to serve national development priorities and guarantee effective legal protections for the exercise of labor rights are key components to achieve fair, equitable and dignified employment and work conditions that contribute to social progress.

**Publication of labor statistics**

**Partial Progress**

- **ALL of the following conditions apply**
- **THREE or FOUR of the following conditions apply**
- **ONE or TWO of the following conditions apply**
- **NONE of the following conditions apply**

- Labor data is collected in a regular and timely manner.
- All collected labor data is made publicly and freely available.
- All necessary labor data is collected across the full range of required areas and topics.
- Appropriate methods are used in the collection of labor data and in a manner which is representational in order to ensure accuracy and adequate quality.
- All necessary data protection procedures are in place and enforced in order to protect individuals from reprisal or targeting.

This indicator measures Egypt’s progress in collecting and publishing labor statistics in a comprehensive, accessible and timely manner. Access to this information is essential for accurately identifying the challenges facing the labor market, as well as for understanding their social implications. This scale is based on ILO Labor Statistics Convention 160...
(1985), which calls for regular, timely and free publication of the following statistics: economically active population; employment; structure and distribution of the economically active population; average earnings and hours of work; wage structure and distribution; labor cost; consumer price indices; household expenditure; occupational injuries; and industrial disputes.\(^{58}\) Egypt’s score is determined by the number of criteria that are met.

Egypt has achieved “Partial Progress” in publishing labor statistics, as three of the five criteria apply. Labor statistics that are publicly available do not include industrial disputes, and latest data is not freely available in a timely manner. Comprehensive labor data (according to ILO standards) is collected on quarterly basis and published annually in a regular manner by the Central Agency of Public Mobilization and Statistics (CAPMAS), in the Annual Labor Study publication.\(^{59}\)

There are concerns, however, regarding the degree to which the collection of labor statistics is done in a manner that is properly representative of the labor force. For example the Annual Labor Force Study does not cover all sectors especially when it comes to wages. In particular, agricultural and informal service sectors are not included.\(^{60}\) Other important data are not available in Egypt, including statistics on arbitrary dismissal and complaints at work sites, and the financial reports or tax returns of corporations.\(^{61}\) These data limitations are problematic as they impede the capacity for capturing a full picture of the health of the labor market and its ability to contribute to an economy that benefits people’s socioeconomic wellbeing.

This indicator measures the percentage of youth who are unemployed, according to the CAPMAS. Unemployment in Egypt is defined as “individuals (15-64 years) who are able to work, want and look for work.”\(^{62}\) Youth are the population aged 15-29, according to CAPMAS national definition.\(^{63}\) The color scale is based on a comparison of Egypt with other Lower Middle Income Countries.

The unemployment rate among young people in Egypt is 25.6% in 2016, which is the highest of all age groups, followed by the age group of 30-39 with an unemployment rate of 14.1%. The youth unemployment rate this year fell by 0.5% compared to 2015. However, it remains 5.8% higher than in 2010.\(^{64}\)

The high unemployment rate is related to the weak absorptive capacity in the Egyptian labor market. Only 32.8% of young people find work in the first 1.5 years after their graduation—
this percentage drops to 11.9% among young women. When young people do find work 1.5 years after graduation, 66% work in the informal sector, while 15% of the youth work without pay in their families.65

The government’s economic policies do not adequately regulate the market to absorb young workers into the labor force. The national employment policy relies on the role of the private sector in job creation, yet there is no national strategic plan for how the private sector should contribute to job creation that provides decent jobs and protects labor rights.66 The government’s contribution to the training of young people to participate in the labor market—for example through vocational education and training programs—is also ineffective.67

Gender wage gap

Women make a ratio of 0.9 or more of what men are paid
Women make a ratio of 0.8 - 0.9 of what men are paid
Women make a ratio of 0.7 - 0.8 of what men are paid
Women make a ratio of less than 0.7 of what men are paid

This indicator measures the difference in average monthly earnings between men and women. It shows how much women make for every 1 EGP that men make. The data sample size and scope of the survey used by the government to determine women’s employment in Egypt is very limited. For example, it does not include agricultural workers and farmers, a sector that makes up 30% of all female employment. Therefore, the gender wage gap is calculated here based on the weighted average in the top three professions for women, according to government data, which make up in total 68% of women’s formal employment.68 For these reasons, the color scale is not based on country comparisons. Rather, the scale is built around the goal of total equality.

According to the latest 2017 CAPMAS data on weekly wages in the public sector, public business sector and private sector, women were paid on average EGP 985 per week, compared to EGP 1063 for men.69 Because the data on employment does not include agricultural workers and farmers, a sector that makes up 30% of all female employment, the gender wage gap here is calculated based on the weighted average according to the percentage each profession has from total women’s formal employment. The top three professions that make up in total 68% of women’s formal employment include: professionals and scientific professions (35%), administrative staff and clerks (20%) and operators of plant and industrial machineries (13%), amounting to a weighted average gender wage gap of 0.79.70 Because of the lack of data, wages of female agricultural and informal workers still are not captured here.

This high gender wage gap does not only put women at a disadvantaged position in terms of being able to sustain their livelihoods in times of economic hardship and rising costs of living,71 but also impedes progress towards sustainable development for society as a whole, as female-headed households represent 14% of the population according to reports on the latest official data.72

Action on providing an adequate minimum wage

All of the following conditions apply
Two of the following conditions apply
One of the following conditions apply
None of the following conditions apply

- There is a statutory minimum wage.
- The minimum wage affords protection to workers in all sectors.
- The minimum wage is set at a level that covers the needs of workers and their families, while taking into account economic factors.
- The minimum wage is adjusted periodically to take into account changes in the cost of living and other economic conditions.

This indicator assesses progress towards ensuring an adequate minimum wage for workers in Egypt. Setting an adequate minimum wage is an important policy tool for eliminating unduly low pay and progressing towards the enjoyment of a fair and dignified work environment. This indicator is based
on International Labor Organization’s (ILO) standards and recommendations for building an effective structure for minimum wages, and measures progress towards realizing an adequate minimum wage. The scale is built to assess the adequacy of national action on minimum wage by looking at four of the most important recommendations for an adequate minimum wage according to the ILO and to United Nations independent experts.\(^73\)

A minimum wage is a right guaranteed by the Egyptian Constitution and in law. However, there is no statutory minimum wage covering all workers. Since the minimum wage is set by administrative decisions, it is not updated periodically or systematically. The minimum wage for public sector employees was set at EGP 1200 per month,\(^74\) and for the private sector was set at EGP 700.\(^78\) However, this decision does not apply to workers in small enterprises with 10 or less employees, nor to sectors or geographical areas where “competitiveness may be affected.”\(^79\) The current minimum wage does not cover the needs of workers and their families. The actual average household expenditure per year in 2015 reached about EGP 44,190.\(^77\) This means that the minimum wage for the private sector represents only 23% of an average household’s actual expenditure, and 39% for government employees.\(^78\) Meanwhile, living costs have increased with rising inflation in recent years. According to Central Bank statistics, inflation rate (CPI) has more than doubled since the last time there was an increase in the minimum wage in the private sector in 2011.

Protection for women against discrimination at the workplace
Weak Progress

- **ALL of the following conditions apply**
- **TWO of the following conditions apply**
- **ONE of the following conditions apply**
- **NONE of the following conditions apply**

Photo by Dominic Chavez / World Bank
• The presence of legislative or constitutional articles that prohibit discrimination against women in the workplace.
• Legislation is in line with international standards, meaning it:
  a. Defines discrimination as bias or exclusion or giving preference that impedes equality of opportunities or treatment.
  b. Prohibits discrimination on the following grounds: gender, social status, pregnancy, or family responsibilities.
  c. Sets deterrent penalties against perpetrators of discrimination.
  d. Provides pregnant women and women with dependents the right to leave and other benefits necessary to provide an appropriate work environment. The minimum wage is set at a level that covers the needs of workers and their families, while taking into account economic factors.
• Legislation is implemented in an effective manner by an impartial body that receives and investigates discrimination complaints.

The indicator measures the degree of protection that legal frameworks provide for women against discrimination in the workplace. Discrimination is a major challenge facing women in the labor market in Egypt, and legal protection against discrimination is a basic condition for achieving equality in the workplace and increasing women's participation in the workforce.

The scale for this indicator is constructed to measure how effectively legal frameworks protect women against discrimination at work. It considers whether there are constitutional or legislative provisions that aim to provide this protection; whether they are in accordance with the international standards related to gender discrimination in the workplace, and whether there are administrative bodies that effectively implement these legal protections.

Egyptian labor laws do not provide a clear definition of discrimination in the workplace that conforms with international standards. The laws state that their provisions apply equally to male and female workers, without discrimination; however, they exclude women from working in certain fields due to reasons of morality or safety; they do not stop employers from basing their employment decisions on whether or not a woman wishes to have children; and they allow for the provision of maternity benefits to be applied differentially between women working in different sectors. Furthermore, domestic workers and female agricultural workers are not covered or protected by any of the laws regulating labor relations.

Penalties for violating the provisions of the laws that protect women against discrimination at the workplace are very limited, and therefore are often not a deterrent. It is worth noting that the High Commission for Elimination of Discrimination, meant to be established according to the 2014 Constitution to address the limitations of other anti-discrimination mechanisms, has still not been established.

Protection from arbitrary dismissal in law

**Weak Progress**

- ALL of the following conditions apply
- TWO of the following conditions apply
- ONE of the following conditions apply
- NONE of the following conditions apply

• There are legislative or constitutional provisions protecting workers against arbitrary dismissal.
• Legislation is in line with international standards, meaning it:
  a. Prohibits dismissal on the following grounds: union membership or activities; complaint or proceedings against an employer; race, color, sex, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction or social origin; absence from work because of illness or injury;
  b. Entitles a worker to reasonable notice before dismissal;
  c. Entitles workers to appeal a dismissal to an impartial body, such as a court, labor tribunal, arbitration committee or arbitrator;
  d. Establishes deterrent penalties for dismissals made without due process or on prohibited grounds
• Legislation is effectively implemented by an impartial body that receives and investigates complaints of wrongful dismissals.

This indicator measures the degree of protection that domestic legislation provides against arbitrary dismissal. Laws represent the main mechanism for regulating labor relations, and legal protection against arbitrary dismissal constitutes a basic component of decent work. This is in line with Vision 2030 which aims to provide “decent and productive” work opportunities. The scale is constructed to measure the effectiveness of legal protection provided for employees against arbitrary dismissal. It considers whether there are constitutional or legislative
provisions that protect against arbitrary dismissal; whether these provisions are in accordance with international norms and standards; and whether there are effective mechanisms for enforcing these legal protections in practice.

Article 13 of Egypt’s Constitution prohibits arbitrary dismissal. However, it does not provide details of what the Constitution considers to be arbitrary dismissal. There are three legal frameworks governing civil servants, public employees, and private sector workers; and while the scope of protection against arbitrary dismissal varies, none of these frameworks are in full accordance with international norms. Laws governing public sector employees and civil servants—Laws 48 (1978) and 81 (2016) respectively—list grounds for termination, but do not lists any grounds that are explicitly prohibited, nor do they provide protection from dismissal on any of the grounds listed. In terms of notice periods, both laws governing civil servants and public employees do not require a notice period prior to termination. In the private sector, Law 12 (2003) lists lawful reasons for terminating employment, as well as unlawful reasons, and explicitly prohibits “arbitrary dismissal.”

The effectiveness of penalties for arbitrary dismissals, however, differs under different laws. The enforcement body in cases of private sector arbitrary dismissals is the Judicial Committee, though its impartiality is limited. As for public sector workers and public service employees falling under the jurisdiction of Laws 81 (2016) and 48 (1978), there are no penalties for arbitrary dismissals, and there is no body that receives and investigates complaints against dismissals under Law 48 (1978).

This indicator measures the extent to which legislation protects the right to organize. The legal protection of the right to organize is a guarantee of freedom that ensures workers are able to establish trade unions and to carry out trade union activities. Trade unions contribute to achieving the goal of “decent and productive” jobs for all, in line with the economic development focus of Vision 2030. The scale for this indicator is constructed to measure the effectiveness of legal protection of the right to organize. It considers whether there are constitutional or legislative articles that protect the right; whether they are in accordance with norms and standards; and whether there are effective mechanisms available to enforce legal protection in practice.

The Egyptian Constitution guarantees the right to organize. Article 76 stipulates “the establishment of trade unions and federations on a democratic basis is a right guaranteed by law.” Therefore, this indicator does not meet the criteria to be judged as “No Progress.” However, Egypt has witnessed a decline in the legal protection of the right to organize with the repeal of the Trade Union Law 35 (1976), and introduction of Law 213 on December 17, 2017. This law codifies many
obstacles to exercising the right to organize on a free and independent basis, such as prohibiting more than one trade union at a workplace, and imposing fines and imprisonment for trade union activities that fall outside the parameters of its regulations. Particular categories of workers face additional restrictions on their right to organize. Law 213 contravenes many international norms that guarantee trade union freedoms.

According to the latest available data, women’s labor force participation rate was 22.9% in 2016 (compared with 69.6% for men in the same year). Only 7 million (24.2%) of Egypt’s 28.9 million person labor force are women. While only 8.9% of men in the labor force were unemployed, about 23.7% of women in the labor force were unemployed in 2016, with women making up 45.9% of the total unemployed. The color scale is based on a comparison of Egypt with other Lower Middle Income Countries.

The low rate of female participation in labor force statistics raises questions regarding how women’s “willingness” to participate in economic activities is determined. “Dedication to household chores” is one of the reasons often automatically ascribed to married women for excluding them from the labor force, and assuming they are not looking for employment. Access to child care and elder care is also a major barrier for many women in accessing decent paid work, as are lack of safe working conditions and transportation. Egypt’s Vision 2030 goal to raise the rate of female labor force participation from 22.8% in 2015 to 35% by 2030 remains very conservative compared to other countries.
The real wage index measures how annual changes in wages are affected by inflation. The index is calculated by first converting the average weekly wage for the current year from “nominal” to “real” terms, using the annual consumer price index for the two years being compared. The real wage for the current year is then divided by the average weekly wage for the previous year to produce an index. The scale was constructed based on the index, which illustrates whether wages are growing, stagnating, or declining year-to-year. These Specifically, “Good Progress” means wages are growing, while “Poor Progress” means they are declining. Wages that are more or less stagnating amount to “Partial Progress” or “Weak Progress” respectively.

The real wage index in 2017 was 0.86, meaning average wages have declined significantly between 2016 and 2017. According to data on average wages from CAPMAS and on CPI from the Egyptian Central Bank, there was a nominal increase in wages from 942 LE per week in 2016 to 1050 LE in 2017, while the CPI in the same years increased from 185.2 to 240.3 (2010 = 100), which meant a real decrease in wages by 14%. This decline is steeper in the public and public business sector, with a real wage index of 0.83 in 2017, compared to 0.89 in the private sector.

The wages of female workers were on average 8% lower than their male counterparts in 2017, and that average wages of private sector workers were only 62% of the public sector average wages.

Protection of the right to work and to unemployment benefits in law

The real wage index measures how annual changes in wages are affected by inflation. The index is calculated by first converting the average weekly wage for the current year from “nominal” to “real” terms, using the annual consumer price index for the two years being compared. The real wage for the current year is then divided by the average weekly wage for the previous year to produce an index. The scale was constructed based on the index, which illustrates whether wages are growing, stagnating, or declining year-to-year. These Specifically, “Good Progress” means wages are growing, while “Poor Progress” means they are declining. Wages that are more or less stagnating amount to “Partial Progress” or “Weak Progress” respectively.

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The wages of female workers were on average 8% lower than their male counterparts in 2017, and that average wages of private sector workers were only 62% of the public sector average wages.
• The presence of legislative or constitutional provisions enshrining the right to work and to unemployment benefits.

• Legislation is in line with international standards, meaning it:
  a. Protects people unable to obtain suitable employment who are capable of, and available for, work;
  b. Applies to the majority of the workforce;
  c. Sets out a qualifying period, benefit duration, and level of benefit which provides the minimum essential for basic living expenses.

• Legislation is effectively implemented by an administrative body that seeks to find job opportunities for employment seeker and whereas:
  a. This body impartially considers the situation of job seekers;
  b. Works on providing them with work, or refers them to the unemployment fund;
  c. Works on training them and teaching them other skills during the period when they receive unemployment benefits.

This indicator measures the extent to which national legislation protects the right to work and to unemployment benefits. The effectiveness of legal protection to the right to work in Egypt is particularly important due to the challenging economic climate and labor market in Egypt at present. Unemployment benefits are a monthly amount paid to those who are able to work and are seeking work. They are an important policy tool for giving effect to the right to work. The scale for this indicator is constructed to measure the effectiveness of legal protections of the right to work. It considers whether constitutional or legislative frameworks exist; whether they are in line with international standards set out in Article 6 of the International Covenant on Economic, Social and Cultural Rights93 and ILO Convention 122 (1964);94 and whether mechanisms exist to implement these frameworks in practice.

Article 12 of the Egyptian Constitution guarantees that work is a “right and duty.” However, it does not mention nor guarantee unemployment benefits as an alternative for those who cannot find work.95 Various labor laws regulate labor relations, although none guarantee work for those seeking it, or address the role of the state in providing employment plans or strategies. The Social Insurance Law 79 (1975) provides unemployment benefits for insured workers after the termination of employment. However, it does not generally cover those who wish to work but cannot find work.96 Article 93 of the Law stipulates that upon termination of employment, the insured worker should receive 60% of their “insured wage.” However, a worker’s insured wage is not the same as their actual wage. The absence of legal protection to the right to work and unemployment benefits exposes millions of able citizens seeking work to poverty, and prevents them from fulfilling their families’ most basic needs.

The right to strike is a fundamental labor right, providing workers and employees opportunities to challenge exploitative working conditions and to negotiate for improvements that ensure a decent working environment conducive to economic and social progress. Legislation plays a central role in protecting this right and in the regulation of labor relations. The scale for this indicator is constructed to measure the effectiveness of legal protection of the right to strike. It considers whether there are constitutional or legislative provisions that protect the right; whether these provisions meet international norms and standards; and whether mechanisms are available to exercise legal protection in practice.

Article 15 of the Egyptian Constitution of 2014 grants protection to workers to strike.97 However, it states that regulation of this right is determined by the law, which in effect
dismantles this protection, and incriminates it in practice according to Law 107 (2013) on regulating protests and public gatherings. Along with Law 107 (2013), different legislations regulate the right to strike for private sector workers and public sector workers; however, these laws do not specify any appeals procedures, nor name authorities before which to appeal a decision to deny permits to strike.

In addition, Law 107 (2013), known as the "Demonstration Law," expands penalties on all types of workers by deeming any kind of demonstration, including strikes that take place without prior consent of the Ministry of the Interior, as illegal. There are no objective and clear criteria for approval or refusal of protests, strikes or public meetings. Under that law, strikers can be punished with imprisonment for no more than five years and a fine of EGP 50,000 – 100,000. These restrictions on and criminalization of the right to strike are not reasonable or proportionate and are therefore contrary to international standards that guarantee the right of Egyptian workers to defend their interests during the exercise of peaceful strikes.

Obstacles to exercising labor rights in practice
No Progress

- In the past twelve months, trade union organizers faced MINOR obstacles:
- In the past twelve months, trade union organizers faced IRREGULAR obstacles
- In the past twelve months, trade union organizers faced PERSISTENT obstacles
- In the past twelve months, trade union organizers faced SYSTEMATIC obstacles:
  - Obstacles to establishing or administering trade unions; or
  - Discrimination, intimidation or violence; or
  - Retaliation for exercising their right to strike.

MINOR: these violations, when they occur, are limited in their geographic scope, occur very infrequently, and are limited in their nature, i.e. verbal harassment and intimidation.

IRREGULAR: these violations are mixed in their gravity, occur infrequently and are not occurring across the country.

PERSISTENT: these violations, while grievous in nature, occur periodically and are unevenly distributed across the country.

SYSTEMATIC: these violations are widespread across the country, occur regularly, and are grievous in nature, i.e. physical harm or death.

This indicator monitors cases in which labor rights have been obstructed, either by preventing the establishment of trade union organizations; or interference with their activities, including strikes; or by discriminating against or persecuting trade union members or leaders. Not only is the right to organize a critical right for workers to express their legitimate demands for fair working conditions, it contributes to advancing Egypt’s Vision 2030 goal of providing decent and productive jobs for all. The color scale is based on the severity of obstacles faced. Specifically, “Good Progress” is defined as “few and limited” obstacles in terms of their geographical scope, frequency and severity. While “No Progress” is defined as “systematic” obstacles, in terms of their geographical scope, intensity and frequency. The specific obstacles faced in the exercise of labor rights were identified in reference to and inspired by the International Trade Union Confederation (ITUC) Global Rights Index.

Workers in Egypt face systematic obstacles to exercising labor rights. Although the constitution protects workers’ right to strike and right to organize, legislative frameworks governing the exercise of those rights weaken this constitutional protection. Forming trade unions has been systematically obstructed through registration regulations under Law 213 (2017). Out of a total estimate of about 4,000 independent unions, only 108 were able to successfully register and gain legal status to practice the right to organize legally under Law 213 (2017). Between September 2017-2018, various sources reported cases of reprisals against workers and trade unionists, including violence, arrest and interrogation, as a result of exercising labor rights. In the “Workers’ Rights Index” of 2018, Egypt was ranked the fifth worst country in the world with regard to the legal protection of workers’ rights, with a score signifying "No guarantees of rights."
• Legislation prohibits child labor, in line with international standards.
• There is an impartial body that conducts routine labor inspections and issues penalties for violators.
• There are effective public awareness campaigns against child labor.
• There are rehabilitation programs for all victims of child labor.

This indicator concerns actions taken to eradicate child labor in Egypt. Child labor is defined as the employment of children in any work that interferes with their schooling or is mentally, physically, socially or morally dangerous and harmful. Child labor is exploitative and antithetical to social progress, and combatting it is therefore a priority. This is reflected in Goal 8 of the SDGs, on ensuring decent work for all, which includes a target to end all forms of child labor by 2030. The scale for this indicator evaluates the measures taken in line with these commitments, as well as with recommendations made by United Nations independent experts. Egypt’s score is determined by the number of criteria that are met.

Child labor is a complex problem in Egypt. The latest survey on child labor in Egypt was conducted in 2010 and revealed that 1.6 million Egyptian children were engaged in child labor. According to this limited data, 63% of child labor is in the agricultural sector; followed by 18.9% in industrial sectors such as mining, construction and manufacturing; and 17.6% in the services sector. However, this figure “does not capture the full extent” of child labor in mine quarries and girls undergoing domestic work at home, due to the informal nature of this employment.

In July 2018, the Ministry of Manpower (MoM) launched a National Action Plan to Combat Child Labor (NAPCCL). However, at the time of writing, implementation of the NAPCCL had yet to commence, so the assessment is based on current practice. The legislative framework governing the sectors where children are allowed to work is limited in its scope; it does not cover child labor in agriculture, which is especially problematic since majority of child labor is in the agricultural sector, as noted above. The body in charge of monitoring and inspecting child labor is the “Child Care Unit,” established in 2001, however its implementation of inspections is questionable, due to limited resources. There are a number of public awareness campaigns and social programs being run in partnership with UN agencies in an effort to combat different forms of child labor; however, their effectiveness is unknown due to lack of reporting mechanisms or official statistics. According to this assessment, Egypt does not meet any of the four criteria identified.
As more people move to urban areas, ensuring that cities are inclusive, safe, resilient, and sustainable becomes increasingly central to social progress. Urban development is closely linked to the right to adequate housing and other rights, such as the rights to food, water, health, education, and adequate work conditions.

The right to adequate housing is enshrined in the Egyptian Constitution, as well as in international conventions Egypt has ratified. Urban development is a pillar of Vision 2030, which sets out to improve the quality of the urban environment by addressing critical housing issues.

Real estate has become a priority sector for investors in recent years—a trend which complicates relations between the state and the private sector, on the one hand, and between the state and citizens, on the other. Public investment in the housing sector has dropped significantly over the past two decades. At the same time, regulation over how the private sector meets public needs has been limited. This has led to unevenly distributed housing and made the formal housing market inaccessible for many low-income residents across the country, as reflected in the government’s analysis of housing challenges. Millions of Egyptians live in informal settlements, which suffer from a lack of facilities, amenities, and proper infrastructure and leave them at risk of eviction without due process.

In this context, the indicators measure the legal and policy framework governing housing development projects in Egypt, as well as the effects of these frameworks on the ability of middle- and low-income households to access quality housing that is affordable and suitably located. The ESPI urbanization indicators show that affordability in particular is a huge challenge, and that there are number of policy areas that need substantial improvements to ensure Egypt’s urban development plans are sustainable and contribute to social progress. Improving the legal framework for security of tenure, resisting financialization of the housing sector, and expanding the national housing strategy beyond building new urban communities, are all important components of a housing plan that leaves no one behind.

**Protection to secure residential tenure in law**

**Weak Progress**

- **ALL of the following conditions apply**
- **TWO of the following conditions apply**
- **ONE of the following conditions apply**
- **NONE of the following conditions apply**

- There are legislative or constitutional provisions protecting security of tenure.
- Legislation is in line with international standards, meaning it:
  - Sets out clearly the circumstances in which houses and land may be expropriated;
  - Prohibits evictions carried out without a court order;
  - Provides procedural protections for evictions, including consultation with those affected, appropriate notification, and the presence of government officials.
  - Prohibits evictions that would render persons, groups or communities homeless
- Legislation is effectively implemented by an impartial body that receives, investigates, and provides remedies for complaints of evictions not in compliance with the legislation.
This indicator measures the degree to which residential tenure is protected by national legislation. Security of tenure is one of the basic elements of the right to adequate housing, and is defined as legal protection against forced eviction, harassment and other threats, regardless of the type of residence. The color scale has been graded in terms of the degree of protection legislation provides for security of tenure. It is based on relevant international standards specifying the procedural protections to be applied in relation to evictions, including General Comment No. 7 by the United Nations Committee on Economic, Social and Cultural Rights.

Article 35 of the Egyptian Constitution protects private property, guaranteeing that it cannot be expropriated except in cases specified by law, and by a court order. Property may not be expropriated except for the public benefit and with just compensation paid in advance, as provided in the constitution. In addition, Article 63 of the Constitution criminalizes all forms of “arbitrary forced migration of citizens.” However, this has not been reflected yet in the legal system in practice, while the legislative system giving effect to the constitutional protection of private property does not meet the international standards outlined above.

Legislation does not clearly set out the circumstances in which informal property may be appropriated. Law 10 (1990) specifies two instances when the government has the right to appropriate property: if it is required for public benefit or imminent danger. However, there is no clear definition of what constitutes a “public benefit,” allowing for appropriation motivated by different reasons, ranging from speculation on the economic value of the land to security considerations.

In 2017, Egypt had 11.7 million unoccupied housing units fit to house about 50% of Egypt’s households. Despite this, about 49.2% of households were unable to afford housing in 2016. In the past decades, housing has consistently become less affordable, with land and unit prices on the rise due to the deregulation of the real estate market, and stagnating incomes. A crowd-sourced global index estimates that the housing price-to-income ratio was 10.8 in Egypt on average in 2016, with fluctuations between cities and regions (for instance the house price to income ratio in Alexandria is 15.5, in Giza is 15, in Tanta is 14.35 and in Luxor is 20.8). The color scale compares the rates of best performance to those of worst performance, with the median HPI (10) as the exact middle of the scale. It is also worth noting that 10 Tooba’s Built Environment Deprivation Indicators judge an “affordable” HPI for Egypt to be 6.6, also well below the real estimated HPI for Egypt.

The New Urban Communities Authority (NUCA) has a mandate to provide affordable housing for low and middle-income households through various projects. Nevertheless, NUCA’s definition of low-income households includes the enjoyment of basic rights, such as access to food, education and health.

The most common method to measure housing affordability is the Housing Price-to-Income ratio (HPI), which calculates the “ratio of the median free-market price of a dwelling unit and the median annual household income.” Although Egypt does not have an official HPI, housing experts in Egypt have estimated that nearly half the population (49.2%) are excluded from the real estate market as a result of their inability to afford the cost of purchasing a housing unit. The scale is based around a comparative index of HPI ratios for different countries, with the median being approximately 10.
middle class, which means that NUCA’s projects fail to target the most vulnerable of income groups.\textsuperscript{124}

**Percentage of target population settled in new cities**

\textbf{Weak Progress}

- Achieving functional percentage of the target population settled, ranging from 75% - 100%
- Reasonable percentage of the target population settled, ranging from 50% - 75%
- Low percentage of the target population settled, ranging from 25% to 50%
- Very low percentage of the target population settled, ranging from 0% - 25%

This indicator measures the extent to which Egypt’s “New Cities” or “new urban communities” have achieved their population targets. New Cities, which have been a major focus of the government and are effectively government-led housing developments, aim to decentralize the population away from the overcrowded Nile Valley and to provide affordable housing to lower-income and middle-income families.\textsuperscript{128} This indicator helps to assess whether New Cities have achieved that aim and have had a positive effect on reducing informal settlements specifically and addressing the housing crisis in general. The percentage of the population settled in new urban communities compared with the target population is an indicator under Egypt’s Vision 2030 plan, for which the target is 100%.\textsuperscript{128} The scale is based on this target and also takes into account the overall feasibility of sustaining the New Cities.

The establishment of New Cities in the desert is a government policy that dates back to the 1970s. In 2018, the Government reported that fifteen new cities are currently being built. Data published on the website of the New Urban Communities Authority (NUCA), the official governmental body in charge of overseeing their development, indicates that on average 30% of the target population has settled in New Cities.\textsuperscript{127} There are a number of limitations with this data. First, it is undated. Second, it only covers 17 of Egypt’s New Cities out of the 24 established cities from the grand plan to establish 44 in total. Third, the definition of settled is based on a count of units sold, not whether they are actually inhabited.\textsuperscript{128} Despite its limitations, this data does indicate that, even by the government’s own measures, the New Cities are facing significant challenges in achieving their targets.\textsuperscript{129}

Urban planning experts cite several reasons why the New Cities have failed to meet their occupancy targets, including absence of basic services, lack of employment opportunities and lack of public transportation, making New Cities difficult to access and isolated from urban centers where jobs are concentrated. Further, the emphasis on these New Cities as the core of the housing strategy—without much success in occupying them—risks misallocation of resources that existing/old cities could benefit from. The concentration of government investment in new cities also drives up housing market prices and the cost of housing while failing to ease overcrowding in old cities. At the same time, this does not make housing more affordable, accessible and secure for low- and middle-income households.

**Action to improve affordability in social housing projects**

\textbf{Weak Progress}

- ALL of the following conditions apply
- THREE of the following conditions apply
- At least ONE of the following conditions apply
- NONE of the following conditions apply
  - The government is investing in social housing construction
  - Social housing units are being constructed
  - The cost of a social housing unit is affordable for low income buyers
  - The eligibility criteria for the affordable mortgage program effectively target low income buyers

This indicator measures progress towards ensuring social housing is accessible to low-income households. Social housing is an important policy tool to give effect to the constitutional guarantee of “the right to decent, safe and healthy housing, in a way that preserves human dignity and achieves social justice.”\textsuperscript{130} It advances Egypt’s Vision 2030,\textsuperscript{131} and SDG 11, as it provides an alternative to informal and inadequate private housing for low-income households. The scale is built to assess the adequacy of public action on social housing, looking at four key elements of an effective social housing program, as identified by Egyptian housing experts.\textsuperscript{132}

The government of Egypt has invested in social housing construction, and new housing units are being built; however, there are concerns about the efficacy, scale and quality of these efforts. For instance, of the 136.5 billion EGP that has been
allocated to the Social Housing Project (SHP)—also known as the “Million Unit” Project—since FY 2011/12, only 59 billion EGP has actually been spent. Originally, the SHP aimed to build one million units by FY 2016/17, this target was then pushed to FY 2017/18. It has since been revised down to 600,000. In July 2018, the government reported that 265,000 units had been “delivered” (i.e. sold) and that another 335,000 units were under construction, to be finished by the end of 2018. Worryingly, the built-to-delivered ratio of these constructed units is only 29%. During FY 2017/18, two thirds of units were reserved for the government’s subsidized affordable housing scheme. A 90 square meter unit costs EGP 184,000. Where the average household income is EGP 44,190; the Household Price-to-income ratio (HPI) suggests this unit price is unaffordable. The government has taken steps for mortgage criteria to be more inclusive of low-income buyers; however, the cost of social housing units remains unaffordable to many of those, due to high upfront payments.

**Obstacles to exercising due process rights during evictions**

*Weak Progress*

*MINOR*: these issues, when they occur, are limited in their geographic scope, occur very infrequently, and are limited in their nature.

*IRREGULAR*: these issues are mixed in their gravity, occur infrequently and are not occurring across the country.

*PERSISTENT*: these issues, while grievous in nature, occur periodically and are unevenly distributed across the country.

*SYSTEMATIC*: these issues are widespread across the country, occur regularly, and are grievous in nature, i.e. physical harm or death.

This indicator monitors cases in which procedural protections from eviction or expropriation for “public benefit” have been obstructed. This includes cases relating to government plans to operationalize Sustainable Development Goal 11.1 to upgrade slum areas. In its development plan, the government had made the commitment of reducing urban slums from 38% to 5% by 2030. This indicator seeks to give a qualitative, non-exhaustive assessment of obstacles experienced in practice by communities to due process related to evictions. To be able to compare over time, the indicator looks at cases of eviction and relocation that took place in the last 12 months, or shortly before but with ongoing repercussions. The color scale is based on the severity of obstacles faced.

Several elements of the right to due process during evictions are enshrined in Egyptian law and the Constitution. In practice, however, there have been persistent obstacles to exercising due process rights during evictions in the past twelve months. This analysis is based on cases identified through research by housing experts, which either happened during this time period, or close to that time range with ongoing repercussions into the present. Based on recent cases, the obstacles to exercising due process rights during evictions have been characterized as “persistent”; although grievous in nature in some cases, the level of gravity is not equally widespread in all cases and is unevenly distributed across the country.

In all of the cases of eviction reviewed, residents filed appeals to the administrative courts, which confirmed the residents’ rights to their homes and land, and obliged the government to provide compensation and alternative housing or market locations. These court orders, however, did not affect the “modernization” and “redevelopment” plans, and the lack of occupants’ consent in these cases did not preclude evictions in practice. For many, accepting the government compensation was the only option, as demolition and reconstruction plans were underway regardless.
This indicator measures the affordability of housing, by calculating the average market rent, per month, as a percentage of average monthly income. Affordability is one of the core elements of the right to adequate housing, and financial costs associated with housing should be at such a level that the attainment and satisfaction of other basic needs including food, health, and education are not threatened or compromised. In accordance with the principle of affordability, tenants should be protected by appropriate means against unreasonable rent levels or rent increases.\textsuperscript{144}

The indicator also sheds light on how the private rental market affects Egypt’s housing problems. The analysis derived by this indicator also illustrates the problem of uninhabited, unused, or primarily investment units and how this phenomenon contributes to the chronic housing crisis in Egypt, especially in relation to the laws regulating rents and the social problems that arise between landlords and tenants. The color scale is based on the definition of affordability used by the Social Housing Fund in determining rental subsidies, that make up part of the World Bank-funded Inclusive Housing Finance Program.\textsuperscript{145}

According to estimates from an urbanization study organization, in 2017 Egyptians on average spent 39% of their income on rent. This excludes other housing costs such as utilities and maintenance, which are also “rising phenomenally.”\textsuperscript{146} This has
clear effects on the ability of even middle-income households to meet other basic needs. In 2017, Port Said was the least affordable city to rent in, where median rent represented an incredible 91% of median income. In all, people had to spend close to or more than half their income on rent in six cities, all of which were in Upper Egypt or the Delta, with the exception of Port Said. On the other hand, only eight cities were considered affordable where rents were near to or less than 25% of income. They included Egypt’s second biggest city, Alexandria, and Greater Cairo’s two neighboring cities of Giza and Shubra al-Khayma (Qalubeyya).  

This indicator is intended to measure the percentage of housing units allocated for rent in government social housing projects. For the many that cannot meet the mortgage ownership requirements of the social housing program (SHP), rent is an important alternative solution. The indicator aims to assess the adequacy of allocation of affordable rental units to the low-income segments of the population who most need them. This indicator was deemed important because of the intense housing needs in Egypt; however, the data that would be needed to assess and score this indicator was unfortunately found to be unavailable.

For several socioeconomic and cultural reasons, most households in Egypt prefer ownership over rental. However, as the World Bank emphasizes, households that are unable to acquire a mortgage need rental solutions. Upon analysis, it seems clear that the percentage of units allocated for rent in government social housing projects is far from adequate, and far from meeting the need and the government’s plans. However, due to lack of transparency around exact targets and projections, and unavailability of data, experts were not able to verify exactly what the percentage is.
Ensuring everyone has the opportunity to live a healthy life and promoting wellness for all ages is a fundamental dimension of social progress. Health directly affects quality of life and standards of living, and poor health is both a cause and consequence of poverty and social exclusion. Egypt’s commitment to the realization of the right to health is stipulated in the Constitution, as well as in the health goals of Vision 2030, Egypt’s development strategy.

In general, there have been some positive overall trends in health outcomes in Egypt. However, pronounced disparities between populations remain and the sustainability of these gains is not certain. Egypt has a complex and fragmented healthcare system—involving many public, parastatal (quasi-governmental), and private providers—and the distribution of services suffers several imbalances. With low health insurance coverage, households end up spending a lot to meet their health needs, depriving services to those who cannot afford them. Declining government expenditure on health and weakening health sector governance have exacerbated these challenges.

ESPI’s health indicators were selected to reflect the components of the right to health in terms of the availability, accessibility, acceptability and quality of health goods and services, without discrimination. The indicators also relate to governance of the health sector in its various forms, including government spending on health, as well as to health outcomes for infectious and non-communicable diseases, reproductive health, maternal and child health, and others. The findings show that although Egypt’s performance on key international outcome indicators is high in comparison to peer low middle-income countries (LMIC), concerning outcome gaps reflect entrenched patterns of social and economic inequalities. With declining public spending, and the increasing costs of health services, the sustainability of the latest achievements in health outcomes is potentially at risk, especially with rising costs of living and the IMF-backed economic austerity measures currently being implemented. The indicators also show the need for special focus to improve health outcomes for women and girls.

### Under-five mortality rate (deaths per 1,000 children)

**Partial Progress**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>The number of under-5 child deaths per 1000 live births</td>
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</tr>
<tr>
<td>The number of under-5 child deaths per 1000 live births</td>
<td>is greater than 11 but less than 33</td>
</tr>
<tr>
<td>The number of under-5 child deaths per 1000 live births</td>
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</tr>
<tr>
<td>The number of under-5 child deaths per 1000 live births</td>
<td>is greater than 55 deaths per 1000 live births</td>
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</table>

This indicator measures numbers of deaths for every 1000 children under five years of age. Measuring under-five mortality is of particular importance because every child deserves a chance to live and thrive beyond their early years. Egypt has made significant improvements in this regard over the past few decades, yet, it aims to do more by 2030. The scale was designed to compare Egypt’s progress on this indicator with that of other Lower Middle Income Countries.

According to 2017 World Bank & UNICEF data, the mortality rate among children under five is 22.1 for every 1000 live births. This places Egypt 15th out of 46 peer Lower Middle Income Countries. In 1960, the under-5 mortality rate in
Egypt stood at 314 per 1000 live children, with a steady decline since then. This progress is very encouraging.

However, DHS data from 2014 shows significant disparities in under-5 mortality rates. Data from the 2014 Demographic Health Survey suggests that in situations of poverty, under-5 mortality rates tend to be much higher. For every 1000 live births, around 42 children from the poorest quintile die under the age of 5, while in contrast there are only 19 under-5 deaths per 1000 live births for children from the richest quintile. This data indicates that the probability of children under 5 dying is more than 2 times greater if a child is from the poorest quintile than the richest. Under-5 mortality is also much greater in rural areas than in urban areas: 34 deaths under the age of 5 per 1000 live births in rural Egypt, as opposed to 23 in urban areas. Under-5 mortality is also significantly more prevalent in Upper Egypt as compared to lower Egypt.

According to UNICEF data from 2016, among the major causes of under-5 death for Egyptian children are pneumonia, diarrhea, and injury. A large proportion of under-5 deaths also occur in the neonatal period, where congenital diseases, preterm births and intrapartum (during childbirth) deaths are the most common causes.

According to the latest available data for Egypt, the maternal mortality rate per 100,000 live births in Egypt was 33 in 2015. Maternal mortality rates in Egypt have dropped to this level from 106 deaths per 100,000 live births in 1990. This progress is impressive, and Egypt has already surpassed its own target for 2020. It also has the fourth lowest maternal mortality ratio among Lower Middle Income Countries.

Although there has been considerable improvement in national maternal mortality rates, marked disparities persist regarding some of the key services and policy interventions for preventing maternal mortality. In particular, there are differences in access between different groups, particularly between those in rural and urban areas, in the north and south, and between people of different income levels. There have been improvements, however, in narrowing these equity gaps. When looking at access to regular antenatal care, data shows that between 2008 and 2014 the gap between the poorest and richest quintiles has narrowed by 18%, and the gap between urban and rural residence areas was reduced from 23.1% to only 7.3%, indicating significant progress.

The data regarding the percentage of births carried out inside a health facility (public or private), also a contributing factor to reducing maternal mortality rates, shows improvement as well. Similar trends of improvement can be found in the data relating to the percentage of births where the mothers have been assisted during labor by a qualified professional, and the percentage of mothers who have had any post-natal care services within two days after birth. While these are all notable improvements, there are still persistent inequities that the government should address through its plans.
This indicator measures the difference in diarrheal treatment between boys and girls in Egypt, which reflects certain aspects of gender inequality in health outcomes. Diarrheal treatment was specifically chosen to measure this difference in health outcomes, because it responds to a health condition that affects both girls and boys at very similar rates. It also reflects inequality in outcomes for a condition that can be treated at home without the need for a doctor’s visit or inpatient treatment. The scale is designed to measure Egypt’s progress on closing the gender gap in diarrheal treatment for boys and girls, in comparison to other Lower Middle Income Countries.

This score was assigned because—according to the latest available data (the 2014 Demographic Health Survey)—the difference between boys and girls who have received anti-diarrheal treatment services is 4.3% (57.3% for boys, and 53% for girls). Similarly, a recent study of 57 low and middle-income countries found that Egypt was one of six countries where girls were less likely to receive (or be presented for) care than boys for common childhood illnesses including diarrhea. Previously, an analysis based on the 2008 Egypt DHS found that girls were about 3% less likely to be taken to treatment for diarrhea than boys, which suggests that the disparity is getting worse.

While there is general improvement in terms of treatment for diarrhea access due to the widescale usage of measures such as rehydration solution and the provision of primary healthcare services in rural areas, a gap still exists between treatment rates for girls and boys.

According to data from June 2017 provided by the General Health Insurance Agency, 58.8% of the population is insured under the national health insurance scheme. Experts have expressed doubt, however, about the reliability of these figures; but even based on these figures, almost half of Egyptian families live without any sort of health insurance coverage. Published data from the 2014 Demographic Health Survey (DHS) suggests very low coverage especially of women and the poorest population. For example, among ever-married women (women who are currently married or are divorced/widowed/separated), only 2.7% of those in the lowest wealth quintile were covered by health insurance. Lack of insurance has major impacts: the latest available disaggregated data on household expenditure from 2009/10 suggests that the poorest 20% of households in Egypt spend 21% of their income on health.

According to the 2014 Constitution, all citizens have the right to a universal health insurance; and in 2017, Egypt adopted a new universal health insurance system. The system is intended to expand healthcare to the entire population, with enrollment obligatory but with fees set based on an individual’s income level. The scheme will be implemented gradually between 2018 and 2032.

This indicator was selected to reflect the government’s obligation to ensure the quality of healthcare services as an element of the right to health, as stated in the UN Committee on Economic, Social and Cultural Rights’ General Comment.
No. 14 on the Right to Health. It is based upon community assessment of an important aspect of the right to health, quality of care—in particular, quality of service provided by hospitals. This is especially important in the absence of official data on the quality of other services, such as primary healthcare or ambulatory services. The assessment of quality is based on the average score from Egypt’s Community Assessment Portal, a community-based initiative that carries out periodic patient-centered performance assessments of hospitals around Egypt. The scale is built to create a trajectory for progress.

This score was assigned because according to the community assessments carried out in 2017, the average score of hospitals assessed (total of 209) was 48%. This average score is designed to reflect hospital service quality in rural governorates and in upper Egypt. Examples of the experiences patients reported are poor medical diagnosis and care, lack of accommodation of service provision for vulnerable populations, poor hygiene and waste management practices, as well as low practice of infection control protocol and limited availability of medical equipment.

The poor scores for hospital service quality given by communities are reflective of a number of problems within the Egyptian health system. The health-care system in Egypt operates centrally through the Ministry of Health and its local district authorities spread across the different governorates. Due to its largely unplanned expansion and growth over the years, it has become largely fragmented in the way it is managed, operated, funded and in the quality of services it provides.
### Action to combat female genital mutilation

**Weak Progress**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Status</th>
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<tbody>
<tr>
<td>ALL of the following conditions apply</td>
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<tr>
<td>FOUR of the following conditions apply</td>
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<tr>
<td>At least TWO of the following conditions apply</td>
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<tr>
<td>NONE of the following conditions apply</td>
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- There is legislation prohibiting FGM in accordance with international standards, which means:
  - Legislation has precedence over traditional customs or religious practices;
  - Repeal all conflicting laws;
- Victims can access justice mechanisms that penalize violators.
- There are national measures and programs for the protection and rehabilitation of FGM victims.
- There are public awareness campaigns against FGM.
- Data on FGM are regularly collected and made available.

This indicator measures the efficacy of actions taken to eliminate female genital mutilation (FGM). According to the World Health Organization (WHO), FGM “includes procedures that intentionally alter or cause injury to the female genital organs for non-medical reasons.”

Egypt is one of the top 10 countries in the world in terms of prevalence of FGM. According to the Demographic and Health Survey 2014, about 92% of married women between the ages of 15 and 49 years have been subjected to FGM, while 56% of girls under 19 years are expected to be exposed to FGM before reaching the age of 19. The Egyptian government has developed a number of plans and strategies to prevent FGM, including criminalization of the practice. Accordingly, the scale for this indicator is constructed to assess progress against FGM, based on these strategies, legislation and international standards and recommendations.

At the time of the first population survey in 1995, the rate of FGM was 97% among the 15-49 age group. In 2015, it had dropped to 87% among this age group. Thus, over 20 years, the prevalence of FGM in this age group decreased by 10%. For the age group 15-17 years, in 2005 the percentage was 76.5% and in 2014 it was 61.1%, indicating a decrease of 15.4% over almost 10 years. For the 13-14 age group over the same time period, the rate decreased by 18.5%, to 50.3% of girls.

There has therefore been progress in reducing rates of FGM over the years, especially in the younger age groups. However, this progress is weak in relation to the elimination/reduction targets to which the government has committed. For example, the National Strategy for the Empowerment of Women 2030 includes targets that the proportion of ever-married women from 15 - 49 exposed to FGM be decreased from 92% in 2014 to 55% by 2030, and the proportion of girls under 19 years exposed to FGM be decreased from 56% in 2014 to 10% by 2030. This challenge is especially difficult given the continuing social acceptance of FGM among many sectors of the population.

Legal amendments to the Penal Code on FGM were passed under Law No. 78 of 2016, which increased the penalties and the sentence from imprisonment for a period not exceeding two years, to imprisonment from five to seven years. However, a review of the verdicts issued by the judicial authorities in the case of FGM shows that effective penalties are lacking. In addition, the law retains a reference to article 61 of the Penal Code, which gives perpetrators a ready-made excuse for impunity by claiming that the “circumcision” was justified because of immediate danger, for the need to save the girl or for medical necessity, which is unfounded. The focus of the National Strategy against FGM was on criminalization of this behavior, raising awareness of the dangers of FGM, and monitoring and evaluating family empowerment programs. However, these efforts have been mixed in success and some have not been sustained.

### Out-of-pocket expenditure on health as a percentage of total current health expenditure

**No Progress**

<table>
<thead>
<tr>
<th>Percentage Range</th>
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<tbody>
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</tr>
<tr>
<td>The percentage is between 28% and 6% of total healthcare expenditure</td>
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</tr>
<tr>
<td>The percentage is between 50% and 28% of total healthcare expenditure</td>
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<tr>
<td>The percentage is higher than 50% of total healthcare expenditure</td>
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This indicator is intended to assess the financial accessibility of health goods and services. Actual out-of-pocket expenditure include all out-of-pocket payments, including medicine, medical services, tests, etc. It was selected to reflect progress on Sustainable Development Goal 3.8 to achieve universal health coverage,\textsuperscript{187} to track progress towards meeting Egypt's Vision 2030 goal to reduce out-of-pocket expenditure on health to 40% by 2020 and 28% by the year 2030;\textsuperscript{188} and to be held up to the economic accessibility dimension of the right to health as set out by the Committee on Economic, Social and Cultural Rights.\textsuperscript{189} The scale was built to compare out-of-pocket expenditure on health in Egypt to other Lower Middle Income Countries. Specifically, “Good Progress” reflects the average of the top five performing countries in the group, while “No Progress” is equivalent to the bottom quarter, for which data was available.

According to the latest available WHO health expenditure data from 2016, out-of-pocket health expenditure made up 62% of total health expenditure in Egypt. This rate remained more or less constant over the last 10 years.\textsuperscript{190} This high out-of-pocket expenditure percentage is “a reflection of the health system’s inefficiency and the disarray and lack of regulation in the medical market,” which leads many to resort to private sector providers for their healthcare needs.\textsuperscript{191}

The prevalence and amount of these out-of-pocket payments have severe consequences for individuals and families. A 2015 study estimated that out-of-pocket health payments drive 6% of households to encounter financial catastrophe, and that out-of-pocket health expenditures have “exacerbated the normalized poverty gap by 1.4%.”\textsuperscript{192} Data from 2009/10 suggests that the poorest 20% of households in Egypt spend 21% of their income on health, significantly more than the richest 20%, who spend 13.5%.\textsuperscript{193}

This indicator measures public expenditure on health from domestic sources as a percentage of Gross Domestic Product (GDP), an important indicator as it reflects the State's ability to realize the right to health for all, irrespective of any person's capacity to pay. Although Egypt’s Constitution enshrines the commitment to spend a minimum of 3% of Gross National Product (GNP) on health, tracking progress on health spending as a percentage of GNP is difficult, because international data from the World Health Organization and the World Bank uses GDP as the denominating measure. In order to be able to compare progress against peer income countries, this indicator therefore measures government expenditure as a percentage of GDP. The scale is designed to measure Egypt’s progress on public health spending in comparison to that of other Lower Middle Income Countries.

Egypt’s spending on health as a percentage of GDP is 1.25%, according to latest available World Bank data from 2015.\textsuperscript{194} This falls within the bottom quarter of what all Lower Middle Income Countries spend on health from their GDP, on average, according to World Bank data.\textsuperscript{195} When measured according to GNP, Egypt’s public expenditure on health in FY 2017/2018 was 1.34%.\textsuperscript{196} This percentage is not only below the national constitutional minimum that requires 3% expenditure,\textsuperscript{197} but it also demonstrates a pattern of regressive allocation of resources to health. In the previous financial year, expenditure as a percentage of GNP was 1.43% for FY 2016/2017,\textsuperscript{198} which in turn was a further decline from the year prior, which was 1.62% for FY 2015/2016.\textsuperscript{199} It is worth noting that this limited percentage of government expenditure on health includes expenditures on water, water disposal and other services that the budget simply labels as “General health services,” which means that the actual spending on health is even less than the indicator suggests.\textsuperscript{200}

The retrogression in health spending reflects a consistent de-prioritization of resource allocation to the health sector, especially given that the 2014 Constitution aspires to gradually increase the percentage of GNP spending “to reach global percentages.”\textsuperscript{201} Low public investment in health expenditure jeopardizes people’s ability to access the health services they need, contributing to the high out-of-pocket health expenditures as shown in the previous indicator.
Education is a fundamental dimension of social progress. Access to quality education can have a transformative effect. By amplifying opportunities for improved livelihoods, education plays a key role in reducing inequalities and achieving gender equality. Thus, investing in an inclusive educational policy is crucial.

Article 19 of the Egyptian Constitution enshrines the right to education and commits the government to providing free compulsory education for all up to the pre-university level. Additionally, Vision 2030 sets new standards to raise the quality of education for all.

Despite some positive trends, disparities in educational standards remain. Low public investment in educational infrastructure, materials, and human resources has exacerbated the problem of unequal access to quality public education. High classroom density, lack of highly qualified teachers, poor curriculum, and weaknesses in administrative oversight, are all challenges facing the education sector identified in Vision 2030.

Drawing on diverse datasets, including Vision 2030, the indicators measure multiple dimensions of education in Egypt, including investment in infrastructure, quality educators, and the content of curricula. They also measure the extent to which these investments translate into access to high quality education for all.

*The education indicator scores and commentaries will be published in early 2019.*
Food, water, and sanitation are basic human needs and are therefore a critical component of social progress. In Egypt, agriculture and land policies impact people’s ability to meet these needs; and farmers, agricultural workers, and rural residents are particularly impacted. Improving rural livelihoods is therefore central to sustainable development.

The Egyptian Constitution enshrines food and water as rights in Article 79, which also commits the government to ensuring food sovereignty. Additionally, Egypt Vision 2030 indicates commitment to rural development. Egypt has also committed to the Cartagena Protocol, and other international conventions related to the right to food, to the protection and preservation of assets and plant and animal genetic resources, and to biodiversity and sustainable development.

Agricultural restructuring from the late 1980s onwards reflected a move away from small-scale farming, in favor of mass agriculture led large companies, which has affected the livelihoods of small-scale traditional farmers, who face barriers to accessing resources, technology, inputs, finance, knowledge, and markets. Another challenge to sustainable food, water, and agriculture is Egypt is limited water resources.

The indicators measure progress across a range of issues—including access to water, access to treated sewage systems, access to land, and—as well as other rights that guarantee a dignified life for farmers and rural communities. They combine official government data about the availability of basic goods with analysis of relevant policies and investment priorities, in order to identify where action is needed to improve this sector.

*The food, water and agricultural land indicator scores and commentaries will be published in early 2019.*
The scores and commentaries of this first year of ESPI indicators (2018) are the result of extensive collaboration between Egyptian and international civil society organizations, independent researchers, and other actors and stakeholders. ESPI has successfully established an unprecedented independent, systematic review and measurement of social progress in Egypt, which will now serve as the basis for tracking sustainable development in Egypt annually through regular updates of indicators, scores and commentaries.

The 2018 ESPI findings show that important progress has been made on some indicators, such as reducing natural resource dependence, increasing transparency in budgeting, taxing corporate profit, publishing labor statistics and reducing maternal and under-five mortality rates. However, overall progress was still weak or non-existent for the majority of the indicators, and even where significant successes do exist, the picture is complicated by notable variances in outcomes and access depending on geography, gender and socioeconomic group. Indeed, one of the most persistent findings of ESPI across all topics is deep gender disparities (for example, the high gender wage gap, the lack of protection for women from discrimination in the workplace, and the lack of sufficient action to combat female genital mutilation). These disadvantages that women experience are interconnected with other economic and geographic disparities, and are reinforced by Egyptian laws and policies.

ESPI’s concrete findings and recommendations can be applied to inform and guide important legal and policy reforms in Egypt, along with more effective approaches to mobilizing and using resources, to improve socioeconomic outcomes in Egypt. Many of the findings highlight significant gaps in laws, policies and resource allocation that hinder, and in some cases work against, the realization of social progress and sustainable development in Egypt. These findings are complemented by an extensive set of recommendations for how Egypt can address these gaps, and move closer toward realizing its own socioeconomic targets in the Egyptian Constitution and Egypt’s Vision 2030. Across all the indicators, there is significant room for improvement through legislative reform; establishing mechanisms for monitoring and oversight; more transparent, thorough and equity-sensitive data collection; mobilizing more resources in equitable ways; reprioritizing public spending to ensure it is in line with sustainable development priorities; as well as putting in place more gender-sensitive policies.

The recommendations emerging from ESPI’s findings so far are summarized below, divided into the following cross-cutting categories:

1. strengthening legal protection of socioeconomic rights,
2. increasing coverage of key social programs,
3. improving domestic resource mobilization and redirecting public spending,
4. enforcing more robust regulation of the private sector,
5. improving data coverage, reliability and availability, and
6. increasing participation, transparency and good governance.

Further, more detailed recommendations on each topic can be found on the ESPI website.

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**Strengthening legal protection of socioeconomic rights**

While Egypt’s constitution guarantees many socioeconomic rights, such as the right to health, the right to work and the right to education, legislation often fails to offer strong
legal protection to ensure proper realization of those rights in practice. A number of laws need reform to ensure full realization of constitutional obligations and citizens’ rights. For example, the protection of the right to work and guaranteeing unemployment benefits is one constitutionally-protected area where protection in law could be improved. Specifically, Law 213 (2017) should be amended to bring it into line with ILO standards, including by allowing for pluralism of trade unions and decriminalizing the exercise of labor rights, including the right to strike. Workers also need better legal protection from arbitrary dismissal, especially in the private sector.

In addition, laws must be amended to prohibit all forms of child labor, especially in the agriculture and mining sectors, as well as in the informal sector. Moreover, there is a need for improved protection against discrimination at the workplace, especially in the private sector. These protections should include the elimination of the gender wage gap and the enforcement of maternity leave benefits, along with adequate provisions for breastfeeding, applied universally across public and private employers.

Legal reform is also needed to improve urban living conditions. Operationalizing the constitutional right to adequate housing by amending Law 119 (2008) is necessary to improve legal protection of secure residential tenure to achieve people-centered urbanization and housing conditions in the country. When implementing the government’s plan to decrease the percentage of residents living in slum areas, prior consent and proper compensation for communities to be relocated will be necessary to fully protect and realize due process rights.

In the health sector, in order to ensure all Egyptians have access to their constitutionally protected right to health, Egypt should fully implement the Social Health Insurance law, and all of the procedures related to it. The penal code articles prohibiting female genital mutilation must also be amended to more effectively criminalize the “medicalization” of FGM, including omitting references to article 61 of the penal code, criticized for allowing for “medical necessity” justifications for the practice.

Increasing coverage of key social programs

The ESPI indicators show that social programs essential for tackling poverty and inequality are lacking in coverage and comprehensiveness. The importance of extending their reach and efficacy is especially crucial given that the stringent IMF-backed reform program has been followed by an overall increase in the cost of living, exacerbated by inflation and currency fluctuations. For example, extending the coverage and improving the conditions of social protection programs is key to controlling the increase in poverty levels in Egypt in this context, especially following the dismantling of the subsidy system. ESPI findings show that only 50% of those living under the poverty line receive support under the three main social protection programs. While the government has increased resource allocation to those programs, those increases are unlikely to be sufficient and there are still major questions about the targeting methodology used—with exclusion errors estimated at up to 59% for one program—and inadequate benefit levels.

Similarly, the government must increase coverage rates of social health insurance, today standing at only 58.8%, and improve the quality and accessibility of services within primary healthcare units. The new universal health insurance scheme is an encouraging step in this direction, but must be accompanied by substantially higher investment in health (see below). In the field of labor polices, the minimum wage should be increased and extended to cover all economic sectors, and wage increases should be linked with the consumer price index (CPI) to ensure their real value actually keeps pace with the cost of living. Concerted action needs to be taken to ensure that women can benefit equally from decent work and wages. Policies should be applied to systematically increase women’s access to decent paid work, including by providing greater access to quality child and elderly care; ensuring safe working conditions and transportation to the workplace; and putting mechanisms in place to protect women from workplace harassment. To address the crisis of affordable housing in Egypt, the government should extend access to social housing for low income households, including by allocating more units for rent, and decrease emphasis on building “New Cities” which may not have the services or job opportunities that low- and middle-income households need.

Improving domestic resource mobilization and redirecting public spending

ESPI’s 2018 indicator commentaries include a number of actionable recommendations focused on increasing effective resource mobilization in ways that would contribute to reducing inequality and ensuring economic policy contributes to social progress. This includes increasing total tax revenue by strengthening tax collection authorities to close the gap between the effective and statutory corporate tax rates, and relying less on indirect and regressive taxation. A significant overhaul of the tax code is needed to more equitably distribute the burden of public financing and to ensure that its sources of revenue are sustainable and less vulnerable to external shocks. This includes reviewing tax exemptions and incentives that enable tax abuse, and reducing reliance on VAT, which hits poor households the hardest. Expanding the number of basic...
goods and services that are exempt from VAT, in particular, would help to ease the burden of daily living expenses on everyday citizens. Implementing a capital gains tax would also capture revenue from stock market profits, which are currently untaxed, and implementing a modernized and effective property tax would also help to make the tax system fairer. More domestic efforts to combat tax evasion and to increase the efficiency of collection are also needed, including strengthening relevant mechanisms. Coupled with combating corruption, an area where Egypt scores poorly on international indices, and improving the productive capacity of the economy, this should enable the government to rely less on foreign debt, which must be reduced to allow for redirecting spending on debt servicing towards socioeconomic priorities, such as healthcare and social protection.

In addition to raising revenue, Egypt must increase public investment to strengthen social protection schemes and improve access to quality public services, with a focus on combatting persistent inequalities. This includes increasing the spending on unemployment benefits; making major investments in improving pregnancy and postnatal care (both access and quality) and increasing investment in the health sector overall to raise budget allocations on health to meet the constitutional minimum obligation of 3% of GNP, at least. In that sense, decreasing out-of-pocket expenditure on health should be a government priority, to reduce inequalities in access to health services. The government must also work to improve the equitable distribution of services and resources allocated for health between north and south, rural and urban areas, and men and women.

### Enforcing more robust regulation of the private sector

Establishing more concerted and effective regulation over private sector activities, to ensure their activities are in line with sustainable development, will be instrumental to achieving and sustaining progress across different socioeconomic areas. In labor reforms for example, there is a need to establish independent mechanisms that monitor and impose penalties on employers that penalize workers for exercising their labor and union rights. Similarly, a successful implementation for the national strategy to eradicate child labor, including its legislative reforms, requires an effective monitoring mechanism that investigates prevalence of child labor in the informal sector where child labor is most concentrated. Action to increase affordability of housing across the country will further require effective regulation of the housing and land market, especially through revising real-estate taxes and setting price controls, and improved regulation of the private rental market to ensure adequate protection of private tenants against extreme rent increase increases, for instance by reinstating some kind of rent control or rent stabilized system.

### Improving data coverage, reliability and availability

One major challenge to measuring progress toward socioeconomic wellbeing in Egypt is data availability and reliability, and lack of coverage of certain issues or population groups. In the labor sector for example, data on labor disputes is lacking which makes it difficult to address conflicts in the investment field and their repercussions on the job market and employment. The government should also take steps to revise its labor force survey methodology to ensure women doing unpaid domestic work (especially married women) are not automatically excluded from the labor force surveys and assumed to be not looking for employment. Collecting and regularly publishing data on child labor will also be critical to track the effectiveness of actions taken under the new national strategic plan to eradicate child labor.

The national statistical bureau should publish more disaggregated data on health outcomes, and on a more frequent and regular basis. Currently, data on health outcomes are often not disaggregated by gender and geographical locations, which results in overlooking important disparities and populations that are being left behind. In terms of frequency, commitment to data collection and publication needs to be integrated in CAPMAS regular statistical plans, and not be dependent on the USAID program for the Demographic and Health Survey (DHS), which happens sporadically every 4-6 years.

### Increasing participation, transparency and good governance

For these policies to be successful, they will require increased public participation to ensure that they are based on the needs, and informed by the voices, of average Egyptians. Supporting community monitoring and accountability mechanisms and creating platforms for citizen’s participation are included in the transparency section of Egypt’s Vision 2030 plan. Establishing mechanisms that make these aspirations concrete, and allow for public participation at all levels of policymaking is now the challenge, and will be foundational for sustainable development policies to achieve their intended outcomes. For example, the management of New Cities could be restructured to include an elected local governance, and other accountability structures. In the health system, the decision-making process could be further decentralized to give the needed authority to the
hospital managers at a local level, which will enable increased accountability for service quality improvement. Supporting community monitoring mechanisms for healthcare spending and service quality will further enable community participation in budget priority setting.

Overall, participatory needs assessments are also needed before implementing broad-reaching policies; for example, ensuring proper feasibility and accessibility studies are part of successful policy reform strategies be it in the health sector, urban development or social protection programs. Meanwhile, the government needs to create outreach programs to involve the public in changing social and cultural norms which are antithetical to the country’s sustainable development goals. For example, public awareness and rehabilitation programs are key for changing cultural tolerance of practices such as FGM, child labor, and family discrimination in seeking medical treatment for boys and girls. Rehabilitation programs are necessary to apply non-conditionally and universally to both FGM and child labor victims.

**Accelerating progress on gender equality**

As mentioned above, significant gender disparities were found across all thematic areas of ESPI. Women experience structural, social, economic and cultural barriers to equality and empowerment. Therefore, a combination of gender-specific policies across multiple areas are needed to ensure that women and girls are not left behind in Egypt’s development plan. Many of these have already been laid out in the sections above. On the economic front, improving women’s access to decent work and tackling the glaring gender wage gap must be a priority. Recommended measures include improving statistical methodologies that make the wage and employment gap easier to track and tackle, as well as legal and regulatory reforms to enforce accommodation of women’s maternity needs, and protect women from discrimination and harassment at the workplace.

Additionally, there is a need to eliminate gender disparities in key social outcomes, prevalent in the health sector for example. Although major achievements have been made in this area, the government needs to further invest in providing quality maternal health services to the poorest women, and those who live in rural and other marginalized geographical locations. The alarmingly high prevalence of FGM in Egypt must be an urgent task for the government, given its major detrimental impacts on the health and rights of women and girls.

What’s next for ESPI

Scores for the final indicator sets—education; and food, water and agricultural land—will be released in early 2019.

Additionally, as 2019-2020 statistics are released, ESPI indicators for all six topics will be updated, including analysis that allows for reporting on year-to-year progress.

To ensure that ESPI’s indicators always reflect the latest norms in the field and apply cutting-edge measurement methodologies and techniques, the ESPI team looks forward to annually updating and refining the indicators, including benchmarking and scoring internationally comparable data, norms and standards as they become available annually or periodically.
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1. To date, indicators for Labor, Urbanization, Economic Policy and Health have been scored, and the data and commentary for each have been published on the ESPI website. Indicators for Education, and Food, Water and Agricultural Land are currently in the process of being scored. All of these indicator scores will be fully rolled out in the first quarter of 2019, and will be updated annually with new data and commentary, to provide an evolving picture of Egypt’s social progress.

2. More detailed indicator commentaries and policy recommendations can be found on the website, progressegypt.org


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68. Same as above.


132. The criteria is inspired by the work of the Built Environment Observatory; an initiative of 10 Tooba for Applied Research on Built Environment at: http://marsadomran.info/en/


137. According to researcher calculation, Househould Price to Income Ratio (HPI) for a 184,400 EGP unit is 4.17, which makes it unaffordable looking at the average Egyptian household annual income, which is 44,190 EGP


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202. On the ESPI online platform, each indicator commentary concludes with a set of recommendations.