



Egyptian Social Protection Policies in Response to the Covid-19 Pandemic..

Considerable Efforts with Limited Impact

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to the Covid-19 pandemic...**
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Introduction

The Coronavirus pandemic came at the end of a highly turbulent decade, politically and economically, in Egypt which began in 2011 with a popular uprising that raised urgent questions about the state's concept of development and how the fruits of development are shared among the various segments of society. In the middle of the decade the state undertook profound social and economic changes in the country in an atmosphere that did not allow enough space for societal dialogue on these policies.

In 2016, the vision became clearer regarding the nature of those transformations by the state, as Egypt's agreement with the IMF in November of this year crystallized a vision about the nature of the desired "reforms", which focused on the state's public finances and exchange policy, with a social vision that bears the familiar flaws of the visions and plans of international financial institutions.

International financial institutions focus on the efficient use of resources spent on social protection, and the efficiency of targeting those who are eligible for support, while restricting groups covered by protection in the narrowest scope imaginable, as well as limiting areas covered by protection within a narrow scope¹. Social protection interventions included in the agreement, in terms of their size and speed of implementation, were not commensurate with the pressures produced by the "reform" policies.

The Corona pandemic broke out in Egypt a few months after the end of the IMF's economic reform program, and this accidental synchronization, between the end of the program and the beginning of the crisis, revealed the structural flaws in the current social protection system in Egypt and in the social policies affecting this system as well.

The "reform" focused on supporting state finances to reduce the budget deficit and public debt. A black market for dollars was eliminated by sacrificing more than half the value of the pound, which led to high inflation rates judging by Egypt's historical standards.

Amid this reformist clamor, there was a tendency to curb the growth of public sector wages, and to circumvent constitutional obligations to increase spending on education and health.

Fuel and electricity subsidies were quickly withdrawn and transportation prices increased, leading to a long series of increases in the prices of goods and services, creating a large gap between wages and the basic cost of living.

Therefore, the economic repercussions of the Corona pandemic were revealing of what this "reform" program had done over the course of its five years.

The pandemic revealed how poor spending on the state's health sector contributed to its inability to cope with the increasing number of infections.

The crisis also highlighted the ability of private sector health facilities to resist setting a government-recommended price ceiling for treatment services, which made the Corona crisis an opportunity to reap profits, and not one for social solidarity in the face of a massive crisis.

The economic slowdown led many families to lose their jobs or have their income reduced, adding to the existing burdens of groups who were already struggling to earn incomes that barely covered the increasing cost of living.

1- Adeb Nehme - Social protection in the context of development strategies.

The pandemic also showed the deterioration of the conditions of the Egyptian labour market, considering the dominance of informal jobs, which are deprived of the least forms of protection during the pandemic.

Even at the level of official employment, the private sector was not obligated to bear the cost of limiting the presence of workers in the workplace to prevent transmission of infection, or to provide paid vacations for some cases, such as pregnant women, who are most at risk of infection, or mothers caring for children who have no alternatives to be taken care of in view of the closure of nurseries and schools due to the pandemic. Those are measures that the state had committed itself to in government workplaces.

At a time when the state allocated more than 100 billion pounds, as part of a package of policies that it said were directed to reduce the repercussions of Corona; more than half of these expenditures were directed to supporting the business community and economic activities. This came at the expense of social spending, and in the absence of policies that guarantee that workers gain from the benefits of those economic activities that were protected, and against the backdrop of weak policies for the protection of workers' rights and maintaining the value of wages.

Finally, the pandemic showed the fragility of the monetary support policies, which were bet on during the "reform" as an alternative to subsidizing energy and public services, as they were limited regarding their scope of coverage or material value in the face of the great challenges imposed by the pandemic.

Taking all of this into account, this research paper is divided into 3 main chapters:

First: Health Policies This chapter examines the state's response to the repercussions of Corona, whether in the field of precautionary measures and limiting public gatherings, or in terms of providing health services and testing services to detect infection and transmission. It also looks at the initiatives of the private sector and civil society in the same field.

Second: labour and Protection Policies This chapter examines the extent to which wages, insurance and social protection policies kept pace with the repercussions of the economic slowdown produced by precautionary measures and curfews.

Third: Economic Policies This chapter examines the financial and monetary policies applied by the state, whether to ease the burden of living for wage workers or to facilitate financing provided to the business community.

Each chapter looks at the direct measures applied by the state to contain the impact of the pandemic, sheds light on the policies that were in place before the pandemic, and considers the conditions of the most groups most vulnerable to the repercussions of the pandemic and the extent of the success of protection policies in targeting them.

Through this approach division, we hope to use the experience of Covid-19 as a case-study revealing the weakness of the social protection infrastructure in Egypt. Where we review the direct social impact of the pandemic and the nature of health service availability, then we move on to the role of economic and labour policies in providing protection in light of the recession produced by the pandemic.

In each section, we address the direct effects of the pandemic, the explicit shortcomings of social policies at the time of outbreaks of infection, the extent of the comprehensiveness of the policies and

their success in targeting the most vulnerable groups during the crisis. We provide in each chapter a general background on the policies that were in place before the pandemic and how they contributed to the weakness of social and health protection during the crisis.

The research relied on press reports on the repercussions of the crisis, government decisions and decrees, and disclosures received from the ministries of finance and the Central Bank, as well as on historical statistical data published by organisations such as the World Bank and the Central Agency for Public Mobilization and Statistics in Egypt, and finally on interviews with experts in the field of health and related civil society health activity in Egypt.

Section One: Health Policies During the Covid-19 Crisis

1- Direct responses to the pandemic in terms of health policies

This part of the first section reviews the measures taken to limit the spread of the epidemic (precautionary measures) and the provision of treatment facilities for Covid patients, and analyzes their timeliness and ability to contain the pandemic risks..

This part also reviews the health infrastructure in Egypt and its readiness to deal with a crisis of the magnitude of the Covid pandemic, and provides a background on the health status of the Egyptian populace and how that affected their ability to fight the pandemic.

Finally, this section addresses the most vulnerable groups in the face of the health repercussions of the pandemic, especially women and the lowest-income sectors, by monitoring the extent to which the spread of Covid cases was linked to the geographical distribution of poverty, and the extent to which labour policies took into account the conditions of women most vulnerable to infection.

First: Availability of analysis, treatment and service pricing outlets

The Covid pandemic posed an unprecedented challenge to the health infrastructure in Egypt, a challenge shared with most countries of the world irrespective of the variation in the capabilities and resources of their health systems. This challenge quickly escalated with the virus transmission sharply increasing starting from March 2020².

In this context, the state started providing a service to hospitalise Covid cases at Chest and Fever hospitals in Egypt³, their total number reaching 81 hospitals, 34 of which have been upgraded during the pandemic, according to government statements⁴.

These hospitals were the first line of defense that received patients suspected of being infected, and after the cases were sorted, confirmed Covid cases were referred to other units for isolation.

With the rapid increase in cases, the Ministry of Health (MoH) expanded the scope of the process of receiving Covid patients, in order to relieve pressure on fever and chest hospitals, by including 320 general and central state hospitals distributed over the various governorates in the operation⁵. The private sector hospitals also participated in receiving and treating cases or sorting and referring them to government isolation hospitals.⁶

2- The first infection appeared in Egypt in February 2020.

3- Ministry of Health reveals the number of fever hospitals and their absorptive capacity to confront Corona - Al-Watan - April 2020. <https://www.elwatannews.com/news/details/4717519>

4- Press Release, Presidency of the Council of Ministers, February 2021 <https://www.facebook.com/Egyptian-Cabinet/posts/1859118900933133>

5- 320 hospitals to treat "Corona" patients in Egypt.. Find out who is closest to you (interactive map) - Ahmed Awad - Al Mal - May 2020 -<https://cutt.ly/8kBMS6a>

6- How do private hospitals deal with suspected cases of corona? - Ahmed Gomaa - Masrawy - May 2020-<https://bit.ly/3pKZKpW>

But quickly the MoH realized that the government isolation hospitals had reached their maximum capacity, and started to consider using hotels as isolation wards in halt of incoming tourists.⁷

The state tried to implement isolation measures for returnees from abroad in hotels, tourist cities and public student housing facilities, but it obligated the returnees (repatriated Egyptians) to bear the cost of accommodation at their personal expense, which angered many in light of the high expenses and the poor level of accommodation⁸. This eventually prompted the state to cancel this procedure at a later time in 2020⁹.



Public hospitals in Egypt are a bedrock of medical service provision in a situation such as the Covid pandemic, as they hold about two-thirds of the number of available hospital beds in the country. However, with limited spending on public health facilities, state hospitals at the beginning of the crisis were not able to accommodate all cases with sufficient flexibility, which led to a scramble over private sector services, pushing the latter to exaggerate the pricing of its services markedly.

The state sought to impose a price ceiling for private sector services, which at some point amounted to 10,000 pounds per night in intensive care units¹⁰, but private hospitals resisted compliance with these purported controls¹¹.

Some families may have lost their savings and fell below the poverty line due to the high cost of

7- Isolation hospitals have reached the maximum absorption limit .. “Health” reveals the situation of Corona in Egypt - Mahmoud Gawish - Al-Masry Al-Youm - May 2020 <https://www.almasryalyoum.com/news/details/1974723>

8- This is how tweeters commented on the quarantine crisis for Egyptians returning from abroad - Deutsche Welle - 2020 <https://cutt.ly/YkBHR7V>

9- Egyptian media: Egypt may cancel quarantine in hotels for returnees from abroad - Russia Today - June 2020 - <https://cutt.ly/BkBHWKW>

10- Health Ministry sets prices for treating Corona patients in private sector hospitals - Sputnik - June 2020 - <https://cutt.ly/2kBKSlu>

11- Chamber member: The private sector hospitals refuse the announced Corona treatment prices and will not provide the service - Ahmed Sabry - June 2020 - <https://cutt.ly/YkBMZlY>

Covid treatment in private hospitals¹², especially since the largest proportion of families that the Central Agency for Public Mobilization and Statistics polled after the outbreak of the pandemic (61.9%) said that the first step they took upon suspicion of infection was to go to the nearest physician or hospital.

Private spending represents about 71% of the total current health spending in Egypt, according to estimates in 2018, compared to 29% of government spending. The contribution of the private sector to financing current spending on health in Egypt is clearly higher than the world average, which is about 41%, and also compared to a number of middle-income countries that can be compared with Egypt.

Direct payments borne by individuals and families represent the largest proportion of private spending on health in most countries in general, however, Egypt is one of the highest countries in terms of the proportion of direct payments by individuals in the total current spending on health (which includes resorting to a private hospital and purchasing medicine from pharmacies). This figure in Egypt amounted to nearly 62% in 2018, which is almost double the global average, and more than the rates prevailing in a number of middle-income countries. Most of this spending is done through the market, such as buying medicine from a pharmacy or going to a private hospital.¹³

As for the availability of PCR tests - a tool that was and still is the most effective way to confirm infection with the Coronavirus, and which the World Health Organization and many countries considered the first and most important tool in trying to contain Covid 19 - the state's initial response to the pandemic was to prevent private laboratories from conducting the test¹⁴, limiting it to the central laboratories of the Ministry of Health.

Ministry of Health laboratories used to provide the testing service free of charge to cases suspected by the Ministry's hospitals of being infected, and at 1050 pounds for those who requested analysis for other purposes, such as travel (later reduced to 900 pounds for Egyptians). However, the dominant feature of this policy since the first wave of the pandemic until now has been the considerably limited provision of this free service.

The Ministry of Higher Education exerted pressure to obtain the right to conduct this testing its reference laboratory, and succeeded in obtaining this right and organized the "Drive Through" service in June 2020, to provide a PCR test through Ain Shams Specialized Hospital in cooperation with a private company¹⁵. This in turn opened the door for many government agencies to conduct the tests for their employees, at varying prices, and this was the beginning of the Ministry of Health permitting private companies to engage in the commercial provision of PCR testing.¹⁶

12- Representatives attack private hospitals because of Corona treatment costs - Mostafa Fahmy - Al Borsa - June 2020 - <https://alborsaaneews.com/2020/06/03/1353250>

13- Egypt Human Development Report 2021 Development is a right for all - UNDP - https://www.eg.undp.org/content/egypt/ar/home/library/human_development/egypt-human-development-report-2021.html

14- The Minister of Health: Preventing corona analysis in private laboratories, and homes must be adhered to - Walid Abdel Salam - the seventh day - March 2020 - <https://2u.pw/NQmAg>

15- "Drive through": "public" and "private" are "one hand" in Corona tests - Rana Mamdouh - Mada Masr - July 2020

16- The Minister of Health: We are coordinating with private hospitals to conduct a "PCR" analysis under the umbrella of the central laboratories - Mohamed Khamis - Masrawy - June 2020-<https://2u.pw/PZbb7>

Private laboratories were allowed to conduct the tests, but without any regulation of its service provision, causing an incomprehensible variation in prices from one place to another. There was no specific price for the tests provided by private laboratories, whose prices range from 1000 to 2000 Egyptian pounds¹⁷, which are prices beyond the capacity of a large segment of Egyptians, thereby increasing inequality and discrimination among citizens on the basis of financial ability.

The state's testing capabilities were gradually raised, but no accurate data is available on the total number of outlets conducting these tests or the numbers actually conducted. According to recent data of the Ministry of Health, the Ministry's laboratories, which number up to 60 laboratories distributed over the governorates, performed about 3000 tests per day [17].

According to a global comparison of the number of tests conducted per population, the number of tests supposed to be conducted in accordance with the guidelines of "our world in data" website is 0.94 tests per thousand people. While the average tests conducted in Egypt were 0.06 tests per thousand people, illustrating the huge size of the gap between guidelines and practice¹⁸.

In general, the dearth of PCR tests conducted by the Ministry of Health is considered one of the main problems of the government response to Covid 19 since the first wave and until this very day. This was due to the narrow specification of cases (specification set forth by the Ministry of Health) that were allowed to take tests for free. The ministry's policy was clear: to limit the number of PCR tests done for the public as much as was possible.

The policy of limiting tests negatively affected health workers in particular, since it also applied to them, endangering the lives of many of them, as they were the most vulnerable to infection since they constituted the first line of defense against the pandemic.

These policies also negatively affected the quality of data on the total numbers of infections, since the cases that were tested and analyzed - per the criteria of the Ministry of Health - were obviously a small proportion of the actual number of infections. Also, the Ministry did not publish the results of any tests conducted outside its laboratories (central laboratories and subsidiary laboratories in the governorates), whether these tests were conducted in a university hospital or in a private sector laboratory. This in turn made the daily census numbers of the infection, published regularly by the ministry, rather unrepresentative.

Some other factors contributed to the inaccuracy of official data about the number of people infected and deaths as a result of Covid, including the tendency of many infected people to perform alternate, non-standard tests such as blood analysis and chest x-rays instead of PCR testing. Although that was at least partially caused by the difficulty of obtaining PCR tests in the government sector and its high cost in the private sector. In addition, many cases resorted to the recommended home isolation and treatment through follow up with a private physician without testing to confirm infection or informing the ministry of health.

In contrast to the World Health Organization's praise of the Egyptian government's performance in the face of the pandemic during the first wave, it had reservations about the testing policy followed by the MoH during the second wave. One of WHO's officials stated that "the daily cases of coro-

17- To the home. Find out the prices of corona analysis in 7 medical laboratories - Mona Saeed - Al-Watan - December 2020 <https://www.elwatannews.com/news/details/5106723>

18- <https://data.covid19taskforce.com/data/countries/Egypt,%20Arab%20Rep>

navirus infection announced by the Egyptian Ministry of Health do not reflect the true number of infections in the country... the Ministry of Health decided to focus its tests on a subgroup of citizens, especially those with complex diseases and in critical condition¹⁹, and therefore it is likely that those with mild or moderate symptoms do not take PCR tests.”

On the other hand, the state launched advertising media campaigns to raise awareness about the means of protection from infection and of halting the spread of the disease, but the campaigns were not necessarily appropriate in their timing and scope in the face of successive pandemic waves. Also, the lack of accurate information about the numbers and also about areas of infection spread, especially in the first months of the pandemic, reduced the impact of these awareness campaigns.

Second: Precautionary measures in public spaces

At the beginning of the crisis, the Ministry of Health announced the names of entities licensed to carry out sterilization and disinfection work to prevent the virus spread²⁰. Many state agencies implemented sterilization (disinfection) and temperature-taking measurements. Media coverage show the rapid spread of these particular measures across all governorates, particularly in administrative government buildings²¹ and commonly used public facilities such as the Cairo subway²². Many private institutions (commercial malls, banks, supermarkets, etc.) have also committed to a mandatory mask-wearing policy.²³

Egypt implemented many partial closures and prevented gatherings with the start of the Corona pandemic in March 2020. In March, the authorities suspended most of Cairo International Airport flights, and they were only resumed in July 2020²⁴. An evening curfew was imposed from March to June 2020²⁵.

Schools were closed in March 2020²⁶, and the closure procedures continued before they were lifted

19- “Does not reflect reality”. a shocking statement from the World Health Organization regarding Corona’s injuries in Egypt – Ahmed Gomaa – Masrawy – December 2020 - <https://2u.pw/eUE4q>

20- To eliminate Corona .. “Health” identifies the names of companies licensed to disinfect homes - Maryam Al-Khatry and Shaima Adel - Al-Watan - March 2020 - <https://www.elwatannews.com/news/details/4660875>

21- Governorates wage war on Corona virus by sterilization - Day Seven - March 2020 - <https://2u.pw/WhOCN>

22- Sterilization and disinfection of subway stations continues as part of precautionary measures to confront the Corona virus - Egypt news - January 2021 - <https://www.youtube.com/watch?v=yuAgLcVP-sl>

23- Reopening of commercial centers amid continuing comprehensive sterilization measures in Egypt - Al-Ghad TV - April 2020 - <https://www.youtube.com/watch?v=0j6TpvkoaHc>

24- After stopping for more than 3 months, Egypt opens its airports to the world - Mohamed Eid - Masrawy - July 2020 - <https://bit.ly/2GcXKnG>

25- Learn about the details of the government’s decisions today to confront Corona - Karim Hassan - Al-Ahram Gate - June 2020 - <https://gate.ahram.org.eg/News/2431156.aspx>

26- Madbouly: The decision to close all schools for two weeks, starting tomorrow, to prevent mixing and the spread of the “Corona” virus - Iman El-Sayed - Al Borsa - March 2020 - <https://alborsa.news.com/2020/03/14/1307260>

on October 17, 2020²⁷. Bank hours were reduced in March 2020, before being totally restored in September 2020²⁸.

Also, large gatherings in mosques and churches were prohibited for more than five months, and they were allowed to return in August with preventive measures such as wearing masks and maintaining some distancing²⁹. The football league, suspended in March, was resumed in August as well³⁰. The Egyptian Football Association was criticized for not obligating sports teams to conduct PCR tests for players and coaches during the season³¹, as was the case in many other countries that stipulated such measures for resumption of athletic leagues.

Opening hours were reduced for longer periods and applied to shopping centers, restaurants and cafes, and then the government moved to ease restrictions on these facilities in the summer of 2020.³²

The state's retreat from the application of restricting gathering measures in public places since the summer of 2020 was driven by the high economic and social cost of disrupting activities, especially commercial activities that contribute to the employment of large numbers of workers.

When the advent of the second wave of the pandemic in November 2021³³, and then the third wave in April 2021³⁴, the state was less firm in restricting gatherings. Although it continued to implement some policies such as the partial attendance of government employees, it never repeated the curfew experiment.

Among the most prominent decisions during that period were the closure of shops and public beaches during May 2021³⁵, and the early termination of school classes³⁶, with the exception of academic years that require centrally administered exams.

27- Officially ... setting the date for the beginning of the next school year for all schools - Masrawy - July 2020 -<https://bit.ly/3oP5Wz4>

28- The Central Bank sets new dates for bank employees and customers - Al-Husseini Hassan - Al-Mal - August 2020 -<https://bit.ly/3AsLqGy>

29- The return of "Friday" prayers to mosques and churches with controls after stopping more than 5 months - Mustafa Rahouma and Abdel Wahab Issa - Al-Watan - August 2020 - <https://www.elwatannews.com/news/details/4958305>

30- Officially setting the date for the Egyptian League - S Arabia - July 2020 -<https://bit.ly/2FYHjf9>

31- Because of Corona... a new "football" decision raises controversy in Egypt - Sky News Arabia - February 2021 -<https://bit.ly/3Bvw998>

32- Curfew to be lifted permanently from Saturday - Enterprise Bulletin - June 2020-<https://bit.ly/2WY-JMyF>

33- Corona's second wave in Egypt - Ahmed Imam - Sky News Arabia - December 2020 -<https://bit.ly/3D-t4oyA>

34- Egypt enters the third wave of the Corona pandemic - Russia Today - April 2021 -<https://bit.ly/3Ar-0tAE/>

35- Shops and malls will continue to be closed at nine in the evening until the end of May - Hind Mukhtar - the seventh day - May 2021-<https://bit.ly/3BuQb3M>

36- After the sudden decision to end the school year, what is the position of the preparatory and secondary certificates? - Masrawy - April 2021 <https://bit.ly/3DpXpXh>

 In 2018:



7 out of every 10

employed women were poor

Source: EIPR study

The disruption of economic activity has contributed to the deterioration of workers' wage levels, especially in light of the worsening conditions in the informal labour sector and the low level of wages for a large sector of workers. Six out of ten workers in Egypt receive wages that do not lift them above the poverty level, and these percentages increase if only accounting for female employment. In this context, the Egyptian Initiative for Personal Rights called for providing incentives to operating businesses to sign formal work contracts with workers in exchange for a government reduction of the costs of social and health insurance, but the state did not implement anything similar to this and other proposed policies that could have provided some safety in the pandemic³⁷.

Third: Procedures for providing COVID-19 treatments & supplies

At the beginning of the outbreak, the country witnessed crises of lack of provisions needed for the prevention of infection (such as ethanol and face masks) and a sharp increase in their prices. Then the Egyptian Ministry of Trade implemented decisions to prevent the export of these goods, which contributed to their increased availability in the markets, in addition to the expansion of their production by many private and public sector producers³⁸. Egyptian companies that produce and import medical supplies have also been obligated to supply their products and stocks, in compliance with their contracts with the Ministry of Health and Population and its affiliated facilities and university hospitals, to the Egyptian Authority for Unified Procurement and Medical Supply instead. This centralisation was intended, for a temporary period to secure the country's needs for medical products³⁹.

The problems of not providing means of protection were clearest in hospitals and medical facilities, as the Doctors Syndicate repeatedly complained about the lack of adequate protection measures for health professionals working in isolation hospitals designated for Covid patients.

37- The dead do not go to work - Salma Hussein - Egyptian Initiative for Personal Rights - April 2020 - <https://cutt.ly/skNLah2>

38- Resolutions 186 and 187 regarding stopping the export of alcohol and surgical masks, and Resolutions 275 and 277 regarding extending the moratorium on these goods.

39- "Industry" obliges producers and importers of medical devices to supply the Unified Procurement Authority for a period of 3 months - Yasmine Karam - Al-Masry Al-Youm - March 2020. <https://www.almasryalyoum.com/news/details/1631408>

The state of panic from the pandemic contributed to the demand for stockpiling medicines for the “Covid treatment protocol”. Press reporting on that state of panic at the beginning of the pandemic prompted consumers to buy large quantities of medicines that were rumored to contribute to the treatment of Covid-19. Some pharmacies also turned to withholding those medications from the public, betting that their prices will rise with time⁴⁰. This crisis prompted Dar Al-Ifta to announce a fatwa prohibiting the storage of medicines and declaring it unreligious⁴¹.

However, this crisis receded over time, and at the end of 2020 the Ministry of Health said that it was implementing a strategy for early prediction of drug deficiencies⁴².

As for the vaccine, Egypt launched a vaccination campaign in January 2021. The Minister of Health initially said that the vaccine will not be available free of charge to everyone⁴³, which was met with opposition⁴⁴ because access to vaccinations should be free in times of pandemics and disasters, and is part of the right to health guaranteed by the state under the constitution. At the end, the vaccination was provided free of charge with the beginning of the actual implementation of the public vaccination campaign.

The vaccination against Corona was planned to begin with medical staff, the elderly, and those with chronic diseases, which is good as far as medically-informed targeting is concerned. However, the Ministry of Health was late in taking real steps towards signing contracts to obtain a reasonable share of the newly available vaccines to cover the needs of its citizens. It is understandable that there is a global crisis or bottleneck in the production of large quantities of the New Coronavirus vaccines, as well as a crisis in the supply chains. But the issue here was that there had been ample opportunity since September of the previous year to sign advance contracts that are sufficient for medical staff and the most vulnerable groups, which did not happen. The government was ultimately late in concluding those agreements.

It is worth noting that no national plan for vaccination against Covid-19 was made public at an early stage of the pandemic. The government only made television statements, and little information was available that did not help prepare the public to respond positively to the vaccination process regime. Estimates of the most vulnerable groups to complications from the virus were not disclosed until late, nor was it clarified on what scientific and statistical basis these estimates were calculated. There was no public information about the time frame and targeting criteria governing the national vaccination plan.

By June 2021, authorities said that they had been able to vaccinate 2.5 million citizens, which is a small number compared to a population of more than 100 million. More recent data showed that 5.6% of the population were fully vaccinated having received the two doses, while 10.6% had re-

40- Corona confuses the drug market - Hadeer al-Mahdawi - Mada Masr - April 2020.

41- Iftaa: Storing medicines to treat “Corona” is a major sin - Muhammad Badr - Al-Mal - June 2020 -<https://bit.ly/3iNIFTQ/>

42- The government: We have provided more than 75 million drug packages of “Corona” treatment protocols in 3 months - Safiya Hamdi - Al Mal - November 2020 -<https://cutt.ly/lkNHNS5>

43- Corona Virus: Egypt begins a vaccination campaign using the Chinese “Sinopharma” vaccine - Tamer Ezz El-Din - France 24 - January 2021- <https://cutt.ly/dkNJLy6>

44- The long Covid nights and the free vaccine - Alaa Ghannam - <https://cutt.ly/GxpiOlu>

ceived one dose at least⁴⁵. Egypt, at that point, was betting on enhancing its capabilities in increasing vaccination by locally manufacturing the Sinovac vaccine.⁴⁶

Fourth: Private sector and civil society initiatives

Institutions affiliated with the private sector and civil society have contributed to early response initiatives to the pandemic, and have undertaken voluntary work to provide treatment requirements (oxygen devices, protective equipment, etc.) or through raising awareness regarding protection from the virus or providing help to marginalized groups. There is no enumeration of these initiatives in Egypt, but the paper will present some notable examples that received media coverage.

One of the most prominent initiatives in this field is what the Mersal Foundation, a non-profit organization, has contributed regarding facilitating patients' access to intensive care units at a time when there was a high demand on public hospitals that provided care for Covid-infected cases (although that was mostly for people at a late stage of the illness). The foundation was playing a mediation role between patients and the Ministry of Health to ensure the provision of beds for deteriorating cases.⁴⁷

However, some civil society workers said that the Ministry of Health did not provide sufficient cooperation at the level of providing information on areas in which the need for assistance and support was increasing. Needs for assistance in this case is defined as shortages of medicines, protection tools and equipment. Civil society could have played a role in addressing shortages. However, civil society was not invited by the state to effectively contribute to the development of a participatory strategy to confront the pandemic.

Financial assistance provided by civil society focused on subsidizing employees in irregular employment, as they were the most vulnerable group due to income decline during the application of precautionary measures (one notable example of this type of intervention was the initiative of the Egyptian Food Bank to subsidize irregular employment)⁴⁸.

Some initiatives were particularly aimed at supporting women. The Ministry of International Cooperation launched the “Kemama” (mask) initiative in cooperation with the United Nations Development Program and the “Nedaa” civil society foundation, the Alternative Financing laboratory (AltFinLab), and the “Niya” Foundation. The aim of the initiative was involving women in Upper Egypt in the production of masks as part of community efforts to combat the pandemic.

The initiative can be traced back to Al-Nedaa's Foundation ownership of a factory for ready-made garments in the village of Al-Maana in Qena Governorate. With the onset of the pandemic, the

45- https://data.covid19taskforce.com/data/countries/Egypt,%20Arab%20Rep?fbclid=IwAR2tDo_hBlfmPqGsCVAHOvjMtvpmPntDXpHclgjbDoQ2qjkEqJT6C3rUOns%2F

46- Signing of two agreements to manufacture the Chinese “Sinovac” vaccine in Vaccera - April - 2021
https://www.facebook.com/permalink.php?story_fbid=3004665023151412&id=1636103423340919

47- “Mersal” and “25 January Hospital”... Confronting Corona with a different awareness - Nada Gamal - Mada Masr - June 2020.

48- The Egyptian Food Bank intensifies its efforts to help 1.5 million families face the repercussions of Corona - Ehab Farouk - Reuters - May 2020 - <https://www.reuters.com/article/egypt-food-bank-mn2-idA-RAKBN22F08E>

Foundation reduced employment in its Development Program and the Nedaa' Initiative in order to preserve the health of its staff. However, with many requests received from citizens in Qena Governorate to produce face masks to meet the severe shortage in the markets, and the exploitation of the situation by some distributors to raise their prices, a production line for masks was launched in the clothing factory in the village of Al-Maana⁴⁹.

Other civil society initiatives aimed at providing interventions in the poorest areas. For example, the Upper Egypt Association for Education and Development provided food support to 2,500 affected families in some governorates, including: Minya, Sohag, and Luxor.

2- Overview of the health situation before the pandemic

The Covid crisis, and the resulting lack of access to treatment for large segments of Egyptians during the peak period of the outbreak, revealed the weakness of the infrastructure of the health sector in Egypt, in light of the long decline in public spending on health.

This, on top of the high incidence of non-communicable diseases (chronic) in the population, and the high rates of malnutrition, increased the risk of disease exacerbation, hospitalisation and the possibility of death.

This section of the paper takes a quick glance at the state of the health system in Egypt (treatment and awareness campaigns - public health indicators - health infrastructure) and its qualifications and readiness to respond to something on the magnitude of the Covid pandemic.

Health Infrastructure

Egyptian official data reflect the limited and constrained health infrastructure in the country compared to the potential demand for treatment services. Until 2017, Egypt had 1.4 hospital beds per thousand citizens, compared to a global average of 2.8 beds. Regional rates are not very far from Egyptian ones, which suggests that we have a common problem with many developing countries, where the average in the Middle East and North Africa is 1.5 beds.⁵⁰

The limited health infrastructure in Egypt is due to weak public spending on health, as Egypt records one of the lowest rates of government spending on health among the countries of the region, the percentage not exceeding 1.5% of GDP. This is despite the fact that the Egyptian constitution requires that this percentage does not dip below 3%. According to government budget data, health expenditure during the two fiscal years coinciding with the Covid pandemic, 2020 and 2021, represented about 6% and 5.4% of the total public budget expenditures, respectively⁵¹.

49- The United Nations Development Program in Egypt adopts the "Mask is a protection story" initiative to provide protective masks to confront Corona - United Nations - June 2020 - <https://news.un.org/ar/story/2020/06/1055852>

50- Hospital beds (per 1,000 people) - World Bank Data. <https://data.worldbank.org/indicator/SH.MED.BEDS.ZS?locations=EG>

51- Financial statement for the general budget 2021-2022.

The total number of state hospitals in Egypt is 676, compared to 1,094 for the private sector⁵². But government hospitals are much larger in terms of number of beds. Despite the superiority of government hospitals over private hospitals in the number of beds, as the former has 96.1 thousand beds compared to about 36 thousand beds for the latter⁵³, they suffer deficient resources and deterioration in the quality of medical service, especially in the absence of staff incentives due to poor salaries.

Many citizens complain about the absence of physicians in public hospitals most of the time, and about the poor distribution of health workers geographically. The shortage of physicians is a major challenge in the provision of health services in Egypt. The low wages of health care workers led to a mass emigration of Egyptian physicians from the public sector, whether to the private sector or to other countries.

According to data from the Mobilization and Statistics Authority, the number of physicians in government hospitals is about five times the number of workers in private hospitals, about 103,000 compared to 25.3 thousand physicians. However, this data does not reflect reality, as many private sector physicians are appointed only on paper in the public sector, but during official working hours they end up working in private sector establishments, looking for an opportunity to increase their low incomes. This is exacerbated by the absence of real oversight over public hospitals.

The monthly salary for physicians in the public sector starts at around 2,000 Egyptian pounds/month (equivalent to \$125) and it takes many years to reach about 20,000 Egyptian pounds (\$1,250)⁵⁴.

The Covid pandemic helped highlight the problem of the lack of medical personnel, especially in the field of intensive care. Estimates indicate that the number of ICU beds in Egypt hover around 15 thousand beds⁵⁵. Yet the lack of availability of an ICU bed for most during the pandemic caused immense suffering, and may have led to numerous deaths due to the long waiting period⁵⁶.

What exacerbates the problem of medical service availability is that the services provided by the private sector are too expensive for large sectors of Egyptians. For many decades, most Egyptians did not enjoy health insurance that would enable them to access private sector facilities at a cost that was proportional to their income levels.

Throughout the Covid-19 crisis, criticism was directed at the way the private sector comported itself, especially in disregarding the Ministry of Health's recommended pricing for Covid-19 treatment services. Private institutions were accused of contributing to increasing the burdens on citizens brought about by the pandemic, as it is, according to one public health expert, "basically unregulated, without supervision or oversight, and there are major monopolies in the health field fed by investors who have no notion of the ideas of solidarity and social responsibility whether in hospitals, medical centers, laboratories, pharmacy chains or even private clinics. The role of the health private sector

52- Annual Bulletin of Health Services Statistics 2017 - Central Agency for Public Mobilization and Statistics - 2019 - p. 14.

53- Ibid.

54- Before and after Corona... the plight of Egyptian doctors - Egyptian Initiative for Personal Rights - June 2021 - https://eipr.org/sites/default/files/reports/pdf/...lbt_lmsryyn.pdf

55- How the Egyptian health system faced Corona - Mostafa Talaat - Al Mal - April 2020 - <https://bit.ly/3DvvlSa>

56- An ICU bed! - Khaled Sayed Ahmed - Al-Shorouk - January 2021 - <https://www.shorouknews.com/columns/view.aspx?cdate=01012021&id=b37196b9-7b50-45d1-81bc-1f811d5bd875>

has grown over more than forty years as a result of the state abandoning its primary role in health protection, and the weakness of public health insurance systems⁵⁷ «.

In this context, there was no recourse for those with the least income to receive treatment other than to queue for the services of public hospitals, which are limited in number and resources. It is estimated that 91% of the poor depend on public hospitals and are forced to purchase out-of-pocket medicines⁵⁸.

In an attempt to reduce the need of people with low incomes to resort to public hospitals, Egypt has begun since the 1990s to implement the family doctor system, by deploying health units in remote geographical areas with the aim of developing families' awareness and preventing diseases before their exacerbation. This system could have been one of the basic elements to limit the spread of the pandemic. However, weak spending on this system in turn curtailed its effectiveness. In addition, physicians evade the provision of these services in clinics in light of the very weak public spending on their salaries and facilities⁵⁹.

Factors that exacerbate health risks of Covid infection in Egypt

First: pollution

Air pollution in Egypt contributes to exacerbating the chances of developing chronic diseases, specifically acute and chronic respiratory diseases, diabetes, heart disease, high blood pressure among other conditions. Those are the same diseases that carry a high risk and the possibility of death when infected with the New Coronavirus.

According to a report issued by the World Bank on the economic impact of air pollution, air pollution caused the death of 67,434 people during 2016 in Egypt⁶⁰.

Cairo suffers from severe pollution, especially due to the high percentage of fine particles suspended in the surrounding air, which are several times more than the safe limit according to the [World Health Organization](#), which placed Cairo in the second place of the most polluted cities in the world in a previous report issued by the organization in 2016⁶¹.

57- On the role of the private sector in the Covid-19 epidemic - Alaa Ghannam - Al-Shorouk - June 2020 - <https://bit.ly/3mL4Q4O>

58- Developing primary health care as an entry point for health reform in Egypt - Alaa Ghannam - The Egyptian Foundation for Integrated Development - Policy Paper - https://elnidaa.org/app/uploads/2019/07/PB26_health_improvement.pdf

59- The neglected Family medicine in Egypt .. Can we do justice to it? - Mona Mina - Al-Masry Al-Youm - December 2019- <https://www.almasryalyoum.com/news/details/1455337>

60- Air pollution is a health burden for Egyptians that increases the risks of the emerging corona virus - Egyptian Initiative for Personal Rights - Press release - April 2020. <https://cutt.ly/Wk1YecN>

61- Ambient Air Pollution, WHO, 2016 <http://apps.who.int/iris/bitstream/handle/10665/250141/9789241511353-eng.pdf?sequence%3D1&sa=D&ust>

Second: Chronic (non-communicable) diseases

Chronic Non-communicable diseases were already considered one of the biggest challenges facing the health system before the pandemic, but their danger has increased during its outbreak because they are the same diseases that undermine the ability of Covid patients to resist the virus, and that increase the chances of death resulting from the disease.

The United Nations Development Program states that noncommunicable diseases are the leading cause of death in Egypt. Mortality rates increased from an estimated 4.6 per thousand in 1990 to 4.8 in 2015, with the largest share due to cardiovascular diseases (2.5 deaths per 1000)⁶².

Cardiovascular diseases account for about 40% of the relative death rate in Egypt, followed by cancer at about 13%.⁶³

Egypt ranked ninth globally in terms of the number of people with diabetes in 2019, about 8.9 million Egyptians, according to the International Diabetes Federation⁶⁴. This category of patients is considered one of the most at-risk groups in the case of Corona infection.

The recent national examination campaign conducted as part of the «100 million Seha» (health) program implemented within the framework of the project to transform the health care system in Egypt funded by the World Bank Group; found that 6% of the adult population suffer from diabetes, 26% have high blood pressure, and 70% suffer obesity.⁶⁵

Third: Malnutrition

According to the data of the World Food Organization «FAO», the average percentage of people suffering from food insecurity (moderate and severe) in Egypt during the period between 2018-2020 was 27.8%.^[60]

Malnutrition contributes to weakening immunity and facilitating infection with the Sars-Cov-2 virus causing Covid-19. Malnutrition is linked to the level of income, especially in times of crisis comparable to the current pandemic crisis.. Families told the Central Agency for Public Mobilization and Statistics (CAPMAS) in a poll conducted during 2020 that they had reduced their consumption of various food items, foremost meat, then poultry, fish and fruits, in conjunction with a decline in their income during the partial curfew and closures period⁶⁶.

62- Sustainable Development Goals Report: Egypt 2030 - UNDP- May 2019 - P17 <https://www.eg.undp.org/content/egypt/en/home/library/sustainable-development-goals--sdfs-/sustainable-development-goals-report--egypt-2030.html>

63- Noncommunicable diseases country profiles 2018 - <https://www.who.int/publications/i/item/ncd-country-profiles-2018>

64- Demographic Health Survey 2014 - Al-Zanati and Associates - p. 13

65- World Bank data document on the COVID-19 Emergency Response Project in Egypt - 2020 - <https://documents.albankaldawli.org/ar/publication/documents-reports/documentdetail/626301590557600406/egypt-covid-19-emergency-response-project>

66- The impact of the Corona virus on Egyptian families until May 2020 - Central Agency for Public Mobilization and Statistics - June 2020.

As a result of the inadequacy of nutritional protection mechanisms, levels of malnutrition are particularly high in Egypt, which has the largest number of stunted children in the Middle East: about 2.7 million children⁶⁷. Fortunately, the prevalence of the Covid-19 is limited among children, but the problems of poor nutrition in childhood do have repercussions in later stages of life.

It is estimated that more than one in four Egyptian children (aged 6 to 59 months) suffers from some degree of anemia. Geographical inequality in food protection is clearly shown in the estimates that rural children are more prone to anemia than urban children, by 29% compared to 23%⁶⁸.

It is worth noting that some problems of malnutrition in Egypt also spread among the upper classes, as a result of a lack of awareness about healthy foods, but naturally their chances are increased among those with less income due to the lack of resources to purchase adequate food and the high food prices. This became especially acute in the wake of the waves of inflation that Egypt witnessed after the devaluation of the pound in 2016, as well as a result of the decrease in the production of crops.⁶⁹

3- Evaluating health policies on social grounds

This section aims to provide an analysis of health policies in Egypt, on the emergency response level and in terms of the regular provision of health care in ordinary times and prior to the pandemic. We attempt to analyze health policies here from the specific perspective of the comprehensiveness of these policies. What we mean by the comprehensiveness of policies is the extent to which they target and reach the most vulnerable groups, and the fairness in distributing protection to vulnerable groups and women in particular.

Extent of progress on development goals

Egypt has made huge progress during the past decades in reducing the death rate from infectious diseases. The country has achieved the targets set by the sixth Millennium Development Goal to reduce the burden of HIV (AIDS), tuberculosis and other infectious diseases.

Despite this, noncommunicable (chronic) diseases still threaten the health of a broad base of Egyptians in general, and these are the same diseases that undermine the ability of infected people to fight the New Coronavirus.

In a study published by the UNDP in 2019 on its expectations of the extent to which current health policies will be able to achieve the United Nations development goals for the year 2030, the program considered that Egypt would be late in achieving some of these goals if reforms proceeded at the current pace.

67- Ahmed Shoukry Rashad1 • Mesbah Fathy Sharaf - Economic Growth and Child Malnutrition in Egypt: New Evidence from National Demographic and Health Survey - page 2 - Social Indicators Research - 2018 - <https://link.springer.com/article/10.1007%2Fs11205-016-1515-y>

68- 2014 Survey pp. 180, 181.

69- EGYPT Nutrition Landscape Analysis Report 2012 - PAGE 10 - UNICEF - 2013 - https://www.unicef.org/egypt/eg_landscape_anaylsis_report_january_2013.pdf

This does not negate the fact that there are goals in which the United Nations targets are expected to be achieved, such as reducing the infant mortality rate per thousand births. The UN target was set at 12 children, and Egypt is close to achieving 11.4 children in 2030, based on current indicators.

However, the UNDP believes that by 2030, Egypt will remain far behind in achieving other goals, such as reducing the rate of malnutrition among children under five years of age. The UN goal was to reduce the rate to 3%, compared to an expected 5.9% for Egypt, and severe acute malnutrition among children under five years of age, as Egypt is expected to reduce the rate to 3% against the UN target of 1%⁷⁰.

These data indicate the urgent need to intensify reforms in the field of public health in Egypt, in order to ensure the ability to more effectively confront epidemics similar to the Covid outbreak, as both chronic diseases and malnutrition affect the ability of the immune system to mount a resistance.

Response to the pandemic and extent of success in targeting most vulnerable groups

Regrettably, urgent policies that were introduced to respond to the repercussions of Corona were not based on a clear mandate to target sectors with the lowest income and ensure they were not left out of the provision of services.

Public hospitals remained the only refuge available to those with lower incomes. However, with the escalation in the spread of the infection; public hospitals were under constant pressure, especially considering their weak capabilities and the scarcity of available beds in general and in intensive care units in particular. This had caused many to be deprived of treatment opportunities, in light of the government's inability to control the rising cost of treatment in the private sector facilities.

The same applies to the provision of free testing to those with lower incomes, in light of the limited government testing outlets, and the state's failure to provide free testing service except to those who show very advanced symptoms of infection.

On the other hand, the "Scientific Committee to Combat Coronavirus" developed a so-called Covid treatment protocol, and updated it periodically. The Ministry of Health officially announced that it is providing this protocol for cases in contact with Covid patients, but the majority of citizens bought and continued to buy those protocol medicines from private pharmacies out of their own pockets in cases of infection or contact with infected patients.

Fortunately, the disease was less prevalent in Upper Egypt governorates where poverty rates are high, while infection seemed to be concentrated in urban and coastal governorates, based on monitoring by CAPMAS of the period between October to December 2020⁷¹, which witnessed the end of the first wave of the epidemic and the beginning of the second wave. Coincidentally, Assiut, which has the highest poverty rate among Egypt's governorates, was the least affected, according to published data.

70- Sustainable Development Goals Report, op.cit - P27-28

71- Egypt between the first and second wave of Corona (exploratory study) - Central Agency for Public Mobilization and Statistics - February 2021 - https://www.capmas.gov.eg/Pages/StaticPages.aspx?page_id=7233

Perhaps this is a kind of geographical justice determined by fate, as the poorer segments of the population heavily concentrated in Upper Egypt would have suffered greatly if the infection had spread among them in light of the poor public health infrastructure - even in the largest cities of Upper Egypt - and the high costs of treatment in the private sector.

But the experience of the pandemic did serve to provide a warning about the possibility of an outbreak of disease in Upper Egypt. The above-mentioned CAPMAS study noted in another section reviewing the growth of infection rates that Minya Governorate was among the highest in prevalence during the first week of the monitoring period, due to the lack of commitment to preventive measures.

The study may have overlooked the possibility that Upper Egypt residents were willing to adhere to preventive measures but cannot afford sterilizers and face masks in the absence of a clear state policy to target areas where poverty is widespread with exceptional policies aimed at limiting the spread of the disease.

The situation also deteriorated in some areas during the subsequent waves of the pandemic. In a later period not covered by the aforementioned survey, specifically in March 2021, large outbreaks occurred in Upper Egypt, namely in Luxor Governorate, and the governorate's hospitals were overwhelmed with infected people⁷².

As for targeting vulnerable groups with special means of protection, the most pressure was placed on pregnant women, in light of their weak immunity during pregnancy to infections with the Coronavirus.

The state allowed pregnant women and women caring for a child who work in its administrative apparatus to obtain exceptional leave. There is no doubt that large numbers of women working in the government sector have benefited from these privileges, especially in light of the high concentration of women in government work, estimated at 37% of total working women.

But these policies did not apply to female workers in the private sector. In general, the state did not attempt to obligate the private sector to implement any of the exceptional work and leave policies that it applied in government agencies, like many countries that stipulated or adopted flexible work policies as part of an attempt to contain the spread virus.

There were also no work policies for providing exceptions for people with special needs to ensure that they are protected from infection, and they were among the groups most vulnerable to developing advanced symptoms of Covid if exposed to the virus.

72- Urgent statement by the Minister of Health regarding the increasing number of people infected with Corona virus in Luxor - Mohamed Al-Samkouri - Al-Masry Al-Youm - March 2021 -<https://www.almasry-alyoum.com/news/details/2284806>

Section Two: Wage, Insurance and labour Policies

This section examines the nature of urgent measures labour policy measures implemented as part of the country's response to the pandemic, and the financial policies related to labour wages and insurances. It also takes a comprehensive view of financial policies and their role in providing resources to support workers during that crisis. The chapter addresses in some detail the nature of the changes in the levels of wages and pensions, and the protection policies for workers funded by insurance contributions and public treasury funds.

First: Emergency Policies

Labour Policies

After the first outbreak of the pandemic, the government tended to impose a partial curfew (which extended from March to June 2020) in addition to implementing policies to encourage workers in the state's administrative apparatus to stay at home to prevent the spread of infection. This was done mostly through allowing work from home or alternating attendance between employees, while allowing exceptional leave for categories such as those with chronic diseases, pregnant women, or those caring for a child under 12 years old. However, the private sector, which holds the largest proportion of the workforce, has not been compelled to implement similar measures.

Private companies were not obligated to provide for paid exceptional leave during the crisis. The state left the determination of pandemic related labour policies to the business community. The Supreme Council for Community Dialogue in the field of labour, headed by the Minister of Manpower, delegated the matter to the Federation of Industries to develop appropriate policies in this regard.

Contrary to the public sector, during the curfew period manufacturers demanded the exclusion of their workers from this ban on movement within certain hours, given that some industries work three shifts a day and workers are forced to commute at night to go to work sites⁷³.

The state was satisfied with imposing curfew measures and closing facilities that attract large gatherings during the period from March 2020 until June of the same year, with some labour exceptions. After the new outbreak in the second wave of the pandemic in the winter of 2021; the state did not attempt to implement similar closure measures, and the Prime Minister indicated that the closure contributes to creating economic pressures.⁷⁴

But there is no doubt that many private facilities sought to implement measures similar to what the government had done under the pressure of necessity. Production lines were stopped as soon as cases of infection were discovered among their workers for fear of an outbreak of disease at the workplace and an exacerbation of financial loss.

What helped reduce production capacities is the slowdown in demand on the local market and

73- The business community welcomes and demands the exception of some industries - Doaa Hosni - March 2020 - <https://cutt.ly/yk7NY9G>

74- The Prime Minister: We do not have the luxury of closing to confront Corona - Karim Hassan - Al-Ahram - February 2021 - <http://gate.ahram.org.eg/News/2609308.aspx>

the disruption of the export movement due to the global repercussions of Covid. Manufacturers demanded state's intervention to support cases of total closure by activating the emergency fund at the Ministry of Manpower, which is supposed to support labour wages in such cases and is financed with contributions imposed on factories worth 1% of the total labour wages⁷⁵. The Ministry has responded to this, as we will explain in a later paragraph.

Many establishments have implemented work-from-home practices, especially in cases of administrative work, at least in some institutions where the nature of work allowed for remote work. This situation continued in private sector facilities even throughout the second wave of the pandemic in early 2021. In addition, standard preventive measures within the workplace⁷⁶ were implemented, but there is no data indicating the number of approximate scope of the companies that have implemented these policies.

However, remote work may have had a negative aspect related to the possibility of reducing workers' wages after allowing them to miss regular office attendance.

The stressful conditions of Covid prompted many private facilities to reduce the number of workers and close some production lines, but, again, no data is available on the numbers or scope of layoffs that took place during that period.

At the beginning of the pandemic, the Center for Trade union and Workers (CTUWS) issued a statement calling for the activation of Articles 196 to 199 of labour Law No. 12 of 2003, which obligate the employer, when closing the facility or reducing its size or activity - if this affects the volume of employment in it - to do so under oversight of the committee formed for this purpose and whose formation was decreed by Prime Minister's Resolution No. 984 of 2003. This resolution obligates employers to explain the reasons on which such decisions were taken, and the numbers and categories of workers being laid off. CTUWS continued to put forward this demand throughout the crisis.⁷⁷

In one of its statements, CTUWS documented a case of a forced leave of absence for a large number of workers in a factory in April 2020, but there is no data available about whether the stressful conditions of Covid prompted this. It also criticized in statements the lack of adequate measures to protect medical personnel from Coronavirus infection⁷⁸.

Wage policies

Some private establishments were obliged to bear the cost of labour wages during the closure measures, whether temporary closure imposed by the state to prevent the spread of the virus or that

75- The Federation of Industries calls for activating the "emergency fund" to pay the salaries of workers in idle factories - Yasmine Karam - Al-Masry Al-Youm - March 2020 - <https://www.almasryalyoum.com/news/details/1629227>

76- To continue the production wheel... How do factories deal with the second wave of Corona? - Sherine Salah - Masrawy - January 2021 - <https://cutt.ly/Ek7MpqV>

77- The situation of workers in light of the Corona epidemic crisis - Press release - Union and labour Services House - April 2020-<https://cutt.ly/Ik7MxN2>

78- Facing the Pandemic - Press Release - Union and labour Services House - May 2020 - <https://cutt.ly/Bk7MHtS>

imposed by private facilities on their own. This decision was caused by various economic pressures, including the unwillingness to completely lay off skilled workers. In this context state support for workers' wages was needed during the crisis.

The most prominent policies that were applied in Egypt by the government to support the private sector to pay wages of workers was those implemented in the tourism sector, which was affected by the disruption of travel in 2020 and then the slowdown in the pace of tourist trips after the return of air traffic to its normal pace.

According to earlier estimates by the Organization for Economic Cooperation and Development, tourism employment represents 6.3% of the workforce, and while about 74% of them work full time, the rest work for certain periods of the year or part-time⁷⁹.

After the first outbreak, the Central Bank launched an initiative to support the tourism sector to provide soft financing to fund hotels, working capital and provide salaries.⁸⁰

In February 2021, the Central Bank said that this funding will end by June 30, or if the funding allocated to this program runs out before this date, which suggests that there was a strong demand for this service and that important sectors of the tourism labour force benefited from it.⁸¹

In contrast, similar initiatives to support wages for workers in other sectors affected by the closure measures, such as the trade sector, have not been put in place.

Support was provided from the Emergency Fund at the Ministry of Manpower for workers in various sectors, most notably tourism⁸² and the textile sector. No data is available on the total number of beneficiaries, but statements of the Ministry of Manpower in July 2020 estimate the number of beneficiaries at that time to be 288.7 thousand.⁸³

The labour law includes provisions that allow the reduction of labour wages, within strict limitations and with appropriate safeguards. But no data is available to show the extent of respect of those conditions and safeguards during the pandemic. The law gives the employer the right to reduce workers' salaries by up to half, in the event that workers are unable to carry out their job duties and responsibilities due to force majeure events (of which the pandemic is definitely one). That is, provided that this is done temporarily. There is no data available on wage cuts during the pandemic period and the extent of commitment to the regulations of the law⁸⁴.

79- About the spring season that ended before it began - Mohamed Gad and Safi Mounir - April 2020 - <https://www.almanassa.run/ar/story/13970>

80- The Central Bank of Egypt's measures to reduce the repercussions of the emerging corona virus - Central Bank of Egypt website - <https://bit.ly/2GcOGPH>

81- CBE ups maximum draw from tourism support fund as it winds down - Enterprise - Feb 2021 - <https://cutt.ly/1k7M9le>

82- First batch of emergency fund subsidies for tourism workers - Press Release - Ministry of Manpower - April 2020 - <https://www.manpower.gov.eg/news24-1.html>

83- Disbursing salaries of regular workers affected by the Corona virus - Press release - Ministry of Manpower - July 2020-<https://www.manpower.gov.eg/news24-1.html>

84- Adsiro-Raji Suleiman office answers questions about labour rights in the private sector in the case of "Corona" - Rajab Ezz El-Din - Al Mal - March 2020 - <https://cutt.ly/ik70Otn>

As for state employees, there were supportive measures for them at the beginning of the crisis in terms of wage protection, a measure that helped domestic demand in light of the economic slow-down imposed by the epidemic.

These measures included regular and exceptional improvements in the annual wage increases for sectors of workers during the 2021⁸⁵ and 2022 fiscal years, in addition to increasing the minimum wage from 2,000 pounds to 2,400 pounds during the 2022 fiscal year.⁸⁶

It is commendable to legislate wage increases for state administrative employees, but they only represent nearly six million employees⁸⁷, while the number of employed people in Egypt exceeds 25 million⁸⁸.

Unemployment benefits and cash transfers

It is assumed that there are three tributaries to the labour subsidy in times of major crises such as the Covid pandemic that come with serious potential repercussions for the labour market. The first is unemployment benefits for insured sectors. It is a temporary aid that is financed by insurance memberships. The second is the financial transfers made by the state to uninsured workers and is financed from the public treasury. The third tributary is cash subsidies provided by the state as a kind of support for those most in need and is not directly related to labour policies or to employment.

With regard to the first, the state in Egypt did not use unemployment benefits to contain the layoffs that occurred during the Covid crisis, despite the legal provision for this type of insurance in Insurance Law No. 79 of 1975 and in the new Insurance Law 148 of 2019. This type of insurance probably remained in existence only in paper, and was absent in practice as it had been before the pandemic⁸⁹.

As for the second, the Ministry of Manpower has taken the responsibility for the provision of financial compensation to uninsured workers, through an initiative that was developed during the crisis, and in the form of a monthly subsidy of 500 pounds that was provided for several months at the beginning of the crisis.⁹⁰

According to statements by the Minister of Manpower, one of the conditions for benefiting from

85- The Minister of Finance issues the rules for disbursing the “incentive and bonus” for state workers - Ministry of Finance Press release - July 2020- <https://bit.ly/3lsnGhz>

86- Disbursing the new increases to state employees with the July salary - Egyptian Ministry of Finance Press release - May 2021 -<https://bit.ly/3mGUEKw>

87- Hassan Haridi - Planning: More than 5 million employees in the administrative apparatus, with an average of 25 million families - Akhbar Al-Youm - March 2019 -<https://bit.ly/2xOUMvx>

88- Central Agency for Public Mobilization and Statistics - Manpower Research Bulletin, First Quarter 2019 -https://www.capmas.gov.eg/Pages/Publications.aspx?page_id=5106&Year=16603

89- Sami Naguib - The Impact of Privatization on Arab Social Security Systems - Arab labour Organization - 2011-<http://www.samynaguib.com/PDF/Khaskhasa.pdf>

90- Deadline for disbursing the sixth installment of the 500-pound grant for irregular employment - Ghada Swailem - Al-Masry Al-Youm - February 2021 - <https://www.almasryalyoum.com/news/details/2256840>

this grant was that the worker is uninsured and does not have agricultural holdings, property and movables⁹¹. This initiative also focused on supporting irregular employment⁹².

2.3 million



Number of beneficiaries of informal and irregular workers grants during covid 19 pandemic (During the 3 month of december 2020, January and February 2021)

Source: Governmental statement

The initiative revealed the state's limited awareness of informal employment, as it actually had to start to build its database on this type of employment in the midst of the crisis⁹³. Had it been interested in investing in a database of this type of work during the past years, it would have been possible to deliver the grants faster.

The total number of beneficiaries of this grant reached 2.3 million people, and regardless of the fact that the target group represents a small percentage of the total number of workers⁹⁴; the value of the grant itself is very modest compared to the existing burdens of living. CAPMAS had set the poverty limit in 2020 at a value of 857 pounds per month⁹⁵ per person, not to mention a head of a household.

As for the third tributary or source of contribution, non-work-related aid: the state attempted to expand the coverage of Takaful and Karama pensions, which target low-income families, by adding 100,000 new families to the programme's coverage. Yet the value of the pension itself remained constant during the crisis, and among those families may have been groups who were affected by losing their basic income during pandemic conditions⁹⁶.

The value of the ration support (cash support for the purchase of food commodities) provided to families also remained constant and did not increase during the crisis period. This was despite in-

91- Minister of Manpower in a TV interview - 2020. <https://www.youtube.com/watch?v=IAqc87kO5ZY>

92- With the start of disbursing the second installment of the 500-pound grant... Learn about the deserving and disadvantaged groups - Youssef Afifi - Masrawy - January 2021 - <https://cutt.ly/ek706eQ>

93- Saafan: Taking care of irregular workers will only be achieved with an integrated database - Al-Watan - September 2020 - <https://www.elwatannews.com/news/details/4974195>

94- Minister of Finance: 2.3 million people receive irregular employment grant - Ayman Ramadan - Al Youm Al Sabe'e - December 2020 - <https://cutt.ly/Vk72WBL>

95- 857 pounds.. the new poverty line according to recent spending and income research - Amani Radwan - Al Borsa - December 2020- <https://alborsaaneews.com/2020/12/03/1403667>

96- Medhat Wahba - Al-Tadamun: 100,000 new families enter "Solidarity and Dignity" to confront the effects of Corona - Al Youm Al Sabe'e - 2020 - <https://bit.ly/2TayjHp>

dications of a decline in income levels at the beginning of the crisis, which increases the burden of food costs, at a time when it was possible to use this subsidy as a means of delivering support to a broad base of citizens given that its coverage rates are very high, reaching 95.5% of families in the countryside⁹⁷.

One opinion poll conducted by the CAPMAS showed that the incomes of 73.5% of individuals decreased after the pandemic, and that among those groups that suffered the most were the illiterate⁹⁸.

It is worth noting in this context that the total value of what is planned to be spent on food subsidies in 2020-2021 has shrunk to 84.4 billion pounds, compared to 89 billion pounds in the preceding year's budget⁹⁹.

Second: Implicit Procedures

This section seeks to review conditions of the labour market and social protection for workers during the period preceding the Covid pandemic, with the aim of providing a background that illustrates the extent of the social impacts on workers.

Social Insurance

The first confirmed Covid case appeared in Egypt in March 2020, two months after the entry into force of a new law issued by the state for social insurance¹⁰⁰ that was supposed to enhance social protection for workers. But, as we mentioned above, the most important item in this law relevant to the Covid crisis response, which is unemployment benefits, was not enforced.

Apart from the issue of unemployment benefits, workers who are entitled to an end-of-service pension have benefited from the reforms undertaken by the state in recent years to increase the value of pensions, which contributed to improving their ability to face the stressful conditions brought about by the pandemic. One of the most important factors contributing to improving the value of pensions is the state obligation by the 2014 Constitution (Article 27) to enact a minimum pension. Since then, the state has put in place legislative amendments to previous laws to achieve this goal. In 2016 it issued Law 60, which set the minimum pension at 500 pounds¹⁰¹. The minimum pension has been gradually increased since this date until it reached 900 pounds¹⁰².

97- Income, expenditure and consumption research. (2017-2018) - Central Agency for Public Mobilization and Statistics < <https://www.capmas.gov.eg/>

98- The impact of the Corona virus on Egyptian families until May 2020 - Central Agency for Public Mobilization and Statistics - June 2020. <https://www.capmas.gov.eg/>

99- Financial statement for the 2020-2021 budget. <https://www.mof.gov.eg/ar>

100- Law 148 of 2019.

101- Law 60 of 2016 Increasing Pensions and Amending the Provisions of Social Insurance Laws - Article Two.

102- Law 74 of 2019 Increasing Pensions - Article Two.

In the new legislation, a minimum pension is adhered to, which is no less than 65% of the insured minimum wage (the minimum wage for insurance contributions).

Since the enactment of the new law, the minimum pension reached 1,000 pounds per month¹⁰³. But despite these reforms, the increase in inflation in recent years reduced the real value of this pension, considering what we referred to above regarding the poverty line being set at higher than 800 pounds per month.

There are other challenges related to the expansion of the base of uninsured workers, the category that does not benefit from any reforms taking place in the insurance system. According to the data of 2017, the total number of insured persons in accordance with the provisions of the insurance laws in force before the last legal reforms amounted to about 12 million¹⁰⁴, which is a small number compared to the total number of employees (about 26 million in the same year)¹⁰⁵. This demonstrates the existence of many gaps in the previous insurance systems that allowed the presence of large numbers of workers who do not participate in insurance schemes.

Despite the toughening of penalties for evading employment insurance in the new law, the challenges of insurance coverage for workers remain significant in light of a huge and continuing expansion of informal labour relations.

Labour market conditions

During recent decades, which witnessed the state's retreat from employment and the expansion of the role of the market economy; the rates of informality in labour relations increased. This in turn led to the regression of the state of social protection for large sectors of workers. This undoubtedly contributed to the deterioration of socio-economic conditions of the labour force in the face of the economic pressures caused by the pandemic.

According to the data of the Labour Market Survey, issued by the Economic Research Forum in cooperation with CAPMAS, the contribution of the public sector to employment declined during the period between 1998 and 2018 from 39 to 26 percent, while the growth of formal private jobs in Egypt showed only a limited increase from 8 to 12%.

During the same period, the growth of informal jobs inside business establishments increased from 11% to 16%, while information jobs outside formal establishments increased from 13% to 23%¹⁰⁶.

103- The new insurance law will be implemented on the first of January - Mahmoud Qadri - Al-Bashayer - December 2019 - <https://cutt.ly/ak79fej>

104- Annual Report of the Social Insurance Fund for Public and Private Business Sector Workers (Statistical Supplement) 2016-2017

105- labour Force Research Quarterly 2017 (Analytical Report) - Central Agency for Public Mobilization and Statistics.

106- Is the Egyptian economy creating good jobs? - Ragui Assaad1, Abdelaziz AlSharawy2, and Colette Salemi - ERF - OCT 2019.<http://erf.org.eg/publications/is-the-egyptian-economy-creating-good-jobs-job-creation-and-economic-vulnerability-from-1998-to-2018/>



Source: ILO statistics

Because of the difficulty of finding a formal job after graduation, many graduates are accepting informal jobs when they start entering the labour market. According to a study by the Economic Research Forum, “waiting, or the length of the period of unemployment after leaving school was not an important issue for Egyptian students any longer, as work in the informal sector became an alternative choice.”¹⁰⁷

The poor quality of jobs available in the private sector is partly due to the transformation that has taken place in the structure of the Egyptian economy in recent decades. According to a second study by the Economic Research Forum, in recent decades Egypt’s economy has gone through a process of wasting industrialization, or what is known as deindustrialization. According to another study, “during the past twenty years, the Egyptian economy has witnessed a structural transformation (...) the share of industry, mining and facilities (of total jobs) decreased from 18% in 1998 to 14% in 2018, which indicates a partial erosion of industrialization.”¹⁰⁸

Researchers consider that this shift in the structure of the Egyptian economy was the reason for the exacerbation of the problem of informal labour in Egypt. “The rapid growth of construction and transportation activities compared to agriculture, industry and some services such as education and health produced a disproportionate growth of informal employment outside establishments, which is one of the most fragile forms of employment in Egypt».”¹⁰⁹

The share of jobs available in the construction field to total jobs increased from 8% to 13% between 2006 and 2018, and jobs in the transportation and warehousing sector increased from 6% to 9% during the same period¹¹⁰.

Criticism of the construction industry as a model for providing poor jobs does not take away from

107- Ragui Assaad, Caroline Krafft, and Colette Salemi - SOCIOECONOMIC STATUS AND THE CHANGING NATURE OF SCHOOL-TO-WORK TRANSITIONS IN EGYPT, JORDAN, AND TUNISIA - ERF - 2019

108- Is the Egyptian economy creating good jobs? - Ragui Assaad, Abdelaziz AlSharawy, and Colette Salemi - ERF - OCT 2019. P18,19- <https://erf.org.eg/publications/is-the-egyptian-economy-creating-good-jobs-job-creation-and-economic-vulnerability-from-1998-to-2018/>

109- Ragui Assaad - Is the Egyptian economy creating good jobs? A review of the evolution of the quantity and quality of employment in Egypt from 1998 to 2018.- ERF - 2019

110- Ibid

the idea that an ancient sector such as agriculture is still the main breeding ground for this kind of fragile employment in Egypt in the absence of oversight and reform of its workers. This sector accounts for 44.8% of all informal jobs in Egypt, according to ILO estimates, followed by the services sector and finally industrial sector¹¹¹. In general, the predominant feature in the Egyptian labour market is the production of informal jobs, which represent 63.3% of all jobs, according to the International Labour Organization in its report referred to above.

 Between 2006 and 2018:



Employment in construction sector increased

from **8%** to **13%** (of total employment)

 Source: Labor market survey 2018

Third: Targeting and comprehensiveness of wage and work policies

This section aims to assess the success of wage, labour and social protection policies in targeting the groups deserving of protection and the neediest during the Covid pandemic.

In terms of wage policies, labour relations within government agencies seemed more prepared to respond to the repercussions of the pandemic, with the application of unified procedures among all government sectors to exceptionally increase salaries during the (first year) of the pandemic. Additionally, labour relations inside government agencies allowed for the application of a flexible system to reduce the number of workers in times of curfew and to allow leaves for women who take care of children.

But in the private sector, it was left to each company or business entity to decide on its own work and wage policies during the pandemic. There is no data on the extent to which oversight is exercised on private companies' compliance with labour law standards in cases of the reduction of the number of workers or reducing the value of their wages.

111- ILO - Women and Men in the Informal Economy: A Statistical Picture - 2018.

Unemployment during the first wave of covid

26.2%

Of the sample suffered unemployment during the first wave of covid



25.5%
of Men



29.9%
of Women

Source: Central Agency for Public Mobilization and Statistics (CAPMAS), May 2020.

Urban women were more affected by covid first wave:



31% of women

suffered unemployment in urban areas



28.8% of women

suffered unemployment in rural areas

Source: CAPMAS statistics 2020

We can imagine, in the absence of this protection, how pressures were increasing even more on working women in light of the resistance of the private labour market to employ them, due to the unwillingness of employers to provide stipulated privileges to workers such as maternity leave.

A CAPMAS study conducted on a sample of individuals showed that the effects of the pandemic were indeed greater on working women. 26.2% of the sample suffered unemployment during the crisis, affecting 29.9% of women compared to 25.5% of men. Urban women were the worst off, as 31% of them became unemployed¹¹².

On the other hand, the Takaful pension may be one of the most important mechanisms available to provide support to a working woman who participates in the care of a low-income family, given that the pension is granted to the mother even if the father is alive and living with the family.

However, the Ministry of Solidarity sets strict conditions for entitlement to this pension, including by way of clarification that the head of a family of 4 people who works in a regular and uninsured job, with a monthly income of 1600 pounds, is not entitled to the payment. In addition, The Ministry of Solidarity has not modified this pension in line with increasing incomes required to stay above the poverty line.¹¹³

112- The impact of the Corona virus on Egyptian families until May 2020 - Central Agency for Public Mobilization and Statistics - June 2020.

113- Ministry of Social Solidarity website <https://www.moss.gov.eg/ar-eg/Pages/program-details.aspx?pid=10>

Section Three: Economic Policies

This section aims to discuss the economic policies relevant to the response to the Covid pandemic, which include the following elements:

1. Fiscal policies: At the beginning of the pandemic, the government announced its intentions for an additional spending plan worth 100 billion pounds to mitigate its effects. In this context, we look at the priorities of this exceptional spending.
2. Fees and taxes: Measures to contain the repercussions of the pandemic included tax exemption or fee reduction policies, as well as the imposition of new levies to finance exceptional expenses. We shall review these policies and the nature of their target groups.
3. Monetary policies: The procedures also included policies for delaying loan repayment and providing soft financing. The paper reviews these procedures and their target groups.
4. Foreign aid: We discuss the general orientation of donors during the Covid crisis and the nature of their priorities in grant policies.
5. Finally, we analyze the social impact of these policies, in terms of their comprehensiveness in covering the neediest and most vulnerable groups, and their effectiveness in achieving their goals.

First: Emergency Actions

Private sector support

The state implemented many policies to provide financial support to the private sector, policies that were intended to contribute to maintaining the pace of economic growth, and thus limit the chances of slowing growth and the rise in job opportunities. They were also intended to contribute to reviving foreign trade in order to ensure the availability of foreign currency, to reduce the outbreak of essential commodity shortage crises. These policies included both financial and monetary interventions.

Fiscal policies:

About 3 billion pounds were allocated to pay export subsidies during the period from April to June 2020, while increasing the value of this subsidy by 10%.

The government also implemented negative measures, that is, by postponing the payment of dues and reducing the prices of some products. The government issued a decision in March 2020 to postpone the payment of the real estate tax due on factories and tourist facilities for a period of 3 months, and to allow the real estate tax due on factories and tourist facilities for preceding periods to be paid in monthly installments over a period of 6 months¹¹⁴. In addition, the moratorium on agricultural land tax was extended for two years.

114- The government: Postponing the payment of real estate tax on factories and tourist facilities for 3 months - Safiya Hamdi - Al Mal - March 2020 - <https://bit.ly/345Sf2O>

With regard to stock exchange transactions, non-residents have been permanently exempted from capital gains tax on stock exchange transactions, and the application of capital gains tax on residents was postponed until the beginning of 2022.

The government reduced the stamp tax for non-residents to 0.125% from 0.15%, reduced the stamp tax on residents to 0.05% from 0.15%, and completely exempted spot transactions on shares from the stamp tax. Dividend tax rate for companies listed on the stock exchange was reduced to 5% instead of 10%. Tourism sector was allowed to pay the 2019 income tax in installments without paying fines or interests.

Interventions in the field of price reduction included reducing electricity prices for high and medium voltage industries, while fixing prices for the remaining industries for a period of 3-5 years. The price of natural gas was unified at 4.5 dollars per thermal unit, and aeroplane fuel prices were reduced as well as landing fees accommodation and ground services provided at airports¹¹⁵ to encourage tourism. Finally, all expenses related to the stock exchange, clearing and the Financial Supervisory Authority were reduced¹¹⁶.

Monetary policies:

In March, the Central Bank implemented a massive cut in interest rates on deposits and loans by 3%.¹¹⁷

In 2020, credit dues on companies and individuals were postponed for a period of 6 months, a low return was provided on special forms of loans that the Central Bank had devised prior to the crisis, while other special forms of low-return loans were developed or expanded after the crisis.

Soft loans included the real estate finance initiative for middle-income people; the initiative to finance the agricultural, industrial and contracting sectors; the initiative to support the tourism sector to finance and replace hotels and finance working capital and salaries. An initiative that was launched years ago to finance small projects at a rate of return of 5% was extended.

The Central Bank also launched initiatives to settle the files of clients with an irregular history, including individuals and companies, on concessional terms¹¹⁸.

In 2021, the Central Bank announced the launch of an initiative to provide real estate financing with soft interest targeting middle and low-income groups for periods of up to 30 years¹¹⁹, which represents an extension of the policies implemented by the Central Bank to support this sector in particular since 2014.

115- The government provides a package of discounts to encourage incoming tourism to Egypt - Al Borsa - June 2020 -<https://alborsaaneews.com/2020/06/09/1355696>

116- All financial measures are mentioned in the financial statement for the 2020-2021 budget.

117- The Central Bank cuts interest rates by 3% in an exceptional meeting to confront Corona - Mohamed Salem - Al Mal - March 2020 -<https://bit.ly/330kOPD>

118- The Central Bank of Egypt's measures to reduce the repercussions of the emerging corona virus - Central Bank of Egypt website - <https://bit.ly/2GcOGPH>

119-“ The Central Bank “reveals the terms of the mortgage initiative for low and middle-income people - Samir Hosni - The Seventh Day - March 2021”-<https://bit.ly/3v0xGBy>

In addition to the Central Bank's measures, the Financial Supervisory Authority obligated the real estate finance, financial leasing and factoring companies to postpone credit dues of their clients, including "institutions and individuals" for a period of 6 months, while exempting them from delay penalties¹²⁰. It also allowed microfinance clients to reduce or carry over the value of the installments due, equivalent to 50% of the value of each installment.¹²¹

Supporting citizens with financial and tax policies

The state has also implemented measures to support citizens directly through tax policies. During 2020, the tax exemption limit for individuals was increased to 22,000 pounds annually. The exemption limit is the net amount that is not subject to income tax, after deducting social insurance.

Income tax is imposed according to the net earnings of each individual during the year, so that the tax rate increases with the increase in income. The first bracket of income is exempt from tax, and in the case of wage workers, an additional 7,000 pounds are exempted from their income under a scheme called personal exemption.

Prior to these procedures, the income in the first tax-exempt bracket amounted to 8,000 pounds annually, in addition to the personal exemption in the case of wage workers so that the total exempted amount would be 15,000 pounds annually. After the introduction of the new measures, the first tranche was increased to 15,000 pounds, so that the amount exempted from the income of wage workers, after adding the seven thousand pounds, rose to 22,000 pounds annually of the net wage (after deducting insurance payments)¹²².

Under these new directives, the first 2,000 pounds of the citizen's net monthly income has become exempt from income taxes; the policy of raising the tax exemption limit is used as an indirect way to increase the incomes of wage workers in order to provide them with liquidity in times of economic crises and to improve their consumption ability in order to avoid the risks of economic recession.

Those working in the state's administrative apparatus benefit the most from the increase in the exemption limit, given that the chances of them evading the tax are non-existent, and therefore they are the most taxable category. The number of employees in the state administrative apparatus is about 5.7 million.

The recent increase in the exemption limit is in line with the increase implemented last year in the minimum wage for government workers to 2,000 pounds per month, which in turn was raised to 2,400 pounds in 2021¹²³, so that tax policies become akin to exempting minimum wage earners from taxation.

120- Microfinance clients demand the FRA to postpone installments for 6 months - Ahmed El-Desouky - March 2020 -<https://bit.ly/3j5OKPR>

121- FRA issues a package of additional measures to facilitate for more than three million citizens of microfinance activity clients - Financial Supervisory Authority - March 2020 -http://www.fra.gov.eg/content/efsa_ar/efsa_news/efsa_868.htm

122- Amending some provisions of the Income Tax Law by Law 26 of 2020 -<https://manshurat.org/node/66856>

123- Calculating the periodic increment for civil service employees at 7% of the job wage - Ministry of Finance Press release - March 2021 -<https://bit.ly/3ArOkeM>

In the same context, the following income brackets benefited from the increase in the value of the exempted income in the first bracket, which means a lower tax burden on those brackets. On the other hand, the government moved to impose a higher tax burden on the rich, increasing the tax rate on Categories whose annual income exceeds 400,000 pounds to 25%, compared to when the highest tax rate was 22.5% (after it was reduced in 2015).

It is assumed that the government increases the tax rate in order to be able to provide financial resources to boost the wages of the lowest-income groups and expand social assistance to vulnerable ones. However, the state later announced the imposition of a temporary tax for a period of one year, deducting 1% from the income of workers in the state and the private sector, and half a percent from pensions per month, specifically to finance measures related to the Covid response¹²⁴. The government, however, did not clearly provide any clarity on how this will be spent or the budget items that would benefit from those additional resources.

Also, the “law enacting a fee for the development of state resources” was amended in order to increase revenues. The amendments touched on luxurious or “leisure” items associated with the upper classes, but also encroached on areas that affect a wide base of citizens, such as fees imposed on tobacco, gasoline, diesel, imported telephones, and fees for obtaining a copy of official documents in the civil registry¹²⁵. However, the finance minister pledged that the new law would not contribute to an increase in fuel prices.

In terms of public spending, measures were implemented to improve government wages during 2020¹²⁶ and 2021¹²⁷, most notably granting workers additional incentives to the usual annual increases (the annual “bonus”), represented in lump sums of money and not a percentage of the salary. This was in addition to the aforementioned increase in the government minimum wage in the year 2021 to 2,400 pounds.

International aid

The repercussions of the Corona epidemic were multifaceted. On the one hand, it contributed to an economic slowdown in Egypt after years of strong growth. On the other hand it created a large gap in the amount of foreign funding that the country needs to cover its basic expenses due to weak revenues from the usual sources of foreign funding, foremost tourism.

In this context, many foreign funds poured into Egypt to support the country in this crisis, but this financing was not for free. The percentage of funds provided in the form of non-refundable grants remained very limited, and the aid came to a greater extent in the form of soft financing. It is true

124- Law 170 of 2020 regarding the symbiotic contribution to face some repercussions resulting from the spread of epidemics or the occurrence of natural disasters.<https://manshurat.org/node/67516>

125- Amending some provisions of the law imposing a fee for the development of state financial resources by Law 83 of 2020 -<https://manshurat.org/node/67489>

126-“ Finance: Presidential assignments to improve the wages of state workers in the new budget - Mohsen Abdel Razek - Al-Masry Al-Youm - March 2020 -<https://www.almasryalyoum.com/news/details/1627041>

127- Calculating the periodic increment for civil service employees at 7% of the job wage - Ministry of Finance - Press release - March 2021-<https://bit.ly/3DrEwTN>

that it came with a low interest, but in the end, it contributed to the increase in the country's existing external debt.

During the two fiscal years of the Covid pandemic, 2019-2020 and 2020-2021, the ratio of grants to total revenues in the public budget was marginal, 0.2% and 0.1%, respectively, while the external debt remained an important proportion of the country's GDP, reaching about a third in 2019-2020.

In the next section, we will review one of the most prominent forms of financial support for Egypt during the Covid crisis:

First: Loans to bridge the financing gap. The most prominent reaction to the foreign financing gap during the crisis was the Ministry of Finance's move to request emergency financing from the IMF, amounting to \$2.8 billion¹²⁸. After that the MoF requested a loan from the IMF in the form of an SBA (credit standby agreement) of \$5.2 billion¹²⁹, along with its resorting to securing resources through international financial markets, organizing the largest offering in its history of dollar bonds in May 2020, with a total value of \$ 5 billion.¹³⁰

Second: Loans to support the business sector. Among the most prominent donors in this field is the European Investment Bank, which concluded an agreement with the National Bank of Egypt in 2020 worth 800 million euros to provide financing for small and medium enterprises to respond to the impacts of the pandemic¹³¹. At the end of last year, another agreement was announced with Banque Misr, worth 425 million euros, directed for the same purpose¹³²

The European Bank for Reconstruction and Development provided a package of loans to Egyptian banks amounting to 100 million dollars for each bank. The mandate of the loans was providing financing for companies impacted by the pandemic, especially medium and small entities, (in addition to facilitating trade finance). Funds directed to these entities through banks included agreements

128- IMF Executive Board Approves US\$2.772 Billion in Emergency Support to Egypt to Address the COVID-19 Pandemic - IMF press release - May 2020 -<https://www.imf.org/en/News/Articles/2020/05/11/pr20215-egypt-imf-executive-board-approves-us-2-772b-in-emergency-support-to-address-the-covid19>

129- IMF Executive Board Approves 12-month US\$5.2 Billion Stand-By Arrangement for Egypt - IMF press release - June 2020 -<https://www.imf.org/en/News/Articles/2020/06/26/pr20248-egypt-imf-executive-board-approves-12-month-us-5-2billion-stand-by-arrangement>

130- With a value of \$ 5 billion ... Egypt implements the largest international bond offering in 3 tranches - Mostafa Eid - Masrawy - May 2020 -<https://bit.ly/3anOSYn>

131- EIB supports Egypt's transport sector, NBE by €1.9B - Egypt today - July 2020 -<https://www.egypttoday.com/Article/3/89817/EIB-supports-Egypt-s-transport-sector-NBE-by-%E2%82%AC-9B>

132- Egypt: Team Europe - EIB and Banque Misr work together to support private businesses and speed up the recovery of SMEs from COVID-19 - EIP media center - December 2020 -<https://www.eib.org/en/press/all/2020-409-team-europe-eib-and-banque-misr-work-together-to-support-private-businesses-and-speed-up-the-recovery-of-smes-from-covid-19-in-egypt#>

with Banque Misr¹³³, Commercial International Bank¹³⁴, Al Ahli of Kuwait Egypt¹³⁵, Qatar National Bank¹³⁶, Al Ahli of Egypt (NBE)¹³⁷, in addition to fifty million dollars to Banque du Caire¹³⁸.

In January, a technical support program for the tourism sector to help with the Covid impact was announced, 90% of which was funded by the European Bank for Reconstruction and Development.¹³⁹

The African Export-Import Bank provided the Central Bank of Egypt and banks in Egypt with \$3.5 billion as part of the Pandemic Trade Impact Mitigation Facility- PATIMFA.

The bank granted \$300 million to the National Bank of Egypt to encourage intra-African trade, and \$250,000 was provided as a grant to the government to help confront the pandemic.¹⁴⁰

Third: Funds to support the health sector. Egypt obtained a 50 million USD loan from the World Bank under the umbrella of the rapid facilities related to the pandemic impact. The loan aimed to provide urgent assistance to provide supplies and means of treatment, train workers in the health sector, support quarantine facilities, help in follow-up of critical cases with the disease, enforce social distancing and raise awareness regarding the pandemic¹⁴¹. A \$400 million agreement was signed with the World Bank to finance the universal health insurance project and provide temporary financial protection for vulnerable citizens across the country who spend out of their pockets on the high cost of treatment caused by the pandemic¹⁴².

Fourth: Social financing, where the African Development Bank approved an urgent aid to Egypt worth 500,000 dollars with the aim of providing food assistance to the most vulnerable groups

133- EBRD fosters private businesses in Egypt -EBRD - Nibal Zgheib - August 2020 - <https://www.ebrd.com/news/2020/ebrd-fosters-private-businesses-in-egypt-.html>

134- EBRD supports Egypt's real economy through loan to CIB- Nibal Zgheib - June 2020 -<https://www.ebrd.com/news/2020/ebrd-supports-egypts-real-economy-through-loan-to-cib-.html>

135- EBRD and NBKE support local businesses in Egypt - EBRD - Nibal Zgheib - June 2020<https://www.ebrd.com/news/2020/ebrd-and-nbke-support-local-businesses-in-egypt-.html>

136- QNB ALAHLI first recipient in Egypt under EBRD Solidarity Package - EBRD - Nibal Zgheib - May 2020 -<https://www.ebrd.com/news/2020/qnb-alahli-first-recipient-in-egypt-under-ebrd-solidarity-package-.html>

137- EBRD and NBE boost private businesses in Egypt - EBRD - Nibal Zgheib - June 2020 -<https://www.ebrd.com/news/2020/ebrd-and-nbe-boost-private-businesses-in-egypt.html>

138- EBRD boosts Egyptian private enterprises and trade - Nibal Zgheib - March 2021 -<https://www.ebrd.com/news/2021/ebrd-boosts-egyptian-private-enterprises-and-trade.html>

139- Egypt launches EBRD-UNWTO tourism recovery assistance package- Nibal Zgheib - Jan 2021- <https://www.ebrd.com/news/2021/egypt-launches-ebrdunwto-tourism-recovery-assistance-package.html>

140- Egypt: Afreximbank Disburses \$3.55bn to Cushion Impact of COVID-19, \$300m to Stimulate Intra-African Trade - Afreximbank - July 2020 - <https://bit.ly/3j4d30K>

141- Egypt: \$50 million to support emergency measures to address the Corona pandemic - World Bank - May 2020 - <https://bit.ly/307wVIU>

142- Egypt: The World Bank provides \$400 million to support the universal health insurance system - World Bank - June 2020- <https://bit.ly/2Hquri9>

impacted by the pandemic¹⁴³.

In its annual report, the Egyptian Ministry of International Cooperation estimated that the total development financing agreements concluded by Egypt in 2020 amounted to about \$9.9 billion, the largest share of which was for housing, water, sanitation and transportation projects.¹⁴⁴

Second: Implicit Procedures

This section seeks to shed some light on the economic policies that contributed to guiding financial policies that were part of the Covid response.

Public spending on policies and measures intended to contain the economic and social repercussions of the Covid pandemic was characterized by limited available resources on the one hand, and the bias of this spending towards supporting the business community rather than the health infrastructure and vulnerable groups on the other.

According to the IMF's inventory of financial spending (including passive spending, meaning refraining from collecting revenue) related to the Covid pandemic in Egypt, and the spending plan that the government set for the fiscal years 2020 and 2021 in response to the pandemic; the total sum of these expenditures amounted to about 110 billion pounds. About 13% of that sum went to health expenditures related to improving physicians' incomes and purchasing treatment supplies.

13%

Of the exceptional public spending
was directed to health sector
(in 2020 and 2021)



110
Billion EGP

Source: IMF statistics

On the social level, about 34% of this spending was directed to what the Fund referred to as “family support.” The bulk of this support was concentrated in the government employee wage increases we referred to in a previous paragraph, while the increase in social spending on Takaful and Karama pensions was limited to 500 million pounds.

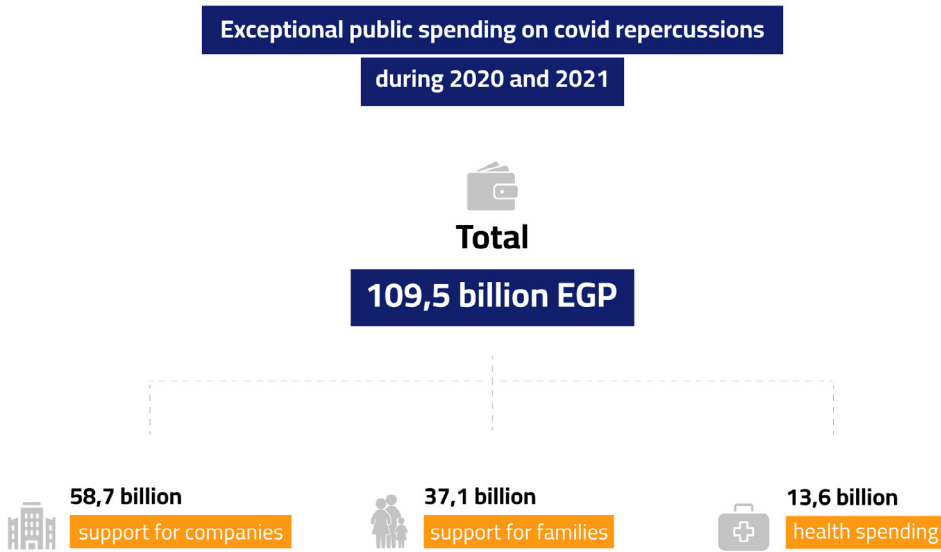
More than half of the government's Covid spending was directed to supporting the business community and economic activity estimated at 58 billion pounds, and was linked to measures such as reducing energy prices, easing the tax burden, and financial support for the contracting and aviation

143- Egypt: African Development Bank approves emergency relief aid to tackle food insecurity for vulnerable workers whose livelihoods are impacted by COVID-19 - AFDB - May 2020 - <https://bit.ly/3ctoQ68>

144- Report on International Partnerships for Sustainable Development - Ministry of International Cooperation - January 2021 - p. 18

sectors. This sometimes took the form of direct subsidization or additional spending from the state that benefits investors.

It is difficult to assess the impact of providing support to the business sector, and the extent to which it reflects on the conditions of workers and its impact on the rest of society, in light of the absence of many details and the lack of data. But on a preliminary note, it is worth drawing attention to the fact that the funding allocated to support small projects was limited to 731 million pounds, despite their prominent role in employment, while comparatively huge funding was allocated to areas such as lowering energy prices for factories¹⁴⁵.



Source: IMF

The limited resources directed to confronting a crisis such as the Covid pandemic is linked, in part, to the inflation of public debt expenditures in Egypt in recent years, which leaves a narrow space for expansion of spending on essential needs, and is also linked in to the relative weakness of tax revenues. The World Bank estimates tax revenues in Egypt amount at 12.5% of GDP, compared to the average in OECD countries of 16.1%, according to 2015 data.

Since floating the pound in November 2016, the Central Bank has resorted to policies that boost interest rates in order to attract foreign currency inflows and support the local currency, which has led to a significant increase in debt service. In the 2020-2021 budget, the expected share of interest spending was more than a third of public expenditures¹⁴⁶.

145- FIRST REVIEW UNDER THE STAND-BY ARRANGEMENT AND MONETARY POLICY CONSULTATION - IMF - JAN 2021. P40.<https://www.imf.org/en/Publications/CR/Issues/2021/01/07/Arab-Republic-of-Egypt-First-Review-Under-the-Stand-By-Arrangement-and-Monetary-Policy-49993>

146- From the financial statement data of the general budget for the year 2020-2021.

During the period from 2015-2016 to 2018-2019, the external debt ratio to GDP increased from 14.4% to 35.1%. The Ministry of Finance argues that it is resorting to this source of financing to diversify its debt portfolio and take advantage of the lower cost of this debt.

The government sought to control the debt burdens, external debt in particular, by replacing short-term debt with longer-term debt, as well as reducing expenditures that require foreign currency financing - especially spending on fuel subsidies.

The ratio of external debt to GDP saw a limited decrease during the Covid crisis, settling at 34.1%¹⁴⁷. This does not contradict the fact that the pandemic and its economic repercussions have prompted the state to expand external borrowing to face foreign currency pressures, following the stagnation of tourism activity and the exit of foreigners from investments in treasury bills in the local market.

The International Monetary Fund estimated the foreign financing gap in the fiscal year 2020 at \$9.2 billion, and expected it to decline in 2021 to \$4.5 billion.¹⁴⁸

It is noteworthy that the bulk of Egypt's external debt is linked to multinational institutions, at about 31%¹⁴⁹. Some may see this as a healthy indicator, given that these institutions usually provide their loans at prices lower than the price of borrowing on international financial markets. But this package includes loans such as the International Monetary Fund loans that are coupled with the imposition of specific economic conditions which usually push towards austerity and reduced government spending, introducing a type of dominance over policymaking in a way that does not necessarily correspond to the priorities of social spending, especially in the context of the pandemic – the repercussions of which will likely last for quite a few years.

Third: Targeting and Comprehensiveness

Finally, this section will examine the comprehensiveness of economic policies related to the Covid crisis and the extent to which they target the groups most in need of support.

The government sought to increase the distributive nature of income taxes during the Corona crisis by enacting a legislative amendment to increase tax on the highest income earners, which is a positive trend that, at first glance, suggests the comprehensiveness of fiscal policies and their inclination to provide resources to protect vulnerable groups with lower incomes.

However, the new increase only targeted individual incomes, not companies (legal persons), and the tax increase on the latter party is actually the most influential in generating tax revenues.

147- From the data of the monthly statistical bulletin of the Central Bank of Egypt - January 2021 - p. 15.

148- FIRST REVIEW UNDER THE STAND-BY ARRANGEMENT AND MONETARY POLICY CONSULTATION - IMF - JAN 2021. P6.<https://www.imf.org/en/Publications/CR/Issues/2021/01/07/Arab-Republic-of-Egypt-First-Review-Under-the-Stand-By-Arrangement-and-Monetary-Policy-49993>

149- The External Center report estimated the debts of multinational corporations in 2020 at about \$35 billion, out of a total indebtedness of \$111.2 billion - Report of the External Center July-March 2019 - 2020 - p. 25.

Former President Adly Mansour had previously issued a law imposing a temporary additional tax on groups whose annual income exceeds one million pounds. This tax included all categories of income, whether individuals or companies. According to the Ministry of Finance, that tax contributed to the exceptional growth of corporate profits tax revenues (by about 54%) before revenues contracted (by 4%) during 2015-2016, the year in which this tax was abolished.¹⁵⁰

At that same time, consumption taxes on goods and services still accounted for a huge proportion of tax revenue, at 44%, which is higher than the income tax contribution of 37% and that of property taxes at 8%.¹⁵¹ Consumption taxes are by nature regressive taxes, meaning that their burden increases the decline in income, in addition to the fact that the value-added tax law (VAT) enacted in 2016 contributed to transferring the tax burden from the rich to the poor. Estimates by the Egyptian Initiative for Personal Rights (EIPR) indicate that the proportion of what individuals belonging to the lowest bracket spend annually under the new law amounts to about 6.4% of their income. The wealthiest individuals, on the other hand, pay only 3.3% of their income in value-added tax¹⁵².

The events of the pandemic did not compel the state to reduce the general rate of the value-added tax, which had increased (from 10 to 14%) as part of the economic reform program measures linked to the IMF loan in 2016. Nor did the pandemic compel the government to engage with propositions and demand from research and human rights centers to enhance property taxes in Egypt as one of the means of redistributing wealth and providing large financial resources to the state compared to all other kinds of taxes. Those resources could have been allocated to social protection, particularly useful in times of crises in the magnitude of the Covid pandemic crisis.

150- Monthly Report of the Ministry of Finance - January 2019 – p. 28.

151- Five-year average from 2013-2014 to 2018-2019 - Monthly report of the Ministry of Finance - December 2020. P. 28.

152- How does VAT transfer the tax burden from the rich to the poor? - Osama Diab - Egyptian Initiative for Personal Rights - 2016 - <https://bit.ly/3DtUiO8>

Conclusion

The state's response to the Covid pandemic was quick and effective, as the government implemented a curfew and restricted gatherings, granted exceptional leave to its workers, in addition to the varied efforts of the Ministry of Health to provide testing services through its central laboratories and monitor the availability of medicines, and finally the MoH's plan to vaccinate citizens against the virus.

However, the crisis revealed the fragility of the health infrastructure in Egypt, in terms of the limited number of beds per population, the absence of primary care systems to detect the disease at an early stage, and the marked shortage of intensive care beds, which constituted an essential element in treating advanced cases of Covid infection. The crisis also showed the state's inability to control prices of private hospital services even in pandemic times.

Moreover, the crisis demonstrated the weakness of the state's ability to curb the parallel market for Covid PCR testing in private laboratories when testing was officially limited to the laboratories of the Ministry of Health. Nor was the ministry able to control pricing for testing after the private sector began to provide this service formally.

The crisis also reminds us of the deteriorating health conditions of the Egyptian populace with regard to malnutrition or diseases resulting from pollution and the spread of chronic disease. All of this results from the failure of public health policies and contribute to weakening immunity in the face of the spread of Covid-19.

While the state has taken care to support its workers during the crisis, which has contributed to enhancing consumption capacity and protecting the economy from downturn, the social protection system remains insufficient and unable to protect large sectors of society and the labour force from the effects of the pandemic. Insurance pension coverage represents a small segment of labour in light of the expansion of the informal labour sector, not to mention the complete absence of forms of insurance protection provided for by the law, most notably unemployment pensions.

On the other hand, the state's failure to obligate the private sector to grant exceptional leave to its workers during the height of the pandemic, as it did in the government sector, exposed many to the risk of infection because they did not enjoy the luxury of being able to take time off from work. The risks were notably higher for some groups, such as pregnant women who suffer from weak immunity, for example, as well as individuals suffering from or living with chronic diseases.

In terms of public finances, the state allocated a huge amount of emergency expenditures to respond to the repercussions of the pandemic. A large part of this, however, was directed to support the business community and economic activities, while the poor wages of physicians continued and forms of direct assistance to the poor, such as Takaful (solidarity) and Karama (dignity) pensions were characterized by relative stagnation during that period.

Regarding financing policies, international aid focused on supporting small and medium enterprises and the tourism sector, which was a positive development in view of their labour-intensive nature, but these funds were not linked to protecting the rights of workers in these facilities during the crisis.

Finally, during the crisis, a great deal of reliance was placed on measures by the Central Bank, such as initiatives to postpone the repayment of personal loans and facilitation of real estate financing.

However, the scope of these policies remains limited to groups capable of accessing the banking sector, which cannot be a substitute for filling the deficit in social protection policies that would actually have an impact on the majority.

This study recommends a number of policies and measures that would maximize state resources and capacity to confront health and social crises of this magnitude in a more comprehensive manner:

- Injecting greater investments into the field of public health services, to provide a less costly service for the lowest-income groups, and provide an alternative to private sector services. Especially considering the state's inability to set a price ceiling for private sector medical services in times of crisis or pandemics. That is provided that the additional spending focuses on improving physicians' wages with the aim of filling the deficit in many of the important medical specialities to be able to respond to epidemics, especially intensive care physicians, as well as the expansion of the number of ICU beds in government hospitals.
- Expanding spending on primary care in order to improve Egyptian health indicators on non-communicable diseases and malnutrition in order to strengthen immunity in the face of epidemics.
- Developing new labour legislation to keep pace with the conditions brought about by the potential of epidemics, obligating the private sector to bear the costs of workers' wages and to allow them to be absent from work or work from home during times of the spread of the epidemic.
- Working towards reducing the growth of the informal labour market, and building a more advanced information network or database for workers without legal contracts, to ensure their protection in times of crisis.
- Establishing a clear mechanism to ensure increasing monetary support (directed to Takaful and Karama pensions or food support) to keep pace with the economic pressures produced by major events such as epidemics, on top of annual inflation rates.
- Publishing more detailed data on the extent to which unemployment compensation is applied in the Egyptian labour market, providing social spending data in general in a more transparent manner, in addition to facilitating procedures for applying for unemployment compensation corresponding to working and market conditions in Egypt.
- Employing monetary policies to support the business community at the time of the crisis was a positive trend, but it must be accompanied by strong policies to protect the rights of workers, in order to ensure that the fruits of economic growth fall into the sectors that enjoy the support of Central Bank funds.
- Working for the government and state agencies is still the preferred option for women in Egypt, given the weak guarantees to protect their rights when working in the private sector. In a situation such as that created by the Covid pandemic, women's problems in the work place increase. This is exacerbated by the increase in discrimination against women in employment opportunities and wages as a direct result of the crisis. The situation for working mothers is even more complicated where leave policies in the private sector do not take into

consideration the exceptional circumstances, such as closure of schools and nurseries. There is a need to put in place stricter policies on protecting the rights of women workers in the private sector particularly in times of epidemics.

- Greater integration of civil society into the policy responses to major crises such as the Covid pandemic, so that this sector can provide the required services in a way that actually fills the existing gaps.