

Challenges and opportunities

Al Ahram Weekly

16-22 may

Gamal Nkrumah attends the launch of this year's UNDP Egypt Human Development Report

The United Nations Development Programme (UNDP) launched its Egypt Human Development Report (HDR) 2008 at Cairo's Conrad Hotel on 13 May. The annual report once again galvanised policymakers, academics, and donor agencies. Entitled *Egypt's Social Contract: The Role of Civil Society*, this year's report focuses on drawing non-governmental organisations more into the development process. Conference speakers included UNDP Resident Representative James W Rawley, Lead Author Heba Handoussa, Minister of Economic Development Osman Mohamed Osman and Minister of Social Solidarity Ali Meselhi, who spoke on behalf of Prime Minister Ahmed Nazif. The presence of members of the cabinet highlighted the seriousness with which the annual report is scrutinised by policy-makers.

Chairperson Abdel-Aziz Hegazi, president of the General Federation of NGOs, and Ola El-Hakim, director of the Institute of National Planning, chaired special sessions. "Poverty remains at the heart of the development challenge," Handoussa told *Al-Ahram Weekly*. "The poverty gap is growing both in relative and absolute terms."



"Economic reform and structural adjustment programmes have been accompanied by major reductions in public spending in those areas that touch the poor most directly, including significant cutbacks in food and energy subsidies," Handoussa continued. Formerly managing director of the Economic Forum for Arab Countries, Iran and Turkey, a well known regional think tank, and a research director of the Gender Economic Research and Policy Analysis, she is keenly conscious of gender concerns. "Women tend to be the first victims of economic reform, not only in terms of losing jobs but also being pulled out of the education system. What is at stake is social cohesion."

While Osman insisted that in the longer term the picture is far from gloomy many of Egypt's poor simply do not believe that the government can deliver. Basic services such as health and education are sorely lacking and price hikes of basic foodstuffs have accentuated deteriorating social conditions.

State withdrawal from welfare provision has negatively impacted the poor. Neo-liberal notions of charity and philanthropy in the Egyptian context mean that religious institutions assume paramount importance and take over the social welfare functions of the state, hence the necessity of enhancing the role of civil society.

"All of us -- state and civil society -- should work hand-in-hand to reduce conflict and emphasise

harmonious relations in order to overcome any obstacle that hinders the achievement of the ultimate goal of higher levels of human development and better standards of living for all Egyptians," Osman concluded.

"Civil society can evolve to contribute substantially to Egypt's development efforts," Handoussa explained, reiterating the message conveyed by Osman. "The venture is a collective one, depending for success on the goodwill and cooperation of all sectors that constitute the Egyptian state."

One in five Egyptians lives below the poverty line. Employment is close to 10 per cent and 15 per cent of Egyptian children do not go to school. The report revealed that regional discrepancies persist. The governorate of Sohag, in particular, and Upper Egypt in general, lag behind in the various development indices, and poverty levels are more pronounced there. Of the 100 poorest villages in Egypt, 59 are in Sohag. Poverty is geographically concentrated in Upper Egypt and the report urges the authorities to remedy the situation.

Eleven governorates have failed to register a reduction in poverty levels, with the number of people living below the poverty line -- \$2 a day -- on the rise. Unlike the residents of urban centres, the rural population, by and large, have no resort to informal economic activities. Urban employment networks are far more active. However, the report does not underestimate the challenges facing the urban poor, nor does it ignore the magnitude of urban poverty. It warns that urban poverty is estimated to rise from 4.6 per cent to 7.6 per cent by 2015. Not only is urban poverty on the rise, but it is forecast to be concentrated in the shantytowns of Cairo and other large metropolises. Equally alarming is the widening income gap between rich and poor.

Yet however alarming such figures are Egypt has come a long way. In 1990, for instance, those Egyptians living below the poverty line accounted for 24.3 per cent of the population. Today, the comparable figure is 19.6 per cent, a marked improvement given the steady increase in population. However, there are grave concerns about the quality of life and standards of living of the bulk of the Egyptian population.

Decentralisation was identified as a key factor in fighting poverty. Government officials, the report contends, waste a lot of words on plans to make the Egyptian economy more competitive. On paper the economic indices are encouraging. Egyptian business confidence indicators, traditionally a fairly accurate gauge of the country's economic performance, have persistently been cautiously optimistic. The boost in confidence has encouraged banks to repair their balance sheets by raising considerable sums from both shareholders and bond markets. Egyptian businessmen have given the Egyptian economy a clean bill of health. Growth rates are impressive and many sectors of the economy seem to be booming.

Unfortunately any trickle down effect is hard to detect. The poor are getting poorer and the rich richer. Income differentials are widening. Economic disengagement leads to political disengagement and social alienation, especially but not exclusively among the young. That phenomenon is a ticking time-bomb.

Charity networks are not capable of solving the problem of abject poverty. They merely alleviate the suffering of the poor in certain areas. Medical and healthcare provision differs substantially between rural and urban communities. In urban centres, there are on average nine doctors per 10,000 people. In rural areas the comparative figure is 6.5 doctors per 10,000 people. Consumers round the world are grappling with higher food and fuel prices and it is the poorest of the poor that bear the brunt of the economic crisis.