

# Social Protection in Egypt: Mitigating the Socio-Economic Effects of the COVID-19 Pandemic on Vulnerable Employment

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A Research Project Part of the Pandemic and Post-Pandemic  
Research and Innovation Initiative at the American  
University in Cairo (AUC).

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## Executive Summary

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The historic 'Spanish Influenza' of 1918 was the first of three viral pandemics of the 20th century. It was followed by the 'Asian flu' of 1957 and the 'Hong Kong flu' of 1968. Approximately one million people died due to Asian flu and a similar tragic loss was caused by Hong Kong flu. The 21st century has seen four pandemic outbreaks: N1H1 in 2009 ('bird flu'), Severe Acute Respiratory Syndrome (SARS) in 2002, Middle East Respiratory Syndrome (MERS) in 2012, and Ebola which peaked in 2013-14. The virulence of virus disease, particularly respiratory infections caused by a corona virus, are not new to human history. Yet when the COVID-19 pandemic raged, as it still does, people and governments were taken by surprise. The unpreparedness of services, policies and policy makers was and continues to be simply stunning. It is as if governments were discovering the meaning of governing having neglected the basic responsibilities of leadership in times of crises.

Pathogenic contagions are neither remote nor new. Their role in charting paths of human development and in instilling cautionary tales in human collective memory are well documented. Since ancient times when plagues dictated the outcomes of wars, to successive waves of plague decimating whole populations and leading to a paradigm shift in production and power structures, right up to the 'shock and awe' propagated by the current COVID-19 coronavirus; widespread and life-threatening contagions have informed the major shifts and taken for granted practices of government and of governing. Basic public health measures and precautions such as border controls, quarantine, health screening, isolation and social distancing, life and death registries and vaccinations have become standard to all modern systems due to experiences of contagions. Other aspects of governing such as public services and provisions, regulations of labor markets, social protections and social policies are also relevant to health crises. Much of health policy and most health risks involve social, economic, and political factors.

Why are pandemics a recurring feature of human existence? The answer lies in human behavior not in the mysterious world of micro-organisms. Obligate pathogens go where their hosts take them and humans have transported microenvironments thereby enabling the movement of pathogens. In other words, as human development continues at an aggressive pace and with total disregard for the natural world and for other species with whom we share the earth, pathogens are proliferating in the newly created micro-environments created by rapid urbanization, deforestation, intensive animal farming, travel and trade. For example, the spread of malaria in newly conquered territories amongst enslaved persons is a case in point. It is not simple forced migration that brought malaria to the new world. Contagion was spread because of the specific technologies used in sugar and cotton plantation farming which allowed the re-creation of micro-environments that in turn allowed malaria (and that other major mosquito-borne disease, yellow fever) to establish itself permanently in new colonial habitats.

The majority of new, emerging, or re-emerging diseases are of zoonotic origins (i.e., they existed naturally in animals) before spilling over to other species, including humans. Examples include AIDS, SARS, MERS, Nipah Virus, Avian influenza, Ebola virus disease and Influenza A virus subtype H1N1 disease, as well as COVID-19. There is now an established link between health risk and human economic and environmental choices. One Health and other integrated approaches recognize that human health is intimately connected to the health of animals and our shared environment, as well as socio-economic and political factors. It brings together essential expertise from multiple sectors and fields including epidemiology, public health, ecology, veterinary medicine, economics, and sociology, among others. Strengthening cross-sectoral collaboration, partnerships and data sharing among relevant sectors (e.g., public health, environment, agriculture) and stakeholders, investing in active monitoring and surveillance and early warning systems and carrying out integrated impact and risk assessments are all important components of One Health.

The COVID-19 pandemic has brought about global public health concerns, in addition to other social, economic, psychological and political challenges. The high death toll, which is comparable to the early 20th century, is worthy of reflection, not only for the sheer numbers of human loss, but also for who was more susceptible to health problems and death. Many studies have shown that the poor were hit harder than their rich counterparts especially in developing countries, where access to healthcare is more likely to be concentrated in urban and affluent areas. These problems need further reflections and understanding for long-term, pro-poor policies, social protection and social equity policies.

When the pandemic hit Egypt almost a year ago, public policy debates have mainly revolved around macro-economic developments, low oil prices, low revenues from tourism and low investment flows. Scant attention has been given to other important aspects of human development which impact social protection and equity, which would impact the economic developments in the long run. The pandemic and the measures taken to counter it provide a ripe context to address some of the deep-seated problems in relevant policy areas like public health and prevention and health care provision, job security and social protection among others.

This research project is a platform for the generation and dissemination of empirically-founded and conceptually well-thought-out analyses and recommendations about public policies and institutions in Egypt, which go beyond the traditional macro-economic analysis. Here we aim at combining the in-depth tackling of three main policy areas: health, social assistance and protection in addition to employment precarities to add to the debates of concerted and integrated public policy responses to the pandemic. Gender is a quintessential component that cuts across all three policy areas.

## Egypt in Perspective: Global Positionality, Restraints and Policy Choices

Pandemics do not occur in an historico-institutional vacuum. Rather, the responses to the public health situation by state authorities is subject to multiple longstanding structural, economic and sociopolitical factors largely inherited from pre-pandemic times. Most obviously are the status and characteristics of the national healthcare system in addition to demographics, income levels and public health conditions. However, beyond these material constraints, public responses to the pandemic are shaped by less direct dynamics like regime type, state-society relations, labor-capital interaction and the position a national economy occupies in the global division of labor. As the crisis has revealed worldwide, countries with robust welfare structures could prioritize public health over immediate economic concerns. In a similar vein, the greater the extent of economic informality and precarious labor, the weaker the response of public authorities would be. In a semi-peripheral economy like Egypt, these factors have been paramount in shaping the public policy responses to the pandemic where macroeconomic indicators were given priority over public health risks and social protection policies needed to mitigate its impacts. The latter were made to fit into the former rather than vice versa.

In Egypt, a mix of external and internal factors stood behind the relaxed public response to the worsening public health conditions coupled with under-investment in health services and weak social protection policies. Externally, the hard-won fiscal and monetary stabilization that Egypt enjoyed in the two years preceding the pandemic were conditioned by an unprecedented expansion in foreign borrowing under the aegis of the IMF conditionality and a growing reliance on credit-rating assessments for the country's continued access to loans on international markets.<sup>6</sup> The government did not wish to lose the improved macroeconomic indicators in order not to compromise its access to capital, either through borrowing or through the attraction of foreign investments. It is noteworthy that Egypt's foreign reserves were hard hit in the first couple of months of the global pandemic as capital flight intensified.<sup>7</sup> This could have been a factor in the renewal of vows with the IMF through a new stand-by agreement signed in 2020 in support of the previous one that had just expired in 2019.<sup>8</sup>

<sup>6</sup> Trading Economics. Egypt's external debt (2017-2020): <https://tradingeconomics.com/egypt/external-debt?continent=africa/forecast> (visited 18 January 2021)

<sup>7</sup> Doaa A.Moneim (7 May 2020). "Egypt's foreign reserves drop to \$37 billion in April, down for second month". Ahram Online: <http://english.ahram.org.eg/NewsContent/3/12/368845/Business/Economy/Egypt%E2%80%99s-foreign-reserves-drop-to-bl-in-April,-do.aspx>

<sup>8</sup> International Monetary Fund (5 June 2020). Egypt: IMF Reaches Staff-Level Agreement on a 12-Month US\$5.2 Billion Stand-By Arrangement: <https://www.imf.org/en/News/Articles/2020/06/05/pr20236-egypt-imf-reaches-staff-level-agreement-on-12-month-us-billion-stand-by-arrangement>

Hence, priority was given to fiscal discipline on the one hand and to relaxing countermeasures in order not to hurt the prospects of economic growth on the other. The strict commitment to macroeconomic discipline -under the renewed auspices of the IMF in 2020- limited the ability to undertake redistributive or compensatory measures in order to cushion the impact of the pandemic on the more vulnerable social constituencies. Moreover, most of the public resources were channeled to save or relieve businesses rather than the unemployed or the underemployed, female-headed households or children at risk although the informal workers grant and the increase in Takaful and Karama beneficiaries plus the increments of cash given via the food ration cards should merit mention. The pandemic came on the heels of rising national poverty rates following the harsh austerity measures adopted under the IMF package in late 2016, which was preceded by tough years of political turmoil and economic contraction since the 2011 uprising.<sup>9</sup> According to official reports, a reportedly massive 50% of Egyptian households reported a decline in their consumption and/or an increased resort to borrowing as the primary means to adapting to loss of income and/or employment due to the pandemic.<sup>10</sup> Indeed, the government could generate a primary surplus and keep on cutting the budget deficit (3.6% of GDP compared to 4.1% in 2019/2020), which is a historic low according to plan despite the pandemic.<sup>11</sup> This indicates the limited extent to which the government responded to the pandemic and its health and economic repercussions through fiscal and monetary expansion.

The other objective of sustaining positive growth rates was also largely delivered. Egypt emerged as an exceptional case in the region and worldwide of an economy that witnessed a decline in growth rates but did not succumb to contraction. Egypt was the single country in the MENA to report positive growth rates.<sup>12</sup>

The cost of financial discipline and positive growth rates was tolerating a higher public health risk. Whereas official figures of those infected and deceased remained rather low for a country of the size of Egypt, the recent figures -also official- of above the average deaths in the summer of 2020 when the virus peaked, indicate that the toll might have been considerably higher.<sup>13</sup> Overall, such public policy choices and the ability to carry them out consistently for

<sup>9</sup> Egypt Today (1 August 2019). "32.5% of Egyptians live in extreme poverty: CAPMAS". Egypt Today: <https://www.egypttoday.com/Article/1/73437/32-5-of-Egyptians-live-in-extreme-poverty-CAPMAS>

<sup>10</sup> Yasmine Selim (20 June 2020). "Al-ihsa': 50% min al-usar al-misriya laja't lil-salaf bi sabab tarajo' dakhlihim fi azman corona" (CAPMAS: 50% of Egyptian households resort to borrowing because of the decline in their income due to Corona crisis). Masrawi: <https://bit.ly/3q0A3RA>

<sup>11</sup> Daily News Egypt (14 January 2021). "Egypt records EGP 14bn in primary budget surplus during H1 of FY 2020/21". Daily News Egypt: <https://dailynewsegyp.com/2021/01/14/egypt-records-egp-14bn-in-primary-budget-surplus-during-h1-of-fy-2020-21/>

<sup>12</sup> Egypt Today (2 December 2020). "Egypt is only country that achieved growth despite COVID-19: government". Egypt Today: <https://www.egypttoday.com/Article/3/94900/Egypt-is-only-country-that-achieved-growth-despite-COVID-19>

<sup>13</sup> Abdelrahman Abutaleb (26 December 2020). "virus corona: hal ta'kes ihsa'at alwafiyat fi Misr alwaqi'?" (Virus Corona: do death statistics reflect the reality in Egypt?). BBC Arabic: <https://www.bbc.com/arabic/middleeast-55447345>

almost a year indicate clear biases to capital at the expense of labor. Tight fiscal discipline and weak social protection reflected external financial and economic restraints as well as a high level of irresponsiveness and unaccountability on the part of the state towards average citizens.

## New Approaches to Public Policy during the Pandemic

The main research findings of the essays for this research project suggest that there is a need to move towards the path of A One Health Approach for understanding or perhaps changing public policy in Egypt. Epidemics are stories of connections. The papers that are presented here are about the connections and structures that undergird the experience of epidemics. They are primarily papers on policies and policy worlds but each makes a contribution in one way or another to a critical understanding of the current situation. If we decipher these connections, we can better prepare for, manage and mitigate the devastations of epidemics. Hence the work of this collaboration has been dedicated to understanding the ways in which risks, vulnerabilities and resilience are shaped by policies and programs.

The papers address three major aspects of the impact of COVID-19 in Egypt:

- The ways in which the COVID-19 pandemic affected the social, gendered and economic working lives of Egyptians.
- The policies and practices that were in place and which worked to build resilience or precipitate vulnerability associated with COVID-19.
- The policies necessary to manage the crises brought about by fragile economic and social structures and to enable Egyptians to cope with this and other emerging risks.

The papers frame the practices of state adopted policies as determinants of health. The term 'determinant' does not imply inevitability or determinism; it comes from the Latin *de terminare*, or "from the end" (i.e., the origin) of the causal chain. The papers analyze the ways in which social, economic and political factors are associated with welfare outcomes. They describe the interconnected factors that determine risk and vulnerability. They mostly focus on social determinants or on the "the conditions in which people are born, grow, work, live, and age and the wider set of forces and systems shaping the conditions of daily life." More importantly, they suggest paths for the future. The papers elaborate on the ways a different approach to policy making, policy choices, governance and accountability can address the causes of the causes of ill health ('upstream factors) that can enable a more equitable, robust, resilient and inclusive development path.

## Research Findings and Recommendations

The research found that social protection is still an afterthought added to macroeconomic policies. In addition, Egypt has to work on the revenue side of the budget to generate more room for a more comprehensive social spending (explicit such as social protection programs or implicit such as education and health spending). A bottom-up approach where different stakeholders are involved and that is based on a comprehensive dataset will lead to more socially-desirable outcomes. According to Amira Othman, Hania Sholkamy and Chahir Zaki, social protection and spending are essential for a post-COVID -19 social recovery, especially as the society and country come face to face with the consequences of limited social support amidst crises.

Similarly, an all-inclusive or a “whole of society” integrated and participatory approach to the health care system and reform are essential in Egypt. According to Alaa Ghannam and Ayman Sebae, the severe centralization of the health system in Egypt adds to the weakness of local healthcare providers, and has added burden on the periphery in dealing with the pandemic. They have also found that one of the most important lessons learned from this pandemic is to apply the new comprehensive health insurance law, to achieve universal health coverage in Egypt.

Heba Khalil and Kareem Megahed argue that the government has taken steps in the right direction to mitigate the unemployment problems, nevertheless, there are still shortcomings. These are mainly in the form of structural obstacles within employment relations and the government’s grasp of citizens’ security, and registry of the extent of vulnerabilities. The crisis is an opportunity to push for systemic change.

As of gender policies, Hind Zaki and Diana Magdy, found that while the COVID-19 pandemic exacerbated a set of deeply-seated social and national policy interventions, it also provided an opportunity for a comprehensive reassessment of the entire national structures of gender-based violence reporting, socio-legal interventions, and risk-mitigation. There remains an opportunity to readdress and remedy the root causes of gender violence through a set of different policy measures. These policy measures need to be put in place in the long, medium, and short terms to deal with the human, economic, and social impacts of gender-based violence in the private sphere as a result of the COVID-19 outbreak.